DEPARTMENT OF THE INTERIOR

Bureau of Land Management

43 CFR Part 3500

[LLW0320000 L13300000 PP0000 20X]

RIN 1004-AE58

Non-Energy Solid Leasable Minerals Royalty Rate Reduction Process

AGENCY: Bureau of Land Management, Interior.

ACTION: Proposed rule.

SUMMARY: The Bureau of Land Management (BLM) proposes to amend its regulations to revise the process for lessees to seek and for the BLM to grant reductions of rental fees, royalty rates, and/or minimum production requirements associated with non-energy solid leasable minerals. The proposed rule would streamline the process for such reductions for non-energy solid minerals leased by the Federal Government and would codify the BLM’s authority to issue an area- or industry-wide reduction on its own initiative. Existing regulatory requirements are overly restrictive, inflexible, and burdensome. A report from the Senate Committee on Appropriations on the 2019 Department of the Interior, Environment, and Related Agencies Appropriations Bill encouraged the BLM to work with soda ash producers to reduce the Federal royalty rate, as appropriate. The proposed rule would give the BLM more flexibility to respond to changing market dynamics by improving the BLM’s ability to boost production and support development of the Federal mineral estate when deemed necessary.
DATES: Please submit comments on or before [INSERT DATE 60 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER.] As explained later, this proposed rule would include revisions to information collection requirements that must be approved by the Office of Management and Budget (OMB). If you wish to comment on the revised information collection requirements in this proposed rule, please note that such comments should be sent directly to the OMB, and that the OMB is required to make a decision concerning the collection of information contained in this proposed rule between 30 and 60 days after publication of this document in the Federal Register. Therefore, a comment to the OMB on the proposed information collection revisions is best assured of being given full consideration if the OMB receives it by [INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER].

ADDRESSES: You may submit comments, identified by the number RIN 1004-AE58, by any of the following methods:


- Federal eRulemaking portal: http://www.regulations.gov. In the Searchbox, enter “RIN 1004-AE58” and click the “Search” button. Follow the instructions at this website.
FOR COMMENTS ON INFORMATION-COLLECTION ACTIVITIES


Electronic mail: OIRA_Submission@omb.eop.gov.

Please indicate “Attention: OMB Control Number 1004–0121,” regardless of the method used to submit comments on the information collection burdens. If you submit comments on the information collection burdens, you should provide the BLM with a copy at one of the street addresses shown earlier in this section, so that we can summarize all written comments and address them in the final rulemaking. Please do not submit to OMB comments that do not pertain to the proposed rule’s information collection burdens. The BLM is not obligated to consider or include in the Administrative Record for the final rule any such comments that you improperly direct to OMB, rather than the BLM.

FOR FURTHER INFORMATION CONTACT: Mitch Leverette, Division Chief of Solid Minerals, WO-320; 202-912-7113. Persons who use a telecommunications device for the deaf (TDD) may call the Federal Relay Service (FRS) at 1-800-877-8339, 24 hours a day, 7 days a week, to leave a message or question with the above individuals. You will receive a reply during normal business hours.

SUPPLEMENTARY INFORMATION:

I. Public Comment Procedures

II. Background

III. Discussion of the Proposed Rule

IV. Procedural Matters

I. Public Comment Procedures
You may submit comments, marked with the number RIN 1004-AE58, by any of the methods described in the ADDRESSES section. If you wish to comment on the information collection requirements, you should send those comments directly to the OMB as outlined (see ADDRESSES); however, we ask that you also provide a copy of those comments to the BLM.

Please make your comments on the proposed rule as specific as possible, confine them to issues pertinent to the proposed rule, and explain the reason for any changes you recommend. Where possible, your comments should reference the specific section or paragraph of the proposal that you are addressing. The comments and recommendations that will be most useful and likely to influence agency decisions are:

1. Those supported by quantitative information or studies; and
2. Those that include citations to, and analyses of, the applicable laws and regulations.

The BLM is not obligated to consider or include in the Administrative Record for the final rule comments that we receive after the close of the comment period (see "DATES") or comments delivered to an address other than those listed above (see "ADDRESSES").

Comments, including names and street addresses of respondents, will be available for public review at the address listed under "ADDRESSES: Personal or messenger delivery" during regular business hours (7:45 a.m. to 4:15 p.m.), Monday through Friday, except holidays.

Before including your address, telephone number, email address, or other personal identifying information in your comment, be advised that your entire comment--including your personal identifying information--may be made publicly available at any time.
While you can ask us in your comment to withhold your personal identifying information from public review, we cannot guarantee that we will be able to do so.

II. Background

Pursuant to the Mineral Leasing Act of 1920 (MLA), 30 U.S.C. 181 et seq., and other legal authorities, the BLM is authorized to lease deposits of certain minerals on lands owned by the United States. The Federal Land Policy and Management Act (FLPMA), 43 U.S.C. 1701 et seq., charges the BLM with managing public lands in a manner that allows for responsible and appropriate resource development. In addition to commonly known energy resources, such as coal, oil, and gas, the MLA also authorizes the BLM to lease non-energy minerals, such as gilsonite, phosphate, sodium, potassium, and sulfur. The BLM regulations implementing this authority for solid minerals (other than coal) are found at 43 CFR part 3500 - Leasing of Solid Minerals Other than Coal and Oil Shale. As described in section 3501.2, the subject minerals are “minerals other than oil, gas, coal and oil shale, leased under the mineral leasing acts, and ... hardrock minerals leasable under Reorganization Plan No. 3 of 1946, on any unclaimed, undeveloped area of available public domain or acquired lands where leasing of these specific minerals is allowed by law. Special areas identified in part 3580 of this title and asphalt on certain lands in Oklahoma also are leased under this part.” Leasing these minerals on Federal land provides valuable revenue to the states and the Federal Government.

The United States was once the leading producer in the world of one such mineral, sodium carbonate (natural soda ash), before falling behind China in 2003.1 This

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change stimulated a move in Congress to provide relief to American soda ash producers. The Soda Ash Royalty Reduction Act of 2006 (SARRA) (Pub. L. 109-338) prescribed a 2 percent royalty rate on sodium compounds produced from Federal land in the 5-year period beginning on October 12, 2006. Additionally, the Helium Stewardship Act of 2013 (Pub. L. 113-40) included a provision that set a 4 percent royalty rate on soda ash for a 2-year period, which ended on October 1, 2015. These reductions have expired.

The minimum royalty rates for soda ash, along with other non-energy solid minerals on Federal lands are set in the MLA and BLM regulations (see 43 CFR 3504.21). The MLA authorizes the Secretary to establish royalty rates higher than the minimum, along with rental fees and minimum production requirements through regulation. The BLM sets the royalty rates for each lease at or above the specified minimum royalty rate (see 43 CFR 3504.22) based on current market conditions at the time of lease issuance, but those conditions may change over the life of the lease.

The BLM requests information from the public about current market conditions for soda ash and other types of non-energy solid leasable minerals leased pursuant to 43 CFR part 3500, including non-energy solid leasable minerals identified as “critical minerals” in the “Final List of Critical Minerals 2018,” which was published in the Federal Register on May 18, 2018.

Section 39 of the MLA, 30 U.S.C. 209, authorizes the Secretary to reduce royalty rates and rental fees:

2 The SARRA required that the Department report to Congress on the impacts of the 2-percent royalty rate. The report to Congress, completed in 2011, concluded that while total sales revenues from Federal sodium leases increased, royalty revenues were significantly lower than they would have been absent the SARRA and production shifted away from state and private land leases onto Federal leases.
The Secretary of the Interior, for the purpose of encouraging the greatest ultimate recovery of coal, oil, gas, oil shale, gilsonite, … phosphate, sodium, potassium and sulfur, and in the interest of conservation of natural resources, is authorized to waive, suspend, or reduce the rental, or minimum royalty, or reduce the royalty on an entire leasehold, or on any tract or portion thereof segregated for royalty purposes, whenever in his judgement it is necessary to do so in order to promote development, or whenever in his judgment the leases cannot be successfully operated under the terms provided therein.

The BLM regulations contain a process for reducing royalty rates, along with rental fees and minimum production requirements, for non-energy solid minerals leased by the Federal Government in 43 CFR subpart 3513 - Waiver, Suspension or Reduction of Rental and Minimum Royalties. The process described in this subpart of the regulations imposes requirements beyond what section 39 of the MLA, 30 U.S.C. 209, requires. The BLM has reviewed the existing regulatory requirements for non-energy solid minerals and has determined that the royalty reduction process codified in 43 CFR subpart 3513 is unnecessarily restrictive, inflexible, and burdensome. See §3513.15 of the section-by-section discussion of this preamble for a more detailed discussion of the overly burdensome requirements that would be removed by this proposed rule.

The BLM promulgated the current regulations during the late 1990s to “streamline and rewrite necessary regulations in plain English.”\(^3\) The effect of rewriting the language, however, introduced some substantive changes as compared with the

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\(^3\) “The purpose of this rule is to comply with President Clinton’s government-wide regulatory reform initiative to eliminate unnecessary regulations, and streamline and rewrite necessary regulations in plain English.” 64 FR 53,512, 53,512 (Oct. 1, 1999).
previous regulations by requiring specific information for all applications that may not always be necessary. In contrast, previous versions of the royalty rate reduction regulations from 1946, 1964, and 1983 were more closely aligned with the statutory language and did not list specific data requirements for an application.  

This proposed rule would streamline the process to reduce rental fees, royalty rates, or minimum production requirements for all non-energy solid minerals leased by the Federal Government, without altering the substantive criteria that BLM will use to determine whether a reduction is appropriate. This proposed rule would remove unnecessary and overly burdensome requirements. Additionally, this proposed rule would codify in regulation the BLM’s authority to implement area- or industry-wide reductions on the BLM’s own initiative, thus giving greater effect in 43 CFR part 3500 to the broad authority that the MLA grants to the Secretary of the Interior to reduce rental fees, royalty rates, and/or minimum production requirements to promote development. This would improve the BLM’s ability to provide relief to producers of non-energy solid leasable minerals, from burdens, such as geological hardships and market transformations.

Congress introduced the American Soda Ash Competitiveness Act in 2017, which recommended setting the Federal royalty rate for soda ash at the minimum of 2 percent

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4 “In order to encourage the greatest ultimate recovery of the leased minerals, and in the interest of conservation, whenever the authorized officer determines it is necessary to promote development or finds that leases cannot be successfully operated under the terms provided therein, the rental or minimum royalty payments may be waived, suspended or reduced, or the rate of royalty reduced.” 43 CFR 3503.2-4(a) (1998). See also 43 CFR 3503.3-1(d) (1983); 43 CFR 3102.3(a) (1964); 43 CFR 191.25 (1946).

5 Geological hardships are circumstances that may slow or stop mining in a given area. These hardships may include such things as a deposit thinning, becoming exhausted, or changing in composition, or running into an underground barrier such as a structure that compromises the integrity and or grade of the deposit. These often cannot be foreseen at the time of leasing.
for a 5-year period. Although this proposed legislation was not enacted, the Senate Committee on Appropriations expressed concern about keeping the United States competitive in the global soda ash market, and encouraged “the Bureau to work with soda ash producers to assist them in reducing royalty rates and [directing] the Bureau to take the necessary steps to reduce the Federal royalty rate for soda ash as appropriate.” S. Rep. No. 115-276, at 14 (2018). The House also noted that “the Committees are concerned about maintaining the United States' global competitiveness in the production of natural soda ash. The United States contains approximately 90 percent of the world's natural soda ash deposits, while many international competitors are producing synthetic soda ash using more energy and generating higher emissions than natural soda ash production. Therefore, the Committees expect the Bureau to consider using its authority to reduce the Federal royalty rate for soda ash to 2 percent.”

This rulemaking is the first step the BLM must take in order to clarify its authority to reduce the royalty rate for soda ash in general (i.e., for the industry as a whole or for a particular area) in the absence of an individual lease-by-lease application submitted by a leaseholder for specific leases in an operation. Under the proposed rule, the BLM could consider these recommendations and move forward with area- or industry-wide royalty rate reductions.

The BLM has a history of receiving applications requesting royalty rate reductions for commodities such as lead-zinc, gilsonite, and potash. Since the early 1990’s the BLM has received between ten and fifteen applications seeking a reduction, and approximately half of those were considered complete applications. The BLM has approved about five applications for reduction since 1993. Although the BLM has no

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history of implementing area- or industry-wide royalty rate reductions in the context of non-energy solid leasable minerals under 43 CFR part 3500, the BLM has reduced royalty rates on an area-wide basis for coal leases under section 39 of the MLA, 30 U.S.C. 209. As an example, the BLM reduced the royalty rate for coal leases in a specific area of North Dakota in the spring of 2019 to 2.2 percent as a “category 5” reduction due to market conditions.

Executive Order 13817, “A Federal Strategy to Ensure Secure and Reliable Supplies of Critical Minerals” emphasizes the need for the United States to domestically source critical minerals. The Secretary of the Interior published a “Final List of Critical Minerals” on May 18, 2018. This list includes commodities that can be leased as non-energy minerals, such as potash and metals like lithium or rare earth elements on acquired lands. This proposed rule would meet the goals of EO 13817 by improving the BLM’s ability to ensure continued production of critical minerals on public lands.

Over the past two decades, U.S. natural soda ash production has grown at an average compound annual rate of 0.9 percent, from 11.1 million short tons (MMst) in 1998 to 13.2 MMst in 2018. During this period, however, Chinese synthetic soda ash production grew at a 6.4 percent compound annual rate, rising from less than one-quarter of world production to nearly half. China has used the Hue and Solvay synthetic processes to ramp up its soda ash production, surpassing U.S. total production in 2003, and doubling U.S. volumes in 2011.

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8 USGS Minerals Yearbook data through 2017, with National Bureau of Statistics of China monthly data from January through October 2018 used to project the 2018 total.
Although China’s soda ash production has largely focused on producing glass for its automotive and construction industries (among others), its rise has reduced the ability of U.S. producers to satisfy the burgeoning demand for the mineral. It has also caused the U.S. share of world soda ash production to decline from 31 percent of the world total in 1998 to 22 percent in 2018. Moreover, while China’s more expensive synthetic soda ash production has largely gone to its domestic manufacturing industry, relatively low-cost natural soda ash produced from Turkey’s significant trona ore deposits compete directly with U.S. exports to countries in the European Union and elsewhere. Recent announcements point to soda ash production expansions in Turkey, as well as in Belarus, Kazakhstan, Uzbekistan, India, Thailand, and Pakistan.\textsuperscript{11}

It is the BLM’s view that this proposed rule is necessary in light of the world market developments such as those described above to keep the United States competitive in the world markets of non-energy solid leasable commodities. The BLM also views the proposed rule as necessary to promote development of non-energy solid leasable mineral resources in accordance with the MLA, particularly during periods of market fluctuation. For example, from 2008 to 2010, the price of soda ash, as with many other commodities, spiked and then dropped precipitously, threatening the industry’s ability to operate successfully while paying all related royalties and taxes. The changes in this proposed rule would not adversely impact the processing time for royalty rate reduction applications. On the contrary, the proposed changes would reduce the time required for a lessee to compile an application and it would be easier for lessees to achieve application completeness. Moreover, the rule would allow the BLM to

implement reductions industry-wide or area-wide of its own initiative in accordance with section 39 of the MLA, 30 U.S.C. 209.

III. Discussion of the Proposed Rule

The regulations in 43 CFR part 3500 are authorized by the Mineral Leasing Act of 1920 (30 U.S.C. 181 et seq.) and other statutory authorities. The proposed rule would streamline the process to apply for rental fee, royalty rate, and minimum production requirement reductions for non-energy solid mineral leases. This proposed rule would also reduce the burden on lease holders by simplifying the regulatory requirements so as to better align the regulations with the statute.

You may find the BLM regulations that implement this authority for solid minerals (other than coal) in 43 CFR subpart 3513 - Waiver, Suspension or Reduction of Rental and Minimum Royalties.

§3513.11 May BLM relieve me of the lease requirements of rental, minimum royalty, or production royalty while continuing to hold the lease?

Section 3513.11 states that the BLM has a process that allows for temporary relief from the rental, minimum royalty, or production royalty provisions in a lease. The BLM considers applications submitted under section 3513.15 on a case by case basis based on the data in the application for lease requirement relief. This existing section introduces subpart 3513, which explains that process in greater detail. The Non-Energy Solid Leasable Handbook, H-3500-01, includes guidance for processing applications for temporary relief from the rental, minimum royalty, or production royalty provisions.
This proposed rule would add to section 3513.11 a citation to the relevant section of the Mineral Leasing Act. 30 U.S.C. 209. This is not a substantive change and would have no impacts beyond providing additional information.

§ 3513.15 How do I apply for reduction of rental, royalties or minimum production?

Section 3513.15 sets out the information that a lessee must include in an application for BLM to make its decision. The BLM needs the information provided in this application to determine whether the request satisfies the reduction criteria described in 43 CFR 3513.12.

This proposed rule would remove the requirement to submit two copies of an application because two copies are no longer necessary with current technology. When the BLM promulgated these regulations, lessees submitted applications to the BLM via hard copy mail and the BLM used both paper copies during its processing. The BLM now receives and processes these applications electronically, or the BLM is able to make physical or electronic copies of the paper submissions.

Paragraph 3513.15(d) in the current regulations requires an application to include a description of the lands for which the reduction would apply. This proposed rule would revise this requirement to be applicable only when the application is for a portion of the lease or leases. If the application is for the lease in its entirety, the BLM already has that information on hand and a land description would not be necessary for that application. This proposed revision would make the application easier to complete, which would help improve processing timeliness.
This proposed rule would remove paragraphs (f) and (h) of this section, which require a tabulated statement of the leasable minerals mined for each month, covering at least the last twelve months before a lessee files an application; the average production mined per day for each month; a detailed statement of expenses and costs of operating the entire lease; and the income from the sale of any leased products. This information would not be required because the BLM already knows the quantity of leasable minerals that the lessees are mining on each lease. The BLM can extrapolate the average production mined per day from production records and mine plan reports that the lessee already submits to the BLM and Office of Natural Resources Revenue (formerly Mineral Management Service) for royalty payment purposes and to prove they are meeting minimum production requirements as indicated on their lease form in accordance with 43 CFR 3504.20. The detailed statement of expenses and costs is extraneous information and is not necessary for the application because the reduction is based on market conditions and geologic interferences that are not tied to past costs and expenses (for example, the applicant’s utility costs will not change with the commodity’s market fluctuations, so we know their costs to run the operation will not decrease at the same rate that their income from the commodity price decreases, making them exclusive values). Removing this unnecessary requirement would also make the application easier to complete, further improving the timeliness of the reduction process.

Proposed section 3513.15(g) would contain the requirement found in section 3513.15(i) of the current regulations. However, instead of requiring “all facts” showing why the lessee cannot successfully operate a mine, the proposed rule would require the application to provide “justification” showing why the lessee cannot successfully operate
a mine under the existing royalty or rental. The proposed rule provides a more measured requirement for the applicant to demonstrate why they are unable to meet the terms of the lease. It is still imperative for the application to provide sufficient justification for the BLM to make its determination in each applicant’s case. While this is a change to the wording of the regulation, the BLM does not expect any substantive impact from this revision because the applicant will still need to demonstrate why they cannot operate the lease under current conditions. Data that may be seen in these types of applications include: geologic maps and reports about hazards being encountered, cost per ton of product, revenue per ton of product, or reports discussing any financial hardship an individual mine is facing.

This proposed rule would also remove paragraphs (j) and (k) of section 3513.15, which require full information as to whether the lessee pays royalties or payments out of production to anyone other than the United States, the amounts paid and efforts the lessee has made to reduce them, and documents demonstrating that the total amount of overriding royalties paid for the lease will not exceed one-half the proposed reduced royalties due the United States. The BLM expects that the application would disclose any relevant information regarding overriding royalties under the informational requirements of proposed sections 3513.15(g) and (h) because BLM has authority to order the operator to suspend or reduce an overriding royalty as stated in 43 CFR 3504.26. The proposed removal of these two paragraphs would make the application easier to complete, which would help improve the timeliness of the reduction process.

Proposed section 3513.15(h) would contain the requirements of existing section 3513.15(l) that the applicant include any additional information the BLM requires to
determine if the applicant meets the standards of section 3513.12. Section 3513.12, which the proposed rule would not amend, explains the criteria that the BLM considers when approving a waiver, suspension, or reduction in rental, or minimum royalty, or a reduction in the royalty rate.

§3513.17 How will the BLM implement a reduction of rental, royalties or minimum production?

This proposed rule would add a new section 3513.17, which explains how the BLM would implement a reduction on its own initiative. Prior to 1999, there was no requirement that a reduction would be temporary.\(^\text{12}\) Placing timing or tonnage constraints on the reduction would ensure that the rule is applied when necessary to continue development, but not longer than necessary. As markets fluctuate and lessees overcome geologic hardships, the need for a reduction may end. When the term of the reduction ends, the royalty can increase to its original rate, thereby increasing revenue to the United States.

Section 39 of the MLA, 30 U.S.C. 209, authorizes the Secretary to reduce royalty rates and rental fees “whenever in his judgement it is necessary to do so in order to promote development, or whenever in his judgment the leases cannot be successfully operated under the terms provided therein.” 30 U.S.C. 209. This provision of the MLA authorizes the Secretary to provide across-the-board royalty rate relief for all lessees who are developing non-energy minerals leased by the Federal Government, as long as the Secretary finds that it is necessary to do so in order to promote development. Promoting development will help ensure operations can continue, preserving jobs and helping

\(^{12}\) See 43 CFR 3503.2-4 (1998).
domestic commodities from those operations to remain in the market. The proposed section is outlined as follows:

Proposed section 3513.17(a) would implement this provision in the regulations, allowing the BLM to reduce rental fees, royalty rates, or minimum production requirements on its own initiative, whereas currently BLM can only provide rate relief upon application on a case by case basis. This proposed section would allow the BLM, on behalf of the Secretary of the Interior, to provide such relief in order to promote the overall development of a mineral resource for all leases in a geographic area or across an industry. This would more fully implement in 43 CFR part 3500 the broad authority that the MLA grants to the Secretary of the Interior for allowing these reductions in order to promote development, in addition to the reductions based on individual lease-by-lease applications. The BLM requests comment on the types of information the BLM should consider before implementing an area- or industry-wide reduction to promote development, including information related to quantifying the potential costs and benefits of this proposed rule with respect to NESL minerals other than soda ash.

Proposed paragraph (b) of section 3513.17 explains that the BLM may implement a reduction in response to an application submitted under section 3513.15. This is not a change from existing practice, but it would be included here to demonstrate the difference between the application process of section 3513.15 and a BLM-initiated reduction under proposed section 3513.17(a).

Proposed section 3513.17(c) describes how the BLM would limit reductions implemented under proposed section 3513.17.
Section 3513.17(c) would apply to reductions that the BLM implements on its own initiative under section 3513.17(a) and those that the BLM implements in response to an application under section 3513.17(b). Under proposed paragraph (c) of this section, reductions would be limited to not more than 10 years from the date that BLM implements a reduction or not more than a specific tonnage that the lessee produces, as determined by the BLM. The BLM would determine the specific time or tonnage limit appropriate for each reduction on a case-by-case basis. The BLM would determine durations of reductions and tonnage limits based on projected market conditions or geologic hazard attributes for each application or area. If a reduction is in response to an application under 3513.17(b), the reason for the application will help determine the appropriate term or tonnage limit of the reduction.

Prior to 1999, there was no requirement in the BLM’s regulations that a reduction would be temporary, though in practice they generally are. Placing timing or tonnage constraints on the reduction would ensure that the BLM would allow reductions when necessary to continue or promote development, but no longer. At the end of the reduction period, the royalty, rental, or minimum production requirements would increase to their original rates. At that time, the lessee would operate under the original lease terms.

The BLM would generally set a time limit when issuing an area- or industry-wide reduction to promote development. The proposed rule would limit the reduction to not more than 10 years, but the BLM may determine a shorter period is appropriate. Market conditions can fluctuate over a 10-year period and a longer period in a single grant would

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not be appropriate. Past legislation for reductions expired after 5 years, so a 10 year term was chosen as a maximum with the option to make the term shorter if applicable. The BLM requests comments on the 10-year limit for reductions.

When a lessee submits an application under section 3513.15, it might be more appropriate to apply a fixed tonnage rather than applying a time limit.

The BLM would calculate a fixed tonnage using known, estimated, or historic production rates and extrapolating total tonnage verified by BLM inspection personnel (see 43 CFR subparts 3597 and 3598). Estimated production will be determined based on current mining style, rock type, and operator production capabilities according to their approved mine plan on a case by case basis. The BLM would extrapolate the production rates over a fixed period to determine the total tonnage that would qualify for a royalty rate reduction. The BLM could apply fixed tonnage constraints for a reduction to areas of geologic concern where production rates may differ.

Under the existing regulations, the BLM has often used a fixed tonnage when applying a constraint to the royalty rate reduction for a lease. The tonnage constraint ensures that the lessee produces the amount of a mineral projected over a particular period, but prevents the lessee from refocusing production exclusively to an area with a reduced royalty rate and producing a greater amount of the mineral at the reduced royalty rate.

While there is no specific process in the regulations for an extension of these constraints, the BLM would not limit the number of times lessees may apply for a reduction under section 3513.15. The BLM requests comment on the implications of a fixed tonnage for reductions.
IV. Procedural Matters

Regulatory Planning and Review (Executive Orders 12866 and 13563)

Executive Order (E.O.) 12866 provides that the Office of Information and Regulatory Affairs in the Office of Management and Budget will review all significant rules. The Office of Information and Regulatory Affairs has determined that this rule is significant because it may raise novel legal or policy issues.

E.O. 13563 reaffirms the principles of E.O. 12866 while calling for improvements in the nation's regulatory system to promote predictability, reduce uncertainty, and use the best, most innovative, and least burdensome tools for achieving regulatory ends. The E.O. directs agencies to consider regulatory approaches that reduce burdens and maintain flexibility and freedom of choice for the public where these approaches are relevant, feasible, and consistent with regulatory objectives. E.O. 13563 emphasizes further that regulations must be based on the best available science and that the rule making process must allow for public participation and an open exchange of ideas. We have developed this rule in a manner consistent with these requirements.

The proposed rule would reduce duplicative information requirements for non-energy solid leasable minerals operators who apply for a reduction of rental, royalties or minimum production. The proposed rule would also more fully implement the Secretary’s authority under section 39 of the MLA, 30 U.S.C. 209, to provide these reductions to promote development.

The BLM reviewed the requirements of the proposed rule and determined that it would not adversely affect in a material way the economy, a sector of the economy, productivity, competition, jobs, the environment, public health or safety, or State, local,
or tribal governments or communities. For more detailed information, see the Regulatory Impact Analysis (RIA) prepared for this proposed rule. The RIA has been posted in the docket for the proposed rule on the Federal eRulemaking Portal:

https://www.regulations.gov. In the Searchbox, enter "RIN 1004-AE58", click the "Search" button, open the Docket Folder, and look under Supporting Documents.

**Reducing Regulation and Controlling Regulatory Costs (E.O. 13771)**

This proposed rule is an E.O. 13771 deregulatory action. As discussed in Section 1 and detailed in Section 3, the estimated cost of the proposed rule is negative (a net benefit) in that it could produce benefit to society from greater overall non-energy solid leasable (NESL) minerals economic activity in an upper-bound scenario. This leads to the proposed rule having an annual net benefit (in $2018) of between $0 and $452,000 per affected entity that could be counted under Executive Order 13771, Section 2(c), as offsetting costs from any new regulation that the Department of the Interior may propose.

**Regulatory Flexibility Act**

This rule will not have a significant economic effect on a substantial number of small entities under the Regulatory Flexibility Act (5 U.S.C. 601 et seq.). The Regulatory Flexibility Act (5 U.S.C. 601 et seq.) (RFA) generally requires that Federal agencies prepare a regulatory flexibility analysis for rules subject to the notice-and-comment rulemaking requirements under the Administrative Procedure Act (5 U.S.C. 500 et seq.), if the rule would have a significant economic impact, whether detrimental or beneficial, on a substantial number of small entities. See 5 U.S.C. 601–612. Congress enacted the RFA to ensure that government regulations do not unnecessarily or
disproportionately burden small entities. Small entities include small businesses, small governmental jurisdictions, and small not-for-profit enterprises.

Soda ash is the NESL mineral most likely to be impacted by BLM actions under the proposed rule. Four out of the five entities producing soda ash in the United States belong to large, foreign-owned holding companies whose operations expand across multiple industries including automobiles, electronics, clothes, food and beverages, cosmetics, soaps, detergents, and specialty chemicals. The fifth company, Genesis Energy, is an American firm based in Houston, Texas, that principally provides midstream energy infrastructure and logistics. The total number of employees for these entities are as follows:

- As of 2017, Solvay employed 6,400 people at its North American operations alone (includes industrial sites, formulation centers, research and formulation centers, and company headquarters);¹⁴

- As of publication of its 2018/2019 Annual Report, Tata Chemicals Limited had 4,698 employees worldwide. Tata Chemicals North America had 561 employees, but cannot be considered a small business when considering those employed by its foreign affiliates;¹⁵

- Genesis Energy had approximately 2,100 employees as of December 31, 2018;¹⁶

- As of December 31, 2018, Ciner Resources had an estimated 488 full-time employees working for its U.S.-based operations.¹⁷ However, it is part of holding company Ciner Group, which employs 10,500 people;¹⁸ and

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• Searles Valley is fully owned by India’s Nirma Group, which has approximately 14,000 employees.\textsuperscript{19}

Although the proposed rule could potentially affect small NESL entities producers outside of the soda ash industry, the BLM does not believe at this time that this is likely, based upon its analysis under Section 3.1 of the RIA. The BLM finds in this section that of all of the NESL mineral industries that could potentially be affected, only soda ash has experienced economic hardships of the kind and degree that would make it a likely candidate for industry-wide relief under §3513.15(a).

The proposed rule is a deregulatory action that would reduce the paperwork and informational burden associated with applying for a rental, royalty, or minimum production reduction, and would reduce the royalties that lessees owe to the Federal Government based on the value of sales of minerals produced from Federal leases.

For the purpose of carrying out its review pursuant to the RFA, the BLM believes that the proposed rule would not have a “significant economic impact on a substantial number of small entities,” as that phrase is used in 5 U.S.C. 605. An initial regulatory flexibility analysis is therefore not required.

**Small Business Regulatory Enforcement Fairness Act (SBREFA)**

This rule is not a major rule under 5 U.S.C. 804(2), the Small Business Regulatory Enforcement Fairness Act. This rule:

\textsuperscript{17} \url{https://www.sec.gov/Archives/edgar/data/1575051/000157505119000032/cinerresourceslp-201810k.htm}  
\textsuperscript{18} \url{http://www.cinergroup.com.tr/en/about-us}  
\textsuperscript{19} \url{https://www.slideshare.net/nirali2301/final-ppt-of-nirma-67176929}
(a) Does not have an annual effect on the economy of $100 million or more. The BLM estimates that the proposed rule would provide an annual benefit of $619,000 on the economy. Please see the RIA for this rule for a more detailed discussion.

(b) Will not cause a major increase in costs or prices for consumers, individual industries, Federal, State, or local government agencies, or geographic regions. The proposed rule is designed to lessen the burden on industry when necessary while still providing revenue to the government. This revenue is based on commodity price, adjusted royalty rate, and production amounts.

(c) Does not have significant adverse effects on competition, employment, investment, productivity, innovation, or the ability of U.S.-based enterprises to compete with foreign-based enterprises. This rule may foster positive effects in each of these areas. This proposed rule would improve the BLM’s ability to provide relief to the affected industry.

Unfunded Mandates Reform Act

This rule does not impose an unfunded mandate on State, local, tribal governments, or the private sector of more than $100 million per year. The rule does not have a significant or unique effect on State, local, tribal governments or the private sector. This proposed rule would only affect the BLM’s process for providing reductions to rental, royalties or minimum production requirements of Federal leases. A statement containing the information required by the Unfunded Mandates Reform Act (2 U.S.C. 1531 et seq.) is not required.

Takings (E.O. 12630)
This rule does not effect a taking of private property or otherwise have taking implications under E.O. 12630. Section 2(a) of E.O. 12630 identifies policies that do not have takings implications, such as those that abolish regulations, discontinue governmental programs, or modify regulations in a manner that lessens interference with the use of private property. The proposed rule is a deregulatory action and does not interfere with private property. A takings implication assessment is not required.

**Federalism (EO 13132)**

Under the criteria in section 1 of E.O. 13132, this rule does not have sufficient federalism implications to warrant the preparation of a federalism summary impact statement. It does not have substantial direct effects on the States, on the relationship between the national government and the States, or on the distribution of power and responsibilities among the various levels of government. The proposed rule would reduce burdens on industry and more closely align BLM regulations with the relevant statute. A federalism summary impact statement is not required.

**Civil Justice Reform (E.O. 12988)**

This rule complies with the requirements of E.O. 12988. Specifically, this rule:

(a) Meets the criteria of section 3(a) requiring that all regulations be reviewed to eliminate errors and ambiguity and be written to minimize litigation; and

(b) Meets the criteria of section 3(b)(2) requiring that all regulations be written in clear language and contain clear legal standards.

**Consultation with Indian tribes (E. O. 13175 and Departmental policy)**

The Department of the Interior strives to strengthen its government to-government relationship with Indian tribes through a commitment to consultation with Indian tribes
and recognition of their right to self-governance and tribal sovereignty. We have evaluated this rule under the Department’s consultation policy and under the criteria in E.O. 13175 and have determined that it has no substantial direct effects on federally recognized Indian tribes and that consultation under the Department’s tribal consultation policy is not required. The proposed rule would apply to non-energy mineral leases on the Uintah and Ouray Indian Reservation, Hillcreek Extension, State of Utah (43 CFR 3503.11(b)), but no active leases have been present on those lands for approximately 15 years. There are no plans to grant new leases to any entity at this time, nor is there any entity interested in pursuing leases on those lands. This is a procedural rule that does not change any royalty rates. If the BLM implements an area- or industry-wide reduction under this proposed rule, the BLM would initiate tribal consultation, as appropriate, at that time.

**Paperwork Reduction Act (44 U.S.C. 3501 et seq.)**

This proposed rule contains a new collection of information that the BLM will submit to the OMB for review and approval under the Paperwork Reduction Act of 1995, 44 U.S.C. 3501 et seq. (PRA). As part of our continuing effort to reduce paperwork and respondent burdens, the BLM invites the public and other Federal agencies to comment on any aspect of the proposed information collection (IC) aspects of this proposed rule. You may send your comments directly to OMB and send a copy of your comments to the BLM (see the **ADDRESSES** section of this proposed rule). Please reference control number 1004–0121 in your comments. The BLM specifically requests comments concerning the need for the information, its practical utility, the accuracy of the agency’s burden estimate, and ways to minimize the burden. You may obtain a copy of the
supporting statement for the collection of information by contacting the Bureau’s Information Collection Clearance Officer at (202) 912-7405. To see a copy of the entire IC request submitted to OMB, go to http://www.reginfo.gov (select Information Collection Review, Currently under Review).

The PRA 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. OMB is required to make a decision concerning the collection of information contained in these proposed regulations 30 to 60 days after publication of this document in the Federal Register. Therefore, a comment to OMB is best assured of having its full effect if OMB receives it by [INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]. This guidance does not affect the deadline for the public to comment to the BLM on the proposed regulations.

Summary of Information Collection Activities

Title: Leasing of Solid Minerals Other Than Coal and Oil Shale.

OMB Control Number: 1004–0121.

Form: None.

Description of Respondents: Holders of Federal leases of solid minerals other than coal and oil shale.

Respondents’ Obligation: Required to obtain or retain a benefit.

Frequency of Collection: On occasion.

Abstract: The BLM requests OMB to revise control number 1004-0121 in light of a proposed rule, which is intended to streamline applications for various forms of relief, including royalty rate reductions.
Estimated Number of Responses: 2

Estimated Total Annual Burden Hours: 190

Estimated Total Non-Hour Cost: $17,000

Information Collection Request

Control number 1004-0121 authorizes the BLM to collect information pertaining to leases of solid minerals other than coal and oil shale. A regulation that this rulemaking would revise, i.e., 43 CFR 3513.15, pertains to applications for reduction of rental, royalties, or minimum production requirements. This rulemaking would not affect the regulations in Subpart 3513 that pertain to applications for suspension of operations (i.e., sections 3513.22 and 3513.32).

In this proposed rule, the BLM would revise control number 1004-0121 by dividing a single, previously approved information collection activity (i.e., “Application for Waiver, Suspension, or Reduction of Rental or Minimum Royalties, or for a Reduction in the Royalty Rate”) into the following 2 activities:

- Application for Reduction of Rental, Royalties, or Minimum Production Requirements; and
- Application for Suspension.

The proposed rule would revise section 3513.15(e) by requiring a description of the lands by legal subdivision only if the application is for a portion of a lease. In addition, the proposed rule would revise section 3513.15 by:

- Removing current paragraph (f), which at present requires a tabulated statement of the leasable minerals mined for each month covering at least the last twelve months before the filing of the application, and the average production mined per
day for each month;

- Moving current paragraph (g) to new paragraph (f), but making no other changes to that paragraph, which requires that an application for relief from the minimum production include complete information about why minimum production was not attained;

- Removing paragraph (h), which currently requires a detailed statement of expenses and costs of operating the entire lease, and the income from the sale of any leased products;

- Revising current paragraph (i) by requiring “justification” rather than “all facts” showing why the operator cannot successfully operate the mines under the royalty or rental fixed in the lease and other lease terms;

- Moving current paragraph (i) to new paragraph (g);

- Removing current paragraph (j), which at present requires that an application for reduction of royalty must include full information about any royalties the lessee pays to anyone other than the United States, and a description of the efforts the lessee has made to reduce the other royalties;

- Removing current paragraph (k), which requires documents demonstrating that the total amount of overriding royalties the lessee will pay will not exceed one-half the proposed reduced royalties due the United States; and

- Moving current paragraph (l) to new paragraph (h).

While the proposed rule would not revise the regulations pertaining to applications for suspension found in 43 CFR 3513.20 – 3513.26 and 3513.30 – 3513.34, we are proposing the addition of an activity for such applications because the regulations
that would be revised or replaced in this rulemaking cover both types of applications as indicated in the description of subpart 3513.

If finalized and approved by OMB, this information collection request would result in the net addition of 1 activity to the 32 activities currently approved under control number 1004-0121.

Hour and cost burdens to respondents include time spent for researching, preparing, and submitting information. The following table shows our estimates of the annual hour and hour-related cost burdens that this proposed rule would affect. The frequency of response for both of the information collection activities is “on occasion.”

<table>
<thead>
<tr>
<th>A. Type of Response</th>
<th>B. Number of Responses</th>
<th>C. Hours Per Response</th>
<th>D. Total Hours (Column B x Column C)</th>
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<td>1</td>
<td>90</td>
<td>90</td>
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<tr>
<td>Application for Suspension 43 CFR 3513.16, 3513.22 and 3513.32</td>
<td>1</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Totals</td>
<td>2</td>
<td>------</td>
<td>190</td>
</tr>
</tbody>
</table>

**National Environmental Policy Act**

The BLM has determined that the changes that would be made by this proposed rule are administrative or procedural in nature in accordance with 43 CFR 46.210(i) (“Policies, directives, regulations, and guidelines: that are of an administrative, financial, legal, technical, or procedural nature; or whose environmental effects are too broad,
speculative, or conjectural to lend themselves to meaningful analysis and will later be subject to the NEPA process, either collectively or case-by-case”). Therefore, the proposed action is categorically excluded from environmental review under the National Environmental Policy Act (NEPA).

We have also determined that the proposed rule does not involve any of the extraordinary circumstances listed in 43 CFR 46.215 that would require further analysis under NEPA.

**Effects on the Energy Supply (E.O. 13211)**

This rule is not a significant energy action under the definition in E.O. 13211. This proposed rule would amend only BLM regulations that could impact non-energy solid leasable minerals. A Statement of Energy Effects is not required.

**Clarity of this regulation**

We are required by E.O.s 12866 (section 1 (b)(12)), 12988 (section 3(b)(1)(B)), and 13563 (section 1(a)), and by the Presidential Memorandum of June 1, 1998, to write all rules in plain language. This means that each rule we publish must:

(a) Be logically organized;

(b) Use the active voice to address readers directly;

(c) Use common, everyday words and clear language rather than jargon;

(d) Be divided into short sections and sentences; and

(e) Use lists and tables wherever possible.

If you believe that we have not met these requirements, send us comments by one of the methods listed in the "ADDRESSES" section. To better help us revise the rule, your comments should be as specific as possible. For example, you should tell us the
numbers of the sections or paragraphs that you find unclear, which sections or sentences are too long, the sections where you feel lists or tables would be useful, etc.

**Author**

The principal authors of this rule are: Alfred Elser, Division of Solid Minerals; Bill Radden-Lesage, Division of Solid Minerals; Adam Merrill, Division of Solid Minerals; Lindsey Curnutt, Division of Solid Minerals; Charles Yudson, Division of Regulatory Affairs; assisted by the Office of the Solicitor.

Dated: October 8, 2019

__________________________________________________
Casey Hammond
Acting Assistant Secretary
Land and Minerals Management

**List of Subjects in 43 CFR Part 3500**

Government contracts, Hydrocarbons, Mineral royalties, Mines, Phosphate, Potassium, Public lands-mineral resources, Reporting and recordkeeping requirements, Sodium, Sulphur, Surety bonds

**43 CFR Chapter II**

For the reasons set out in the preamble, the Bureau of Land Management proposes to amend 43 CFR part 3500 as follows:
PART 3500—LEASING OF SOLID MINERALS OTHER THAN COAL AND OIL SHALE

1. The authority citation for part 3500 continues to read as follows:


2. Revise §3513.11 to read as follows:

§3513.11 May BLM relieve me of the lease requirements of rental, minimum royalty, or production royalty while continuing to hold the lease?

Yes. The BLM has a process that may allow you temporary relief from these lease requirements (See 30 U.S.C. 209).

3. Revise §3513.15 to read as follows:

§3513.15 How do I apply for reduction of rental, royalties or minimum production?

You must submit your application with the following information for all leases involved:

(a) The serial numbers;

(b) The name of the record title holder(s);

(c) The name of the operator and operating rights owners if different from the record title holder(s);
(d) A description of the lands by legal subdivision, if the application is for a portion of the lease;

(e) A map showing the serial number and location of each mine or excavation and the extent of the mining operations;

(f) If you are applying for relief from the minimum production requirement, complete information as to why you did not attain the minimum production;

(g) Justification showing why you cannot successfully operate the mines under the royalty or rental fixed in the lease and other lease terms;

(h) Any other information BLM needs to determine whether the request satisfies the standards in §3513.12 of this part.

4. Add a new § 3513.17 to read as follows:

§3513.17 How will BLM implement a reduction of rental, royalties or minimum production?

(a) The BLM may reduce rental, royalties, or minimum production on its own initiative if the BLM determines, based on available information, that it is necessary to promote development of the mineral resource. Such a reduction may be for a specific geographic area, or on an industry-wide basis.

(b) The BLM may reduce rental, royalties, or minimum production in response to an application submitted under §3513.15 if the application meets the criteria in §3513.12.

(c) The BLM may grant a reduction not to exceed:
(1) 10 years from the date of implementation under paragraph (a) of this section, or

(2) 10 years from the date of the decision to approve the application submitted paragraph (b) of this section or for a maximum quantity of mineral production as determined by the BLM.

[FR Doc. 2019-22535 Filed: 10/17/2019 8:45 am; Publication Date: 10/18/2019]