



[4335-30]

DEPARTMENT OF THE INTERIOR

Office of Natural Resources Revenue

[Docket No. ONRR-2011-0025; DS63610000 DR2PS0000.CH7000 156D0102R2]

Agency Information Collection Activities: Delegated and Cooperative Activities with States and Indian Tribes—OMB Control Number 1012-0003; Comment request

AGENCY: Office of Natural Resources Revenue (ONRR), Interior.

ACTION: Notice of extension.

SUMMARY: To comply with the Paperwork Reduction Act of 1995 (PRA), ONRR is inviting comments on a collection of information requests that we will submit to the Office of Management and Budget (OMB) for review and approval. This Information Collection Request (ICR) covers the paperwork requirements in the regulations under title 30, *Code of Federal Regulations* (CFR), part 1220.

DATES: Submit written comments on or before **(INSERT DATE 60 DAYS AFTER PUBLICATION IN THE FEDERAL REGISTER)**.

ADDRESSES: You may submit comments on this ICR to ONRR by using one of the following three methods (please reference “ICR 1012-0003” in your comments; ONRR will post all comments):

1. Electronically go to <http://www.regulations.gov>. In the entry titled “Enter Keyword or ID,” enter “ONRR-2011-0025” and then click “Search.” Follow the instructions to submit public comments.
2. Mail comments to Mr. Luis Aguilar, Regulatory Specialist, ONRR, P.O. Box

25165, MS 61030A, Denver, Colorado 80225-0165.

3. Hand-carry or mail comments, using an overnight courier service, to ONRR. Our courier address is Building 85, Room A-614, Denver Federal Center, West 6th Ave. and Kipling St., Denver, Colorado 80225.

FOR FURTHER INFORMATION CONTACT: For questions on technical issues, contact Mr. Peter Hanley, State and Tribal Support, ONRR, telephone (303) 231-3721 or e-mail at *peter.hanley@onrr.gov*. For other questions, contact Mr. Luis Aguilar, telephone (303) 231-3418, or e-mail at *luis.aguilar@onrr.gov*. You may also contact Mr. Aguilar to obtain copies, at no cost, of (1) the ICR, (2) any associated form, and (3) the regulations that require us to collect the information.

SUPPLEMENTARY INFORMATION:

Title: 30 CFR Parts 1227, 1228, and 1229, Delegated and Cooperative Activities with States and Indian Tribes.

OMB Control Number: 1012-0003.

Bureau Form Number: None.

Abstract: The Secretary of the Interior is responsible for mineral resource development on Federal and Indian lands and the Outer Continental Shelf (OCS). The Secretary is required by various laws to manage mineral resource production from Federal and Indian lands and the OCS, 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. ONRR performs the minerals revenue management functions for the Secretary and assists the Secretary in carrying out the Department's trust

responsibility for Indian lands. Public laws pertaining to mineral revenues are on our website at

http://www.onrr.gov/Laws_R_D/PubLaws/default.htm.

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 in an amount or value of production from the leased lands. The regulations require the lessee to report various kinds of information to the lessor relative to the disposition of the leased minerals. Such information is generally available within the records of the lessee or others involved in developing, transporting, processing, purchasing, or selling of such minerals. The information ONRR collects includes data necessary to ensure that the lessee accurately values and appropriately pays all royalties and other mineral revenues due.

The Federal Oil and Gas Royalty Management Act of 1982 (FOGRMA), as amended by the Federal Oil and Gas Royalty Simplification and Fairness Act of 1996, sections 3, 4, and 8 for Federal lands, authorizes the Secretary to develop delegated and cooperative agreements with states (sect. 205) and Indian tribes (sect. 202) to carry out certain inspection, auditing, investigation, or limited enforcement activities for oil and gas leases in their jurisdiction. The states and Indian tribes are working partners and are an integral part of the overall onshore and offshore compliance effort. The Appropriations Act of 1992 also authorizes the states and Indian tribes to perform the same functions for coal and other solid mineral leases.

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 tribal leased lands. Relevant parts of the regulations include 30 CFR parts 1227, 1228, and 1229, as described below:

Title 30 CFR Part 1227—Delegation to States, provides procedures to delegate certain Federal minerals revenue management functions to states for Federal oil and gas leases. The regulations provide only audit and investigation functions to states for Federal geothermal and solid mineral leases, and leases subject to section 8(g) of the OCS Lands Act, within their state boundaries. To be considered for such delegation, states must submit a written proposal to ONRR, which ONRR must approve. States also must provide quarterly reimbursement vouchers and reports concerning the activities under the delegation to ONRR.

Title 30 CFR Part 1228—Cooperative Activities with States and Indian Tribes, provides procedures for Indian tribes to carry out audits and related investigations of their respective leased lands. Indian tribes must submit a written proposal to ONRR in order to enter into a cooperative agreement. The proposal must outline the activities the tribe will undertake and must present evidence that the tribe can meet the standards of the Secretary for the activities to be conducted. The tribes also must submit an annual work plan and budget, as well as quarterly reimbursement vouchers.

Title 30 CFR Part 1229—Delegation to States, provides procedures for 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. The state must receive the Secretary's delegation of authority and

submit annual audit work plans detailing its audits and related investigations, annual budgets, and quarterly reimbursement vouchers. The state also must maintain records.

The ONRR protects proprietary information the states and tribes submit under this collection. We do not collect items of a sensitive nature. States and tribes must respond in order to obtain the benefit of entering into a cooperative agreement with the Secretary.

Frequency of Response: Varies based on the function performed.

Estimated Number and Description of Respondents: 10 states and 6 Indian tribes.

Estimated Annual Reporting and Recordkeeping “Hour” Burden: 12,919 hours.

SECTION A.12 BURDEN BREAKDOWN

30 CFR Section	Reporting and Recordkeeping Requirements	Hour Burden per Response	Number of Annual Responses	Annual Burden Hours
PART 1227—DELEGATION TO STATES				
DELEGATION PROPOSALS				
1227.103; 107; 109; 110 (a) and (b)(1); 110 (c), (d), and (e); 111(a) and (b); 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 ONRR Deputy Director. The 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 agreement for the renewal period, you must submit a new delegation proposal under this part.	16	11	176
EXISTING DELEGATIONS				
COMPENSATION				
1227.112 (d) and (e)	What compensation will a State receive to perform delegated functions? You will receive compensation for your costs to perform each delegated function subject to the following conditions . . .	4	64	256

30 CFR Section	Reporting and Recordkeeping Requirements	Hour Burden per Response	Number of Annual Responses	Annual Burden Hours
	<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>			
STATES' RESPONSIBILITIES TO PERFORM DELEGATED FUNCTIONS				
1227.200 (a), (b), (c), and (d)	<p>What are a State's general responsibilities if it accepts a delegation?</p> <p>For each delegated function you perform, you must: (a) . . . seek information or guidance from ONRR regarding new, complex, or unique issues. . . .</p> <p>(b)(1) . . . Provide complete disclosure of financial results of activities;</p> <p>(2) Maintain correct and accurate records of all mineral-related transactions and accounts;</p> <p>(3) Maintain effective controls and accountability;</p> <p>(4) Maintain a system of accounts . . .</p> <p>(5) Maintain adequate royalty and production information . . .</p> <p>(c) Assist ONRR in meeting the requirements of the Government Performance and Results Act (GPRA) . . .</p> <p>(d) Maintain all records you obtain or create under your delegated function, such as royalty reports, production reports, and other related information. . . . You must maintain such records for at least 7 years. . . .</p>	940	10	9,400
1227.200 (e); 801(a); 804	<p>(e) Provide reports to ONRR about your activities under your delegated functions . . . At a minimum, you must provide periodic statistical reports to ONRR summarizing the activities you carried out . . .</p>	3	40	120
1227.200 (f); 401(e); 601(d)	<p>(f) Assist ONRR in maintaining adequate reference, royalty, and production databases. . . .</p>	1	250	250
1227.200 (g); 301(e)	<p>(g) Develop annual work plans. . .</p>	60	10	600

30 CFR Section	Reporting and Recordkeeping Requirements	Hour Burden per Response	Number of Annual Responses	Annual Burden Hours
1227.200 (h)	(h) Help ONRR respond to requests for information from other Federal agencies, Congress, and the public . . .	8	10	80
1227.400 (a)(4) and (a)(6); 401(d); 501(c)	<p>What functions may a State perform in processing production reports or royalty reports? Production reporters or royalty reporters provide production, sales, and royalty information on mineral production from leases that must be collected, analyzed, and corrected.</p> <p>(a) If you request delegation of either production report or royalty report processing functions, you must perform . . .</p> <p>(4) Timely transmitting production report or royalty report data to ONRR and other affected Federal agencies . . .</p> <p>(6) Providing production data or royalty data to ONRR and other affected Federal agencies. . . .</p>	250	1	250
1227.400 (c)	(c) You must provide ONRR with a copy of any exceptions from reporting and payment requirements for marginal properties and any alternative royalty and payment requirements for unit agreements and communitization agreements you approve.	12	1	12
1227.601 (c)	<p>What are a State’s responsibilities if it performs automated verification? To perform automated verification of production reports or royalty reports, you must . . .</p> <p>(c) Maintain all documentation and logging procedures . . .</p>	10	1	10
PERFORMANCE REVIEW				
<i>Subtotal Burden for 30 CFR Part 1227</i>			399	11,354
PART 1228—COOPERATIVE ACTIVITIES WITH STATES AND INDIAN TRIBES				
SUBPART C—OIL AND GAS, ONSHORE				
1228.100 (a) and (b); 101(c); 107(b)	<p>Entering into an agreement.</p> <p>(a) . . . Indian tribe may request the Department to enter into a cooperative agreement by sending a letter from . . . tribal chairman . . . to the Director of ONRR.</p> <p>(b) The request for an agreement shall be in a format prescribed by ONRR and should include at a minimum the</p>	200	1	200

30 CFR Section	Reporting and Recordkeeping Requirements	Hour Burden per Response	Number of Annual Responses	Annual Burden Hours
	<p>following information:</p> <p>(1) Type of eligible activities to be undertaken.</p> <p>(2) Proposed term of the agreement.</p> <p>(3) Evidence that . . . Indian tribe meets, or can meet by the time the agreement is in effect . . .</p> <p>(4) If the State is proposing to undertake activities on Indian lands located within the State, a resolution from the appropriate tribal council indicating their 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>			
1228.101 (a)	<p>Terms of agreement.</p> <p>(a) Agreements entered into under this part shall be valid for a period of 3 years and shall be renewable . . . upon request of . . . Indian tribe. . . .</p>	15	6	90
1228.101 (d)	<p>(d) . . . Indian tribe will be given 60 days to respond to the notice of deficiencies and to provide a plan for correction of those deficiencies</p>	80	1	80
1228.103 (a) and (b)	<p>Maintenance of records.</p> <p>(a) . . . Indian tribe entering into a cooperative agreement under this part must retain all records, reports, working papers, and any backup materials . . .</p> <p>(b) . . . Indian tribe shall maintain all books and records . . .</p>	120	6	720
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 . . . 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 . . . Indian tribe, upon request, without a requirement for reimbursement of costs by the Department.</p>	60	6	360
1228.105	<p>(c) . . . Indian tribe shall submit a</p>	4	24	96

(c)	voucher for reimbursement of eligible costs incurred within 30 days of the end of each calendar quarter. . . . Indian tribe must provide the Department a summary of costs incurred, for which . . . Indian tribe is seeking reimbursement, with the voucher.			
<i>Subtotal Burden for 30 CFR Part 1228</i>			44	1,546

PART 1229—DELEGATION TO STATES

SUBPART C—OIL AND GAS, ONSHORE

ADMINISTRATION OF DELEGATIONS

1229.100 (a)(1) and (a)(2)	<p>Authorities and responsibilities subject to delegation.</p> <p>(a) All or part of the following authorities and responsibilities of the Secretary under the Act may be delegated to a State authority:</p> <p>(1) Conduct of audits related to oil and gas royalty payments made to the ONRR which are attributable to leased . . . Indian lands within the State. Delegations with respect to any Indian lands require the written permission, subject to the review of the ONRR, of the affected Indian tribe or allottee.</p> <p>(2) Conduct of investigation related to oil and gas royalty payments made to the ONRR which are attributable to . . . Indian lands within the State. Delegation with respect to any Indian lands require the written permission, subject to the review of the ONRR, of the affected Indian tribe or allottee. No investigation will be initiated without the specific approval of the ONRR. . . .</p>	1	1	1
1229.101 (a) and (d)	<p>Petition for delegation.</p> <p>(a) The governor or other authorized official of any State which contains . . . Indian oil and gas leases where the Indian tribe and allottees have given the State an affirmative indication of their desire for the State to undertake certain royalty management-related activities on their lands, may petition the Secretary to assume responsibilities to conduct audits and related investigations of royalty related matters affecting . . . Indian oil and gas leases within the State . . .</p> <p>(d) In the event that the Secretary denies the petition, the Secretary must provide the State with the specific reasons for denial of the petition. The State will</p>	1	1	1

	then have 60 days to either contest or correct specific deficiencies and to reapply for a delegation of authority.			
1229.102 c)	Fact-finding and hearings. (c) A State petitioning for a delegation of authority shall be given the opportunity to present testimony at a public hearing.	1	1	1
1229.103 c)	Duration of delegations; termination of delegations. (c) A State may terminate a delegation of authority by giving a 120-day written notice of intent to terminate.	1	1	1
1229.105	Evidence of Indian agreement to delegation. In the case of a State seeking a delegation of authority for Indian lands . . . the State petition to the Secretary must be supported by an appropriate resolution or resolutions of tribal councils joining the State in petitioning for delegation and evidence of the agreement of individual Indian allottees whose lands would be involved in a delegation. Such evidence shall specifically speak to having the State assume delegated responsibility for specific functions related to royalty management activities.	1	1	1
1229.106	Withdrawal of Indian lands from delegated authority. If at any time an Indian tribe or an individual Indian allottee determines that it wishes to withdraw from the State delegation of authority in relation to its lands, it may do so by sending a petition of withdrawal to the State. . . .	1	1	1
1229.109 a)	Reimbursement for costs incurred by a State under the delegation of authority. (a) The Department of the Interior (DOI) shall reimburse the State for 100 percent of the direct cost associated with the activities undertaken under the delegation of authority. The State shall maintain books and records in accordance with the standards established by the DOI and will provide the DOI, on a quarterly basis, a summary of costs incurred . . .	1	1	1
1229.109	(b) The State shall submit a voucher for	1	4	

(b)	reimbursement of costs incurred within 30 days of the end of each calendar quarter.			
DELEGATION REQUIREMENTS				
1229.120	<p>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. . . .</p>	1	1	1
1229.121	<p>Recordkeeping requirements. (a) The State shall maintain in a safe and secure manner all records, work papers, reports, and correspondence gained or developed as a consequence of audit or investigative activities conducted under the delegation . . . (b) The State must maintain in a confidential manner all data obtained from DOI sources or from payor or company sources under the delegation . . . (c) All records subject to the requirements of paragraph (a) must be maintained for a 6-year period measured from the end of the calendar year in which the records were created . . . Upon termination of a delegation, the State shall, within 90 days from the date of termination, assemble all records specified in subsection (a), complete all working paper files in accordance with § 229.124, and transfer such records to the ONRR. (d) The State shall maintain complete cost records for the delegation in accordance with generally accepted accounting principles. . . .</p>	1	1	1
1229.122	<p>Coordination of audit activities. (a) Each State with a delegation of authority shall submit annually to the ONRR an audit work plan specifically identifying leases, resources, companies, and payors scheduled for audit . . . A State may request changes to its work plan . . . at the end of each quarter of</p>	1	1	1

	<p>each fiscal year. All requested changes are subject to approval by the ONRR and must be submitted in writing.</p> <p>(b) When a State plans to audit leases of a lessee or royalty payor for which there is an ONRR or OIG resident audit team, all audit activities must be coordinated through the ONRR or OIG 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)(3) <i>Standards of reporting.</i> (i) Written audit reports are to be submitted to the appropriate ONRR officials at the end of each field examination.</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 work papers must be developed and maintained.</p>	1	1	1

1229.125 (a) and (b)	Preparation and issuance of enforcement documents. (a) Determinations of additional royalties due resulting from audit activities conducted under a delegation of authority must be formally communicated by the State, to the companies or other payors by an issue letter prior to any enforcement action. . . . (b) After evaluating the company or payor's response to the issue letter, the State shall draft a demand letter which will be submitted with supporting work paper files to the ONRR for appropriate enforcement action. Any substantive revisions to the demand letter will be discussed with the State prior to issuance of the letter. . . .	1	1	1
1229.126 (a) and (b)	Appeals. (a) . . . The State regulatory authority shall, upon the request 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
<i>Subtotal Burden for 30 CFR Part 229</i>			19	19
TOTAL BURDEN			462	12,919

We have not included in our estimates certain requirements performed in the normal course of business and considered usual and customary. The following chart shows the estimated burden hours by CFR section and paragraph:

Estimated Annual Reporting and Recordkeeping “Non-hour Cost” Burden: We have identified no “non-hour cost” burden associated with this collection of information.

Public Disclosure Statement: The PRA (44 U.S.C. 3501 *et seq.*) provides that an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number.

Comments: Before submitting an ICR to OMB, PRA section 3506(c)(2)(A) requires each agency to “* * * provide 60-day notice in the *Federal Register* * * * and otherwise consult with members of the public and affected agencies concerning each proposed collection of information * * *.” Agencies must specifically solicit comments to:

- (a) evaluate whether the proposed collection of information is necessary for the agency to perform its duties, including whether the information is useful; (b) evaluate the accuracy of the agency’s estimate of the burden of the proposed collection of information;
- (c) enhance the quality, usefulness, and clarity of the information to be collected; and
- (d) minimize the burden on the respondents, including the use of automated collection techniques or other forms of information technology.

The PRA also requires agencies to estimate the total annual reporting “non-hour cost” burden to respondents or recordkeepers resulting from the collection of information. If you have costs to generate, maintain, and disclose this information, you should comment and provide your total capital and startup cost components or annual operation, maintenance, and purchase of service components. You should describe the methods you use to estimate major cost factors, including system and technology acquisition, expected useful life of capital equipment, discount rate(s), and the period over which you incur costs. Capital and startup costs include, among other items, computers and software you

purchase to prepare for collecting information; monitoring, sampling, and testing equipment; and record storage facilities. Generally, your estimates should not include equipment or services purchased: (i) before October 1, 1995; (ii) to comply with requirements not associated with the information collection; (iii) for reasons other than to provide information or keep records for the Government; or (iv) as part of customary and usual business or private practices.

We will summarize written responses to this notice and address them in our ICR submission for OMB approval, including appropriate adjustments to the estimated burden. We will provide a copy of the ICR to you without charge upon request. We also will post the ICR on our website at

http://www.onrr.gov/Laws_R_D/FRNotices/ICR0087.htm.

Public Comment Policy: ONRR will post all comments, including names and addresses of respondents at <http://www.regulations.gov>. Before including Personally Identifiable Information (PII), such as address, phone number, email address, or other personal information in your comment(s), you should be aware that your entire comment(s) (including PII) may be made available to the public at any time. While you may ask us, in your comment(s), to withhold PII from public view, we cannot guarantee that we will be able to do so.

Dated: January 28, 2015.

Gregory J. Gould,
Director,
Office of Natural Resources Revenue.

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