

Supporting Statement A

30 CFR Parts 1227, 1228, and 1229, Delegated and Cooperative Activities with States and Tribes

OMB Control Number 1012-0003

Terms of Clearance: None.

General Instructions

A completed Supporting Statement A must accompany each request for approval of a collection of information. The Supporting Statement must be prepared in the format described below, and must contain the information specified below. If an item is not applicable, provide a brief explanation. When the question “Does this ICR contain surveys, censuses, or employ statistical methods?” is checked “Yes,” then a Supporting Statement B must be completed. OMB reserves the right to require the submission of additional information with respect to any request for approval.

Specific Instructions

Justification

- 1. Explain the circumstances that make the collection of information necessary. Identify any legal or administrative requirements that necessitate the collection.***

The Secretary of the U.S. Department of the Interior is responsible for mineral resource development on Federal and Indian lands and the Outer Continental Shelf (OCS). Under the Mineral Leasing Act of 1920, Outer Continental Shelf Lands Act of 1953 (OCS Lands Act), Geothermal Steam Act of 1970, and Indian Mineral Development Act of 1982, the Secretary is required to manage mineral resource production on Federal and Indian lands, collect the royalties and other mineral revenues due, and distribute the funds collected in accordance with applicable laws.

The Secretary also has a trust responsibility to manage Indian lands and seek advice and information from Indian beneficiaries. The Office of Natural Resources Revenue (ONRR) performs the mineral revenue management functions and assists the Secretary in carrying out the Department’s trust responsibility for Indian lands.

When a company or an individual enters into a lease to explore, develop, produce, and dispose of minerals from Federal or Indian lands, that company or individual agrees to pay the lessor a share (royalty) of the value received from production on leased lands. The lease creates a business relationship between the lessor and the lessee. The lessee is required to report various

kinds of information to the lessor, relative to the disposition of the leased minerals. Such information is similar to data reported to private and public mineral interest owners and is generally available within the records of the lessee or others involved in developing, transporting, processing, purchasing, or selling of such minerals. The information that ONRR collects includes data necessary to ensure that the lessee accurately values and appropriately pays all royalties and other mineral revenues due.

The Federal Oil and Gas Royalty Management Act of 1982 (FOGRMA), as amended by sections 3, 4, and 8 of the Federal Oil and Gas Royalty Simplification and Fairness Act of 1996 (RSFA), for Federal lands, authorizes the Secretary to develop delegated and cooperative agreements with States (sect. 205) and Tribes (sect. 202) to conduct certain inspections, audits, investigations, or limited enforcement activities for oil and gas leases within their respective boundaries. The States and Tribes are working partners and are an integral part of the overall onshore and offshore compliance effort. The Appropriations Act of 1992 also authorizes the States and Tribes to perform the same functions for coal and other solid mineral leases.

Applicable citations pertaining to the delegated and cooperative activities with States and Tribes include:

- 25 U.S.C. 2103, Indian Mineral Development Act of 1920
- 30 U.S.C. 1001, 1002, Geothermal Steam Act of 1970, chapter 23—Geothermal Steam and Associated Geothermal Resources
- 30 U.S.C. 1923, Mineral Leasing Act of 1920
- 43 U.S.C. 1353, Outer Continental Shelf Lands Act of 1953
- Public Law 97-451—Jan. 12, 1983, FOGRMA, sections 202 and 205
- Public Law 102-154—Nov. 13, 1991, 105 Stat. 1001, Appropriations Act of 1992 [authorized delegation for coal and solid mineral leases]
- Public Law 104-185—Aug. 13, 1996, as corrected by Public Law 104-200—Sept. 22, 1996, RSFA, sections 3, 4, and 8.

Relevant parts of the *Code of Federal Regulations* (CFR) include 30 CFR parts 1227, 1228, and 1229, as described below.

Title 30 CFR Part 1227—Delegation to States provides procedures to delegate certain Federal minerals revenue management functions to States for Federal oil and gas leases. This regulation also provides only audit and investigation functions to States for Federal geothermal and solid mineral leases, and leases subject to 8(g) of the OCS Lands Act, within their State boundaries.

Title 30 CFR Part 1228—Cooperative Activities with States and Indian Tribes provides procedures to utilize the capabilities of the Tribes to carry out audits and related investigations of their respective leased lands.

Title 30 CFR Part 1229—Delegation to States provides procedures to utilize the capabilities of the States to carry out audits and related investigations of leased Indian lands within their respective State boundaries, by permission of the respective Indian Tribal councils or individual Indian mineral owners.

Effective September 11, 1997, parts 1228 and 1229 do not apply to Federal lands, due to implementation of RSFA amendments to FOGRMA section 205.

2. ***Indicate how, by whom, and for what purpose the information is to be used. Except for a new collection, indicate the actual use the agency has made of the information received from the current collection. Be specific. If this collection is a form or a questionnaire, every question needs to be justified.***

30 CFR Part 1227—Delegation to States

The States audit Federal lands under provisions of 30 CFR part 1227. Section 205 of FOGRMA, as amended by RSFA section 3, authorizes the Secretary to delegate to States all or part of authorities and responsibilities of the Secretary, to conduct inspections, audits, investigations, and limited enforcement activities for Federal leases within their respective State boundaries. Specifically, RSFA section 3 amended FOGRMA section 205 to add items e through g below for minerals revenue management functions on Federal lands:

- a. Conducting inspections, audits, and investigations
- b. Issuing demands and subpoenas (except for solid mineral and geothermal leases)
- c. Issuing orders to perform restructured accounting
- d. Issuing related tolling agreements and notices to lessees or their designees
- e. Receiving and processing production and royalty reports
- f. Correcting erroneous report data
- g. Performing automated verification

Under FOGRMA

Ten States currently have ONRR-approved delegation agreements to perform audits and investigations, which are the functions previously authorized under FOGRMA (items a through d above). The States perform nearly all audits and compliance reviews on Federal leases within their boundaries and receive 50 percent of the revenues from those leases. However, Alaska receives 90 percent of the revenues from Federal leases within their State boundaries. Many

States gain efficiencies by performing audits on State severance taxes concurrently on properties that have both Federal and State interests. Federal royalties are a significant portion of many States' annual budgets.

Under RSFA

To be considered for delegation under 30 CFR part 1227, States must submit a written delegation proposal to, and receive approval from, the ONRR Director. Delegation agreements benefit both ONRR and States by ensuring that Federal royalty payments are in compliance with applicable laws, lease terms, and regulations.

When a State performs any of the delegated functions under 30 CFR part 1227, the State also assumes the burden of providing various types of information to ONRR. Under RSFA, ONRR must collect pertinent information from industry and States to properly administer the delegation of the functions to the requesting States and to ensure that this program continues to operate efficiently and effectively.

Currently, companies submit all production and royalty reports and payments, under OMB Control No. 1012-0004, to ONRR. We verify the accuracy of the reports and payments prior to disbursing the funds to States, Tribes, individual Indian mineral owners, the U.S. Treasury, and other Federal agencies. If States choose to participate in the delegable function of receiving and processing royalty and production reports, payors/reporters must send these reports to each participating State for the Federal leases within that State and to ONRR for the remaining Federal leases. The States must verify the accuracy of these reports.

ONRR currently handles production and royalty reporting, error correction, end-to-end compliance review process (replacing automated verification functions that are no longer performed as independent processes), and issuance of demand letters and billing actions. ONRR is accountable to certain measurements and standards and must file reports to outside entities. States choosing to participate in any delegable function must adhere to these same measurements and standards. Those States must provide data to document the work that they perform. They must submit an annual work plan and budget, as well as quarterly reimbursement vouchers. States must comply with standards, as required under 30 CFR part 1227, including Generally Accepted Accounting Principles (GAAP) and the *ONRR Audit Manual*.

30 CFR Part 1228—Cooperative Activities with State and Tribes

The final rule, Delegation of Royalty Management Functions to States, published on August 12, 1997 (62 FR 43076), effective September 11, 1997, stated that part 1228 does not apply to Federal lands because delegation for Federal lands is now covered under part 1227.

Under FOGRMA section 202, Cooperative Agreements, as amended by RSFA section 8, the Secretary has the authority to enter into cooperative agreements with any State or Tribe upon

their written request. ONRR shares oil or gas revenue management information and uses the capabilities of States and Tribes to carry out inspection, auditing, investigation, or limited enforcement activities for Tribal leases.

States

A State must receive written permission from the respective Tribe(s) or individual Indian mineral owner(s) to carry out the above functions. There are no States with cooperative agreements, as no State has proposed to enter into a cooperative agreement to undertake activities on Indian lands within its boundaries.

Tribes

To be considered for a cooperative agreement, Tribes must comply with the regulations at this CFR part. Tribes submit a written proposal to enter into a cooperative agreement, signed by the Tribal chairman or other appropriate official. In their request, Tribes should outline their proposed activities and responsibilities and present evidence that they can meet the standards that the Secretary established. The ONRR Director must approve the Tribe's proposal prior to beginning work. Currently, six Tribes have cooperative agreements to perform audits and investigations. After ONRR approves the request and places the cooperative agreement in effect, Tribes must submit an annual work plan and budget, as well as quarterly reimbursement vouchers. They must follow GAAP and ONRR standards. Under the cooperative agreements, the Tribes must also comply with the Generally Accepted Government Auditing Standards (GAGAS) and the *ONRR Audit Manual*.

When the Tribes perform any of the cooperative activities under this CFR part, they also assume the burden of providing various types of information to ONRR. These cooperative activities benefit both ONRR and the Tribes by ensuring that royalty payments for Indian leases are in compliance with applicable laws, lease terms, and regulations. Tribes and ONRR currently manage audits for 85 percent of all Tribal mineral royalties through six cooperative agreements.

30 CFR Part 1229—Delegation to States

The final rule, Delegation of Royalty Management Functions to States, was published on August 12, 1997 (62 FR 43076), effective September 11, 1997, stated that part 1229 does not apply to Federal lands because delegation for Federal lands is now covered under part 1227.

With the Secretary's approval, a State may conduct audits and related investigations of oil and gas payments made to ONRR regarding leased Indian lands within the State's boundaries. A State must receive written permission from the respective Tribe(s) or individual Indian mineral owner(s). After the State receives approval from the Secretary, the Governor or other authorized official of the State also may petition the Secretary to assume responsibilities of conducting

audits and related investigations of Indian oil and gas leases. A State petitioning for a delegation of authority will have the opportunity to present testimony at a public hearing within the State.

After the State receives approval, it must submit annual audit work plans detailing its audits and related investigations, annual budgets, and quarterly reimbursement vouchers. The State must maintain books and records and provide a quarterly summary of costs following Department standards, as required under 30 CFR 1229.109. However, under this part, no State has proposed to undertake delegated functions on Indian lands within its boundaries.

In addition, 30 CFR 1229.101(b), covering the Federal Government's administration of delegations, states:

(b) A State may enter into a delegation of authority under this part [1229] without affecting a State's ability to enter into a cooperative agreement under Part 1228 of this chapter.

Summary

In parts 1227 and 1228, this collection of information is necessary in order for States and Tribes to conduct audits and related investigations of Federal and Indian oil, gas, coal, any other solid minerals, and geothermal royalty revenues from Federal and Indian Tribal leased lands. Part 1229 requires the States or Tribes to respond to this collection of information in order to obtain the benefit of a cooperative agreement. ONRR protects proprietary information submitted under this collection. ONRR does not collect items of a sensitive nature.

- 3. Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, e.g., permitting electronic submission of responses, and the basis for the decision for adopting this means of collection. Also describe any consideration of using information technology to reduce burden and specifically how this collection meets GPEA requirements.***

ONRR continues to strive for full implementation of the Government Paperwork Elimination Act and encourages States and Tribes to use electronic reporting in any phase of this information collection. ONRR estimates States and Tribes will submit on average, at least 60 percent of the activity conducted under this information collection via electronic technology. Currently, the remaining States and Tribes choose to provide hard-copy information when submitting delegation proposals, vouchers, progress reports, and work plans. Therefore, it is not cost effective to convert this information collection to electronic format

- 4. Describe efforts to identify duplication. Show specifically why any similar information already available cannot be used or modified for use for the purposes described in Item 2 above.***

Each cooperative agreement and the information collected are unique to that particular State or Tribe. The information that ONRR receives does not duplicate information any other Federal agency collects. There is no similar information that we can use or modify for this collection.

5. ***If the collection of information impacts small businesses or other small entities, describe any methods used to minimize burden.***

There is no adverse impact on small businesses. According to OMB's definition of small entities, there are no small State entities. There are six small Tribal entities. ONRR has streamlined the process of requesting a cooperative agreement. We also provide telephone assistance, written guidelines, and onsite assistance for the preparation of cooperative agreements, quarterly reimbursement vouchers, and annual work plans and budgets to all participating States and Tribes. In addition, ONRR provides periodic training, reporter handbooks, and Internet access to current information on our website.

6. ***Describe the consequence to Federal program or policy activities if the collection is not conducted or is conducted less frequently, as well as any technical or legal obstacles to reducing burden.***

The regulations require ONRR to collect this information as prescribed in 30 CFR parts 1227, 1228, and 1229. If we do not collect this information or collect it less frequently, we could not fulfill our administrative or fiduciary responsibilities. There are no technical obstacles to reducing the burden.

7. ***Explain any special circumstances that would cause an information collection to be conducted in a manner:***

- * ***requiring respondents to report information to the agency more often than quarterly;***

Title 30 CFR 1227.112(d) and 1229.109(b) prescribe States to submit quarterly vouchers. However, some States voluntarily provide vouchers on a monthly basis. Likewise, §1228.105(c) prescribes Tribes to submit quarterly vouchers.

- * ***requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it;***

There are no special circumstances with respect to 5 CFR 1320.5(d)(2)(ii).

- * ***requiring respondents to submit more than an original and two copies of any document;***

There are no special circumstances with respect to 5 CFR 1320.5(d)(2)(iii).

- * ***requiring respondents to retain records, other than health, medical, government contract, grant-in-aid, or tax records, for more than three years;***

Under 30 CFR 1228.103, States or Tribes entering into a cooperative agreement must retain all records, reports, working papers, and any backup materials for a period specified by ONRR. This period is the length of the contract of six years and any additional time for ONRR to complete a review of those records. Under §1227.200(d), States must maintain all Federal records obtained or created under the delegated function for seven years. Also, States and Tribes must maintain all audit records until the audit is closed at which time they have two years to transfer those records to ONRR. In turn, ONRR transfers the records to the National Archives and Records Administration.

- * ***in connection with a statistical survey that is not designed to produce valid and reliable results that can be generalized to the universe of study;***

There are no special circumstances with respect to 5 CFR 1320.5(d)(2)(v).

- * ***requiring the use of a statistical data classification that has not been reviewed and approved by OMB;***

There are no special circumstances with respect to 5 CFR 1320.5(d)(2)(vi).

- * ***that includes a pledge of confidentiality that is not supported by authority established in statute or regulation, that is not supported by disclosure and data security policies that are consistent with the pledge, or which unnecessarily impedes sharing of data with other agencies for compatible confidential use; or***

There are no special circumstances with respect to 5 CFR 1320.5(d)(2)(vii).

- * ***requiring respondents to submit proprietary trade secrets, or other confidential information, unless the agency can demonstrate that it has instituted procedures to protect the information's confidentiality to the extent permitted by law.***

There are no special circumstances with respect to 5 CFR 1320.5(d)(2)(viii).

8. ***If applicable, provide a copy and identify the date and page number of publication in the Federal Register of the agency's notice, required by 5 CFR 1320.8(d), soliciting comments on the information collection prior to submission to OMB. Summarize public comments received in response to that notice and in response to the PRA statement associated with the collection over the past three years, and describe actions taken by the agency in response to these comments. Specifically address comments received on cost and hour burden.***

Describe efforts to consult with persons outside the agency to obtain their views on the availability of data, frequency of collection, the clarity of instructions and recordkeeping, disclosure, or reporting format (if any), and on the data elements to be recorded, disclosed, or reported.

Consultation with representatives of those from whom information is to be obtained or those who must compile records should occur at least once every three years — even if the collection of information activity is the same as in prior periods. There may be circumstances that may preclude consultation in a specific situation. These circumstances should be explained.

As required in 5 CFR 1320.8(d), ONRR published a 60-day notice in the *Federal Register* on February 5, 2015 (80 FR 6540). We did not receive any comments in response to the *Federal Register* notice (FRN).

ONRR maintains regular, ongoing contact with companies. We provide toll-free telephone assistance and encourage customer feedback as we respond to questions regarding requirements. We address issues as they come up and continually improve our processes.

Frequent and routine contact between participating States or Indian Tribes and ONRR employees allows participants to keep abreast of current issues in this cooperative program. ONRR assists States and Indian Tribes in preparing their cooperative agreement proposals, statements of work, work plans, and budgets. ONRR provides a package of instructions and examples, makes personal visits, and provides assistance over the telephone.

Program staff made a sincere effort to elicit meaningful feedback. They contacted the States and Tribes listed below regarding the 60-day *Federal Register* notice and the burden hour estimates. Then they sent FRN copies via electronic mail, soliciting comments from the following States and Tribes, and received no revisions to our current estimates.

Contacts made / comments received:

We contacted the following three members of industry:

1. Name:	Ms. Claire Ware
Company:	Shoshone & Arapaho Minerals Compliance
Address:	Box 830, Fort Washakie, WY 82514-0830
Phone number:	Office: 307-332-7835; Fax: 307-332-4906
Email:	clare.ware007@yahoo.com

ICR table section: 30 CFR 1228.100 Entering into an agreement;

Hours Burden per Response - 200 hours.

Number of Annual Responses - Once every three years or six if option to extend another three.

Feedback: “We receive letter from STS, indicating we have 6 months in advance to request new cooperative agreement. It may take the tribes longer to draft and sign the letter, as it is reviewed and then signed. Then we send Proposal , Job Descriptions, and Budget. STS asks for the 424's. Then STS sends us draft Cooperative agreement to review. Then once reviewed and signed it's sent to STS in Sept and then COR signs and sends executed copy.”

ICR table section: 30 CFR 1228.101 Terms of agreement.

Hours Burden per Response - 8 hours.

Number of Annual Responses - Once every three years or six if option to extend another three.

Feedback: “We draft letter, get signature. The cooperative agreement states it is effective 3 years with option to renew another 3 years. Each year you get the Cooperative Agreement Modification Signed, and send back to STS, Then COR will send executed copy.”

ICR table section: 30 CFR 1228.103 Maintenance of records.

Hours Burden per Response - 60 hours.

Number of Annual Responses - 12 months.

Feedback: “We process payments according to the cost principals and maintain an accrual bookkeeping system that we utilize to ensure proper record keeping. We file documents accordingly. These records are reviewed during the Attestation conducted by STS.”

ICR table section: 30 CFR 1228.105 (a)(1)...Submission and approval of work plan and funding requirement;

Hours Burden per Response - 120 hours.

Number of Annual Responses - Once a year.

Feedback: “The Work-plan is determined - by our program reviewing the data that is sent to us by ONRR. It is reviewed according to risk factors if available, or upon our own comparison if no risk data is timely available. The budget is prepared which recognizes the Work-plan deliverables.”

ICR table section: 30 CFR 1228.105 (c)...Indian tribe shall submit a voucher for reimbursement; Hours Burden per Response – 50.

Number of Annual Responses - 4 times a year.

Feedback: “The voucher is prepared for reimbursement - as soon as it can be completed. We may need to provide copies of items to STS before reimburse occurs.”

2. Name: Ms. Rowena Cheromiah
Company: The Navajo Nation, Minerals Department, Minerals Audit Program
Address: P.O. Box 3750, Window Rock, AZ 86515-3750
Phone number: Office: 928-871-6057; Fax: 928-871-7832
Email address: rcheromiah@frontiernet.net

ICR table section: 30 CFR 1228.100 Entering into an agreement.

Hours Burden per Response - This may average 40 hours/year.

Number of Annual Responses - The Navajo Nation's Cooperative Agreement with the DOI is in its 5th year of a 6-year term. Each year there is a modification to the Cooperative Agreement to reflect funding for the new year.

Feedback: “When projects are funded by external sources, the Navajo Nation must accept funds via a review process per Executive Order No. 07-2013, effective July 1, 2013, calling for a streamlined review and signature process for contracts and agreements pursuant to 2 N.N.C. § 164. This requires preparing a review package that must be reviewed by the Division of Natural Resources, the Office of Management & Budget, the Office of the Controller, the Department of Justice, the Division of Natural Resources' oversight committees, and the Office of President/Vice President. Each level of review may require additional information from the project sponsor (Minerals Audit Program). This process averages 28 hours per year. For entirely new Cooperative Agreements, the same process is required but there is another level of review by the Navajo Nation Council.”

ICR table section: 30 CFR 1228.101 Terms of agreement.

Hours Burden per Response - Same as above.

Number of Annual Responses - Same as above.

ICR table section: 30 CFR 1228.103 Maintenance of records.

Hours Burden per Response - Total Avg. Hours: 3,872/Year.

Number of Annual Responses - On-Going; Quarterly

Feedback: “Draft Annual Audit Work-plan: 28 hours. Final Audit Work-plan: 8 hours. Approximately two revised annual Work-plans throughout year: 16 hours.”

ICR table section: 30 CFR 1228.105 (a)(1)...Submission and approval of work plan and funding requirement.

Hours Burden per Response -Total Avg. Hours: 52 Hours/Year.

Number of Annual Responses - Annual and Throughout Year, as Needed.

Feedback: “Draft Annual Audit Work-plan: 28 hours. Final Audit Work-plan: 8 hours. Approximately two revised annual Work-plans throughout year: 16 hours.”

ICR table section: 30 CFR 1228.105 (c)...Indian tribe shall submit a voucher for reimbursement...

Hours Burden per Response - Total Annual Hours: 136 Hours.

Number of Annual Responses – Quarterly.

Feedback: “Quarterly Vouchers: 24 hours each x 4 = 96 Hours. Close-out Report: 8 Hours. Quarterly Progress Reports: 8 hours x 4 = 32 Hours.”

3. Name: Mr. Ryan Nichols
Company: Financial-Related Audits Bureau, State Controller’s Office
Address: 3301 C Street, Suite 725, Sacramento, CA 95816.
Phone number: Office: 916-445-4804, Fax: 916-324-0960
Email address: rnichols@sco.ca.gov

ICR table section: 30 CFR 1227.112 (d) At a minimum, you must provide vouchers detailing your expenditures quarterly during the fiscal year...

Hours Burden per Response - 48 hours in a year/ 4 hours in a month.

Feedback: “This action is performed monthly to process. It takes about 4 hours to process per month and 48 hours in a year.”

ICR table section: 30 CFR 1227.200 (a-d) What are a State’s general responsibilities if it accepts a delegation?

Hours Burden per Response - 100 hours in a month/1,200 in a year.

Feedback: “These functions take the majority of my time to complete.”

ICR table section: 30 CFR 1227.200 (e)...you must provide periodic statistical reports to ONRR summarizing the activities you carried out...

Hours Burden per Response - 1 hour in a month/12 hours in a year.

Feedback: “This action is performed every month with billing.”

ICR table section: 30 CFR 1227.200 (g) Develop annual work plans. . .

Hours Burden per Response - 80 hours.

Feedback: “Typically this action could take two weeks to complete.”

ICR table section: 30 CFR 1227.200 (h) Help ONRR respond to requests for information from other Federal agencies, Congress, and the public . . .

Hours Burden per Response - 1 hour in a month/12 hours in a year.

Feedback: “This action could vary depending on the delegation and certain years.”

ONRR Response: ONRR has increased the burden hours based on the comments from the Shoshone-Arapaho Tribe and the Navajo Tribe; based on the calculation of the tribes, burden hours were increased by 4,786 hours for Tribal Cooperative Agreements.

The State of California’s estimates are near ONRR’s estimates; and ONRR has not changed the burden hours related to States’ cooperative agreements. Additionally, the annual responses related to the States assisting ONRR in maintaining adequate references, royalty, and production databases has been decreased from 418 to 169. Parts 1227 and 1229 are delegated to the States; however, the reason for this decrease is because States are only required to provide information voluntarily as ONRR continues to follow States’ feedback in relation to the burden hours.

9. Explain any decision to provide any payment or gift to respondents, other than remuneration of contractors or grantees.

ONRR will reimburse the documented expenditures of the States or Tribes who have an approved cooperative audit agreement, work plan, and budget for eligible costs of performing audits and investigations. We will not provide a gift to respondents in this collection.

10. ***Describe any assurance of confidentiality provided to respondents and the basis for the assurance in statute, regulation, or agency policy.***

Commercial or financial information payors provide to ONRR, relative to minerals that they removed from Federal and Indian leases may be proprietary. FOGRMA, as amended (30 U.S.C. 1733), and the Freedom of Information Act (5 U.S.C. 552(b)(4)) and its implementing regulations (43 CFR 2) established standards to protect trade secrets and proprietary and other information. In addition, the Indian Mineral Development Act of 1982 (25 U.S.C. 2103) provides that the Department shall hold as privileged and proprietary all information in its possession related to Indian minerals agreement that the Act covers. Strict security measures at ONRR control storage of, and access to, proprietary information.

Conditional requirements of a cooperative agreement are that States and Tribes must:

- Consent in writing to restrict the dissemination of trade secrets and proprietary and other confidential information to those who are directly involved in an audit or investigation and who have a need to know.
- Accept liability for wrongful disclosure of proprietary information.
- Demonstrate that proprietary information is essential for conducting an audit or investigation and waive sovereign immunity by express consent for wrongful disclosure by such Tribe.

11. ***Provide additional justification for any questions of a sensitive nature, such as sexual behavior and attitudes, religious beliefs, and other matters that are commonly considered private. This justification should include the reasons why the agency considers the questions necessary, the specific uses to be made of the information, the explanation to be given to persons from whom the information is requested, and any steps to be taken to obtain their consent.***

The collection does not include sensitive or private questions.

12. ***Provide estimates of the hour burden of the collection of information. The statement should:***

- * ***Indicate the number of respondents, frequency of response, annual hour burden, and an explanation of how the burden was estimated. Unless directed to do so, agencies should not conduct special surveys to obtain information on which to base hour burden estimates. Consultation with a sample (fewer than 10) of potential respondents is desirable. If the hour burden on respondents is expected to vary widely because of differences in activity, size, or complexity, show the range of estimated hour burden, and explain the reasons for the variance. Generally, estimates should not include burden hours for customary and usual business practices.***

There are approximately 16 respondents (10 States and 6 Tribes).

- The 10 States are Alaska, California, Colorado, Montana, New Mexico, North Dakota, Oklahoma, Texas, Utah, and Wyoming.
- The 6 Tribes are Blackfeet Nation, Navajo Nation, Shoshone and Arapaho Tribes, Southern Ute Tribe, Ute Tribe, and Ute Mountain Ute Tribe.

ONRR estimates that there will be 213 responses each year from these 16 respondents who have cooperative/delegated audit agreements. Based on the functions performed, responses are monthly, quarterly, annually, on occasion, and varied. There are 110 fulltime equivalents (FTEs) who perform audit or audit support activities for the 16 States and Tribes. The total estimated annual reporting and recordkeeping hour burden is 17,705 (10,855 for States and 6,850 for Tribes).

**** If this request for approval covers more than one form, provide separate hour burden estimates for each form and aggregate the hour burdens***

There is no form for this information collection.

**** Provide estimates of annualized cost to respondents for the hour burdens for collections of information, identifying and using appropriate wage rate categories. The cost of contracting out or paying outside parties for information collection activities should not be included here.***

We estimate the total annual cost to respondents is \$739,183 (\$453,196 + \$285,987 = \$739,183). The Federal Government reimburses this cost as part of their Cooperative Agreements.

Cost Breakout

Information Collections (ICs)	Number of Respondents	Number of Responses	Total Hours	Total Cost
1. States (30 CFR parts 1227 and 1229)	10	169	10,855	\$453,196
2. Indian Tribes (30 CFR part 1228)	6	44	6,850	\$285,987
TOTAL	16	213	17,705	\$739,183

The actual average cost factor, which includes benefit/fringe costs, for the States and Tribes is \$41.75 per burden hour (includes any compensation benefits multiplier), derived from their paid FY 2016 proposed budget. Based on this cost factor of \$41.75 per burden hour, the total estimated annual cost is \$739,183.

- States' Estimated Annual Reporting and Recordkeeping Burden Hours:

- From the 10 States, we estimate a total of 169 responses (150 related to 30 CFR part 1227 and 19 related to part 1229) for reporting and recordkeeping.
- We estimate the total annual burden hours for reporting and recordkeeping are 10,855 hours (10,836 from 30 CFR part 1227 and 19 from part 1229). Based on a cost factor of \$41.75 per burden hour, we estimate the total annual cost to States is \$453,196 (10,855 burden hours x \$41.75 per hour = \$453,196).
- Tribes’ Estimated Annual Reporting and Recordkeeping Burden Hours:
 - From the 6 Tribes, we estimate a total of 44 responses (related to 30 CFR part 1228) for reporting and recordkeeping.
 - We estimate the total annual burden hours for reporting and recordkeeping are 6,850 hours. Based on a cost factor of \$41.75 per burden hour, we estimate the total annual cost to Indian Tribes is \$285,987 (6,850 burden hours x \$41.75 per hour = \$285,987).

The hour burden estimates include the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. We have not included in our estimates certain requirements performed in the normal course of business, that are considered usual and customary.

The Federal Government, from current appropriations, will reimburse eligible costs for administration and performance of work under delegated and cooperative agreements.

Burden Chart

The following chart shows the breakdown of the estimated burden hours by CFR section and paragraph:

SECTION A.12 BURDEN BREAKDOWN

30 CFR Section	Reporting and Recordkeeping Requirements	Hour Burden per Response	Number of Annual Responses	Annual Burden Hours
PART 1227—DELEGATION TO STATES				
DELEGATION PROPOSALS				
1227.103; 107; 109; 110 (a) and (b) (1); 110	What must a State’s delegation proposal contain? If you want ONRR to delegate royalty management functions to you, then you must submit a	200	1	200

30 CFR Section	Reporting and Recordkeeping Requirements	Hour Burden per Response	Number of Annual Responses	Annual Burden Hours
(c), (d), and (e); 111(a) and (b); 805	delegation proposal to the ONRR Deputy Director. ONRR will provide you with technical assistance and information to help you prepare your delegation proposal. . . .			
DELEGATION PROCESS				
1227.110 (b)(2)	(b)(2) If you want to change the terms of your delegation agreement for the renewal period, you must submit a new delegation proposal under this part.	16	11	176
EXISTING DELEGATIONS				
COMPENSATION				
1227.112 (d) and (e)	<p>What compensation will a State receive to perform delegated functions?</p> <p>You will receive compensation for your costs to perform each delegated function subject to the following conditions . . .</p> <p>(d) At a minimum, you must provide vouchers detailing your expenditures quarterly during the fiscal year. However, you may agree to provide vouchers on a monthly basis in your delegation agreement . . .</p> <p>(e) You must maintain adequate books and records to support your vouchers . . .</p>	4	64	256

30 CFR Section	Reporting and Recordkeeping Requirements	Hour Burden per Response	Number of Annual Responses	Annual Burden Hours
STATES' RESPONSIBILITIES TO PERFORM DELEGATED FUNCTIONS				
1227.200 (a), (b), (c), and (d)	<p>What are a State's general responsibilities if it accepts a delegation?</p> <p>For each delegated function you perform, you must: (a) . . . seek information or guidance from ONRR regarding new, complex, or unique issues. . . .</p> <p>(b)(1) . . . Provide complete disclosure of financial results of activities;</p> <p>(2) Maintain correct and accurate records of all mineral-related transactions and accounts;</p> <p>(3) Maintain effective controls and accountability;</p> <p>(4) Maintain a system of accounts . . .</p> <p>(5) Maintain adequate royalty and production information . . .</p> <p>(c) Assist ONRR in meeting the requirements of the Government Performance and Results Act (GPRA) . . .</p> <p>(d) Maintain all records you obtain or create under your delegated function, such as royalty reports, production reports, and other related information. . . . You must maintain such records for at least 7 years. . . .</p>	940	10	9,400
1227.200 (e); 801(a); 804	(e) Provide reports to ONRR about your activities under your delegated functions . . . At a minimum, you must provide periodic statistical reports to ONRR summarizing the activities	3	40	120

30 CFR Section	Reporting and Recordkeeping Requirements	Hour Burden per Response	Number of Annual Responses	Annual Burden Hours
	you carried out . . .			
1227.200 (f); 401(e); 601(d)	(f) Assist ONRR in maintaining adequate reference, royalty, and production databases. . . .	1	1	1
1227.200 (g); 301(e)	(g) Develop annual work plans...	60	10	600
1227.200 (h)	(h) Help ONRR respond to requests for information from other Federal agencies, Congress, and the public . . .	8	10	80
1227.400 (a)(4) and (a)(6); 401(d); 501(c)	<p>What functions may a State perform in processing production reports or royalty reports?</p> <p>Production reporters or royalty reporters provide production, sales, and royalty information on mineral production from leases that must be collected, analyzed, and corrected.</p> <p>(a) If you request delegation of either production report or royalty report processing functions, you must perform . . .</p> <p>(4) Timely transmitting production report or royalty report data to ONRR and other affected Federal agencies . . .</p> <p>(6) Providing production data or royalty data to ONRR and other affected Federal agencies. . . .</p>	1	1	1
1227.400 (c)	(c) You must provide ONRR with a copy of any exceptions from reporting and payment requirements for marginal properties and any alternative royalty and payment requirements	1	1	1

30 CFR Section	Reporting and Recordkeeping Requirements	Hour Burden per Response	Number of Annual Responses	Annual Burden Hours
	for unit agreements and communitization agreements you approve.			
1227.601 (c)	<p>What are a State’s responsibilities if it performs automated verification? To perform automated verification of production reports or royalty reports, you must . . .</p> <p>(c) Maintain all documentation and logging procedures . . .</p>	1	1	1
PERFORMANCE REVIEW				
<i>Subtotal Burden for 30 CFR Part 1227</i>			150	10,836
PART 1228—COOPERATIVE ACTIVITIES WITH STATES AND INDIAN TRIBES				
SUBPART C—OIL AND GAS, ONSHORE				
1228.100 (a) and (b); 101(c); 107(b)	<p>Entering into an agreement.</p> <p>(a) . . . Indian tribe may request the Department to enter into a cooperative agreement by sending a letter from . . . tribal chairman... to the Director of ONRR.</p> <p>(b) The request for an agreement shall be in a format prescribed by ONRR and should include at a minimum the following information:</p> <p>(1) Type of eligible activities to be undertaken.</p> <p>(2) Proposed term of the agreement.</p> <p>(3) Evidence that . . . Indian tribe meets, or can meet by the time the agreement is in effect . . .</p> <p>(4) If the State is proposing to undertake activities on Indian lands located within the State, a resolution from the appropriate tribal council indicating their</p>	200	1	200

30 CFR Section	Reporting and Recordkeeping Requirements	Hour Burden per Response	Number of Annual Responses	Annual Burden Hours
	agreement to delegate to the State responsibilities under the terms of the cooperative agreement for activities to be conducted on tribal or allotted land.			
1228.101 (a)	Terms of agreement. (a) Agreements entered into under this part shall be valid for a period of 3 years and shall be renewable . . . upon request of . . . Indian tribe. . . .	15	6	90
1228.101 (d)	(d) . . . Indian tribe will be given 60 days to respond to the notice of deficiencies and to provide a plan for correction of those deficiencies	80	1	80
1228.103 (a) and (b)	Maintenance of records. (a) . . . Indian tribe entering into a cooperative agreement under this part must retain all records, reports, working papers, and any backup materials . . . (b) . . .Indian tribe shall maintain all books and records . . .	940	6	5,640
1228.105 (a)(1) and (a)(2)	Funding of cooperative agreements. (a)(1) The Department may, under the terms of the cooperative agreement, reimburse . . . Indian tribe up to 100 percent of the costs of eligible activities. Eligible activities will be agreed upon annually upon the submission and approval of a work plan and funding requirement. (2) A cooperative agreement may be entered into with . . . Indian tribe, upon request, without a	60	6	360

30 CFR Section	Reporting and Recordkeeping Requirements	Hour Burden per Response	Number of Annual Responses	Annual Burden Hours
	requirement for reimbursement of costs by the Department.			
1228.105 (c)	(c) . . . Indian tribe shall submit a voucher for reimbursement of eligible costs incurred within 30 days of the end of each calendar quarter. . . . Indian tribe must provide the Department a summary of costs incurred, for which . . . Indian tribe is seeking reimbursement, with the voucher.	20	24	480
Subtotal Burden for 30 CFR Part 1228			44	6,850

PART 1229—DELEGATION TO STATES				
SUBPART C—OIL AND GAS, ONSHORE				
ADMINISTRATION OF DELEGATIONS				
1229.100 (a)(1) and (a)(2)	<p>Authorities and responsibilities subject to delegation.</p> <p>(a) All or part of the following authorities and responsibilities of the Secretary under the Act may be delegated to a State authority:</p> <p>(1) Conduct of audits related to oil and gas royalty payments made to the Office of Natural Resources Revenue (ONRR) which are attributable to leased . . . Indian lands within the State. Delegations with respect to any Indian lands require the written permission, subject to the review of the ONRR, of the affected Indian tribe or allottee.</p> <p>(2) Conduct of investigation related to oil and gas royalty payments made to the ONRR which are attributable to . . . Indian lands within the State.</p>	1	1	1

	Delegation with respect to any Indian lands require the written permission, subject to the review of the ONRR, of the affected Indian tribe or allottee. No investigation will be initiated without the specific approval of the ONRR. . . .			
1229.101 (a) and (d)	<p>Petition for delegation.</p> <p>(a) The governor or other authorized official of any State which contains . . . Indian oil and gas leases where the Indian tribe and allottees have given the State an affirmative indication of their desire for the State to undertake certain royalty management-related activities on their lands, may petition the Secretary to assume responsibilities to conduct audits and related investigations of royalty related matters affecting . . . Indian oil and gas leases within the State . . .</p> <p>(d) In the event that the Secretary denies the petition, the Secretary must provide the State with the specific reasons for denial of the petition. The State will then have 60 days to either contest or correct specific deficiencies and to reapply for a delegation of authority.</p>	1	1	1

1229.102 (c)	Fact-finding and hearings. (c) A State petitioning for a delegation of authority shall be given the opportunity to present testimony at a public hearing.	1	1	1
1229.103 (c)	Duration of delegations; termination of delegations. (c) A State may terminate a delegation of authority by giving a 120-day written notice of intent to terminate.	1	1	1
1229.105	Evidence of Indian agreement to delegation. In the case of a State seeking a delegation of authority for Indian lands . . . the State petition to the Secretary must be supported by an appropriate resolution or resolutions of tribal councils joining the State in petitioning for delegation and evidence of the agreement of individual Indian allottees whose lands would be involved in a delegation. Such evidence shall specifically speak to having the State assume delegated responsibility for specific functions related to royalty management activities.	1	1	1
1229.106	Withdrawal of Indian lands from delegated authority. If at any time an Indian tribe or an individual Indian allottee determines that it wishes to withdraw from the State delegation of authority in relation to its lands, it may do so by sending a petition of withdrawal to the State. . . .	1	1	1

1229.109 (a)	Reimbursement for costs incurred by a State under the delegation of authority. (a) The Department of the Interior (DOI) shall reimburse the State for 100 percent of the direct cost associated with the activities undertaken under the delegation of authority. The State shall maintain books and records in accordance with the standards established by the DOI and will provide the DOI, on a quarterly basis, a summary of costs incurred . . .	1	1	1
1229.109 (b)	(b) The State shall submit a voucher for reimbursement of costs incurred within 30 days of the end of each calendar quarter.	1	4	4
DELEGATION REQUIREMENTS				
1229.120	Obtaining regulatory and policy guidance. All activities performed by a State under a delegation must be in full accord with all Federal laws, rules and regulations, and Secretarial and agency determinations and orders relating to the calculation, reporting, and payment of oil and gas royalties. In those cases when guidance or interpretations are necessary, the State will direct written requests for such guidance or interpretation to the appropriate ONRR officials. . . .	1	1	1
1229.121	Recordkeeping requirements. (a) The State shall maintain in a safe and secure manner all records, work papers, reports, and correspondence gained or developed as a consequence of audit or investigative activities conducted under the delegation...	1	1	1

	<p>(b) The State must maintain in a confidential manner all data obtained from DOI sources or from payor or company sources under the delegation . . .</p> <p>(c) All records subject to the requirements of paragraph (a) must be maintained for a 6-year period measured from the end of the calendar year in which the records were created . . . Upon termination of a delegation, the State shall, within 90 days from the date of termination, assemble all records specified in subsection (a), complete all working paper files in accordance with § 229.124, and transfer such records to the ONRR.</p> <p>(d) The State shall maintain complete cost records for the delegation in accordance with generally accepted accounting principles. . . .</p>			
1229.122	<p>Coordination of audit activities.</p> <p>(a) Each State with a delegation of authority shall submit annually to the ONRR an audit work plan specifically identifying leases, resources, companies, and payors scheduled for audit . . . A State may request changes to its work plan . . . at the end of each quarter of each fiscal year. All requested changes are subject to approval by the ONRR and must be submitted in writing.</p> <p>(b) When a State plans to audit leases of a lessee or royalty payor for which there is an ONRR or OIG resident audit team, all audit activities must be coordinated through the ONRR or OIG</p>	1	1	1

	resident supervisor. . . . (c) The State shall consult with the ONRR and/or OIG regarding resolution of any coordination problems encountered during the conduct of delegation activities.			
1229.123 (b)(3)(i)	Standards for audit activities. (b)(3) <i>Standards of reporting.</i> (i) Written audit reports are to be submitted to the appropriate ONRR officials at the end of each field examination.	1	1	1
1229.124	Documentation standards. Every audit performed by a State under a delegation of authority must meet certain documentation standards. In particular, detailed work papers must be developed and maintained.	1	1	1
1229.125 (a) and (b)	Preparation and issuance of enforcement documents. (a) Determinations of additional royalties due resulting from audit activities conducted under a delegation of authority must be formally communicated by the State, to the companies or other payors by an issue letter prior to any enforcement action. . . . (b) After evaluating the company or payor's response to the issue letter, the State shall draft a demand letter which will be submitted with supporting work paper files to the ONRR for appropriate enforcement action. Any substantive revisions to the demand letter will be discussed with the State prior to issuance of the letter. . . .	1	1	1
1229.126 (a) and (b)	Appeals. (a) . . . The State regulatory authority shall, upon the request	1	1	1

	of the ONRR, provide competent and knowledgeable staff for testimony, as well as any required documentation and analyses, in support of the lessor’s position during the appeal process. (b) An affected State, upon the request of the ONRR, shall provide expert witnesses from their audit staff for testimony as well as required documentation and analyses to support the Department’s position during the litigation of court cases arising from denied appeals. . . .			
1229.127	Reports from States. The State, acting under the authority of the Secretarial delegation, shall submit quarterly reports which will summarize activities carried out by the State during the preceding quarter of the year under the provisions of the delegation. . . .	1	1	1
Subtotal Burden for 30 CFR Part 1229			19	19
TOTAL BURDEN			213	17,705

NOTE: Tribal estimates increased due to feedback from two Tribes; we averaged their burden hour responses and determined that their estimates were accurate according to recent historical data.

13. ***Provide an estimate of the total annual non-hour cost burden to respondents or record-keepers resulting from the collection of information. (Do not include the cost of any hour burden already reflected in item 12.)***

**** The cost estimate should be split into two components: (a) a total capital and start-up cost component (annualized over its expected useful life) and (b) a total operation and maintenance and purchase of services component. The estimates should take into account costs associated with generating, maintaining, and disclosing or providing the information (including filing fees paid for form processing). Include descriptions of methods used to estimate major cost factors including system and technology acquisition, expected useful life of capital equipment, the discount rate(s), and the time period over which costs will be incurred. Capital and start-up costs include, among other items, preparations for collecting information such as purchasing computers and***

software; monitoring, sampling, drilling and testing equipment; and record storage facilities.

- * *If cost estimates are expected to vary widely, agencies should present ranges of cost burdens and explain the reasons for the variance. The cost of purchasing or contracting out information collection services should be a part of this cost burden estimate. In developing cost burden estimates, agencies may consult with a sample of respondents (fewer than 10), utilize the 60-day pre-OMB submission public comment process and use existing economic or regulatory impact analysis associated with the rulemaking containing the information collection, as appropriate.*
- * *Generally, estimates should not include purchases of equipment or services, or portions thereof, made: (1) prior to October 1, 1995, (2) to achieve regulatory compliance with requirements not associated with the information collection, (3) for reasons other than to provide information or keep records for the government or (4) as part of customary and usual business or private practices.*

We have identified no “non-hour” cost burdens for this collection of information.

14. *Provide estimates of annualized cost to the Federal Government. Also, provide a description of the method used to estimate cost, which should include quantification of hours, operational expenses (such as equipment, overhead, printing, and support staff), and any other expense that would not have been incurred without this collection of information.*

Labor Costs

Position	Grade Level	Hourly Pay rate¹	Hourly rate including benefits (1.5 x \$/hour)	Percent of time spent on collection	Weighted Average (\$/hour)
Minerals Revenue Technician	7	\$23.06	\$35	10%	\$4
Program Analyst	11	\$34.13	\$50	5%	\$3
Auditor	12	\$40.91	\$60	25%	\$15
Auditor	13	\$48.65	\$72	50%	\$36
Supervisory Auditor	14	\$57.48	\$85	10%	\$9
Weighted Average (\$/hour)				100%	\$65

¹ \$/hour from 2015 U.S. OPM GS Pay Schedule, Denver locality; assumes grade is a step five.

To analyze, review, and process the information, the Federal Government spends an average of 1 hour for each hour spent by respondents. The total estimated Federal Government time is 17,705 hours. The total estimated burden to the Federal Government is based on time needed to complete all data gathering requirements, analyze submissions in response to this information

collection, and approve payment for eligible costs. These tasks are currently performed by employees paid according to the United States Office of Personnel Management (OPM) 2015 General Schedule (GS), which is located at <https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/2015/general-schedule/>. Based on a weighted average cost factor of \$65 per burden hour, the total annual estimated cost burden on the Federal Government is \$1,150,825 (17,705 hours x \$65/hour = \$1,150,825).

15. Explain the reasons for any program changes or adjustments in hour or cost burden.

(a)

Currently Approved OMB Burden Hour Inventory	Program Change Estimated Burden Hours	Adjustment Change Estimated Burden Hours	Total Estimated Burden Hours
12,219	0	+4,786	17,705

There is no program change for this information collection. However, there is an adjustment increase of 4,786 burden hours. Based on comments from Shoshone-Arapaho Tribes and Navajo Nation (see question 8 above), ONRR adjusted 30 CFR 1228.103 (c) to include an increase in burden hours. Costs were only adjusted to incorporate the additional burden hours and made current using FY 2016 budget estimates.

16. For collections of information whose results will be published, outline plans for tabulation and publication. Address any complex analytical techniques that will be used. Provide the time schedule for the entire project, including beginning and ending dates of the collection of information, completion of report, publication dates, and other actions.

ONRR will not publish the data.

17. If seeking approval to not display the expiration date for OMB approval of the information collection, explain the reasons that display would be inappropriate.

ONRR will not display the OMB control number and expiration date because there is not an information collection form to display it on.

18. Explain each exception to the topics of the certification statement identified in "Certification for Paperwork Reduction Act Submissions."

To the extent that the topics apply to this collection of information, we are not making any exceptions to the "Certification for Paperwork Reduction Act Submissions."