Indian Affairs - Office of Public Affairs

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WASHINGTON, D.C. – Advancing President Obama's ongoing commitment to work with tribal leaders to build strong economies, Secretary of the Interior Sally Jewell today released final regulations that will ensure tribal communities receive all the royalties they are owed from oil production on their lands, reduce administrative costs and provide greater predictability to the oil industry.

"As part of our trust and treaty responsibilities, these commonsense regulations will help protect and fairly value Indian oil assets, support exploration and development, and reduce administrative costs," said Jewell, who chairs the White House Council on Native American Affairs. "This rule reflects the President's strong commitment to tribal sovereignty and self-governance, offering greater simplicity, certainty, clarity and consistency for energy companies that operate on tribal lands, while potentially boosting royalties to Indian Country."

The Negotiated Rulemaking Committee was formed in late 2011 and charged with bringing clarity and consistency to oil valuation regulations governing production on American Indian lands. The committee included representatives from American Indian Tribes, individual Indian mineral owner associations, the oil and gas industry, Interior's Office of Natural Resources Revenue (ONRR) and the Bureau of Indian Affairs.

The Negotiated Rulemaking Committee met nine times through 2012 and 2013, reaching agreement on a proposal to base royalties on the higher of gross proceeds or an index-based formula that captures a unique provision of Indian lease terms referred to as 'major portion price' that refers to the highest price paid for the oil produced from a field or area. ONRR estimated that Indian lessors could experience significant increases in royalty returns as a result of the new rule.

The draft rule was published in the Federal Register on June 19, 2014, and ONRR carefully considered all of the public comments that it received during the rulemaking process before finalizing the rule, which becomes effective July 1, 2015. The final rule can be accessed today and will be published tomorrow in the Federal Register.

The Office of Natural Resources Revenue, part of the Department's Office of Policy, Management and Budget, is responsible for collecting and disbursing revenues from energy production that occurs onshore on Federal and American Indian lands and offshore in the Outer Continental Shelf. During Fiscal Year 2014, the agency disbursed more than $13.4 billion to states, American Indian Tribes and individual Indian mineral owners, and to various Federal accounts, including the U.S. Treasury, the Land and Water Conservation Fund, and the Reclamation Fund.