

**Summary of Penalty and Interest Assessment Rules  
For Delinquent Royalties and Required Reports or Documents**

**Penalties on Delinquent Royalty Payments:**

Effective February 26, 2010, penalties for late royalty payments are assessed as follows:

- **30 Days or Less Delinquent:** Greater of 5% of the unpaid amount or \$25.00, per 31 TAC §9.51(b)(3)(A).
- **More Than 30 Days Delinquent:** Greater of 10% of the unpaid amount or \$25.00, per 31 TAC §9.51(b)(3)(A).
- **Exceptions:** Penalties are not assessed when there is a title dispute over the State's share of royalties or a dispute regarding fair market value, unless fraud is involved. In cases of fraud, the applicable fraud penalty will apply, per Texas Natural Resources Code §52.131(e), (f), and (h).

**Penalties on Delinquent Reports, Affidavits, or Other Required Documents**

- A penalty of \$10.00 per document is assessed for each 30-day period the document is late, per 31 TAC §9.51(b)(3)(A).
- A royalty payment submitted without the required royalty affidavit identifying the GLO lease number is considered delinquent, per 31 TAC §9.51(2)(B).

**Interest on Delinquencies:**

Effective February 26, 2010:

- **Accrual Start:** Interest begins accruing 60 days after the due date, per 31 TAC §9.51(b)(3)(B)(i).
- **Interest Rate:** Set annually on January 1 as the Wall Street Journal published Prime Rate plus 1%, determined on the first business day of each calendar year, per 31 TAC §9.51(b)(3)(E)(i).
- **Rate Cap:** Interest shall not exceed 12%, per the Texas Natural Resources Code §52.131(g).

Effective March 1, 2026:

- **Annual Reset:** Interest rates for the calendar year will be assessed and reset on the first business day of each calendar year, per 31 TAC §9.51(b)(3)(E)(iii).
- **Upward Adjustment:** If the royalty remains unpaid and the prime rate has increased, the interest rate will be increased accordingly, per 31 TAC §9.51(b)(3)(E)(iii).
- **AEIR Explanation:** The Annualized Effective Interest Rate (AEIR) reflects the weighted average annual interest rate applied over time. It accounts for the initial rate at the time of delinquency and any upward adjustments made at the start of each year, per 31 TAC §9.51(b)(3)(E)(iii).

**Historical Interest Rates**

Calendar Year	Prime Rate	Interest Rate
2010-2015	3.25%	4.25%
2016	3.50%	4.50%
2017	3.75%	4.75%
2018	4.50%	5.50%
2019	5.50%	6.50%
2020	4.75%	5.75%
2021	3.25%	4.25%
2022	3.25%	4.25%
2023	7.50%	8.50%
2024	8.50%	9.50%
2025	7.50%	8.50%
2026	6.75%	7.75%

**Additional Note:**

The State's authority to forfeit a lease is not affected by the assessment or payment of any delinquency, penalty, or interest, as provided in 31 TAC §9.51(b)(3)(D).