



[4335-30]

DEPARTMENT OF THE INTERIOR

Office of Natural Resources Revenue

[Docket No. ONRR-2011-0025; DS63644000 DR2000000.CH7000 189D0102R2,

OMB Control Number 1012-0003]

Agency Information Collection Activities: 30 CFR Parts 1227, 1228, and 1229,

Delegated and Cooperative Activities with States and Indian Tribes

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

ACTION: Notice of Information Collection; request for comment.

SUMMARY: To comply with the Paperwork Reduction Act of 1995 (PRA), ONRR is inviting comments on the renewal of an information collection request that we will submit to the Office of Management and Budget (OMB) for review and approval.

DATES: You must submit your written comments on or before **[INSERT DATE 60 DAYS AFTER PUBLICATION DATE 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.

- Electronically go to <http://www.regulations.gov>. In the entry titled “Enter Keyword or ID,” enter “ONRR-2011-0025,” then click “Search.” Follow the instructions to submit public comments. ONRR will post all comments.

- Email comments to Mr. Luis Aguilar, Regulatory Specialist, at

Luis.Aguilar@onrr.gov.

- Hand-carry or mail comments, using an overnight courier service, to ONRR. Our courier address is Office of Natural Resources Revenue; Building 85, Entrance N-1, 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, STRAC Administration, ONRR, telephone (303) 231-3721 or email to *Peter.Hanley@onrr.gov*. For other questions, contact Mr. Luis Aguilar, telephone (303) 231-3418, or email to *Luis.Aguilar@onrr.gov*. You may also contact Mr. Aguilar to obtain copies [free of charge] of (1) the ICR, (2) any associated form, and (3) the regulations that require us to collect the information. You may also review the information collection request online at <http://www.reginfo.gov/public/do/PRAMain>.

SUPPLEMENTARY INFORMATION: In accordance with the Paperwork Reduction Act of 1995, we provide the general public and other Federal agencies with an opportunity to comment on new, proposed, revised, and continuing collections of information. This helps us assess the impact of our information collection requirements and minimize the public's reporting burden. It also helps the public understand our information collection requirements and provide the requested data in the desired format. We are soliciting comments on the proposed ICR that is described below. We are especially interested in public comment addressing the following issues: (1) is the collection necessary to the proper functions of the ONRR; (2) will this information be processed and used in a timely manner; (3) is the estimate of burden accurate; (4) how might the ONRR enhance the quality, utility, and clarity of the information to be collected; and (5) how might the ONRR minimize the burden of this collection on the

respondents, including through the use of information technology. Comments that you submit in response to this notice are a matter of public record. We will include or summarize each comment in our request to OMB to approve this ICR. Before including your address, phone number, email address, or other personal identifying information in your comment, you should be aware 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.

Abstract: The Secretary of the Interior is responsible for mineral resource development on Federal and Indian lands and the Outer Continental Shelf (OCS). Under various laws, the Secretary's responsibility is to manage mineral resources production on Federal and Indian lands and the OCS, collect the royalties and other mineral revenues due, and distribute the funds collected. ONRR performs the royalty management functions and assists the Secretary in carrying out the Department's responsibilities. We have posted those laws pertaining to mineral leases on Federal and Indian lands and the OCS at http://www.onrr.gov/Laws_R_D/PubLaws/default.htm.

General Information

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 lessee is required to report various kinds of information to the lessor relative to the disposition of the 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 that ONRR collects includes data necessary to ensure that the lessee accurately values the production and appropriately pays all royalties and other mineral revenues due.

The Federal Oil and Gas Royalty Management Act of 1982 (FOGRMA), as amended by sections 3, 4, and 8 [for Federal lands] of the Federal Oil and Gas Royalty Simplification and Fairness Act of 1996, authorizes the Secretary to develop delegated and cooperative agreements with States (section 205) and Indian Tribes (section 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 with ONRR 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.

Information Collections

This Information Collection Request (ICR) covers the paperwork requirements in the regulations under title 30, *Code of Federal Regulations* (CFR), parts 1227, 1228, and 1229. 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 respective 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 that the Tribe will undertake and must present evidence that the Tribe can meet the standards of the Secretary to conduct these activities. 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.

OMB Approval

We will request OMB approval to continue to collect this information. Not collecting this information would limit the Secretary's ability to discharge the duties of the office and may also result in the inability to confirm the accurate royalty value. ONRR protects any proprietary information received under this collection and does 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.

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

OMB Control Number: 1012-0003.

Bureau Form Number: None.

Type of Review: Extension of a currently approved collection.

Respondents/Affected Public: States and Tribes

Total Estimated Number of Annual Respondents: 9 States and 6 Indian Tribes.

Total Estimated Number of Responses: 449

Estimated Completion Time per Response: 26.40 hrs.

Total Estimated Number of Annual Burden Hours: 11,851 hours.

Respondent's Obligation: Required to Obtain or Retain a Benefit.

Frequency of Collection: Annual

Total Estimated Annual Nonhour Burden Cost: We have identified no "non-hour cost" burden associated with this collection of information.

We have not included in our estimates certain requirements performed in the normal course of business, which are considered usual and customary. The following table shows

the estimated burden hours by CFR section and paragraph:

SECTION A.12 BURDEN BREAKDOWN

30 CFR Section	Reporting and Recordkeeping Requirements	Hour Burden per Response	Number of Annual Responses	Annual Burden Hours
PART 1227—DELEGATION TO STATES				
DELEGATION PROPOSALS				
1227.103; 107; 109; 110 (a) and (b)(1); 110 (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	9	144
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 . . . (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 . . . (e) You must maintain adequate books and records to support your vouchers . . .	4	60	240
STATES’ RESPONSIBILITIES TO PERFORM DELEGATED FUNCTIONS				
1227.200 (a), (b), (c), and (d)	What are a State’s general responsibilities if it accepts a delegation? For each delegated function you perform, you must: (a) . . . seek information or guidance from ONRR regarding new, complex, or unique issues. . . .	940	9	8,460

30 CFR Section	Reporting and Recordkeeping Requirements	Hour Burden per Response	Number of Annual Responses	Annual Burden Hours
	(b)(1) . . . Provide complete disclosure of financial results of activities; (2) Maintain correct and accurate records of all mineral-related transactions and accounts; (3) Maintain effective controls and accountability; (4) Maintain a system of accounts . . . (5) Maintain adequate royalty and production information . . . (c) Assist ONRR in meeting the requirements of the Government Performance and Results Act (GPRA) . . . (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. . . .			
1227.200 (e); 801(a); 804	(e) Provide reports to ONRR about your activities under your delegated functions . . . At a minimum, you must provide periodic statistical reports to ONRR summarizing the activities you carried out . . .	3	36	108
1227.200 (f); 401(e); 601(d)	(f) Assist ONRR in maintaining adequate reference, royalty, and production databases. . . .	1	250	250
1227.200 (g); 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
1227.400 (a)(4) and (a)(6); 401(d); 501(c)	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. (a) If you request delegation of either production report or royalty report processing functions, you must perform . . . (4) Timely transmitting production report or royalty report data to ONRR and other affected Federal agencies . . .	250	1	250

30 CFR Section	Reporting and Recordkeeping Requirements	Hour Burden per Response	Number of Annual Responses	Annual Burden Hours
	(6) Providing production data or royalty data to ONRR and other affected Federal agencies. . . .			
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)	What are a State's responsibilities if it performs automated verification? To perform automated verification of production reports or royalty reports, you must . . . (c) Maintain all documentation and logging procedures . . .	10	1	10
PERFORMANCE REVIEW				
<i>Subtotal Burden for 30 CFR Part 1227</i>			386	10,286
PART 1228—COOPERATIVE ACTIVITIES WITH STATES AND INDIAN TRIBES				
SUBPART C—OIL AND GAS, ONSHORE				
1228.100 (a) and (b); 101(c); 107(b)	Entering into an agreement. (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. (b) The request for an agreement shall be in a format prescribed by ONRR and should include at a minimum the following information: (1) Type of eligible activities to be undertaken. (2) Proposed term of the agreement. (3) Evidence that . . . Indian tribe meets, or can meet by the time the agreement is in effect . . . (4) If the State is proposing to undertake activities on Indian lands located within the State, a resolution from the appropriate tribal council indicating their agreement to delegate to the State responsibilities under the terms of the cooperative agreement for activities to be conducted on tribal or allotted land.	200	1	200
1228.101 (a)	Terms of agreement. (a) Agreements entered into under this part shall be valid for a period of 3 years and shall be renewable . . . upon request	15	6	90

30 CFR Section	Reporting and Recordkeeping Requirements	Hour Burden per Response	Number of Annual Responses	Annual Burden Hours
	of . . . Indian tribe. . . .			
1228.101 (d)	(d) . . . Indian tribe will be given 60 days to respond to the notice of deficiencies and to provide a plan for correction of those deficiencies	80	1	80
1228.103 (a) and (b)	Maintenance of records. (a) . . . Indian tribe entering into a cooperative agreement under this part must retain all records, reports, working papers, and any backup materials . . . (b) . . .Indian tribe shall maintain all books and records . . .	120	6	720
1228.105 (a)(1) and (a)(2)	Funding of cooperative agreements. (a)(1) The Department may, under the terms of the cooperative agreement, reimburse . . . Indian tribe up to 100 percent of the costs of eligible activities. Eligible activities will be agreed upon annually upon the submission and approval of a work plan and funding requirement. (2) A cooperative agreement may be entered into with . . . Indian tribe, upon request, without a requirement for reimbursement of costs by the Department.	60	6	360
1228.105 (c)	(c) . . . Indian tribe shall submit a voucher for reimbursement of eligible costs incurred within 30 days of the end of each calendar quarter. . . . Indian tribe must provide the Department a summary of costs incurred, for which . . Indian tribe is seeking reimbursement, with the voucher.	4	24	96
<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)	Authorities and responsibilities subject to delegation. (a) All or part of the following authorities and responsibilities of the Secretary under the Act may be delegated to a State authority: (1) Conduct of audits related to oil and gas royalty payments made to the ONRR which are attributable to leased . . . Indian lands within the State.	1	1	1

	<p>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>			
1229.101 (a) and (d)	<p>Petition for delegation.</p> <p>(a) The governor or other authorized official of any State which contains . . . Indian oil and gas leases where the Indian tribe and allottees have given the State an affirmative indication of their desire for the State to undertake certain royalty management-related activities on their lands, may petition the Secretary to assume responsibilities to conduct audits and related investigations of royalty related matters affecting . . . Indian oil and gas leases within the State . . .</p> <p>(d) In the event that the Secretary denies the petition, the Secretary must provide the State with the specific reasons for denial of the petition. The State will then have 60 days to either contest or correct specific deficiencies and to reapply for a delegation of authority.</p>	1	1	1
1229.102 (c)	<p>Fact-finding and hearings.</p> <p>(c) A State petitioning for a delegation of authority shall be given the opportunity to present testimony at a public hearing.</p>	1	1	1
1229.103 (c)	<p>Duration of delegations; termination of delegations.</p> <p>(c) A State may terminate a delegation of authority by giving a 120-day written notice of intent to terminate.</p>	1	1	1
1229.105	<p>Evidence of Indian agreement to delegation.</p> <p>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</p>	1	1	1

	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.			
1229.106	Withdrawal of Indian lands from delegated authority. If at any time an Indian tribe or an individual Indian allottee determines that it wishes to withdraw from the State delegation of authority in relation to its lands, it may do so by sending a petition of withdrawal to the State. . . .	1	1	1
1229.109 (a)	Reimbursement for costs incurred by a State under the delegation of authority. (a) The Department of the Interior (DOI) shall reimburse the State for 100 percent of the direct cost associated with the activities undertaken under the delegation of authority. The State shall maintain books and records in accordance with the standards established by the DOI and will provide the DOI, on a quarterly basis, a summary of costs incurred . . .	1	1	1
1229.109 (b)	(b) The State shall submit a voucher for reimbursement of costs incurred within 30 days of the end of each calendar quarter.	1	4	4
DELEGATION REQUIREMENTS				
1229.120	Obtaining regulatory and policy guidance. All activities performed by a State under a delegation must be in full accord with all Federal laws, rules and regulations, and Secretarial and agency determinations and orders relating to the calculation, reporting, and payment of oil and gas royalties. In those cases when guidance or interpretations are necessary, the State will direct written requests for such guidance or interpretation to the appropriate ONRR officials. . . .	1	1	1
1229.121	Recordkeeping requirements. (a) The State shall maintain in a safe and secure manner all records, work papers, reports, and correspondence gained or developed as a consequence of audit or investigative activities conducted under the delegation . . . (b) The State must maintain in a	1	1	1

	<p>confidential manner all data obtained from DOI sources or from payor or company sources under the delegation...</p> <p>(c) All records subject to the requirements of paragraph (a) must be maintained for a 6-year period measured from the end of the calendar year in which the records were created . . . Upon termination of a delegation, the State shall, within 90 days from the date of termination, assemble all records specified in subsection (a), complete all working paper files in accordance with § 229.124, and transfer such records to the ONRR.</p> <p>(d) The State shall maintain complete cost records for the delegation in accordance with generally accepted accounting principles. . . .</p>			
1229.122	<p>Coordination of audit activities.</p> <p>(a) Each State with a delegation of authority shall submit annually to the ONRR an audit work plan specifically identifying leases, resources, companies, and payors scheduled for audit . . . A State may request changes to its work plan . . . at the end of each quarter of each fiscal year. All requested changes are subject to approval by the ONRR and must be submitted in writing.</p> <p>(b) When a State plans to audit leases of a lessee or royalty payor for which there is an ONRR or OIG resident audit team, all audit activities must be coordinated through the ONRR or OIG 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>	1	1	1
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			449	11,851

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.

Public Comment Policy: ONRR will post all comments, including names and addresses of respondents at <http://www.regulations.gov>.

ONRR Information Collection Clearance Officer: Luis Aguilar (303) 231-3418.

Authority

The authority for this action is the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*).

Gregory J. Gould
Director for Office of Natural Resources Revenue

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