

### §3163.3

any oil or gas from any Federal or Indian lease site without having valid legal authority to do so; or

(3) Purchases, accepts, sells, transports or conveys to another any oil or gas knowing or having reason to know that such oil or gas was stolen or unlawfully removed or diverted from a Federal or Indian lease site.

(g) Determinations of Penalty Amounts for this section are as follows:

(1) For major violations, all initial proposed penalties shall be at the maximum rate provided in paragraphs (a), (b), and (d) through (f) of this section, i.e., in paragraph (a) of this section, the initial proposed penalty for a major violation shall be at the rate of \$500 per day through the 40th day of a non-compliance beginning after service of notice, and in paragraph (b) of this section, \$5,000 per day for each day the violation remains uncorrected after the date of notice or report of the violation. Such penalties shall not exceed a rate of \$1,000 per day, per operating rights owner or operator, per lease under paragraph (a) of this section or \$10,000 per day, per operating rights owner or operator, per lease under paragraph (b) of this section. For paragraphs (d) through (f) of this section, the rate shall be \$500, \$10,000, and \$25,000, respectively.

(2) For minor violations, no penalty under paragraph (a) of this section shall be assessed unless:

(i) The operating rights owner or operator, as appropriate, has been notified of the violation in writing and did not correct the violation within the time allowed; and

(ii) The operating rights owner or operator, as appropriate, has been assessed \$250 under §3163.1 of this title and a second notice has been issued giving an abatement period of not less than 20 days; and

(iii) The noncompliance was not abated within the time allowed by the second notice. The initial proposed penalty for a minor violation under paragraph (a) of this section shall be at the rate of \$50 per day beginning with the date of the second notice. Under paragraph (b) of this section, the penalty shall be at a daily rate of \$500. Such penalties shall not exceed a rate

### 43 CFR Ch. II (10-1-02 Edition)

of \$100 per day, per operating rights owner or operator, per lease under paragraph (a) of this section, of \$1,000 per day, per operating rights owner or operator, per lease under paragraph (b) of this section.

(h) On a case-by-case basis, the Secretary may compromise or reduce civil penalties under this section. In compromising or reducing the amount of a civil penalty, the Secretary shall state on the record the reasons for such determination.

(i) Civil penalties provided by this section shall be supplemental to, and not in derogation of, any other penalties or assessments for noncompliance in any other provision of law, except as provided in paragraphs (a) and (b) of this section.

(j) If the violation continues beyond the 60-day maximum specified in paragraph (b) of this section or beyond the 20 day maximum specified in paragraphs (e) and (f) of this section, lease cancellation proceedings shall be initiated under either Title 43 or Title 25 of the Code of Federal Regulations.

(k) If the violation continues beyond the 20-day maximum specified in paragraph (d) of this section, the authorized officer shall revoke the transporter's authority to remove crude oil or other liquid hydrocarbons from any Federal or Indian lease under the authority of that authorized officer or to remove any crude oil or liquid hydrocarbons allocation to such lease site. This revocation of the transporter's authority shall continue until compliance is achieved and related penalty paid.

[52 FR 5393, Feb. 20, 1987; 52 FR 10225, Mar. 31, 1987, as amended at 53 FR 17364, May 16, 1988]

#### §3163.3 Criminal penalties.

Any person who commits an act for which a civil penalty is provided in §3163.4-1(b)(6) of this title shall, upon conviction, be punished by a fine of not more than \$50,000 or by imprisonment for not more than 2 years or both.

[49 FR 37367, Sept. 21, 1984. Redesignated at 52 FR 5394, Feb 20, 1987]

#### §3163.4 Failure to pay.

If any person fails to pay an assessment or a civil penalty under §3163.1 or §3163.2 of this title after the order