



## **DEPARTMENT OF THE INTERIOR**

### **Office of Natural Resources Revenue**

#### **30 CFR Part 1219**

**[Docket No. ONRR-2025-00034; DS6363400 DRT000000.CH7000 256D1113RT]**

**RIN 1012-AA41**

### **Offshore Distribution Cap Changes**

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

**ACTION:** Direct Final Rule.

**SUMMARY:** ONRR disburses certain monies generated from offshore oil and gas production on the Outer Continental Shelf (“OCS”) in accordance with applicable laws. Through the enactment of the One Big Beautiful Bill Act (OBBA), Congress amended the offshore distribution caps for these disbursements. ONRR is therefore amending its regulations to be consistent with these statutory changes.

**DATES:** This rule is effective on **[INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER]**.

**FOR FURTHER INFORMATION CONTACT:** For regulatory and procedural questions, contact Alexis Long, Regulations Supervisor, at (303) 231-3627 or by email at [Alexis.Long@onrr.gov](mailto:Alexis.Long@onrr.gov). For royalty valuation questions, contact Amy Lunt, Royalty Valuation and Regulations Program Manager, at (303) 231-3746, or by email at [Amy.Lunt@onrr.gov](mailto:Amy.Lunt@onrr.gov).

### **SUPPLEMENTARY INFORMATION:**

#### **I. Background**

The Outer Continental Shelf Lands Act (“OCSLA”), 43 U.S.C. 1331-1356a, governs the leasing of submerged lands on the OCS for oil and gas exploration and production. OCSLA authorizes the Secretary of the Interior (“Secretary”) to issue leases through competitive bidding and outlines various bidding systems, royalty structures, and conditions for lease agreements. Specific to this action, OCSLA, as amended by the Gulf of Mexico Energy Security Act of 2006, requires that the Secretary disburse a portion of the revenues generated from OCS lease production (“OCS revenues”) to certain States, Coastal Political Subdivisions (“CPSs”), and the Land and Water Conservation Fund (“LWCF”). OCSLA establishes a cap for a specified timeframe for the potential amount available for allocation to these States, CPSs, and the LWCF. *See* 43 U.S.C. 1331 note.

ONRR’s regulations at 30 CFR part 1219 govern the distribution and disbursement of OCS revenues pursuant to the requirements set forth in OCSLA. OCSLA’s disbursement provision was amended by the OBBB (Pub. L. No 119-21) at Sec. 50102(e). As a result, ONRR is amending its regulations, at 30 CFR § 1219.512, to accordingly raise the cap on the distribution of OCS revenues from \$500 million to \$650 million for fiscal years 2025 through 2034 and to \$500 million for fiscal years 2035 through 2055.

## **II. Procedural Matters**

### *A. Regulatory Planning and Review (Executive Orders 12866 and 13563)*

Executive Order (“E.O.”) 12866, as reaffirmed by E.O. 13563, provides that the Office of Information and Regulatory Affairs (“OIRA”) in the Office of Management and Budget (“OMB”) will review all significant rules. OIRA has determined this rule is not significant under E.O. 12866.

E.O. 13563 reaffirms the principles of E.O. 12866 while calling for improvements in the United States’ regulatory system to promote predictability, reduce uncertainty, and use the most innovative and least burdensome tools for achieving regulatory ends. E.O. 13563 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 that regulations must be based on the best available science and that the rulemaking process must allow for public participation and an open exchange of ideas. ONRR developed this rule in a manner consistent with these requirements.

### *B. Regulatory Flexibility Act*

This rule will not have a significant economic effect on a substantial number of small entities under the Regulatory Flexibility Act (“RFA”), 5 U.S.C. 601, *et seq.*, because this rule only adjusts the cap for OCS revenue disbursed and distributed by ONRR. This rule is updating the distribution cap amount for the specified fiscal years outlined in its regulations to be consistent with recent statutory changes. Therefore, ONRR is not required to prepare a RFA analysis for this rulemaking.

### *C. Congressional Review Act*

This rule is not a major rule under 5 U.S.C. 804(2), the Congressional Review Act. This rule:

- (a) Does not have an annual effect on the economy of \$100 million or more;
- (b) Will not cause a major increase in costs or prices for consumers; individual industries; Federal, State, local government agencies; or geographic regions; and
- (c) Does not have significant adverse effects on competition, employment, investment, productivity, innovation, or the ability of United States-based enterprises to compete with foreign-based enterprises.

### *D. Unfunded Mandates Reform Act*

This rule does not impose an unfunded mandate on State, local, or Tribal governments or the private sector of more than \$100 million per year. This rule does not have a significant or unique effect on State, local, or Tribal governments or the private sector. Therefore, ONRR is not required to provide a statement containing the information set forth in the Unfunded Mandates Reform Act (2 U.S.C. 1531 *et seq.*).

*E. Takings (E.O. 12630)*

This rule does not result in a taking of private property or otherwise have takings implications under E.O. 12630. Therefore, this rule does not require a takings implication assessment.

*F. Federalism (E.O. 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. The management of Federal oil and gas is the responsibility of the Secretary, and ONRR distributes all the royalties that it collects under Federal oil and gas leases as directed by the relevant disbursement statutes. ONRR does not anticipate this rule altering the relationship between the Federal and State governments as defined in E.O. 13132.

*G. 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), which requires that ONRR review all regulations to eliminate errors and ambiguity and to write them to minimize litigation; and

(b) Meets the criteria of section 3(b)(2), which requires that ONRR write all regulations in clear language, using clear legal standards.

*H. Consultation With Indian Tribal Governments (E.O. 13175)*

The Department of the Interior (“DOI”) 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. Under the DOI’s consultation policy and the criteria in E.O. 13175, ONRR evaluated this rule and determined that it will have no substantial, direct effects on Federally recognized Indian Tribes and does not require consultation.

#### *I. Paperwork Reduction Act*

This rule:

(a) Does not contain any new information collection requirements; and

(b) Does not require a submission to OMB under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*). See 5 CFR 1320.4(a)(2).

#### *J. National Environmental Policy Act of 1969 (“NEPA”)*

This rule does not constitute a major Federal action significantly affecting the quality of the human environment. ONRR is not required to provide a detailed statement under NEPA because this rule qualifies for categorical exclusion under 43 CFR 46.210(i) in that this rule is “. . . of an administrative, financial, legal, technical, or procedural nature . . .” ONRR also has determined that this rule is not involved in any of the extraordinary circumstances listed in 43 CFR 46.215 that would require further analysis under NEPA.

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

This rule is not a significant energy action under the definition in E.O. 13211 and, therefore, does not require a Statement of Energy Effects.

#### *L. Clarity of This Regulation*

ONRR is required by E.O. 12866 (section 1(b)(12)), E.O. 12988 (section 3(b)(1)(B)), and E.O. 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 ONRR publishes must:

- (1) Be logically organized;
- (2) Use the active voice to address readers directly;
- (3) Use common, everyday words and clear language rather than jargon;
- (4) Be divided into short sections and sentences; and
- (5) Use lists and tables wherever possible.

If you believe ONRR has not met these requirements, please send your comments to [ONRR\\_RegulationsMailbox@onrr.gov](mailto:ONRR_RegulationsMailbox@onrr.gov). Your comments should be as specific as possible. For example, you should identify the number 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.

*M. Administrative Procedure Act (“APA”)*

ONRR finds good cause to publish this rule without notice and comment. Pursuant to the APA at 5 U.S.C. 553(b)(B), good cause exists when an agency determines that notice and public comment procedures are impractical, unnecessary, or contrary to the public interest. This rule serves to implement statutory changes that are already in effect and that ONRR has no discretion to alter. A delay in the finality of this action would be contrary to public interest and would likely create confusion by unnecessarily maintaining outdated OCS revenue caps in ONRR’s regulations. Any confusion could result in unnecessary litigation further delaying implementation of the statutory changes. Additionally, delay could impede ONRR’s timely execution of its functions, namely accurate and timely distribution of the relevant funds. For these reasons, ONRR finds good cause to publish this rule without notice and comment.

ONRR also finds good cause for this rule to become effective immediately upon publication in the Federal Register under 5 U.S.C. 553(d)(3). ONRR must publish this final rule to update its regulations to comply with recent statutory changes to the cap on the disbursement and distribution of OCS revenues. Because ONRR is only updating its regulations to reflect the statutory changes already in effect and any delay or confusion would be contrary to the public interest, ONRR determined good cause exists under the APA for this rule to become effective upon publication.

### **List of Subjects in 30 CFR Part 1219**

Government Contracts, Indians—lands, Mineral royalties, Oil and gas exploration, Public lands— mineral resources.

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April L. Lockler,

Acting Director, Office of Natural Resources Revenue.

### **Authority and Issuance**

For the reasons discussed in the preamble, ONRR amends 30 CFR part 1219 as set forth below:

### **PART 1219— DISTRIBUTION AND DISBURSEMENT OF ROYALTIES, RENTALS, AND BONUSES**

1. The authority citation for part 1219 continues to read as follows:

**Authority:** Section 104, Pub. L. 97-451, 96 Stat. 2451 (30 U.S.C. 1714), Pub. L. 109-432, Div. C, Title I, 120 Stat. 3000.

2. Amend § 1219.512 by:

a. Revising paragraph (b); and

b. Adding a new paragraph (c).

The revisions read as follows:

**§ 1219.512 How will ONRR divide the qualified OCS revenues (Phase II)?**

\* \* \* \* \*

(b) For fiscal years 2017 through 2024 and 2035 through 2055, the Secretary of the Treasury will deposit 50 percent of the qualified OCS revenues (Phase II—capped) into a special U.S.

Treasury account. The total amount of qualified OCS revenues (Phase II—capped) deposited in the special U.S. Treasury account and available for allocation to the Gulf producing States, the CPSs and the LWCF, under this subpart, cannot exceed \$500,000,000 for each of the fiscal years 2017 through 2024 and 2035 through 2055. After applying the cap, if applicable, ONRR will disburse 75 percent to the Gulf producing States and 25 percent to the LWCF. Of the revenues disbursed to a Gulf producing State, we will disburse 20 percent directly to the CPSs within that State. Each Gulf producing State will receive at least 10 percent of the qualified OCS revenues (Phase II—capped) available for allocation to the Gulf producing States each fiscal year.

(c) For fiscal years 2025 through 2034, the total amount of qualified OCS revenues (Phase II—capped) deposited in the special U.S. Treasury account and available for allocation to the Gulf producing States, the CPSs and the LWCF, under this subpart, cannot exceed \$650,000,000 for each fiscal year. After applying the cap, if applicable, ONRR will disburse the amounts pursuant to paragraph (b) of this section.

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