



DEPARTMENT OF THE INTERIOR

Bureau of Land Management

43 CFR Part 3100

[Docket No. BLM-2025-0138; A2407-014-004-065516, #O2509-014-004-125222]

RIN 1004-AF41

Revisions to Regulations Regarding Oil and Gas Leasing; Fees, Rentals, and Royalties

AGENCY: Bureau of Land Management, Interior.

ACTION: Direct final rule; request for comments.

SUMMARY: This direct final rule (DFR) revises existing regulations pertaining to royalty on production to effectuate changes required by the One Big Beautiful Bill Act (OBBA) enacted on July 4, 2025.

DATES: The final rule is effective on **[INSERT DATE 60 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*]**, unless significant adverse comments are received by **[INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*]**. If significant adverse comments are received, notice will be published in the *Federal Register* before the effective date either withdrawing the rule or issuing a new final rule that responds to any significant adverse comments.

ADDRESSES: You may submit comments by one of the following methods:

- *Federal eRulemaking Portal:* <https://www.regulations.gov>. In the Search box, enter the Docket Number “BLM-2025-0138” and click the “Search” button. Follow the instructions at this website.

• *Mail, personal, or messenger delivery:* U.S. Department of the Interior, Director (630), Bureau of Land Management, 1849 C St. NW, Room 5646, Washington, DC 20240, Attention: 1004-AF41.

FOR FURTHER INFORMATION CONTACT: Peter Cowan, Senior Minerals Leasing Specialist, email: picowan@blm.gov; telephone: 720-838-1641. Individuals in the United States who are deaf, deafblind, hard of hearing, or have a speech disability may dial 711 (TTY, TDD, or TeleBraille) to access telecommunications relay services. Individuals outside the United States should use the relay services offered within their country to make international calls to the point-of-contact in the United States.

For a summary of the final rule, please see the abstract description of the document in Docket Number BLM-2025-0138 on www.regulations.gov.

SUPPLEMENTARY INFORMATION: Oil and gas leasing on Federal lands managed by the BLM is governed by the Mineral Leasing Act of 1920 (MLA), 30 U.S.C. 181 *et seq.*, and other pertinent statutes. See 43 CFR 3100.3. Section 226 of the MLA sets out the general provisions governing oil and gas leasing on Federal lands. Before 2022, section 226(b)(1)(A) prescribed the royalty rate for oil and gas leases to be set at a “rate of not less than 12.5 percent.” In 2022, Congress passed the Inflation Reduction Act (IRA), Pub. L. 117-169 (136 Stat. 2056). Section 50262(a) of the IRA amended section 226(b)(1)(A) to require the royalty rate to be changed to 16 2/3 percent. In 2024, the BLM issued the final rule, “Fluid Mineral Leases and Leasing Process” (89 FR 30916, June 22, 2024), which implemented the provisions of the IRA. Some of those changes are contained in 43 CFR subpart 3103 – Fees, Rents and Royalties. That subpart sets out the general fees, rents and royalty amounts and requirements for oil and gas leases. The regulations in 43 CFR 3103.31 specify the royalty rates applicable to both newly issued oil and gas leases, as well as those that may be reinstated under applicable law and regulations.

Section 50101(a)(1) of the OBBB repealed section 50262(a) of the IRA, stating that any provision of law amended or repealed by that subsection is restored or revived as if that subsection had not been enacted into law. Based on the language in the OBBB, the applicable royalty provision in the MLA is once again set at an amount of not less than 12.5 percent. The BLM is issuing this DFR to return the royalty rate required for production from Federal oil and gas leases issued after the enactment of the OBBB to “not less than 12.5 percent” or “minimum of 12.5 percent.” Issuance of this DFR will avoid any confusion on the part of the regulated community as to the royalty rate for production from Federal oil and gas leases.

The BLM has determined that 43 CFR 3103.31(a) must be revised to reflect the correct royalty rate applicable to production from Federal oil and gas leases issued after the enactment of the OBBB such that this section will now include a statement that the royalty is not less than 12.5 percent. The regulations at 43 CFR 3103.31(a)(2) and (3) are removed in their entirety as these paragraphs included royalty rates that are no longer applicable. The regulations at 43 CFR 3103.31(a)(4) will be redesignated to § 3103.31(a)(2) and all references to 16.67 percent will be removed and replaced with 12.5 percent to reflect the royalty rate required by the OBBB. A new 43 CFR 3103.31(a)(3) is added to address the royalty rate for non-competitive leases, which were reinstated by the OBBB with this royalty rate. The existing 43 CFR 3103.31(a)(5) will be redesignated to become paragraph (a)(4) and will be revised to conform to the requirements of the OBBB to address the royalty rate for reinstated leases.

The BLM has determined that enactment of the OBBB, independently and alone, justifies the revisions to 43 CFR 3103.31(a)(1) through (5). The BLM has no interest in maintaining a regulation that is inconsistent with more recent controlling legislation and that could lead to confusion if left in place.

This regulatory change does not amend existing oil and gas leases with royalty rates that are higher than 12.5 percent. The BLM is taking action outside of this rulemaking to implement this royalty rate change for new leases going forward.

The BLM is issuing this rule as a DFR. Although the Administrative Procedure Act (APA, 5 U.S.C. 551 through 559) generally requires agencies to engage in notice and comment rulemaking, section 553 of the APA provides an exception when the agency “for good cause finds” that notice and comment are “impracticable, unnecessary, or contrary to the public interest.” *Id.* 553(b)(B). The BLM has determined that notice and comment are unnecessary because the revisions reflected in this rule implement requirements for which the agency has no discretion; and is unlikely to receive any significant adverse comments given the statutory mandate in the OBBB. Significant adverse comments are those that oppose the revision of the rule and raise, alone or in combination, (1) Reasons why the revision of the rule is inappropriate, including challenges to the revision’s underlying premise; or (2) Serious unintended consequences of the revision. A comment recommending an addition to the rule will not be considered significant and adverse unless the comment explains how this DFR would be ineffective without the addition.

Procedural Matters

Executive Order (E.O.) 12630—Governmental Actions and Interference with Constitutionally Protected Property Rights

This rule does not result in a taking of private property or otherwise have regulatory takings implications under E.O. 12630. The rule revises provisions that no longer reflect existing statutory authority and removes and replaces obsolete regulatory provisions, as required by the OBBB. The rule will not result in private property being taken for public use without just compensation. A takings implication assessment is not required.

E.O. 12866—Regulatory Planning and Review and E.O. 13563—Improving Regulation and Regulatory Review

E.O. 12866 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 that this rule is significant.

The incremental or decremental change in royalties are changes in revenue to the U.S. Government, State governments, and funds, and they are costs or cost savings to operators of new onshore Federal oil and gas leases. As such, they are transfer payments that do not affect the total resources available to society. An important, but sometimes difficult, problem in cost estimation is to distinguish between real costs and transfer payments. While transfers should not be included in the estimates of the benefits and costs of a regulation, they may be important for describing the distributional effects of a regulation.

Overall, economic theory suggests that the quantity of Federal oil or gas produced may increase due to the new OBBB provisions compared to the IRA provisions, which increased production costs.

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. 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 further that agencies must base regulations on the best available science and that the rulemaking process must allow for public participation and an open exchange of ideas. The Department developed this rule in a manner consistent with these requirements.

E.O. 12988—Civil Justice Reform

This DFR complies with the requirements of E.O. 12988. Among other things, 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;
- (b) Meets the criteria of section 3(b)(2) requiring that all regulations be written in clear language and contain clear legal standards.

E.O. 13132—Federalism

Under the criteria of section 1 of E.O. 13132, this rule does not have sufficient federalism implications to warrant the preparation of a federalism summary impact statement. This rule will 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. A federalism summary impact statement is not required.

E.O. 13175—Consultation and Coordination with Indian Tribal Governments

The Department of the Interior strives to strengthen its government-to-government relationship with Indian tribes through a commitment to consultation with Tribes and recognition of their right to self-governance and Tribal sovereignty. The Department evaluated this DFR under E.O. 13175 and the Department's consultation policies and determined that it has no substantial direct effects on Federally recognized Indian tribes and that consultation under the Department's Tribal consultation policies is not required. The rule merely revises the Federal regulations to remove obsolete regulatory language.

E.O. 13211—Actions Concerning Regulations That Significantly Affect Energy Supply, Distribution, or Use

This DFR is not a significant energy action as defined in E.O. 13211. Therefore,

a Statement of Energy Effects is not required.

National Environmental Policy Act (NEPA)

This DFR does not constitute a major Federal action significantly affecting the quality of the human environment. A detailed statement under NEPA (42 U.S.C. 4321 *et seq.*) is not required because this rule is covered by a categorical exclusion applicable to regulatory functions “that are of an administrative, financial, legal, technical, or procedural nature.” 43 CFR 46.210(i). In addition, the BLM has determined that this rule does not involve any of the extraordinary circumstances listed in 43 CFR 46.215 that would require further analysis under NEPA.

Paperwork Reduction Act

This rule does not impose any new information collection burden under the Paperwork Reduction Act. OMB previously approved the information collection activities contained in the existing regulations and assigned OMB control number 1004-0185. This rule does not impose an information collection burden because the Department is not making any changes to the information collection requirements.

Regulatory Flexibility Act

The Regulatory Flexibility Act (RFA, 5 U.S.C. 601-612) requires an agency to prepare a regulatory flexibility analysis for all rules unless the agency certifies that the rule will not have a significant economic impact on a substantial number of small entities. The RFA applies only to rules for which an agency is required to first publish a proposed rule. *See* 5 U.S.C. 603(a) and 604(a). As the BLM is not required to publish a notice of proposed rulemaking for this DFR, the RFA does not apply.

Congressional Review Act

This rule is not a major rule under the Congressional Review Act, 5 U.S.C. 804(2). Specifically, the DFR: (a) Will 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, or local government agencies, or geographic regions; and (c) Will not have significant adverse effects on competition, employment, investment, productivity, innovation, or on the ability of United States-based enterprises to compete with foreign-based enterprises in domestic and export markets.

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. The rule does not have a significant or unique effect on State, local, or Tribal governments, or the private sector. The rule merely revises the Federal regulations to remove an obsolete provision in compliance with the OBBB. Therefore, a statement containing the information required by the Unfunded Mandates Reform Act (2 U.S.C. 1531 *et seq.*) is not required.

List of Subjects in 43 CFR Part 3100

Government contracts, Government employees, Mineral royalties, Oil and gas exploration, Oil and gas reserves, Public lands-mineral resources, Reporting and recordkeeping requirements, Surety bonds.

Lanny E. Erdos

Director, Office of Surface Mining, Reclamation, and Enforcement

Exercising Authority of the Assistant Secretary, Land and Minerals Management,

For the reasons stated in the preamble, the Bureau of Land Management amends 43 CFR part 3100 as follows:

PART 3100—OIL AND GAS LEASING

1. The authority citation for part 3100 continues to read as follows:

Authority: 25 U.S.C. 396d and 2107; 30 U.S.C. 189, 306, 359, and 1751; 43 U.S.C. 1701 et seq.; and 42 U.S.C. 15801.

2. Amend § 3103.31 by revising paragraph (a) to read as follows:

§ 3100.31 Enforceability.

(a) Royalty on production will be payable only on the mineral interest owned by the United States. Royalty must be paid in the amount or value of the production removed or sold as follows:

(1) The royalty rate prescribed in the lease will be not less than 12.5 percent.

(2) A minimum royalty rate of 12.5 percent on all leases issued under subpart 3109 of this part;

(3) For all non-competitive leases, a royalty rate of 12.5 percent.

(4) For reinstated leases, the rate used for royalty determination that applies to new leases at the time of the reinstatement plus 4 percentage points, plus an additional 2 percentage points for each succeeding reinstatement. In no cases will the royalty rate on the reinstated lease be less than 16.67 percent.

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