

## **1Supporting Statement A**

### **30 CFR Parts 1227, 1228, and 1229, Delegated and Cooperative Activities with States and Indian 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 (“Secretary”) is responsible for mineral resource development on Federal and Indian lands and the Outer Continental Shelf. Under the Mineral Leasing Act of 1920, Outer Continental Shelf Lands Act of 1953 (“OCSLA”), 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. One such function is to distribute mineral revenues to the Indian tribes (and States) from where the mineral resources were produced. As a result, the States, Indian tribes, and ONRR all have an interest in ensuring the mineral resources revenue are properly collected, accounted for, and verified.

Congress enacted the Federal Oil and Gas Royalty Management Act of 1982 (“FOGRMA”), in part, “to effectively utilize the capabilities of the States and Indian Tribes in developing and maintaining an efficient and effective Federal royalty management system.” 30 U.S.C. 1701(b)(5). Relevant to this Information Collection Request (“ICR”), FOGRMA, as amended by the Federal Oil and Gas Royalty Simplification and Fairness Act of 1996 (“RSFA”) (Pub. L. 104-185), provides the Secretary with authority to: (1) review and approve delegation proposals from States seeking to perform royalty management functions, and (2) prepare a cooperative agreement with a State or Indian tribe seeking to perform royalty audits. 30 U.S.C. 1732 and 1735. The States and Indian tribes are working partners and are an integral part of the overall onshore and offshore compliance effort. Through the Appropriations Act of 1992 (Pub. L. 102-154), codified at 30 U.S.C. 196, the Secretary’s authority for oil and gas leases was extended to other energy and mineral leases, including coal, geothermal steam, and leases subject to 43 U.S.C. 1337(g) of OCSLA. ONRR is required by law to collect information from the States and Indian tribes that are interested in performing certain royalty management duties through delegations from ONRR or by entering into a cooperative agreement to carry out certain mineral revenue management responsibilities.

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 the development, transport, processing, purchase, or sale 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.

Applicable citations pertaining to the delegated and cooperative activities with States and Indian 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, OCSLA
- 30 U.S.C. 1701 *et seq.*, FOGRMA, (30 U.S.C. 1732 and 1735)

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

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 part also

provides only audit and investigation functions to States for Federal geothermal and solid mineral leases, and leases subject to 43 U.S.C. 1337(g) of the OCSLA, within their State boundaries.

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

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.

- 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**

Through Secretarial delegations to States under 30 CFR part 1227 and 30 U.S.C. 1735, States are able to carry out audit and compliance responsibilities for royalties generated from Federal leases within the State. FOGRMA, at 30 U.S.C. 1735 as amended by RSFA, 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, 30 U.S.C. 1735(a) authorizes the Secretary to delegate to States all or part of the Secretary's responsibilities, with respect to all Federal land within a State, to:

- (1) conduct inspections, audits, and investigations;
- (2) receive and process production and financial reports;
- (3) correct erroneous report data;
- (4) perform automated verification; and
- (5) issue demands, subpoenas [except for solid mineral and geothermal leases], and orders to perform restructured accounting, for royalty management enforcement purposes,

to any State with respect to all Federal land within the State.

Nine States currently have ONRR-approved delegation agreements under FOGDMA, at 30 U.S.C. 1735, to perform audits and investigations. 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.

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 comply 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. ONRR disburses the funds to States, Indian 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, 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.

### **30 CFR Part 1228—Cooperative Activities with States and Indian Tribes**

Under FOGDMA, at 30 U.S.C. 1732, Cooperative Agreements, as amended by RSFA, the Secretary has the authority to enter into cooperative agreements with any State or Indian tribe to manage Indian lands upon their written request. ONRR shares oil or gas revenue management information and uses the capabilities of States and Indian tribes to carry out inspection, auditing, investigation, or limited enforcement activities for tribal leases.

### States

A State must receive written permission from the respective Indian 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.

### Indian Tribes

To be considered for a cooperative agreement, Indian tribes must comply with the regulations at 30 CFR part 1228. Indian tribes submit a written proposal to enter into a cooperative agreement, signed by the Tribal chairman or other appropriate official. In their request, an Indian tribe 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 Indian tribe's proposal prior to beginning work. There are currently six ONRR-approved cooperative agreements, under which each of the Indian tribes are authorized to perform audits and investigations. After ONRR approves the request and places the cooperative agreement in effect, the Indian tribe must submit an annual work plan and budget, as well as quarterly reimbursement vouchers. They must generally follow ONRR standards.

When the Indian tribe performs any of the cooperative activities under 30 CFR part 1228, they also assume the burden of providing various types of information to ONRR. These cooperative activities benefit both ONRR and the Indian tribes by ensuring that royalty payments for Indian leases are in compliance with applicable laws, lease terms, and regulations. Indian tribes and ONRR currently manage audits for 85 percent of all tribal mineral royalties through the six existing cooperative agreements.

### **30 CFR Part 1229—Delegation to States**

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 Indian 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, no State has proposed to undertake delegated functions under 30 CFR part 1229 on Indian lands within its boundaries.

In addition, 30 CFR 1229.101(b), covering the Federal Government's administration of delegations, states that "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 title."

## **Summary**

In 30 CFR parts 1227 and 1228, this collection of information is necessary in order for States and Indian 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 Indian 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 Indian tribes to use electronic reporting in any phase of this information collection. ONRR estimates that States and Indian tribes will submit on average, at least 80 percent of the activity conducted under this information collection via electronic technology. Currently, the remaining States and Indian tribes choose to provide hard-copy information when submitting delegation proposals, vouchers, progress reports, and work plans. Therefore, it is not cost effective to fully 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 Indian tribe. The information that ONRR receives does not duplicate information any other Federal agency collects. There is no similar information that ONRR 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. There are no small State or small Tribal entities that are impacted by this collection of information. ONRR has streamlined the process of

requesting a cooperative agreement. ONRR also provides 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 Indian tribes. In addition, ONRR offers periodic training, reporter handbooks, and access to current information on ONRR's 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.***

ONRR must collect this information as set forth in 30 CFR parts 1227, 1228, and 1229. If ONRR does not collect this information or collects it less frequently, ONRR could not fulfill its 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;***

The Federal regulations, at 30 CFR 1227.112(d) and 1229.109(b), require States to submit quarterly vouchers. However, some States voluntarily provide vouchers on a monthly basis. Similarly, 30 CFR 1228.105(c) requires Indian 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, a State or Indian tribe entering into a cooperative agreement must retain all records, reports, working papers, and any backup materials for a period specified by ONRR. This period for cost records is the length of the cooperative agreement of six years and any additional time for ONRR to complete a review of those records. Under 30 CFR 1227.200(d), States must maintain all Federal records obtained or created under the delegated function for seven years. Also, States and Indian 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 April 16, 2021 (86 FR 20194). ONRR received one comment in response to the *Federal Register* notice (“FRN”). The commenter noted that they agreed with the content of the ICR.

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 Indian tribes listed below regarding the 60-day FRN and the burden hour estimates. Then they sent FRN copies via electronic mail, soliciting comments from the following States and Indian tribes, and received no revisions to our current estimates.

**Contacts made / comments received:**

ONRR contacted three States or Indian tribes with a list of questions pertaining to this ICR. ONRR received three comments in response. ONRR’s questions, the comments received, and ONRR’s responses thereto are provided below.

1. Tribe: Southern Ute

Questions and Comments:

Q. Is the collection necessary to the proper functions of the ONRR?

A. States and Tribes enter into Cooperative Agreements that require certain functions to be performed by the State or Tribe. The collection of data by ONRR ensures that States and Tribes are in compliance with the terms of those Cooperative Agreements and therefore necessary.

Q. Will this information be processed and used in a timely manner?

A. It has been my experience that the information is processed and used in a timely manner. The Southern Ute Indian Tribe utilizes a secure cloud server and ONRR has been able to utilize this server to assist with our audits and reviews of audits. This has been extremely helpful to use and a time saver.

I have recently been asked for additional information on vouchering related to trainings. This, in my opinion, was an unnecessary burden as these are subject to audit on a bi-annual basis. Vouchers are approved in a very timely manner which is wonderful.

Q. Is the estimate of burden accurate?

A. The estimate of the burden seems accurate.

Q. How might the ONRR enhance the quality, utility, and clarity of the information to be collected?

A. Additional training on 2 CFR 200 would be a great help. I have recently taken some courses to gain a better understanding and am planning to continue with those courses in order to ensure that I am asking accurate logical questions related to the vouchering.

Q. How might the ONRR minimize the burden of this collection on the respondents, including through the use of information technology.

A. We currently use a secure upload to provide most of ONRR with information requested. This is a great time saver.

*ONRR Response:* We appreciate your feedback on having to provide additional documentation on your training requests. Whether or not additional information is requested is primarily at the discretion of the Auditor. We do strive to only request additional information when it is necessary.

Unfortunately, ONRR does not provide training for 2 CFR 200 at this time. We recommend looking at outside vendors and we would be happy to recommend some of the vendors that we use.

2. State: Colorado State Auditor's Office

Questions and Comments:

Q. Is the collection necessary to the proper functions of the ONRR?

A. The information collected is necessary for ONRR to properly perform their oversight function related to their delegation to State function and to properly ensure full payment of revenues owed for the development of the Nation's energy and natural resources on the Outer Continental Shelf and onshore Federal and Indian lands.

Q. Will this information be processed and used in a timely manner?

A. To the best of my knowledge, this information collected has historically always been processed timely. Proposals and requests are responded to within reasonable times with the appropriate approvals or need for clarification.

Q. Is the estimate of burden accurate?

A. The estimates of burden will vary based on the size and situation of each delegation but seem reasonable.

Q. How might the ONRR enhance the quality, utility, and clarity of the information to be collected?

A. The biggest area I could see for improvement would be with the data management side of things. Some information could be more standardized (like the progress reports) and shared among those who use it rather than submitting the same information to different people.

Q. How might the ONRR minimize the burden of this collection on the respondents, including through the use of information technology?

A. Standardizing reports, like the progress report mentioned before, would probably cause some disruption at first, but would help in the long run when transitions occur in delegations. Additionally, if States and Tribes were able to see real-time updates to work plans, budgets, or even where a proposal is in the approval process, it would help eliminate the need for some clarifying communication.

*ONRR Response:* ONRR is in the process and have been in the process for some time in transitioning to a new OMT software system. One of the features we hope it will produce would be generating progress reports. If successful these generated progress reports would be standardized and accessible to multiple users.

The OMT system could also include the ability to generate and track workplan modification requests. For budgets and voucher approvals we do try and provide information as soon as we get it. If you experience any type of delays, please feel free to contact us.

3. State: Oklahoma State Auditor and Inspector's Office, Specialized Audit  
Division & Office Operations

Questions and Comments:

Q. Is the collection necessary to the proper function of the ONRR?

A. ONRR is collecting the necessary cost and performance reporting to properly perform their oversight function. This oversight function comes from the Code of Federal Regulations, laid out in 202 and 205 delegation contracts, OMB circulars, and CFDA 15.427.

Q. Will this information be processed and used in a timely manner?

A. Yes we have never had any of our budget, work plan, performance reporting or reimbursement requests not be processed timely. Even with ONRR changes our budgets have always been approved in a timely manner. All proposed changes to the work plan have also been approved timely.

Q. Is the estimate of burden accurate?

A. For the State of Oklahoma's delegation the estimates for contract proposal and compensation are reasonable. The estimates for the performance of delegated functions are all reasonable except for processing of production and royalty reports and performing automated verifications. Our state does not perform these functions, nor is the state aware of any delegation that performs these functions.

Q. How might the ONRR enhance the quality, utility, and clarity of the information to be collected?

A. The area that could be improved on is the use of Information Technology. Very little of the information is submitted electronically, yet ONRR now requires all companies to report royalties electronically. For our progress reports, we are submitting those quarterly using excel worksheets which tracks the progress of each case audit to ONRR. Having workable system(s) to pull information from ONRR programs to perform our audits and compliance reviews would greatly enhance the quality and utility of the information.

Q. How might the ONRR minimize the burden of this collection on the respondents, including through the use of information technology?

A. See above and just make overall improvements to data access for States and Tribes. Overall the speed is slow and reliability of program access needs improvement.

*ONRR Response:* Please see above for our response on progress reports.

We do understand you may experience problems accessing information necessary to perform your audits. Part of the reason is because you are accessing the information not using Federal Government equipment, so your access is through a separate portal. We have been in talks with the provider of the other portal to improve reliability and performance. Additionally, ONRR is exploring other solutions including making an exception so you may use the same

portal ONRR uses. ONRR is also exploring providing you government furnished equipment so you may utilize the same portal we do. We also provide access to management in our IT Department at our semi-annual STRAC meetings. This provides an opportunity for any STRAC delegation that has major IT issues to bring that issue to light and discuss possible solutions with the people that manage STRAC's IT access.

**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 Indian tribes who have an approved cooperative audit agreement, work plan, and budget for eligible costs of performing audits and investigations. ONRR 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 part 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 Indian 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 Indian 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 15 respondents (9 States and 6 Indian tribe respondents).

- The 9 States are Alaska, California, Colorado, Montana, New Mexico, North Dakota, Oklahoma, Utah, and Wyoming.
- The 6 Indian tribe respondents 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 210 responses each year from these 15 respondents who have cooperative/delegated audit agreements. Based on the functions performed, responses are monthly, quarterly, annually, on occasion, and varied. There are 106 full-time equivalents (“FTEs”) who perform audit or audit support activities for the 15 States and Indian tribe respondents. The total estimated annual reporting and recordkeeping hour burden is 16,697 (9,847 for States and 6,850 for Indian 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 \$839,693 (\$495,206 + \$344,487). The Federal Government reimburses this cost as part of their cooperative agreements.

#### Cost Breakout

<b>Information Collections (ICs)</b>	<b>Number of Respondents</b>	<b>Number of Responses</b>	<b>Total Hours</b>	<b>Total Cost</b>
1. States (30 CFR parts 1227 and 1229)	9	166	9,847	0495,206
2. Indian Tribes (30 CFR part 1228)	6	44	6,850	0344,487
<b>TOTAL</b>	<b>15</b>	<b>210</b>	<b>16,697</b>	<b>\$839,693</b>

The actual average cost factor for the States and Indian tribes is \$50.29 per burden hour (includes any compensation benefits multiplier), derived from their paid FY 2019 proposed budget. Based on this cost factor of \$50.29 per burden hour, the total estimated annual cost is \$895,126.

- States' Estimated Annual Reporting and Recordkeeping Burden Hours:
  - From the 9 States, ONRR estimates a total of 166 responses (147 related to 30 CFR part 1227 and 19 related to 30 CFR part 1229) for reporting and recordkeeping.
  - ONRR estimates the total annual burden hours for reporting and recordkeeping are 9,847 hours (9,828 from 30 CFR part 1227 and 19 from 30 CFR part 1229). Based on a cost factor of \$50.29 per burden hour, we estimate the total annual cost to States is \$495,206 (9,847 burden hours x \$50.29 per hour).
- Indian Tribes' Estimated Annual Reporting and Recordkeeping Burden Hours:
  - From the 6 Indian tribe respondents, 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 \$50.29 per burden hour, we estimate the total annual cost to Indian Tribes is \$344,487 (6,850 burden hours x \$50.29 per hour).

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**

<b>30 CFR Section</b>	<b>Reporting and Recordkeeping Requirements</b>	<b>Hour Burden per Response</b>	<b>Number of Annual Responses</b>	<b>Annual Burden Hours</b>
<b>PART 1227—DELEGATION TO STATES</b>				
<b>DELEGATION PROPOSALS</b>				
1227.103; 1227.107; 1227.109; 1227.110 (a) and (b) (1); 1227.110 (c), (d), and (e); 1227.111 (a) and (b); 1227.805	<b>What must a State's delegation proposal contain?</b> If you want ONRR to delegate royalty management functions to you, then you must submit a delegation proposal to the Director for [ONRR]. ONRR will provide you with technical assistance and information to help you prepare your delegation proposal.	200	1	200
<b>DELEGATION PROCESS</b>				
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
<b>EXISTING DELEGATIONS</b>				
<b>COMPENSATION</b>				
1227.112 (d) and (e)	<b>What compensation will a State receive to perform delegated functions?</b> You will receive compensation for your costs to perform each delegated function subject to the following conditions: * * * * * (d) At a minimum, you must provide vouchers detailing your expenditures quarterly during the	4	64	256



30 CFR Section	Reporting and Recordkeeping Requirements	Hour Burden per Response	Number of Annual Responses	Annual Burden Hours
	fiscal year. However, you may agree to provide vouchers on a monthly basis in your delegation agreement; (e) You must maintain adequate books and records to support your vouchers . . . .			

30 CFR Section	Reporting and Recordkeeping Requirements	Hour Burden per Response	Number of Annual Responses	Annual Burden Hours
<b>STATES' RESPONSIBILITIES TO PERFORM DELEGATED FUNCTIONS</b>				
1227.200 (a), (b), (c), and (d)	<p><b>What are a State's general responsibilities if it accepts a delegation?</b></p> <p>For each delegated function you perform, you must:</p> <p>(a) . . . seek information or guidance from ONRR regarding new, complex, or unique issues</p> <p>(b) * * *</p> <p>(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 for royalty management purposes;</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	9	8,460
1227.200 (e) (incorporating	(e) Provide reports to ONRR about your activities under your delegated functions. At a minimum, you must provide	3	40	120

<b>30 CFR Section</b>	<b>Reporting and Recordkeeping Requirements</b>	<b>Hour Burden per Response</b>	<b>Number of Annual Responses</b>	<b>Annual Burden Hours</b>
1227.801(a) and 1227.804)	periodic statistical reports to ONRR summarizing the activities you carried out . . . .			
1227.200 (f); 1227.401 (e); and 1227.601 (d)	(f) Assist ONRR in maintaining adequate reference, royalty, and production databases . . . .	1	1	1
1227.200 (g); and 1227.301 (e)	(g) Develop annual work plans . . . .	60	9	540
1227.200 (h)	(h) Help ONRR respond to requests for information from other Federal agencies, Congress, and the public;	8	9	72

30 CFR Section	Reporting and Recordkeeping Requirements	Hour Burden per Response	Number of Annual Responses	Annual Burden Hours
1227.400 (a)(4) and (a)(6); 1227.401 (d); and 1227.501 (c)	<p><b>What functions may a State perform in processing production reports or royalty reports?</b></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>* * * * *</p> <p>(4) Timely transmitting production report or royalty report data to ONRR and other affected Federal agencies . . . ;</p> <p>* * * * *</p> <p>(6) Providing production data or royalty data to ONRR and other affected Federal agencies . . . .</p>	1	1	1
1227.400 (c)	<p>(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 for unit agreements and communitization agreements you approve.</p>	1	1	1
1227.601 (c)	<p><b>What are a State's responsibilities if it performs automated verification?</b></p> <p>To perform automated verification of production reports or royalty reports, you must:</p> <p>* * * * *</p>	1	1	1

30 CFR Section	Reporting and Recordkeeping Requirements	Hour Burden per Response	Number of Annual Responses	Annual Burden Hours
	(c) Maintain all documentation and logging procedures . . . .			
<b>PERFORMANCE REVIEW</b>				
<b>Subtotal Burden for 30 CFR Part 1227</b>			<b>147</b>	<b>9,828</b>
<b>PART 1228—COOPERATIVE ACTIVITIES WITH STATES AND INDIAN TRIBES</b>				
<b>SUBPART C—OIL AND GAS, ONSHORE</b>				
1228.100 (a) and (b); 1228.101 (c); and 1228.107 (b)	<b>Entering into an agreement.</b> (a) . . . Indian tribe may request the Department to enter into a cooperative agreement by sending a letter from the . . . tribal chairman . . . to the Director of ONRR. (b) The request for an agreement shall be in a format prescribed by ONRR and should include at a minimum the following information: (1) Type of eligible activities to be undertaken. (2) Proposed term of the agreement. (3) Evidence that the . . . Indian tribe meets, or can meet by the time the agreement is in effect, the standards . . . for the types of activities to be conducted under the terms of the agreement. (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 agreement to delegate to the State responsibilities under the terms of the cooperative agreement for activities to be conducted on tribal or allotted land.	200	1	200
1228.101	<b>Terms of agreement.</b>	15	6	90

30 CFR Section	Reporting and Recordkeeping Requirements	Hour Burden per Response	Number of Annual Responses	Annual Burden Hours
(a)	(a) Agreements entered into under this part shall be valid for a period of 3 years and shall be renewable . . . upon request of the . . . Indian tribe which is a party to the agreement.			
1228.101 (d)	(d) The . . . 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)	<b>Maintenance of records.</b> (a) The . . . Indian tribe entering into a cooperative agreement under this part must retain all records, reports, working papers, and any backup materials for a period specified by ONRR. * * * (b) The . . . Indian tribe shall maintain all books and records as may be necessary to assure compliance . . . .	940	6	5,640
1228.105 (a)(1) and (a)(2)	<b>Funding of cooperative agreements.</b> (a)(1) The Department may, under the terms of the cooperative agreement, reimburse the . . . 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 a[n] . . . Indian tribe, upon request, without a requirement for reimbursement of costs by the Department.	60	6	360

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

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

	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><b>Petition for delegation.</b></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>* * * * *</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)	<b>Fact-finding and hearings.</b> (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)	<b>Duration of delegations; termination of delegations.</b> (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	<b>Evidence of Indian agreement to delegation.</b> 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	<b>Withdrawal of Indian lands from delegated authority.</b> 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)	<b>Reimbursement for costs incurred by a State under the delegation of authority.</b> (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 for which the State is seeking reimbursement. * * *	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
<b>DELEGATION REQUIREMENTS</b>				
1229.120	<b>Obtaining regulatory and policy guidance.</b> 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	<b>Recordkeeping requirements.</b> (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	1	1	1

	<p>conducted under the delegation. All such records shall be made available for review and inspection upon request . . . .</p> <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 which have been deemed “confidential or proprietary” by DOI or a company or payor. * * *</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 § 1229.124, 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><b>Coordination of audit activities.</b></p> <p>(a) Each State with a delegation of authority shall submit annually to the ONRR an audit workplan specifically identifying leases, resources, companies, and payors scheduled for audit. * * * A State may request changes to its workplan . . . at the end of each quarter of each fiscal year. All requested changes are subject to approval by the ONRR and must</p>	1	1	1

	<p>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 resident supervisor. * * *</p> <p>(c) The State shall consult with the ONRR and/or OIG regarding resolution of any coordination problems encountered during the conduct of delegation activities.</p>			
1229.123 (b)(3)(i)	<p><b>Standards for audit activities.</b></p> <p>(b) * * *</p> <p>(3) <i>Standards of reporting.</i></p> <p>(i) Written audit reports are to be submitted to the appropriate ONRR officials at the end of each field examination.</p>	1	1	1
1229.124	<p><b>Documentation standards.</b></p> <p>Every audit performed by a State under a delegation of authority must meet certain documentation standards. In particular, detailed workpapers must be developed and maintained.</p>	1	1	1
1229.125	<p><b>Preparation and issuance of enforcement documents.</b></p> <p>(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. * * *</p> <p>(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 workpaper files to the ONRR for</p>	1	1	1

	appropriate enforcement action. Any substantive revisions to the demand letter will be discussed with the State prior to issuance of the letter. * * *			
1229.126	<b>Appeals.</b> (a) . . . The State regulatory authority shall, upon the request 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. * * *	1	1	1
1229.127	<b>Reports from States.</b> 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
<b>Subtotal Burden for 30 CFR Part 1229</b>			<b>19</b>	<b>19</b>
<b>TOTAL BURDEN</b>			<b>210</b>	<b>16,697</b>

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

<b>Position</b>	<b>Grade Level</b>	<b>Hourly Pay rate<sup>1</sup></b>	<b>Hourly rate including benefits (2.5 x \$/hour)</b>	<b>Percent of time spent on collection</b>	<b>Weighted Average (\$/hour)</b>
Program Analyst	11	\$38.49	\$96	10%	\$9.60
Auditor	12	\$46.14	\$115	30%	\$34.50
Auditor	13	\$54.86	\$137	50%	\$68.50
Supervisory Auditor	14	\$64.83	\$162	10%	\$16.20
<b>Weighted Average (\$/hour)</b>				<b>100%</b>	<b>\$128.80</b>

<sup>1</sup> \$/hour from 2021 U.S. Office of Personnel Management (“OPM”) General Schedule (“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 16,697 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 OPM 2021 GS Pay Scale, which is located at [https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/21Tables/html/DEN\\_h.aspx](https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/21Tables/html/DEN_h.aspx). ONRR added a multiplier of 2.5 (based on BLS News Release USDL-21-0126 dated April 30, 2021, at <https://www.bls.gov/news.release/eci.nr0.htm>) for benefits.

$$\$38.49 \text{ [GS-11, Step 5]} \times 2.5 \text{ [benefits cost factor]} = \$96.23 \text{ [rounded to \$96/hr.]}$$

Based on a weighted average cost factor of \$128.80 per burden hour, the total annual estimated cost burden on the Federal Government is \$2,150,574 (16,697 hours per year x \$128.80/hour = \$2,150,574).

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

(a)

<b>Currently Approved OMB Burden Hour Inventory</b>	<b>Program Change Estimated Burden Hours</b>	<b>Adjustment Change Estimated Burden Hours</b>	<b>Total Estimated Burden Hours</b>
16,697	0	0	16,697

There is no program change for this information collection.

**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."