

Supporting Statement for Paperwork Reduction Act Submissions
30 CFR 202, 206, 210, 212, 217, and 218
Solid Minerals and Geothermal Collections
(Forms MMS-4430, MMS-4292, and MMS-4293)
OMB Control Number 1010-0120
Current Expiration Date: October 31, 2007

Terms of Clearance

OMB Notice of Action dated October 4, 2004 (Attachment 1):

Based on public comments received on this [Information Collection Request] ICR, OMB recommends that [Minerals Management Service] MMS study the feasibility of providing a simplified form for those companies that have small quantities of minerals to report and/or whose operation doesn't mandate a high level of complexity. MMS may report to OMB the result of its study no later than its next request for OMB approval.

MMS Response:

We studied the feasibility of providing a simplified form for companies having small production. We believe that we designed the current form to handle both simpler reporting and more complex situations. We believe Form MMS-4430, Solid Minerals Production and Royalty Report (P&R), as currently used, satisfies the information collection requirements for all producers, large and small. For those who require additional assistance, MMS provides training to reporters free of charge through classroom settings and onsite individual reporter training sessions, or through telephone assistance.

We also contacted by telephone the commenter who stated "found your system to be quite cumbersome and confusing" in our previous renewal, October 4, 2004. We asked if he felt any differently about his previous comment. He responded saying he no longer feels that his previous comments are valid. (See Mr. Ryan Wrolstad's comment at Section A, Item 8.)

At this time, we believe we currently meet the requirements of all respondents, and there is no need to design another form. Designing a new form is unnecessary, as well as time and cost prohibitive.

General Instructions

A Supporting Statement, including the text of the notice to the public required by 5 CFR 1320.5(a)(i)(iv) and its actual or estimated date of publication in the *Federal Register*, must accompany each request to renew approval of a collection of information. The Supporting Statement must be prepared in the format described below, and must

contain the information specified in Section A below. If an item is not applicable, provide a brief explanation. When statistical methods are employed, Section B of the Supporting Statement must be completed. OMB reserves the right to require the submission of additional information with respect to any request for approval.

Specific Instructions

A. Justification

1. Explain the circumstances that make the collection of information necessary. Identify any legal or administrative requirements that necessitate the collection. Attach a copy of the appropriate section of each statute and regulation mandating or authorizing the collection of information.

General Background

The Secretary of the United States Department of the Interior (Secretary) is responsible for collecting royalties from lessees who produce minerals from leased Federal and Indian lands. The Secretary is required by various laws (see below) to manage mineral resources production on Federal and Indian lands, collect the royalties due, and distribute the funds in accordance with those laws. The Secretary also has a trust responsibility to manage Indian lands and seek advice and information from Indian beneficiaries. The MMS performs the royalty management functions and assists the Secretary in carrying out the Department's trust responsibility for Indian lands.

Minerals produced from Federal and Indian leases vary greatly in the nature of occurrence, production and processing methods, and markets served. Also, lease terms, statutory requirements, and regulations vary significantly among the different solid minerals.

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 (royalty) of the value received from production from the leased lands. The lease creates a business relationship between the lessor and the lessee. The lessee is required to report various kinds of information to the lessor relative to the disposition of the leased minerals. Such information is similar to data reported to private and public mineral interest owners and is generally available within the records of the lessee or others involved in developing, transporting, processing, purchasing, or selling of such minerals. The information collected includes data necessary to assure that royalties are valued accurately, and distributed and disbursed appropriately.

Administrative ICR Information

We previously merged ICRs 1010-0074 and 1010-0169 into ICR 1010-0120 to eliminate duplication of effort and references, and redundancy of data. This merger also provides for review of all solid minerals and geothermal information collection requirements on a MMS Solid Minerals and Geothermal Compliance and Asset Management (SM&G CAM) program-wide basis.

Applicable law citations (Attachment 2) pertaining to mineral leases on Federal and Indian lands include:

1. 25 U.S.C. 396d, Chapter 12—Lease, Sale, or Surrender of Allotted or Unallotted Lands;
2. 25 U.S.C. 2103, Chapter 23—Development of Tribal Mineral Resources;
3. 30 U.S.C. 189, Chapter 3A—Leases and Prospecting Permits;
4. 30 U.S.C. 359, Chapter 7—Lease of Mineral Deposits within Acquired Lands;
5. 30 U.S.C. 1001, 1002, Chapter 23—Geothermal Steam and Associated Geothermal Resources;
6. 43 U.S.C. 1334, Chapter 29—Submerged Lands, Subchapter III—Outer Continental Shelf Lands Act;
7. Energy Policy Act of 2005; and
8. Mineral Leasing Act of 1920.

Applicable Code of Federal Regulations (CFR) (Attachment 3) include 30 CFR part 202, subpart H; part 206, subparts F, H, and J; part 210, subparts E and H; part 212, subparts E and H; part 217, subparts E, F, and G; and part 218, subparts E and F. Forms associated with this ICR are Forms MMS-4430, Solid Minerals Production and Royalty Report (Attachment 4); MMS-4292, Coal Washing Allowance Report (Attachment 5); and MMS-4293, Coal Transportation Allowance Report (Attachment 6).

The governing citations listed above require the lessees, operators, or other directly involved persons to accurately submit minerals royalty and production data and provide additional reasonable information as defined by the Secretary regarding their production.

The information collected (1) enables MMS to verify that revenue due the Federal Government is accurately reported and correctly paid under applicable laws, regulations, and lease terms; and (2) supports the fulfillment of our trust, financial, and compliance mission requirements. The requirements also enable MMS to timely disburse mineral revenues to the correct recipients.

2. Indicate how, by whom, and for what purpose the information is to be used. Except for a new collection, indicate the actual use the agency has made of the information received from the current collection. [Be specific. If this collection is a form or a questionnaire, every question needs to be justified.]

The MMS, acting for the Secretary, uses the collected information to support the Compliance and Asset Management (CAM) and Financial Management (FM) processes, and to assure that royalties are reported timely and paid appropriately and are based upon correct product valuation. The MMS, as well as other Federal Government, state, and tribal entities, uses the collected information for audit purposes and for evaluation of the reasonableness of product valuation or of allowance claims submitted by lessees. The MMS provides the Bureau of Land Management (BLM) and the Bureau of Indian Affairs (BIA) access to this information. The BLM and BIA use this data to conduct production verification, ensure lease diligence, and monitor plant efficiencies, maximum recovery, and secondary product inventories. The determination of the appropriate product value or allowance rate directly affects the royalties due. Failure to collect such data would prevent the Secretary from accomplishing statutory and trust responsibilities.

Some MMS reporting requirements shown below alert us to possible problems at the beginning of the compliance process, thereby allowing SM&G CAM to provide resolution within 3 years, which is a goal of MMS' compliance strategy. Other reporting requirements enable MMS to timely and accurately collect, account for, and disburse mineral revenues.

This ICR provides for the collection of solid minerals royalty and production information on forms listed below, and on other associated data formats such as sales summaries, facility data, sales contracts and amendments, payment information, and geothermal resources information on Form MMS-2014 (ICR 1010-0140, expires November 30, 2009).

The MMS is requesting OMB approval to continue to collect this information using Form MMS-4430 and other associated data formats, i.e., sales summaries, facility data, sales contracts, payment information; and using Forms MMS-4292, and MMS-4293 for allowance reporting. Additionally, MMS is requesting OMB approval of burden hours relating to regulatory requirements, such as letter writing to obtain approvals or clarifications of new valuation reporting parameters. Not collecting this information would limit the Secretary's ability to discharge fiduciary duties and may also result in the inability to confirm accurate royalty value. The information we collect under this ICR is essential for the royalty valuation process.

Proprietary information submitted to MMS under this ICR is protected. No items of a sensitive nature are collected. The MMS requires producers of coal and other solid minerals from any Federal or Indian lease to submit Form MMS-4430. The MMS requires producers of coal from any Indian lease to submit Forms MMS-4292 and MMS-4293 to report allowances.

Solid Minerals

Form MMS-4430, Solid Minerals Production and Royalty Report

Producers of coal and other solid minerals from Federal and Indian leases electronically file this form monthly. The form contains basic lease-level volume and valuation information. In addition, allowance deduction data is included on this form. Data collected from this form is used in the following manner:

- The MMS:
 1. Matches the royalty payment check or electronic funds transfer to Form MMS-4430;
 2. Maintains lease accounts of payments; and
 3. Ensures the distribution of data and disbursement of monies to states, American Indians, and the U.S. Treasury.
- The MMS monitors Federal and non-Federal lease production from mines, which is essential for the compliance process. Furthermore, MMS uses the allocation of production to assure that commingled Federal and non-Federal mineral production volumes and values summarized under one product category are allocated properly back to the lease where the raw minerals were mined.
- The MMS makes production quantities, sales quantities, and inventory data available to BLM for production verification and lease diligence requirements.
- The MMS also provides production and sales data to BIA and state and tribal audit offices for their mineral studies and audits.
- The MMS collects basic lease-level volume and valuation information (1) to begin compliance review activities and (2) to compare this reported data against information from the facility data, the contracts and contract amendments, and the sales summaries to identify and resolve value, volume, and royalty rate compliance issues.
- The SM&G CAM compliance process compares sales summary purchaser information to sales information on Form MMS-4430. The process looks for comparable sales volume and gross proceeds.

Contracts and Contract Amendments

Coal and metal producers submit sales contracts, agreements, and contract amendments semi-annually. Sodium, potassium, phosphate, and other solid mineral producers, with leases containing ad valorem royalty terms, submit the required contracts and amendments only if specifically requested to do so by MMS. Data collected from these contracts is used in the following manner:

- Contracts are an integral part of the SM&G CAM compliance process and identify issues related to value. These issues may include information on sales to

affiliated companies or may identify monies or other considerations considered as payments for production, which are royalty bearing. In order to determine whether the amount of royalty paid is correct, the value of the coal being sold or disposed of in some other manner (for example, used by the lessee) must be established.

- The MMS extracts data affecting royalty payments from the contracts and amendments submitted by respondents. The MMS uses contracts to establish sales arrangements and the relationships each contract has to the total mine production, sales, and subsequent royalty payments. Contracts provide us with purchaser names, volumes, periods, prices, built-in adjustments or escalation features, quality requirements, related considerations that may be considered a component of gross proceeds, service value in kind, transportation arrangements, measurement points, price components, and other information that may affect value for royalty purposes. Sales arrangements can provide information regarding the interrelationships between companies, that is, whether the producer's sale is truly an arm's-length contract. We determine value for royalty purposes by methodologies dependent on the type of contract status of the sale, i.e., arm's-length contract or non-arm's-length contract.
- Contracts also provide MMS a database of comparable contracts to establish valuation guidelines for similar coal sales agreements.

Sales Summaries

Companies submit required data by way of internally generated documents from their records. Sales summaries provide MMS with information regarding purchases of mine production. This information includes purchaser quality and quantities of production sold and total purchaser payments received by the producer. Producers of coal and other solid minerals from Federal and Indian leases submit sales summaries at the same time they submit Form MMS-4430. Sales summary information aids in determining a company's compliance with applicable laws, rules, regulations, and sales contracts. Data collected from these sales summaries is used in the following manner:

- The SM&G CAM compliance process compares sales summary purchaser information to sales information on Form MMS-4430. The process looks for comparable sales volume and gross proceeds.
- The SM&G CAM compliance process also compares sales summary purchaser information to sales contract terms submitted by the company. This analysis ensures compliance with contract specifications such as price and quality.
- The SM&G CAM analyzes sales summaries information designed to ensure companies are applying proper valuation methodology. For example, an atypical pricing may indicate a contract buyout or buydown, which would require further consideration.

- The SM&G CAM also uses sales summaries to identify the arm's-length relationships between the purchaser and seller. The MMS regulations at 30 CFR 206.257 provide for valuation standards that are dependent upon this relationship.

Facility Data

Facility data provides processed production information by product and by prices received for the individual products. Operators of wash plants, refining, ore concentration, or other processing facilities for any coal, sodium, potassium, metals, or other solid minerals submit facility data information for the months they process or carry an inventory. Companies submit the required data from internally generated documents from their own records. Accepting company formatted and generated data minimizes the company's information collection burden. The MMS collects facility data from the company and uses the data in the following manner:

- Allowance Monitoring - Under certain lease terms, MMS permits lessees to deduct the costs of processing that enhance the value of the mineral production. The MMS monitors such costs, which are included in the facility data, to ensure that the allowance deductions are reasonable and consistent with regulatory standards.
- Allocation of Production - The MMS monitors raw production input and finished product output to ensure commingled Federal and non-Federal mineral production is allocated properly back to the lease where the raw minerals were mined.
- BLM Product Verification - The BLM uses the facility data to verify production during regular inspections of facilities. They also use the data to assure lease diligence and to monitor plant efficiencies, maximum recovery, and secondary product inventories. We also make facility data available to BIA and to state and tribal audit offices for their mineral studies and audits.

Additional Documents or Evidence

Under 30 CFR 210.205, MMS may request additional detailed statements, documents, or other evidence necessary to verify compliance with lease terms and conditions and applicable rules. Spot sale invoices, weigh tickets, laboratory quality reports, transportation contracts, and service contracts are all examples of additional documents we might request. During the course of audit or other compliance activities, this information might further define a cost or verify a claim made by the producer. All audit and other compliance activities are exempt from information collection burden hours.

Payment Information

The MMS collects payment information data to use in the FM process in the following manner:

- Each royalty payment document (Electronic Funds Transfer or hard-copy check) associated with Form MMS-4430 must be annotated with the lessee's customer identification and customer document identification numbers. This requirement helps MMS link the payment to the appropriate reporting so that MMS can timely disburse funds to the correct recipients.
- For each rental payment document not reported on Form MMS-4430, the lessee must include the MMS Courtesy Notice, when provided, or annotate the payment document with the customer identification number and MMS-assigned lease number. This requirement helps MMS link payments with Form MMS-4430 submittals.

Allowance Reports

This ICR also provides for the collection of coal washing and transportation information for Indian leases. The MMS uses collected information for valuing production and determining costs taken as allowances are acceptable. The product valuation and allowance determination process is essential to assure that the Indians receive accurate payment on the full value of the coal removed. Forms MMS-4292, Coal Washing Allowance Report, and MMS-4293, Coal Transportation Allowance Report, are used for collection of this information.

Lessees may be authorized to deduct certain costs in the calculation of royalties due. The total of these authorized deductible costs is known as an allowance. An allowance may be granted to compensate the lessee for the reasonable actual cost of washing the portion of the coal on which royalty is due. Also, when the sales point is not in the immediate vicinity of a lease or mine area, we may grant an allowance to compensate the lessee for the reasonable actual cost of transporting the royalty portion of the coal to a sales point not on the lease or mine area.

Under the product valuation regulations at 30 CFR 206—Product Valuation, Subpart J—Indian Coal, we normally accept costs incurred under arm's-length contracts for transporting and/or washing coal. We developed Forms MMS-4292, Coal Washing Allowance Report, and Form MMS-4293, Coal Transportation Allowance Report, for industry to complete when reporting or requesting a washing or transportation allowance.

An arm's-length contract is a contract or an agreement that has been arrived at in the marketplace between independent, nonaffiliated persons with opposing economic interest regarding that contract. The regulations further provide that we normally accept the gross proceeds accruing to the lessee according to their arm's-length contract as being representative of value for ad valorem leases [see 30 CFR 206.456(b)(1)].

In those instances when Indian royalty coal is washed or transported under non-arm's-length contract, we are required to obtain cost data. We use this cost data to accurately determine if the lessee correctly computed the coal value and the gross proceeds for royalty calculation purposes.

Form MMS-4292, Coal Washing Allowance Report

Regulations at 30 CFR 206.457 and 206.458 provide that, in determining coal value for royalty purposes, a lessee may take a deduction for the reasonable actual costs incurred to wash the coal. For washing costs incurred by a lessee under an arm's-length contract, the allowance is the reasonable costs incurred for washing the coal under that contract. The MMS approval is not required to take the allowance. However, the Indian lessee must submit page 1 of Form MMS-4292, not later than the same month the washing allowance is first reported on Form MMS-4430, estimating the tons of coal washed, rate per ton, and allowance to be taken during the allowance period.

The coal washing allowance is effective for a 12-month period or until the washing contract terminates, whichever comes first, at which time the lessee must resubmit page 1 of Form MMS-4292 reporting actual tons washed, rate per ton, and allowance taken during the period. Additional information required includes the lessee's name, address, and payor and product codes.

If the lessee has a non-arm's-length contract for coal washing or has no contract, the coal washing allowance is based on the lessee's reasonable, actual costs. MMS approval is not required to take the allowance. However, the lessee must submit the entire Form MMS-4292 to provide estimated coal washing costs the same month the washing allowance is reported on Form MMS-4430. The allowance is effective for a 12-month period, at the end of which the lessee must resubmit a completed Form MMS-4292 with actual coal washing costs. The MMS must receive the form within 90 days after the end of the previous reporting period, unless MMS approves a longer period. Thus, Form MMS-4292 is used to report both an estimated allowance to be used for a new 12-month period and an actual allowance rate based on the lessee's portion of the actual plant operating, maintenance, and overhead expenditures for the prior 12-month reporting period.

Form MMS-4293, Coal Transportation Allowance Report

Regulations at 30 CFR 206.460 and 206.461 provide that, where the royalty value of the coal has been determined at a point remote from the lease or the mine, MMS will allow a deduction for the reasonable, actual costs incurred to transport the coal to a sales point or to a coal washing facility remote from the mine area or lease. As with the coal washing allowance, MMS approval is not required to deduct transportation costs; however, under arm's-length contracts, an Indian lessee must submit page 1 of Form MMS-4293 with estimated costs no later than the same month the allowance is reported on Form MMS-4430. Under a non-arm's-length contract, the lessee must complete the entire form providing estimated transportation, operating, maintenance, and overhead expenses. The coal transportation allowance is effective for a 12-month period or until the transportation contract terminates. After the initial reporting period, the lessee must resubmit Form MMS-4293 in its entirety for non-arm's-length contracts, or page 1 of the form for arm's-length contracts, providing actual costs incurred during the previous reporting period. The MMS must receive the form within 90 days after the end of the previous reporting period, unless MMS approves a longer period.

Coal transportation allowance reporting may be straightforward and simple or may be quite complex. In some cases, coal may be transported from point-to-point using a single mode of transportation such as truck, rail system, conveyor belt, pipeline, slurry-line, barge, or ship. In other instances, coal may travel over several segments of a route using multiple transport methods during the same trip. The reporting can be further complicated through the use of combinations of lessee-owned transport systems and other systems under non-arm's-length contracts and/or arm's-length contracts, or both. Each segment must be considered separately and evaluated for the reasonableness of cost.

Geothermal Resources

This ICR also provides for the collection of information on the current royalty valuation methods for geothermal resources, which are grouped by usage (electrical generation, direct use, and by-product recovery), and by disposition of the resources (arm's-length [unaffiliated] contract sales, non-arm's-length contract sales, and no contract sales) within each use group. The MMS relies on data reported by payors on Form MMS-2014 for the majority of our business processes including geothermal information. In addition to accounting for royalties reported by payors, the data is used for monthly distribution of mineral revenues and audit and compliance reviews.

3. Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, e.g., permitting electronic submission of responses, and the basis for the decision for adopting this means of collection. Also, describe any consideration of using information technology to reduce burden [and specifically how this collection meets GPEA requirement].

The MRM is moving to fully implement the Government Paperwork Elimination Act with their reengineered business processes.

Solid Minerals

The MMS provides software allowing reporters to complete Form MMS-4430 and submit encrypted and authenticated reports over the Internet or by e-mail. Reporters may submit all other data, including the facility data, contract and subsequent amendments, and sales summaries to MMS by way of attachments to e-mail messages. We encourage electronic submission by way of e-mail message attachments; however, hard-copy submissions are permitted.

Forms MMS-4292 and MMS-4293 are not automated because we receive only limited submissions of each form each year. Designing a computer system to process such a limited number of forms is not cost effective for either the respondent or the Federal Government. These forms are available on the MMS website at http://www.mrm.mms.gov/ReportingServices/Forms/AFSSOL_Min.htm. The MMS will accept submissions as an e-mail attachment.

Geothermal Resources

The estimated burden hours for this information collection of geothermal resources also include industry's written submissions requesting approvals or clarifications of new valuation reporting parameter specifications from MMS. We estimate 50 percent of respondents may submit electronically. All Form MMS-2104 submissions are covered under ICR 1010-0140.

4. Describe efforts to identify duplication. Show specifically why any similar information already available cannot be used or modified for use for the purposes described in Item 2 above.

The MMS is the Department of the Interior's lead agency in the management and collection of mineral royalties and knows of no other Department of the Interior or other government agency collecting this type of information.

Solid Minerals

The MMS is the sole agency that collects the type of information required in this ICR, using Form MMS-4430, facility data, contract and contract amendments, sales summaries, payment information, and additional documents; and using Forms MMS-4292 and MMS-4293 for allowance reporting. The MMS shares this information with BLM and BIA offices, as agreed in the Memorandum of Understanding (MOU) with BLM and BIA.

The MOU defines the responsibilities of each branch/division with respect to activities in the MRM. This MOU effectively avoids duplication of regulations and reporting

requirements. The MMS and BLM coordinate to identify information collected by each agency. We consult with various BLM offices to ensure that the reporter's burden is minimized and not duplicated.

Geothermal Resources

In most cases, the geothermal information collected is unique and site specific to each operation. With respect to geothermal valuation, MMS found that no other Federal or state agency collects the same or similar information. In fact, BLM is responsible for collecting geothermal production data and for sharing that data with MMS. Conversely, MMS collects geothermal royalty data and shares that information with BLM. This demonstrates the efforts between both MMS and BLM to avoid duplication of information collection. The information collected by both BLM and MMS allows MMS to make appropriate geothermal value determinations.

5. If the collection of information impacts small businesses or other small entities, describe any methods used to minimize burden.

This collection of information does not have a significant economic effect on any small entities. However, this collection of information does impact small entities. The MMS carefully analyzed its requirements to ensure that the information requested is the minimum necessary and places the least possible burden on industry. The MMS has a long-standing policy to restrict the amount of information collected to the minimum necessary to accomplish our mission and fulfill our responsibility. Respondents, including small businesses or other small entities, have the flexibility to submit information to us by way of hard copy or electronic submissions.

The MMS provides toll-free telephone assistance and training free of charge to companies in various geographic areas; provides onsite instruction as needed to give firsthand explanations of reporting requirements; and also provides individual instructions on how to report this information to MMS. All solid minerals reporters are encouraged to contact MMS to better familiarize themselves with the reporting requirements.

For electronic reporting, MMS will meet with the information technology (IT) staff of the small company to assist them in setting up their hardware and software configuration. We provide necessary electronic reporting software interfacing with MMS financial and production application systems. We also provide any initial software formatting or other assistance needed to get a company started. In addition, MMS covers the cost associated with the development and implementation of the company's reporting software.

6. Describe the consequence to Federal program or policy activities if the collection is not conducted or is conducted less frequently, as well as any technical or legal obstacles to reducing burden.

Necessity of Information Collection

The MRM mission statement is to account for, substantiate, and disburse Federal and Indian mineral revenues, managed in value and in kind, to enhance the public and trust benefit, and to realize fair market value.

Collecting this information allows MMS to fulfill its mission to collect, verify, and distribute timely, mineral revenues generated from solid minerals and geothermal resources located on Federal and Indian lands. If we did not collect the information, MMS could not carry out the mandates as shown in the burden hour table in Number 12. The Form MMS-4430 is essential to solid minerals reporting. Forms MMS-4292 and MMS-4293 are essential for reporting coal washing and coal transportation allowances. Monthly and annual submissions of Forms MMS-4430, MMS-4292, and MMS-4293, respectively, coincide with industry's normal business practices.

The collection of facility data, contracts and contract amendments, and sales summaries from respondents is necessary for our compliance process. Through analysis of this information, MMS determines whether the products are being properly valued for royalty purposes. Particularly of interest are provisions for compensation that might be overlooked as a portion of gross proceeds. Without the ability to review this information, MMS would not be able to assure proper product valuation.

Financial Management Strategy

The MMS goal is to disburse 98 percent of mineral revenues to recipients by the end of the month following the month of receipt, as stipulated in regulations. This information collection allows MMS to perform financial and accounting activities to meet this goal. The Federal Government must pay interest on any late disbursements.

SM&G CAM Strategy

The MMS goal is to complete our compliance work, including audits, within 3 years from the date the royalty payment was received or due, whichever is sooner. This information collection allows MMS to carry out compliance activities to meet this mandate.

The SM&G CAM process is premised on a compliance team with property experts that have end-to-end compliance responsibility for specific leases. Property expertise relies on the premise of receiving relevant data in a timely manner. In other words, compliance issues cannot be resolved in contemporaneous fashion unless issues are identified early in the royalty cycle. Data supplied under the SM&G CAM strategy is principally market and contract data. Most valuation issues stem from the lessee's business activities with its customers.

Royalty valuation issues may include, but are not limited to, the sale of production to affiliated companies, improper deductions from proceeds received by the lessee, and other issues such as reviewing compensation received by the lessee for a wide variety of

reasons, i.e., breach of contract. The MMS must review the lessee's normal business arrangements and evaluate those arrangements as part of the SM&G CAM process. The MMS uses sales contracts and other market data to establish an expected basis for evaluation of the reasonableness of the reported royalty payment.

It is through this CAM process of establishing expected payments versus actual payments and collecting the supporting reported data that the property experts target royalty exceptions for resolution. Hence, without the required data exchange, MMS cannot engage the company contemporaneously and, therefore, timely resolve issues within the 3-year compliance time period. Instead, companies would necessarily be required to hold data for extended periods of time.

Companies have commented that benefits also accrue to them due to a shortened compliance time period. Companies agreed that records necessary to resolve compliance issues identified in the near term are more easily recovered. Moreover, personnel associated with the business arrangement that is in the review are likely to still be in the employ of the company. Finally, if the issue were resolved in the Federal Government's favor, less late-payment interest would be due from the company.

7. Explain any special circumstances that would cause an information collection to be conducted in a manner:

(a) requiring respondents to report information to the agency more often than quarterly.

Title 30 CFR parts 202, 206, 210, 212, and 218 and most leases require that the respondent submit monthly royalty and production reports for solid minerals and geothermal resources.

Also, 30 CFR part 206, subpart J, requires that the respondent submit Forms MMS-4292 and MMS-4293 annually or on occasion. Respondents may submit these allowance forms more often than quarterly if coal washing or coal transportation costs increase or decrease sufficiently to require a recalculation of the unit cost.

For geothermal resources, the required MRM approvals and clarifications of new valuation reporting parameter specifications will be submitted on occasion and as necessary. These approvals and clarifications are dependent on industry decisions as to whether they will elect new reporting opportunities provided through the new rule.

(b) requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it.

Not applicable in this collection.

(c) requiring respondents to submit more than an original and two copies of any document.

Not applicable in this collection.

(d) requiring respondents to retain records, other than health, medical, government contract, grant-in-aid, or tax records, for more than 3 years.

Solid minerals and geothermal leaseholders are required by 30 CFR 212.200 and 212.351 to maintain records for 6 years or for longer periods if notified in writing when an audit or investigation is underway. Records must be maintained until released by written notice.

In accordance with 30 U.S.C. 1713(b), Indian oil and gas records must be maintained for 6 years after the records are generated unless the Secretary notifies the record holder that such records must be maintained for a longer period due to an ongoing audit or investigation.

(e) in connection with a statistical survey, that is not designed to produce valid and reliable results that can be generalized to the universe of study.

Not applicable in this collection.

(f) requiring the use of statistical data classification that has been reviewed and approved by OMB.

There are no special circumstances with respect to 5 CFR 1320.5(d)(2)(v) through (viii), as the collection is not a statistical survey and does not use statistical data classification.

(g) that includes a pledge of confidentiality that is not supported by authority established in statute or regulation, that is not supported by disclosure and data security policies that are consistent with the pledge, or which unnecessarily impedes sharing of data with other agencies for compatible confidential use.

This collection does not include a pledge of confidentiality not supported by statute or regulation.

(h) requiring respondents to submit proprietary trade secrets or other confidential information unless the agency can demonstrate that it has instituted procedures to protect the information's confidentiality to the extent permitted by law.

Respondents are required to provide confidential/proprietary information to MMS on Form MMS-4430, including facility data, contract and subsequent amendments, and sales summaries; and on Forms MMS-4292, MMS-4293 for allowance reporting. Standard agency procedures provide strict security measures to control the use, storage, and access to such information. Information is protected in accordance with standards identified in Item 10 below.

8. If applicable, provide a copy and identify the date and page number of publication in the Federal Register of the agency’s notice, required by 5 CFR 1320.8(d), soliciting comments on the information collection prior to submission to OMB. Summarize public comments received in response to that notice [and in response to the PRA statement associated with the collection over the past 3 years] and describe actions taken by the agency in response to these comments. Specifically address comments received on cost and hour burden.

Describe efforts to consult with persons outside the agency to obtain their views on the availability of data, frequency of collection, the clarity of instructions and recordkeeping, disclosure, or reporting format (if any), and on the data elements to be recorded, disclosed, or reported. [Please list the names, titles, addresses, and phone numbers of persons contacted.] Consultation with representatives of those from whom information is to be obtained or those who must compile records should occur at least once every 3 years—even if the collection of information activity is the same as in prior periods. There may be circumstances that may preclude consultation in a specific situation. These circumstances should be explained.

As required in 5 CFR 1320.8(d), MMS published a 60-day review and comment notice in the *Federal Register* on March 7, 2007 (72 FR 10244) (Attachment 7). No comments were received in response to this *Federal Register* notice. The MMS will accept comments at any time on the information collection and the burden.

Outreach to five producers showed that none of the contacts had read and/or remembered the published *Federal Register* notice on the extension of this ICR. We called and faxed copies of the notice to five producers (see the chart below), soliciting their comments. The MMS resolved their comments and adjusted the burden hours accordingly.

PRODUCERS (Mineral)	CONTACT NAME	RESPONSES
BNI Coal, Inc. (Coal)	Ryan Wrolstad (701) 222-8828	MMS telephone call resulted in respondent’s e-mail. Commented on how often the P&R [Form MMS-4430] login needs to be changed.
PacifiCorp (Coal)	Jeff Potter (801) 220-4071	MMS telephone call resulted in respondent’s e-mail. Agreed with previous burden hour estimates.
P4 Production, LLC (Phosphate)	Kent Harmon (208) 547-1344	MMS telephone call resulted in respondent’s e-mail. Commented on burden hours as follows: 210.201 – 1 to 1 ½ hours 210.202 – ½ hour
Rio Tinto (Coal)	Doreen Heuck (307) 687-6039	MMS telephone call resulted in respondent’s e-mail. No comment
Arch (Coal)	Gail Robinson (314) 994-2829	MMS telephone call resulted in respondent’s e-mail. No comment

First Respondent

Background

On March 16, 2007, at 9:42 am (MDT), Mr. Ryan Wrolstad from BNI Coal Ltd. returned a telephone call to MMS that was placed the previous day. The MMS

informed Mr. Wrolstad that the *Federal Register* notice, pertaining to the renewal of the Solid Minerals information collection, including Forms MMS-4430, MMS-4292, and MMS-4293, had been published and we would appreciate his comments. During the conversation he was asked if he felt any differently about the comments he submitted in spring of 2004 when he referred to the system being “quite cumbersome and confusing.” He said that he no longer thought the system was “cumbersome and confusing.” He responded that the only issue he had with the Form MMS-4430 dealt with how often the password needs to be changed. MMS asked him to include both of these comments with his response due by May 7, 2007. He included comments in his e-mail responding to the telephone call.

Comment:

“I have found your web site to be more user friendly and easier to use than in the past. My one remaining concern is in regards to passwords. While I understand it is necessary to change passwords once in a while for security reasons, 3 months is a little too often. I would like to see it changed once per year, like the Social Security Administration web site. Also, it would be much more convenient to be able to change my own password, through your website, instead of having to call support every time my old password expires. Thank you for your time.”

MMS Response to First Respondent

Password changes are controlled at the Department of the Interior level by predefined security requirements. The password changing is for security reasons, as you stated. In addition, passwords must be changed every 3 months because of the Department of the Interior/Minerals Management Service Indian trust responsibility. Federal court has ordered the Interior Department to ensure that we secure Indian data. We understand the inconvenience of this requirement as we are also under this requirement.

Second Respondent

Comment:

“I reviewed the comments originally submitted, Spring 2004. They remain representative of our response. Let me know if there is something specific you would like me to do.”

MMS Response to Second Respondent

We agreed in Spring 2004 and adjusted the burden hours.

Third Respondent

Comment:

“I have reviewed the federal register regarding the changes that might affect solids reporting.”

“If I understand correctly there will be no actual change as to the reporting requirements, you are just combining coal and other solids into one ICR.”

“As you make this change I encourage that those who combine the documentation remember that there are differences in the royalty reporting for the different solids that are mined, and ask that the documentation clearly states what is needed for each mineral, where differences occur.”

“Burden hours updates:

On the table showing the burden hours:

210.201 Takes 1 hour to 1½ hours to complete, as I have to enter the internet site three separate days to post all of the data.

1. Rent and Advanced Royalty, 2. Production and Royalty, 3. Recoup Advanced Royalty.

210.202 Takes about ½ hour to complete.”

MMS Response to Third Respondent

In reference to combining OMB Control Numbers 1010-0074 and 1010-0120 into OMB Control Number 1010-0120, we understand from an additional telephone call on May 9, 2007, to the producer that his concerns pertained to the way the Federal Register notice was organized. He is a phosphate producer, and it was cumbersome for him to read through part 206—Product Valuation, subpart F—Federal Coal, subpart J—Indian Coal, and then to realize he should have skipped to part 210—Forms and Reports, subpart E—Solid Minerals, General. Part of this is probably in understanding the way the Federal Register notice is set up.

The burden hours have been adjusted to reflect the producer’s comments. In §210.201, we added an additional 15 minutes to the hour burden to total 0.75 hours. We consulted a SM&G CAM employee with extensive P&R experience. He said that this particular producer has numerous leases with differing scenarios, which would make his reporting time greater than the average producer. In §210.202, we accepted the producer’s time he stated that it takes him for completing the sales summary, and we added an additional 15 minutes to the hour burden to total 0.5.

On an ongoing basis, MMS continues to meet with respondents, collectively and individually, to discuss requirements and implementation strategies. The MMS also continuously assists respondents in preparing required forms and required data by telephone, in person, or through free of charge training.

9. Explain any decision to provide any payment or gift to respondents, other than remuneration of contractors or grantees.

We will not provide any payment or gift to respondents in this collection.

10. Describe any assurance of confidentiality provided to respondents and the basis for the assurance in statute, regulation, or agency policy.

Commercial or financial information provided to MMS relative to minerals removed from Federal and Indian leases may be proprietary. Trade secrets and proprietary and other information are protected in accordance with standards established by the Federal Oil and Gas Royalty Management Act of 1982, as amended (30 U.S.C. 1733), the Freedom of Information Act (5 U.S.C. 552 (b)(4)), and Department regulations (43 CFR 2). The Indian Mineral Development Act of 1982 (25 U.S.C. 2103) provides that all information related to any Indian minerals agreement covered by the Act in the possession of the Department shall be held as privileged proprietary information. Storage of proprietary information and access to it are controlled by strict security measures.

11. Provide additional justification for any questions of a sensitive nature, such as sexual behavior and attitudes, religious beliefs, and other matters that are commonly considered private. This justification should include the reasons why the agency considers the questions necessary, the specific uses to be made of the information, the explanation to be given to persons from whom the information is requested, and any steps to be taken to obtain their consent.

The collection does not include sensitive or private questions.

12. Provide estimates of the hour burden of the collection of information. The statement should:

(a) Indicate the number of respondents, frequency of response, annual hour burden, and an explanation of how the burden was estimated. Unless directed to do so, agencies should not conduct special surveys to obtain information on which to base hour burden estimates. Consultation with a sample (fewer than 10) of potential respondents is desirable. If the hour burden on respondents is expected to vary widely because of differences in activity, size, or complexity, show the range of estimated hour burden, and explain the reasons for the variance. Generally, estimates should not include burden hours for customary and usual business practices.

(b) If this request for approval covers more than one form, provide separate hour burden estimates for each form and aggregate the hour burdens.

(c) Provide estimates of annualized cost to respondents for the hour burdens for collections of information, identifying and using appropriate wage rate categories. The cost of contracting out or paying outside parties for information collection activities should not be included here. Instead, this cost should be included in Item 14.

Solid Minerals Production and Royalty Reporting

We expect approximately 5,394 responses (generally monthly) from approximately 149 respondents (Federal and Indian reporters) who are required to report and submit the following:

1. Production and royalties on Form MMS-4430;
2. Contracts, agreements, and amendments on sales of production;
3. Information of purchases of mine production on sales summaries; and
4. Information of processed production and prices received in facility data.

Based on a cost factor of \$65 per hour, we estimate the total annual burden and cost to report and submit Form MMS-4430 are 1,599 hours and \$103,935 (1,599 x \$65 = \$103,935). We also estimate the total annual burden and cost to report and submit related information are 708 hours and \$46,020 (708 x \$65 = \$46,020), based on a cost factor of \$65 per hour.

The estimated total reporting burden and cost for Form MMS-4430 and related information and submissions is 2,307 hours and \$149,955 (2,307 x \$65 = \$149,955), based on a cost factor of \$65 per hour.

Coal Washing and Transportation Allowance Reporting

We estimate 336 responses from one respondent (Indian lessee). We estimate the total annual burden to prepare and submit Forms MMS-4292 and MMS-4293 and associated line entries for allowance deductions is 152 hours. We estimate the total annual cost to respondents is \$9,880 (152 x \$65 = \$9,880), based on a cost factor of \$65 per hour. Responses are generally on occasion or annually.

Geothermal Resources Reporting

Currently, there are 50 Federal producing geothermal leases in Utah, New Mexico, California, and Nevada, which include 15 electrical generation projects and 2 direct use projects (an onion drying plant and a project that uses geothermal heat to preheat greenhouses). There are approximately 11 respondents (Federal geothermal reporters). These respondents report geothermal royalties, certain rents, and other lease-related transactions to MMS (e.g., transportation and processing allowances, and lease adjustments). We expect 38 responses from these 11 respondents. We estimate total annual burden is 175 reporting hours for geothermal resources reporting. Based on a cost factor of \$65 per hour, we estimate the total annual cost to respondents is \$11,375 (175 x \$65 = \$11,375). Responses are generally monthly, on occasion, or as necessary.

Recordkeeping

For recordkeeping of all data, we estimate the total annual burden and cost to industry are 1,036 hours and \$67,340 (1,036 x \$65 = \$67,340), based on a cost factor of \$65 per hour.

Summary of Information Collections (ICs)

ICs	Number of Respondents	Number of Responses	Total Hours	Total Cost
1. Solid Minerals (Form MMS-4430)	149	5,394	2,307	\$149,955
2. Coal Washing and Transportation Allowances (Forms MMS-4292 and MMS-4293)	1	336	152	\$9,880
3. Geothermal Resources	11	38	175	\$11,375
4. Recordkeeping		4,112	1,036	67,340
	TOTAL	9,880	3,670	\$238,550

For all reporting and recordkeeping, we expect approximately a total of 9,880 responses from 161 reporters. We estimate the total annual burden is 3,670 hours (2,634 reporting hours + 1,036 recordkeeping hours = 3,670), based on historical data. We estimate the total annual cost to respondents is \$238,550 ($\$65 \times 3,670 \text{ hours} = \$238,550$), based on a cost factor of \$65 per hour.

There are only three MMS forms, related information, and associated line entry submissions, and occasional notifications, letter proposals, and award claim filings with this information collection. For all reporting in this information collection, the burden estimates include the time for reviewing instructions; searching existing data sources; gathering and maintaining the data needed; and completing and reviewing the collection of information.

The following chart shows the estimated burden hours by CFR section and paragraph.

SECTION A.12 BURDEN BREAKDOWN

Citation 30 CFR	Reporting & Recordkeeping Requirement	Hour Burden	Average No. Annual Responses	Annual Burden Hours
Part 202—Royalties Subpart H—Geothermal Resources				
202.351	Royalties on geothermal resources. (b)(3) Royalties on byproducts are due at the time the recovered byproduct is used, sold, or otherwise finally disposed of. . . .	Hour burden covered under OMB Control Number 1010-0140 (expires November 30, 2009).		
202.353	Measurement standards for reporting and paying royalties and direct use fees. (a) For geothermal resources used to generate electricity, you must report the quantity on which royalty is due on Form MMS-2014 . . . (b) For geothermal resources used in direct use processes, you must report the quantity on which a royalty or direct use fee is due on Form MMS-2014 . . . (c) For byproducts, you must report the quantity on which royalty is due on Form MMS-2014 . . . (d) For commercially demineralized water, you must report the quantity on which royalty is due on Form MMS-2014 . . .	Hour burden covered under OMB Control Number 1010-0140. See §210.52		
	(e) . . . However, you must maintain quality measurements for audit purposes. . . .	AUDIT PROCESS See Note.		
Part 206—Product Valuation Subpart F—Federal Coal				
206.253 (c)	Coal subject to royalties—general provisions. (c) . . . The lessee shall maintain accurate records to determine to which individual Federal lease coal in the waste pit or slurry pond should be allocated. . . .	Hour burden covered under §206.254.		
206.254	Quality and quantity measurement standards for reporting and paying royalties. . . . Coal quantity information shall be reported on appropriate forms required under 30 CFR part 216 and on the Solid Minerals Production and Royalty Report, Form MMS-4430, as required under 30 CFR part 210.	.4166	816	340

Citation 30 CFR	Reporting & Recordkeeping Requirement	Hour Burden	Average No. Annual Responses	Annual Burden Hours
206.257	<p>Valuation standards for ad valorem leases.</p> <p>(b)(1) . . . The lessee shall have the burden of demonstrating that its contract is arm's-length. . . .</p> <p>(b)(3) . . . When MMS determines that the value may be unreasonable, MMS will notify the lessee and give the lessee an opportunity to provide written information justifying the lessee's reported coal value.</p> <p>(b)(4) The MMS may require a lessee to certify that its arm's-length contract provisions include all of the consideration to be paid by the buyer, either directly or indirectly, for the coal production.</p>	<p>AUDIT PROCESS See Note.</p>		
	(d)(1) Where the value is determined pursuant to paragraph (c) of this section, that value does not require MMS' prior approval. However, the lessee shall retain all data relevant to the determination of royalty value. . . .	<p>Hour burden covered under §206.254.</p>		
	(d)(2) Any Federal lessee will make available upon request to the authorized MMS or State representatives, to the Inspector General of the Department of the Interior or other persons authorized to receive such information, arm's-length sales value and sales quantity data for like-quality coal sold, purchased, or otherwise obtained by the lessee from the area.	<p>AUDIT PROCESS See Note.</p>		
	(d)(3) A lessee shall notify MMS if it has determined value pursuant to paragraphs (c)(2)(ii), (iii), (iv), or (v) of this section. . . The letter shall identify the valuation method to be used and contain a brief description of the procedure to be followed. The notification required by this section is a one-time notification due no later than the month the lessee first reports royalties on the Form MMS-4430 . . . and each time there is a change . . .	2	1	2
	(f) The lessee may request a value determination from MMS. In that event, the lessee shall propose to MMS a value determination method, and may use that method in determining value for royalty purposes until MMS issues its decision. The lessee shall submit all available data relevant to its proposal. . . .	5	1	5

Citation 30 CFR	Reporting & Recordkeeping Requirement	Hour Burden	Average No. Annual Responses	Annual Burden Hours
	(i) . . . Contract revisions or amendments shall be in writing and signed by all parties to an arm's-length contract, and may be retroactively applied to value for royalty purposes for a period not to exceed two years, unless MMS approves a longer period. . . .	2	1	2
206.259	Determination of washing allowances. (a) <i>Arm's-length contracts.</i> (1) . . . The lessee shall have the burden of demonstrating that its contract is arm's-length . . .	AUDIT PROCESS See Note.		
	(a)(1) . . . the washing allowance shall be the reasonable actual costs incurred by the lessee for washing the coal . . . The lessee shall have the burden of demonstrating that its contract is arm's-length . . . The lessee must claim a washing allowance by reporting it as a separate line entry on the Form MMS-4430.	.34	12	4
	(a)(3) . . . When MMS determines that the value of the washing may be unreasonable, MMS will notify the lessee and give the lessee an opportunity to provide written information justifying the lessee's washing costs.	AUDIT PROCESS See Note.		
	(b) <i>Non-arm's-length or no contract.</i> (1) . . . the washing allowance will be based upon the lessee's reasonable actual costs . . . The lessee must claim a washing allowance by reporting it as a separate line entry on the Form MMS-4430. . . .	.75	48	36
	(b) . . . The lessee must claim a washing allowance by reporting it as a separate line entry on the Form MMS-4430 . . . (2)(iv) A lessee may use either paragraph (b)(2)(iv) (A) or (B) of this section. After a lessee has elected to use either method for a wash plant, the lessee may not later elect to change to the other alternative without approval of the MMS.	1	1	1

Citation 30 CFR	Reporting & Recordkeeping Requirement	Hour Burden	Average No. Annual Responses	Annual Burden Hours
	(b) . . . The lessee must claim a washing allowance by reporting it as a separate line entry on the Form MMS-4430 . . . (2)(iv)(A) To compute depreciation, the lessee may elect to use either a straight-line depreciation method based on the life of equipment or on the life of the reserves which the wash plant services, whichever is appropriate, or a unit of production method. After an election is made, the lessee may not change methods without MMS approval. . . .	1	1	1
	(c) <i>Reporting requirements</i> —(1) <i>Arm's-length contracts</i> . (i) The lessee must notify MMS of an allowance based on incurred costs by using a separate line entry on the Form MMS-4430.	Hour burden covered under §210.201.		
	(c)(1)(ii) The MMS may require that a lessee submit arm's-length washing contracts and related documents. . . .	AUDIT PROCESS See Note.		
	(c)(2) <i>Non-arm's-length or no contract</i> . (i) The lessee must notify MMS of an allowance based on the incurred costs by using a separate line entry on the Form MMS-4430.	Hour burden hours covered under §210.201.		
	(c)(2)(iii) Upon request by MMS, the lessee shall submit all data used to prepare the allowance deduction. . . .	AUDIT PROCESS See Note.		
	(e) <i>Adjustments</i> (2) The lessee must submit a corrected Form MMS-4430 to reflect actual costs, together with any payment, in accordance with instructions provided by MMS.	Hour burden covered under §210.201.		
206.262	Determination of transportation allowances. (a) <i>Arm's-length contracts</i> . (1) . . . The lessee shall have the burden of demonstrating that its contract is arm's-length. . . .	AUDIT PROCESS See Note.		
	(a)(1) . . . the transportation allowance shall be the reasonable, actual costs incurred by the lessee for transporting the coal . . . The lessee must claim a transportation allowance by reporting it as a separate line entry on the Form MMS-4430.	.33	240	80
	(a)(3) . . . When MMS determines that the value of the transportation may be unreasonable, MMS will notify the lessee and give the lessee an opportunity to provide written information justifying the lessee's transportation costs.	AUDIT PROCESS See Note.		

Citation 30 CFR	Reporting & Recordkeeping Requirement	Hour Burden	Average No. Annual Responses	Annual Burden Hours
	(b) <i>Non-arm's-length or no contract</i> — (1) . . . the transportation allowance will be based upon the lessee's reasonable actual costs. . . . The lessee must claim a transportation allowance by reporting it as a separate line entry on the Form MMS-4430. . . .	.75	24	18
	(b) . . . The lessee must claim a transportation allowance by reporting it as a separate line entry on the Form MMS-4430 . . . (2)(iv). . . After a lessee has elected to use either method for a transportation system, the lessee may not later elect to change to the other alternative without approval of the MMS.	1	1	1
	(b) . . . The lessee must claim a transportation allowance by reporting it as a separate line entry on the Form MMS-4430 . . . (2)(iv)(A). . . After an election is made, the lessee may not change methods without MMS approval. . . .	1	1	1
	(b) . . . The lessee must claim a transportation allowance by reporting it as a separate line entry on the Form MMS-4430 . . . (3) A lessee may apply to MMS for exception from the requirement that it compute actual costs in accordance with paragraphs (b)(1) and (b)(2) of this section. . . .	1	1	1
	(c) <i>Reporting requirements</i> —(1) <i>Arm's-length contracts</i> . (i) The lessee must notify MMS of an allowance based on incurred costs by using a separate line entry on the Form MMS-4430.	Hour burden covered under §210.201.		
	(c)(1)(ii) The MMS may require that a lessee submit arm's-length transportation contracts, production agreements, operating agreements, and related documents. . . .	AUDIT PROCESS See Note.		
	(c)(2) <i>Non-arm's-length or no contract</i> --(i) The lessee must notify MMS of an allowance based on the incurred costs by using a separate line entry on Form MMS-4430.	Hour burden covered under §210.201.		
	(c)(2)(iii) Upon request by MMS, the lessee shall submit all data used to prepare the allowance deduction. . . .	AUDIT PROCESS See Note.		

Citation 30 CFR	Reporting & Recordkeeping Requirement	Hour Burden	Average No. Annual Responses	Annual Burden Hours
	(e) <i>Adjustments</i> . . . (2) The lessee must submit a corrected Form MMS-4430 to reflect actual costs, together with any payments, in accordance with instructions provided by MMS.	Hour burden covered under §210.201.		
206.264	In-situ and surface gasification and liquefaction operations. If an ad valorem Federal coal lease is developed by in-situ or surface gasification or liquefaction technology, the lessee shall propose the value of coal for royalty purposes to MMS. The MMS will review the lessee's proposal and issue a value determination. The lessee may use its proposed value until MMS issues a value determination.	1	1	1
206.265	Value enhancement of marketable coal. If, prior to use, sale, or other disposition, the lessee enhances the value of coal after the coal has been placed in marketable condition in accordance with § 206.257(h) of this subpart, the lessee shall notify MMS that such processing is occurring or will occur. . . .	1	1	1
Subpart H—Geothermal Resources				
206.352 (b)(1)(ii)	How do I calculate the royalty due on geothermal resources used for commercial production or generation of electricity? (b)(1) For Class I leases, you must determine the royalty on produced geothermal resources . . . (ii) A royalty determined by any other reasonable method approved by MMS under § 206.364 of this subpart.	1	1	1
206.353	How do I determine transmission deductions? (c)(2)(i)(A) Such purchase is necessary . . . (d)(9) Any other directly allocable and attributable operating or maintenance expense that you can document. (e) Allowable maintenance expenses include: . . . (4) Other directly allocable and attributable maintenance expenses that you can document. (g) To compute costs associated with capital investment . . . After a lessee has elected to use either method, the lessee may not later elect to change to the other alternative without MMS approval.	AUDIT PROCESS See Note.		
		1	1	1

Citation 30 CFR	Reporting & Recordkeeping Requirement	Hour Burden	Average No. Annual Responses	Annual Burden Hours
	(h)(1) To compute depreciation, you must use a straight-line depreciation method . . . You may not depreciate equipment below a reasonable salvage value.	1	1	1
	(m)(2) When actual cost information is available, you must amend your prior Form MMS-2014 reports to reflect actual transmission costs deductions for each month for which you reported and paid based on estimated transmission costs. You must pay any additional royalties due (together with interest computed under § 218.302). You are entitled to a credit for or refund of any overpaid royalties.	Hour burden covered under OMB Control Number 1010-0140.		
	(n) In conducting reviews and audits, MMS may require you to submit arm's-length transmission contracts, production agreements, operating agreements and related documents and all other data used to calculate the deduction. You must comply with any such requirements within the time MMS specifies. Recordkeeping requirements are found at part 212 of this chapter.	AUDIT PROCESS See Note.		
206.354	How do I determine generating deductions? (b)(1)(ii) You must redetermine your generating cost rate annually . . . After you choose a deduction period, you may not later elect to use a different deduction period without MMS approval.	1	1	1
	(c)(2)(i) You may include a return on capital . . . if: (A) The purchase is necessary . . . (d) Allowable operating expenses include: . . . (9) Any other directly allocable and attributable operating expense. . . . (e) Allowable maintenance expenses include: . . . (4) Other directly allocable and attributable maintenance expenses that you can document.	AUDIT PROCESS See Note.		
	(g) . . . After a lessee has elected to use either method, the lessee may not later elect to change to the other alternative without MMS approval.	1	1	1

Citation 30 CFR	Reporting & Recordkeeping Requirement	Hour Burden	Average No. Annual Responses	Annual Burden Hours
	(h)(1) To compute depreciation, you must use a straight-line depreciation method based on the life of the geothermal project, usually the term of the electricity sales contract, or other depreciation period acceptable to MMS. You may not depreciate equipment below a reasonable salvage value.	1	1	1
	(m)(2) When actual cost information is available, you must amend your prior Form MMS-2014 reports to reflect actual generating cost deductions for each month for which you reported and paid based on estimated generating costs. You must pay any additional royalties due (together with interest computed under § 218.302). . . .	Hour burden covered under OMB Control Number 1010-0140.		
	(n) In conducting reviews and audits, MMS may require you to submit arm's-length power plant contracts, production agreements, operating agreements, related documents and all other data used to calculate the deduction. You must comply with any such requirements within the time MMS specifies. Recordkeeping requirements are found at part 212 of this chapter.	AUDIT PROCESS See Note.		
206.356	<p>How do I calculate royalty or fees due on geothermal resources I use for direct use purposes?</p> <p>(a) For Class I leases, you must determine the royalty due on geothermal resources . . . (1) The weighted average of the gross proceeds established in arm's-length contracts for the purchase of significant quantities of geothermal resources . . . In evaluating the acceptability of arm's-length contracts . . .</p> <p>(a)(2) . . . The efficiency factor of the alternative energy source will be . . . or . . . proposed by the lessee and approved MMS. . . .</p> <p>(a)(3) A royalty determined by any other reasonable method approved by MMS . . .</p> <p>(b)(3) . . . you must provide MMS data showing the amount of geothermal production in pounds or gallons of geothermal fluid to input into the fee schedule . . .</p> <p>(c) For geothermal resources other than hot water, MMS will determine fees on a case-by-case basis.</p>	1	1	1
	(a)(2) . . . The efficiency factor of the alternative energy source will be . . . or . . . proposed by the lessee and approved MMS. . . .	48	2	96
	(a)(3) A royalty determined by any other reasonable method approved by MMS . . .	1	1	1
	(b)(3) . . . you must provide MMS data showing the amount of geothermal production in pounds or gallons of geothermal fluid to input into the fee schedule . . .	1	1	1
	(c) For geothermal resources other than hot water, MMS will determine fees on a case-by-case basis.	1	1	1

Citation 30 CFR	Reporting & Recordkeeping Requirement	Hour Burden	Average No. Annual Responses	Annual Burden Hours
206.357	<p>How do I calculate royalty due on byproducts? (b)(3) Any other reasonable valuation method approved by MMS.</p>	1	1	1
206.358	<p>What are byproduct transportation allowances? (d) <i>Reporting requirements.</i> (1) You must use a discrete field on Form MMS-2014 to notify MMS of a transportation allowance.</p> <p>(d)(2) In conducting reviews and audits, MMS may require you to submit arm's-length transportation contracts . . . You must comply with any such requirements . . . Recordkeeping requirements are found at part 212 of this chapter.</p> <p>(e) . . . If, after a review or audit, MMS determines that you have improperly determined a byproduct transportation allowance, you must pay any additional royalties due (plus interest computed under § 218.302). . . .</p>	<p>Hour burden covered under OMB Control Number 1010-0140.</p> <p>AUDIT PROCESS See Note.</p> <p>AUDIT PROCESS See Note.</p>		

Citation 30 CFR	Reporting & Recordkeeping Requirement	Hour Burden	Average No. Annual Responses	Annual Burden Hours
206.359	<p>How do I determine byproduct transportation allowances? (a)(1) . . . MMS may require you to determine the byproduct transportation allowance. . . (a)(2) . . . MMS will notify you and give you an opportunity to provide written information justifying your transportation costs. (c)(2)(i) You may include a return on capital . . . if: (A) The purchase is necessary . . . (d) Allowable operating expenses include: . . . (9) Any other directly allocable and attributable operating expense that you can document. . . . (e) Allowable maintenance expenses include: . . . (4) Other directly allocable and attributable maintenance expenses that you can document.</p>	AUDIT PROCESS See Note.		
	(g) To compute costs associated with capital investment . . . the lessee may not later elect to change to the other alternative without MMS approval.	1	1	1
	(h)(1) To compute depreciation, you must use a straight-line depreciation method based on either the life of the equipment or the life of the geothermal project . . . After you choose the basis for depreciation, you may not change that basis without MMS approval. . . .	1	1	1
	(l)(2) When actual cost information is available, you must amend your prior Form MMS-2014 reports to reflect actual byproduct transportation cost deductions . . . You must pay any additional royalties due (together with interest computed under § 218.302). . . .	Hour burden covered under OMB Control Number 1010-0140.		

Citation 30 CFR	Reporting & Recordkeeping Requirement	Hour Burden	Average No. Annual Responses	Annual Burden Hours
206.360	<p>What records must I keep to support my calculations of royalty or fees under this subpart? . . . you must retain all data relevant to the determination of the royalty value or the fee you paid. Recordkeeping requirements are found at part 212 of this chapter. (a) You must be able to show: (1) How you calculated . . . (2) How you complied . . . (b) Upon request, you must submit all data to MMS. . . .</p>	AUDIT PROCESS See Note.		
206.361	<p>How will MMS determine whether my royalty or direct use fee payments are correct? (a)(1) . . . The MMS may review and audit your data, and MMS will direct you to use a different measure . . .</p>	AUDIT PROCESS See Note.		
	<p>(a)(2) If MMS directs you to use a different royalty value, measure of gross proceeds, or fee, you must either pay any royalties or fees due (together with interest computed under § 218.302) . . .</p>	Hour burden covered under OMB Control Number 1010-0140.		
	<p>(b) . . . MMS may require you to increase the gross proceeds to reflect any additional consideration. . . . MMS may require you to use another valuation method . . . MMS will notify you to give you an opportunity to provide written information justifying your gross proceeds. (c) For arm's-length sales, you have the burden of demonstrating that your contract is arm's length. (d) The MMS may require you to certify that the provisions in your sales contract include all of the consideration the buyer paid you . . .</p>	AUDIT PROCESS See Note.		
	<p>(f)(2) Contract revisions or amendments you make must be in writing and signed by all parties to the contract.</p>	1	1	1
206.364	<p>How do I request a value or gross proceeds determination? (a) You may request a value determination from MMS . . . Your request must: (1) Be in writing; . . .</p>	3	20	60
	<p>(c) . . . (2) After the Assistant Secretary issues a determination, you must make any adjustments in royalty payments that follow from the determination and, if you owe additional royalties, pay the royalties owed together with late payment interest computed under § 218.302.</p>	Hour burden covered under OMB Control Number 1010-0140.		

Citation 30 CFR	Reporting & Recordkeeping Requirement	Hour Burden	Average No. Annual Responses	Annual Burden Hours
	(d)(2) If you receive an order requiring you to pay royalty on the same basis as the determination, you may appeal that order under 30 CFR part 290 subpart B.	Hour burden covered under OMB Control Number 1010-0122.		
206.366	<p>What is the nominal fee that a State, tribal, or local government lessee must pay for the use of geothermal resources?</p> <p>If a State, tribal, or local government lessee uses a geothermal resource . . . lessee must pay a nominal fee. . . .</p>	Hour burden covered under OMB Control Number 1010-0140.		
Subpart J—Indian Coal				
206.452 (c)	<p>Coal subject to royalties—general provisions.</p> <p>(c) . . . The lessee shall maintain accurate records to determine to which individual Indian lease coal in the waste pit or slurry pond should be allocated. . . .</p>	Hour burden covered under §206.456(d)(1).		
206.453	<p>Quality and quantity measurement standards for reporting and paying royalties.</p> <p>. . . Coal quantity information shall be reported on appropriate forms required under 30 CFR part 216 and on the Solid Minerals Production and Royalty Report, Form MMS-4430, as required under 30 CFR part 210.</p>	Hour burden covered under §206.456(d)(1).		
206.456	<p>Valuation standards for ad valorem leases.</p> <p>(b)(1) . . . The lessee shall have the burden of demonstrating that its contract is arm's-length. . . .</p> <p>(b)(3) . . . When MMS determines that the value may be unreasonable, MMS will notify the lessee and give the lessee an opportunity to provide written information justifying the lessee's reported coal value.</p> <p>(b)(4) MMS may require a lessee to certify that its arm's-length contract provisions include all of the consideration to be paid by the buyer, either directly or indirectly, for the coal production.</p>	AUDIT PROCESS See Note.		
	(d)(1) Where the value is determined pursuant to paragraph (c) of this section, that value does not require MMS' prior approval. However, the lessee shall retain all data relevant to the determination of royalty value. . . .	.42	48	20

Citation 30 CFR	Reporting & Recordkeeping Requirement	Hour Burden	Average No. Annual Responses	Annual Burden Hours
	(d)(2) An Indian lessee will make available upon request to the authorized MMS or Indian representatives, or to the Inspector General of the Department of the Interior or other persons authorized to receive such information, arm's-length sales and sales quantity data for like-quality coal sold, purchased, or otherwise obtained by the lessee from the area.	AUDIT PROCESS See Note.		
	(d)(3) A lessee shall notify MMS if it has determined value pursuant to paragraphs (c)(2)(ii), (c)(2)(iii), (c)(2)(iv), or (c)(2)(v) of this section. . . . The letter shall identify the valuation method to be used and contain a brief description of the procedure to be followed. . . .	1	1	1
	(f) The lessee may request a value determination from MMS. In that event, the lessee shall propose to MMS a value determination method, and may use that method in determining value for royalty purposes until MMS issues its decision. The lessee shall submit all available data relevant to its proposal. . . .	1	1	1
	(i) . . . Contract revisions or amendments shall be in writing and signed by all parties to an arm's-length contract, and may be retroactively applied to value for royalty purposes for a period not to exceed two years, unless MMS approves a longer period. . . .	1	1	1
206.457 (b)	Washing allowances—general. (b) If MMS determines that a lessee has improperly determined a washing allowance authorized by this section, then the lessee shall be liable for any additional royalties, plus interest . . .	Hour burden covered under §218.201(b).		

Citation 30 CFR	Reporting & Recordkeeping Requirement	Hour Burden	Average No. Annual Responses	Annual Burden Hours
206.458	<p>Determination of washing allowances. (a) <i>Arm's-length contracts.</i> (1) . . . the washing allowance shall be the reasonable actual costs incurred by the lessee for washing the coal . . . However, before any deduction may be taken, the lessee must submit a completed page one of Form MMS-4292, Coal Washing Allowance Report, in accordance with paragraph (c)(1) of this section. A washing allowance may be claimed retroactively for a period of not more than 3 months prior to the first day of the month that Form MMS-4292 is filed with MMS, unless MMS approves a longer period upon a showing of good cause by the lessee.</p>	2	1	2
	(a)(3) . . . When MMS determines that the value of the washing may be unreasonable, MMS will notify the lessee and give the lessee an opportunity to provide written information justifying the lessee's washing costs.	AUDIT PROCESS See Note.		
	(b) <i>Non-arm's-length or no contract.</i> (1) . . . the washing allowance will be based upon the lessee's reasonable actual costs. . . However, before any estimated or actual deduction may be taken, the lessee must submit a completed Form MMS-4292 in accordance with paragraph (c)(2) of this section. A washing allowance may be claimed retroactively for a period of not more than 3 months prior to the first day of the month that Form MMS-4292 is filed with MMS, unless MMS approves a longer period upon a showing of good cause by the lessee. . . .	Hour burden covered under §206.458(a)(1)		
	(b) . . . the lessee must submit a completed Form MMS-4292 . . . (2)(iv) . . . After a lessee has elected to use either method for a wash plant, the lessee may not later elect to change to the other alternative without approval of MMS.	1	1	1

Citation 30 CFR	Reporting & Recordkeeping Requirement	Hour Burden	Average No. Annual Responses	Annual Burden Hours
	(b) . . . the lessee must submit a completed Form MMS-4292 . . . (2)(iv)(A) To compute depreciation, the lessee may elect to use either a straight-line depreciation method based on the life of equipment or on the life of the reserves which the wash plant services, whichever is appropriate, or a unit of production method. After an election is made, the lessee may not change methods without MMS approval. . . .	1	1	1
	(c) <i>Reporting requirements.</i> (1) <i>Arm's-length contracts.</i> (i) With the exception of those washing allowances specified in paragraphs (c)(1)(v) and (c)(1)(vi) of this section, the lessee shall submit page one of the initial Form MMS-4292 prior to, or at the same time, as the washing allowance determined pursuant to an arm's-length contract is reported on Form MMS-4430, Solid Minerals Production and Royalty Report. . . . (c)(1)(iii) After the initial reporting period and for succeeding reporting periods, lessees must submit page one of Form MMS-4292 within 3 months after the end of the calendar year, or after the applicable contract or rate terminates or is modified or amended, whichever is earlier, unless MMS approves a longer period (during which period the lessee shall continue to use the allowance from the previous reporting period).	Hour burden covered under §206.458(a)(1).		
	(c)(1)(iv) MMS may require that a lessee submit arm's-length washing contracts and related documents. . . .	AUDIT PROCESS See Note.		

Citation 30 CFR	Reporting & Recordkeeping Requirement	Hour Burden	Average No. Annual Responses	Annual Burden Hours
	<p>(c)(2) <i>Non-arm's-length or no contract.</i> (i) With the exception of those washing allowances specified in paragraphs (c)(2)(v) and (c)(2)(vii) of this section, the lessee shall submit an initial Form MMS-4292 prior to, or at the same time as, the washing allowance determined pursuant to a non-arm's-length contract or no contract situation is reported on Form MMS-4430, Solid Minerals Production and Royalty Report. . . .</p> <p>(c)(2)(iii) For calendar-year reporting periods succeeding the initial reporting period, the lessee shall submit a completed Form MMS-4292 containing the actual costs for the previous reporting period. If coal washing is continuing, the lessee shall include on Form MMS-4292 its estimated costs for the next calendar year. . . . Form MMS-4292 must be received by MMS within 3 months after the end of the previous reporting period, unless MMS approves a longer period (during which period the lessee shall continue to use the allowance from the previous reporting period).</p>	Hour burden covered under §206.458(a)(1).		
	(c)(2)(vi) Upon request by MMS, the lessee shall submit all data used by the lessee to prepare its Forms MMS-4292. . . .	AUDIT PROCESS	See Note.	
	<p>(c)(4) Washing allowances must be reported as a separate line on the Form MMS-4430, unless MMS approves a different reporting procedure.</p> <p>(e) <i>Adjustments.</i> (2) The lessee must submit a corrected Form MMS-4430 to reflect actual costs, together with any payment, in accordance with instructions provided by MMS.</p>	Hour burden covered under §210.201.		
206.460 (d)	<p>Transportation allowances—general.</p> <p>(d) If . . . MMS determines that a lessee has improperly determined a transportation allowance authorized by this section, then the lessee shall pay any additional royalties, plus interest . . .</p>	Hour burden covered under §218.201(b).		

Citation 30 CFR	Reporting & Recordkeeping Requirement	Hour Burden	Average No. Annual Responses	Annual Burden Hours
206.461	<p>Determination of transportation allowances.</p> <p>(a) <i>Arm's-length contracts.</i> (1) . . . the transportation allowance shall be the reasonable, actual costs incurred by the lessee for transporting the coal . . . However, before any deduction may be taken, the lessee must submit a completed page one of Form MMS-4293, Coal Transportation Allowance Report, in accordance with paragraph (c)(1) of this section. A transportation allowance may be claimed retroactively for a period of not more than 3 months prior to the first day of the month that Form MMS-4293 is filed with MMS, unless MMS approves a longer period upon a showing of good cause by the lessee.</p>	2	1	2
	<p>(a) <i>Arm's-length contracts.</i> . . . (3) . . . When MMS determines that the value of the transportation may be unreasonable, MMS will notify the lessee and give the lessee an opportunity to provide written information justifying the lessee's transportation costs.</p>	AUDIT PROCESS See Note.		
	<p>(b) <i>Non-arm's-length or no contract.</i> (1) . . . the transportation allowance will be based upon the lessee's reasonable actual costs. . . . However, before any estimated or actual deduction may be taken, the lessee must submit a completed Form MMS-4293 in accordance with paragraph (c)(2) of this section. A transportation allowance may be claimed retroactively for a period of not more than 3 months prior to the first day of the month that Form MMS-4293 is filed with MMS, unless MMS approves a longer period upon a showing of good cause by the lessee. . . .</p>	Hour burden covered under §206.461(a)(1).		
	<p>(b) . . . the lessee must submit a completed Form MMS-4293 . . . (2)(iv) . . . After a lessee has elected to use either method for a transportation system, the lessee may not later elect to change to the other alternative without approval of MMS.</p>	1	1	1

Citation 30 CFR	Reporting & Recordkeeping Requirement	Hour Burden	Average No. Annual Responses	Annual Burden Hours
	(b) . . . the lessee must submit a completed Form MMS-4293 . . . (2)(iv)(A) To compute depreciation, the lessee may elect to use either a straight-line depreciation method based on the life of equipment or on the life of the reserves which the transportation system services, whichever is appropriate, or a unit of production method. After an election is made, the lessee may not change methods without MMS approval. . . .	1	1	1
	(b) . . . the lessee must submit a completed Form MMS-4293 . . . (3) A lessee may apply to MMS for exception from the requirement that it compute actual costs in accordance with paragraphs (b)(1) and (b) (2) of this section. . . .	1	1	1
	(c) <i>Reporting requirements.</i> (1) <i>Arm's-length contracts.</i> (i) With the exception of those transportation allowances specified in paragraphs (c)(1)(v) and (c)(1)(vi) of this section, the lessee shall submit page one of the initial Form MMS-4293 prior to, or at the same time as, the transportation allowance determined pursuant to an arm's-length contract is reported on Form MMS-4430, Solid Minerals Production and Royalty Report. (c)(1)(iii) After the initial reporting period and for succeeding reporting periods, lessees must submit page one of Form MMS-4293 within 3 months after the end of the calendar year, or after the applicable contract or rate terminates or is modified or amended, whichever is earlier, unless MMS approves a longer period (during which period the lessee shall continue to use the allowance from the previous reporting period). Lessees may request special reporting procedures in unique allowance reporting situations, such as those related to spot sales.	Hour burden covered under §206.461(a)(1).		
	(c)(1)(iv) MMS may require that a lessee submit arm's-length transportation contracts, production agreements, operating agreements, and related documents. . . .	AUDIT PROCESS See Note.		

Citation 30 CFR	Reporting & Recordkeeping Requirement	Hour Burden	Average No. Annual Responses	Annual Burden Hours
	<p>(c)(2) <i>Non-arm's-length or no contract.</i> (i) With the exception of those transportation allowances specified in paragraphs (c)(2)(v) and (c)(2)(vii) of this section, the lessee shall submit an initial Form MMS-4293 prior to, or at the same time as, the transportation allowance determined pursuant to a non-arm's-length contract or no contract situation is reported on Form MMS-4430, Solid Minerals Production and Royalty Report. . . .</p> <p>(c)(2)(iii) For calendar-year reporting periods succeeding the initial reporting period, the lessee shall submit a completed Form MMS-4293 containing the actual costs for the previous reporting period. . . . Form MMS-4293 must be received by MMS within 3 months after the end of the previous reporting period, unless MMS approves a longer period (during which period the lessee shall continue to use the allowance from the previous reporting period).</p>	Hour burden covered under §206.461(a)(1).		
	(c)(2)(vi) Upon request by MMS, the lessee shall submit all data used to prepare its Form MMS-4293. . . .	AUDIT PROCESS See Note.		
	<p>(c)(4) Transportation allowances must be reported as a separate line item on Form MMS-4430, unless MMS approves a different reporting procedure.</p> <p>(e) <i>Adjustments.</i> . . . (2) The lessee must submit a corrected Form MMS-4430 to reflect actual costs, together with any payment, in accordance with instructions provided by MMS.</p>	Hour burden covered under §210.201.		
206.463	<p>In-situ and surface gasification and liquefaction operations.</p> <p>If an ad valorem Federal coal lease is developed by in-situ or surface gasification or liquefaction technology, the lessee shall propose the value of coal for royalty purposes to MMS. . . .</p>	1	1	1
206.464	<p>Value enhancement of marketable coal.</p> <p>If, prior to use, sale, or other disposition, the lessee enhances the value of coal after the coal has been placed in marketable condition in accordance with § 206.456(h) of this subpart, the lessee shall notify MMS that such processing is occurring or will occur. . . .</p>	1	1	1
<p>Part 210—Forms and Reports Subpart E—Solid Minerals, General</p>				

Citation 30 CFR	Reporting & Recordkeeping Requirement	Hour Burden	Average No. Annual Responses	Annual Burden Hours
210.201 (a)(1)	How do I submit Form MMS-4430, Solid Minerals Production and Royalty Report? (a) <i>What to submit.</i> (1) You must submit a completed Form MMS-4430 for . . .	.75	1,668	1,251
210.202 (a)(1) and (c) (1)	How do I submit sales summaries? (a) <i>What to submit.</i> (1) You must submit sales summaries for all coal and other solid minerals produced from Federal and Indian leases and for any remote storage site from which you sell Federal or Indian solid minerals. (c) <i>How to submit.</i> (1) You should provide the sales summary data via electronic mail where possible. We will provide instructions and the proper email address for these submissions. . . .	.50	1,140	570
210.203 (a)	How do I submit sales contracts? (a) <i>What to submit.</i> You must submit sales contracts, agreements, and contract amendments for the sale of all coal and other solid minerals produced from Federal and Indian leases with ad valorem royalty terms.	1	30	30
210.204 (a)(1)	How do I submit facility data? (a) <i>What to submit.</i> (1) You must submit facility data if you operate a wash plant, refining, ore concentration, or other processing facility for any coal, sodium, potassium, metals, or other solid minerals produced from Federal or Indian leases with ad valorem royalty terms . . .	.25	360	90
210.205	Will I need to submit additional documents or evidence to MMS? (a) Federal and Indian lease terms allow us to request detailed statements, documents, or other evidence necessary to verify compliance . . . (b) We will request this additional information as we need it . . .	AUDIT PROCESS See Note.		
Subpart H—Geothermal Resources				
210.351	Required recordkeeping. . . . [Geothermal] Records may be maintained on microfilm, microfiche, or other recorded media that are easily reproducible and readable. . . .	Hour burden covered under OMB Control Number 1010-0140.		
210.352	Special forms and reports. [geothermal] The MMS may require submission of additional information on special forms or reports. . . .	1	1	1

Citation 30 CFR	Reporting & Recordkeeping Requirement	Hour Burden	Average No. Annual Responses	Annual Burden Hours
210.353	<p>Monthly report of sales and royalty. A completed Report of Sales and Royalty Remittance (Form MMS-2014) must be submitted each month once sales or utilization of [geothermal] production occur.</p>	Hour burden covered under OMB Control Number 1010-0140.		
<p>Part 212—Records and Forms Maintenance Subpart E—Solid Minerals—General</p>				
212.200 (a)	<p>Maintenance of and access to records. (a) All records pertaining to Federal and Indian solid minerals leases shall be maintained by a lessee, operator, revenue payor, or other person for 6 years after the records are generated unless the record holder is notified, in writing, that records must be maintained for a longer period. When an audit or investigation is underway, records shall be maintained until the record holder is released by written notice of the obligation to maintain records.</p>	.25	4,064	1,016
<p>Subpart H—Geothermal Resources</p>				
212.351	<p>Required recordkeeping and reports. (a) <i>Records.</i> Each lessee, operator, revenue payor, or other person shall make and retain accurate and complete records necessary to demonstrate that payments of royalties, rentals, and other amounts due under Federal geothermal leases are in compliance with laws, lease terms, regulations, and orders. Records covered by this section include those specified by lease terms, notices, and orders. . . .</p>	Hour burden covered under OMB Control Numbers 1010-0140 (for Form MMS-2014) and 1010-0139 (for Form MMS-4054).		
	<p>(b) <i>Period for keeping records.</i> All records pertaining to Federal geothermal leases shall be maintained by a lessee, operator, revenue payor, or other person for 6 years after the records are generated unless the recordholder is notified in writing, before the expiration of that 6-year period that records must be maintained for a longer period for purposes of audit or investigation. When an audit or investigation is underway, records shall be maintained until the recordholder is released by written notice of the obligation to maintain records.</p>	Hour burden covered under OMB Control Numbers 1010-0140 (for Form MMS-2014) and 1010-0139 (for Form MMS-4054).		
<p>Part 217—Audits and Inspections Subpart E—Coal</p>				

Citation 30 CFR	Reporting & Recordkeeping Requirement	Hour Burden	Average No. Annual Responses	Annual Burden Hours
217.200	Audits. An audit of the accounts and books of operators/lessees for the purpose of determining compliance with Federal lease terms relating to Federal royalties may be required . . . The operator/lessee shall furnish, free of charge, duplicate copies of audit reports that express opinions on such compliance to the Associate Director for Minerals Revenue Management . . .	AUDIT PROCESS See Note.		
Subpart F—Other Solid Minerals				
217.250	Audits. An audit of the lessee's accounts and books may be made annually . . . The lessee shall furnish free of cost duplicate copies of such annual or other audits . . .	AUDIT PROCESS See Note.		
Subpart G—Geothermal Resources				
217.300	Audits or review of records. The Secretary, or his/her authorized representative will initiate and conduct audits or reviews relating . . . Audits or reviews will also relate to compliance . . . All audits or reviews will be conducted in accordance with . . .	AUDIT PROCESS See Note.		
Part 218—Collection of Royalties, Rentals, Bonuses, and Other Monies Due The Federal Government and Credits and Incentives Due Lessees Subpart B—Oil and Gas, General				
218.57 (a)(2) and (b) (3)(i)	Providing information and claiming rewards. (a) <i>General</i> . . . (2) If a person has any information he or she believes would be valuable to MMS, that person (“informant”) should submit the information in writing, in the form of a letter . . . (b) <i>Claim for reward</i> . . . (3) To file a claim for reward the informant must: (i) Notify the Director, MMS . . . that he/she is claiming a reward.	1	1	1
Subpart E—Solid Minerals—General				
218.201 (b)	Method of payment. You must tender all payments . . . except as follows: . . . (b) For Form MMS-4430 payments, include both your customer identification and your customer document identification numbers on your payment document . . .	.0055	1,368	8

Citation 30 CFR	Reporting & Recordkeeping Requirement	Hour Burden	Average No. Annual Responses	Annual Burden Hours
218.203 (b)	<p>Recoupment of overpayments on Indian mineral leases.</p> <p>(a) . . . a payor may recoup the overpayment through a recoupment on Form MMS-4430 against the current month's royalties . . .</p> <p>(b) With written permission authorized by tribal statute or resolution, a payor may recoup an overpayment against royalties or other revenues owed in that month under other leases for which that tribe is the lessor. A copy of the tribe's written permission must be furnished to MMS . . . [following] instructions. . . .</p>	1	1	1
Subpart F—Geothermal Resources				
218.300	<p>Payment of royalties, rentals, and deferred bonuses.</p> <p>. . . the lessee shall submit all rental and deferred bonus payments when due and shall pay in value all royalties in the amount determined by MMS to be due.</p>	Hour burden covered under OMB Control Number 1010-0140.		
218.301	<p>Method of payment.</p> <p>The payor shall tender all payments . . .</p>	Hour burden covered under OMB Control Number 1010-0140.		
218.304	<p>May I credit rental towards direct use fees?</p> <p>. . . You must pay the direct use fees in addition to the annual rental due.</p>	Hour burden covered under OMB Control Number 1010-0140.		
218.305	<p>How do I pay advanced royalties I owe under BLM regulations?</p> <p>If you pay advanced royalties under 43 CFR 3212.15(a)(1) to retain your lease:</p> <p>(a) You must pay an advanced royalty monthly equal to the average monthly royalty you paid under 30 CFR part 206, subpart H . . .</p>	Hour burden covered under OMB Control Number 1010-0140.		
218.306	<p>May I receive a credit against production royalties for in-kind deliveries of electricity I provide under contract to a state or county government?</p> <p>(a) You may receive a credit against royalties . . . if: . . . (2) The MMS approves in advance your contract . . .</p>	4	1	4
	<p>(b) . . . You must pay in money any royalty amount that is not offset by the credit allowed under this section . . .</p>	Hour burden covered under OMB Control Number 1010-0140.		
TOTAL BURDEN			9,880	3,670

Note: AUDIT PROCESS—The Office of Regulatory Affairs determined that the audit process is exempt from the Paperwork Reduction Act of 1995 because MMS staff asks non-standard questions to resolve exceptions.

13. Provide an estimate of the total annual [non-hour] cost burden to respondents or recordkeepers resulting from the collection of information. (Do not include the cost of any hour burden shown in Items 12 and 14).

(a) The cost estimate should be split into two components: (1) a total capital and start-up cost component (annualized over its expected useful life) and (2) a total operation and maintenance and purchase of services component. The estimates should take into account costs associated with generating, maintaining, and disclosing or providing the information [including filing fees paid]. Include descriptions of methods used to estimate major cost factors including system and technology acquisition, expected useful life of capital equipment, the discount rate(s), and the time period over which costs will be incurred. Capital and start-up costs include, among other items, preparations for collecting information such as purchasing computers and software; monitoring, sampling, drilling and testing equipment; and record storage facilities.

(b) If cost estimates are expected to vary widely, agencies should present ranges of cost burden and explain the reasons for the variance. The cost of purchasing or contracting out information collection services should be a part of this cost burden estimate. In developing cost burden estimates, agencies may consult with a sample of respondents (fewer than 10), utilize the 60-day pre-OMB submission public comment process and use existing economic or regulatory impact analysis associated with the rulemaking containing the information collection, as appropriate.

(c) Generally, estimates should not include purchases of equipment or services, or portions thereof, made: (1) prior to October 1, 1995, (2) to achieve regulatory compliance with requirements not associated with the information collection, (3) for reasons other than to provide information or keep records for the government, or (4) as part of customary and usual business or private practices.

We have identified no paperwork cost burdens for this collection of information.

14. Provide estimates of annualized cost to the Federal Government. Also, provide a description of the method used to estimate cost, which should include quantification of hours, operational expenses (such as equipment, overhead, printing, and support staff), and any other expense that would not have been incurred without this collection of information. Agencies also may aggregate cost estimates from Items 12, 13, and 14 in a single table.

For the whole collection, we estimate MMS will spend one hour for each burden hour that industry spends, or 3,670 hours. The Government cost is estimated at \$55 per hour (Denver Locality Pay—Grade 12, Step 10 hourly wage (\$42.09) x 1.3 = \$55). The estimated total annualized cost to the Federal Government is \$201,850 (3,670 hours x \$55).

To analyze and review Forms MMS-4430, MMS-4292, and MMS-4293, occasional notifications, letter proposals, and award claim filings, we estimate the Federal Government will spend 2,459 hours. Based on \$55 per hour, the annualized cost to the Federal Government is \$135,245 (\$55 x 2,459 hours).

To analyze and review the reporting of geothermal resources, we estimate the Federal Government will spend 175 hours. Based on \$55 per hour, the annualized cost to the Federal Government is \$9,625 (\$55 x 175 hours).

For recordkeeping, we estimate 1,036 hours with a cost of \$56,980 (1,036 hours x \$55).

15. Explain the reasons for any program changes or adjustments reported.

(a) Annual Hour Burden.

Currently Approved OMB Burden Hour Inventory	Program Change Estimated Burden Hours	Program Adjustment Estimated Burden Hours	Total Estimated Burden Hour
1,926	+1,042	+702	3,670

There is a program change **increase** of 1,042 hours and a program adjustment **increase** of 702 hours, for an overall burden **increase** of 1,744 hours.

Program Change

- We are requesting a program change increase of 26 hours for inclusion of part 206 citations, based on the assumption of one respondent reporting production and royalties of non-standard Federal and Indian coal leases on Form MMS-4430.
- For recordkeeping, we are requesting a program change increase of 1,016 hours for inclusion of part 212 citation, based on historical data analysis.

Both requirements were overlooked in the previous renewal.

Adjustment Change

We are requesting a net adjustment increase of 702 hours, based on historical data analysis and outreach with constituents.

(b) Annual Cost Burden: There is no annual cost burden to report.

16. For collections of information whose results will be published, outline plans for tabulation and publication. Address any complex analytical techniques that will be used. Provide the time schedule for the entire project, including beginning and ending dates of the collection of information, completion of report, publication dates, and other actions.

The MMS publishes annually the aggregated production and royalty data, for the benefit of the public, industry, states and Indians, and other interested parties. No sensitive, confidential, or proprietary data is released.

17. If seeking approval to not display the expiration date for OMB approval of the information collection, explain the reasons that display would be inappropriate.

The MMS will display the OMB approval expiration date on Forms MMS-4430, MMS-4292, and MMS-4293.

18. Explain each exception to the certification statement, “Certification for Paperwork Reduction Act Submissions.”

To the extent that the topics apply to this collection of information, we are not making any exceptions to the “Certification for Paperwork Reduction Act Submissions.”