

1 Supporting 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 FOGRMA, 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 FOGRMA, 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 100 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 30, 2024 (89 FR 34266).

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 also received feedback from the Navajo Nation Tribe. ONRR's questions, the comments received, and ONRR's responses thereto are provided below.

1. State: North Dakota State Auditor's Office

Comments: The information collected is necessary based on the terms of the cooperative agreement. The information collected helps ensure work and budgets are being met in accordance with the cooperative agreement.

The budget estimates for reporting and collecting information appear reasonable.

The continued effort to improve reporting codes and upfront catches, in addition the exploration of new applications like PowerBi and Salesforce to continue to integrate the data into one location for analysis.

To collaborate and work together on what information is required when submitting reports. To reduce the redundancy and additional requests for information after submission.

ONRR Response: Thank you for your feedback.

2. State: Alaska Department of Natural Resources

Comments: I agree with the content of this Information Collection Request.

ONRR Response: Thank you for your feedback.

3. Tribe: Blackfeet Nation

Comments: I agree that the collection of information is necessary for the proper performance of the functions of the agency. I agree that the accuracy of the estimate is correct. Ways to enhance the quality, utility, and clarity? write the whole thing better. It is repetitive and unclear and confusing. How to minimize the burden of the collection on individuals who are to respond? It says to allow electronic answers? Isn't that what an email is.... electronic. Again, write it more clear, understandable. I do agree that the collection needs to be done and it helps.

ONRR Response: ONRR agrees that the Information Collection Request could be written clearer with less repetition. A lot of the reason for the technical style writing and repetition is much of the information comes directly from the CFRs. So when write the ICR we try to avoid rephrasing the CFRs to avoid inaccuracies which may occur. However, when we are able to rewrite the CFRs we do make a conscious effort to consolidate definitions and avoid long sentences with many modifiers which complicate the interpretation of the writing.

4. Tribe: Navajo Nation

Comments: The Nation appreciates ONRR's efforts to comply with the Paperwork Reduction Act by "reduc[ing] paperwork and respondent burdens," and we encourage ONRR to also apply President Biden's December 6, 2023, Executive Order 14112 "Reforming Federal Funding and Support for Tribal Nations To Better Embrace Our Trust Responsibilities and Promote the Next Era of Tribal Self-Determination" ["Executive Order"].

Among other things, the Executive Order recognizes the inherent sovereignty of Tribal Nations to deliver services with limited federal oversight. The Nation encourages ONRR to apply this Executive Order when issuing any requests for information or comment to Tribes.

Similarly, the Nation urges ONRR to coordinate with its federal partners to establish a federal clearinghouse portal to which Tribes can submit all federal reports or requests for information. Currently, we spend too much of our time and resources tracking down and completing each necessary report. A clearinghouse would relieve this burden and allow us to maximize our limited federal dollars and staffing for much-needed health, social, and educational services.

ONRR Response: To the greatest extent possible, ONRR works to minimize the amount of information and documentation that States and Tribes must submit to maintain a cooperative agreement. The documents that the Nation is required to submit to ONRR are included in the terms of the cooperative agreement. ONRR's authority to enter and administer cooperative agreements with States and Tribes on behalf of the Secretary of the Interior arises under 30

U.S.C. §1732. ONRR strives to limit the documents and information it requires for cooperative agreements to only those that are necessary for it to carry out its responsibilities under that statute and the federal regulations that implement it, and to otherwise carry out its trust responsibilities to the Indian mineral interest owners on whose behalf the monies are collected and distributed.

Finally, your letter also requests that ONRR consider coordinating with its federal partners to establish a federal clearinghouse portal to which Tribes can submit all federal reports or requests for information. ONRR does not have the authority to establish a clearinghouse portal for all its federal partners but is open to working with those partners to find ways to reduce burden.

Additionally, at this time, ONRR does not itself maintain a clearinghouse portal to which Tribes can submit federal reports or other documents, because ONRR requires only minimal information and documentation for cooperative agreements. To help further reduce any burden, ONRR currently permits the Nation to send all required documentation for cooperative agreements to ONRR via electronic mail to their ONRR contact. As ONRR only has a small number of cooperative agreements, currently standing at 15, and email seems to be sufficient for this process, ONRR does not believe that it would be the best use of limited resources for the federal government to acquire a clearinghouse portal solely for ONRR cooperative agreements. However, should the number of agreements grow, ONRR would be willing to revisit the possibility of acquiring a clearinghouse portal.

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 102 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 \$910,320 (\$536,858 + \$373,462). 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)	9	166	9,847	0536,858
2. Indian Tribes (30 CFR part 1228)	6	44	6,850	0373,462
TOTAL	15	210	16,697	\$910,320

The actual average cost factor for the States and Indian tribes is \$54.52 per burden hour (includes any compensation benefits multiplier), derived from their proposed FY 2025 budgets. 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 \$54.52 per burden hour, we estimate the total annual cost to States is \$536,858 (9,847 burden hours x \$54.52 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 \$54.52 per burden hour, we estimate the total annual cost to Indian Tribes is \$373,462 (6,850 burden hours x \$54.52 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

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; 1227.107; 1227.109; 1227.110 (a) and (b) (1); 1227.110 (c), (d), and (e); 1227.111 (a) and (b); 1227.805	What must a State’s delegation proposal contain? 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
DELEGATION PROCESS				
1227.110 (b)(2)	(b)(2) If you want to change the terms of your delegation	16	11	176

30 CFR Section	Reporting and Recordkeeping Requirements	Hour Burden per Response	Number of Annual Responses	Annual Burden Hours
	agreement for the renewal period, you must submit a new delegation proposal under this part.			
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:</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

30 CFR Section	Reporting and Recordkeeping Requirements	Hour Burden per Response	Number of Annual Responses	Annual Burden Hours
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>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>* * * * *</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>What are a State's responsibilities if it performs automated verification?</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			
PERFORMANCE REVIEW				
Subtotal Burden for 30 CFR Part 1227			147	9,828
PART 1228—COOPERATIVE ACTIVITIES WITH STATES AND INDIAN TRIBES				
SUBPART C—OIL AND GAS, ONSHORE				
1228.100 (a) and (b); 1228.101 (c); and 1228.107 (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 the . . . 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 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.</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 agreement to delegate to the State responsibilities under the terms of the cooperative agreement for activities to be conducted on tribal or allotted land.</p>	200	1	200
1228.101	Terms of agreement.	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)	<p>Maintenance of records.</p> <p>(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. * * *</p> <p>(b) The . . . Indian tribe shall maintain all books and records as may be necessary to assure compliance</p>	940	6	5,640
1228.105 (a)(1) and (a)(2)	<p>Funding of cooperative agreements.</p> <p>(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.</p> <p>(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.</p>	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
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 [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 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</p>	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>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>* * * * *</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 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
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	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>Coordination of audit activities.</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>Standards for audit activities.</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>Documentation standards.</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>Preparation and issuance of enforcement documents.</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	Appeals. (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	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			210	16,697

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 (1.6 x \$/hour)	Percent of time spent on collection	Weighted Average (\$/hour)
Program Analyst	11	\$43.80	\$70.08	10%	\$7
Auditor	12	\$52.50	\$84	30%	\$25.20
Auditor	13	\$62.43	\$99.89	50%	\$49.95
Supervisory Auditor	14	\$73.78	\$118.05	10%	\$11.81
Weighted Average (\$/hour)				100%	\$93.96

¹ \$/hour from 2024 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 2024 GS Pay Scale, which is located at https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/pdf/2024/DEN_h.pdf. ONRR added a multiplier of 1.6 ([based on BLS News Release USDL-21-0126 date April 29, 2022, at <https://www.bls.gov/news.release/eci.nr0.htm>] for benefits.

$$\$43.80 \text{ [GS-11, Step 5]} \times 1.6 \text{ [benefits cost factor]} = \$70.08 \text{ [rounded to } \$70/\text{hr.]}$$

Based on a weighted average cost factor of \$93.96 per burden hour, the total annual estimated cost burden on the Federal Government is \$1,568,850.12

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
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."