

**4310-MR-W**

**DEPARTMENT OF THE INTERIOR**

**Minerals Management Service**

**Agency Information Collection Activities: Submitted for Office of Management and Budget (OMB) Review; Comment Request**

**AGENCY:** Minerals Management Service (MMS), Interior.

**ACTION:** Notice of a revision of an information collection (1010-0071).

**SUMMARY:** To comply with the Paperwork Reduction Act of 1995 (PRA), we are notifying the public that we have submitted to OMB an information collection request (ICR) to renew approval of the paperwork requirements in the regulations under 30 CFR Part 203, "Relief or Reduction in Royalty Rates." This notice also provides the public a second opportunity to comment on the paperwork burden of these regulatory requirements.

**DATE:** Submit written comments by [INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER].

**ADDRESSES:** You may submit comments on this information collection directly to the Office of Management and Budget (OMB), Office of Information and Regulatory Affairs, OMB, Attention: Desk Officer for the Department of the Interior via OMB email: (OIRA\_DOCKET@omb.eop.gov); or by fax (202) 395-6566; identify with (1010-0071).

Submit a copy of your comments to the Department of the Interior, MMS, via:

- MMS's Public Connect on-line commenting system, <https://ocsconnect.mms.gov>.

Follow the instructions on the website for submitting comments.

- Email MMS at rules.comments@mms.gov. Use Information Collection Number 1010-0071 in the subject line.
- Fax: 703-787-1093. Identify with Information Collection Number 1010-0071.
- Mail or hand-carry comments to the Department of the Interior; Minerals Management Service; Attention: Rules Processing Team (RPT); 381 Elden Street, MS-4024; Herndon, Virginia 20170-4817. Please reference “Information Collection 1010-0071” in your comments.

**FOR FURTHER INFORMATION CONTACT:** Cheryl Blundon, Rules Processing Team, (703) 787-1600. You may also contact Cheryl Blundon to obtain a copy, at no cost, of the ICR and regulations that require the subject collection of information.

**SUPPLEMENTARY INFORMATION:**

**Title:** 30 CFR Part 203, “Relief or Reduction in Royalty Rates.”

**OMB Control Number:** 1010-0071.

**Abstract:** The Outer Continental Shelf (OCS) Lands Act, as amended by P.L. 104-58, Deep Water Royalty Relief Act (DWRRA), gives the Secretary of the Interior (Secretary) the authority to reduce or eliminate royalty or any net profit share specified in OCS oil and gas leases to promote increased production. The DWRRA also authorized the Secretary to suspend royalties when necessary to promote development or recovery of marginal resources on producing or non-producing leases in the Gulf of Mexico (GOM) west of 87 degrees, 30 minutes West longitude.

Section 302 of the DWRRA provides that new production from a lease in existence on November 28, 1995, in a water depth of at least 200 meters, and in the GOM west of 87 degrees, 30 minutes West longitude qualifies for royalty suspension in certain

situations. To grant a royalty suspension, the Secretary must determine that the new production or development would not be economic in the absence of royalty relief. The Secretary must then determine the volume of production on which no royalty would be due in order to make the new production from the lease economically viable. This determination is done on a case-by-case basis. Production from leases in the same water depth and area issued after November 28, 2000, also can qualify for royalty suspension in addition to any that may be included in their lease terms.

In addition, Federal policy and statute require us to recover the cost of services that confer special benefits to identifiable non-Federal recipients. The Independent Offices Appropriation Act (31 U.S.C. 9701), Office of Management and Budget (OMB) Circular A-25, and the Omnibus Appropriations Bill (P.L. 104-133 110 Stat. 1321, April 26, 1996) authorize the Minerals Management Service (MMS) to collect these fees to reimburse us for the cost to process applications or assessments.

Regulations at 30 CFR part 203 implement these statutes and policy and require respondents to pay a fee to request royalty relief. Section 203.3 states that, “We will specify the necessary fees for each of the types of royalty-relief applications and possible MMS audits in a Notice to Lessees. We will periodically update the fees to reflect changes in costs as well as provide other information necessary to administer royalty relief.”

The MMS use the information to make decisions on the economic viability of leases requesting a suspension or elimination of royalty or net profit share. These decisions have enormous monetary impacts to both the lessee and the Federal Government. Royalty relief can lead to increased production of natural gas and oil, creating profits for

lessees and royalty and tax revenues for the government that they might not otherwise receive. We could not make an informed decision without the collection of information required by 30 CFR part 203.

We will protect information from respondents considered proprietary according to 30 CFR parts 203.6(b) and 250, and the Freedom of Information Act (5 U.S.C. 552) and its implementing regulations (43 CFR 2). No items of a sensitive nature are collected.

Responses are required to obtain a benefit.

**Frequency:** On occasion.

**Estimated Number and Description of Respondents:** Approximately 130 Federal OCS oil and gas lessees.

**Estimated Reporting and Recordkeeping “Hour” Burden:** The estimated annual “hour” burden for this information collection is a total of 4,721 hours. The following chart details the individual components and estimated hour burdens. In calculating the burdens, we assumed that respondents perform certain requirements in the normal course of their activities. We consider these to be usual and customary and took that into account in estimating the burden.

Citation 30 CFR 203	Reporting or Recordkeeping Requirement 30 CFR Part 203	Hour Burden	Average No. of Annual Responses	Annual Burden Hours
				Application Fees
43(a); 46(a)	Notify MMS of intent to begin drilling.	1	45	45
43(b)(1), (2), (d), (e)	Notify MMS that production has begun, request extension, request confirmation of the size of RSV.	2	15	30
46	Provide data from well to confirm and attest well drilled was an unsuccessful certified well and request supplement.	8	10	80
51; 83; 84	Application—leases that generate earnings that cannot sustain continued production (end-of-life lease).	100	1 Application every 3 years	34 (rounded)
		Application	$1/3 \times \$8,000 = \$2,667$ (rounded)*	

Citation 30 CFR 203	Reporting or Recordkeeping Requirement 30 CFR Part 203	Hour Burden	Average No. of Annual Responses	Annual Burden Hours
		Audit	1/3 x \$12,500 = \$4,167 (rounded)	
55	Renounce relief arrangement (end-of-life) (seldom, if ever will be used; minimal burden to prepare letter).	1	1 Letter every 3 years	1 (rounded)
61; 62; 64; 65; 71; 83; 85-89	Application—leases in designated areas of GOM deep water acquired in lease sale before 11/28/95 or after 11/28/00 and are producing (deep water expansion project).	2,000	1 Application every 3 years	667 (rounded)
		Application	1/3 x \$19,500 = \$6,500	
61; 62; 64; 65; 203.71; 203.83; 203.85-89	Application—leases in designated areas of deep water GOM, acquired in lease sale before 11/28/95 or after 11/28/00, that have not produced (pre-act or post-2000 deep water leases).	2,000	1 Application every 3 years	667 (rounded)
		Application	1/3 x \$34,000 = \$11,334 (rounded)*	
		Audit	1/3 x \$37,500 = \$12,500	
61; 62; 64; 65; 71; 83; 85-89	Application—preview assessment (seldom if ever will be used as applicants generally opt for binding determination by MMS instead).		1 Application every 3 years	300
		Application	1/3 x \$34,000 = \$11,334 (rounded)	
74; 75	Redetermination.	500	1 Redetermination every 3 years	167 (rounded)
		Application	1/3 x \$16,000 = \$5,334 (rounded)*	
70; 81; 90; 91	Submit fabricator's confirmation report.	20	1 Report every 3 years	7 (rounded)
70; 81; 90; 92	Submit post-production development report.	50	1 Report * every 3 years	17 (rounded)
70; 79(a)	Request reconsideration of MMS field designation.	400	1 Request every 3 years	134 (rounded)
77	Renounce relief arrangement (deep water) (seldom, if ever will be used; minimal burden to prepare letter).	1	1 Letter every 3 years	1 (rounded)
79(c)	Request extension of deadline to start construction.	2	1 Request every 3 years	1 (rounded)
80	Application—apart from formal programs for royalty relief for marginal producing lease (Special Case Relief).	250	2 applications	500
		Application	2 x \$8,000** = \$16,000	
		Audit	1 x \$10,000 = \$10,000	
80	Application—apart from formal programs for royalty relief for marginal expansion project or marginal non-producing lease (Special Case Relief).		2 Applications	2000
		Application	2 x \$19,500** = \$39,000	
		Audit	1 x \$20,000 = \$20,000	
		POCS		
		40	1 Application	40
		Application	1 x \$6,500*** = \$6,500	
81; 83-89	Required reports.	Burden included with applications.		0
83	Application – short form to add or assign pre-Act lease.	40	1 Application every 3 years	14 (rounded)
		Application 1/3 x \$1,000 = \$334 (rounded)		

Citation 30 CFR 203	Reporting or Recordkeeping Requirement 30 CFR Part 203	Hour Burden	Average No. of Annual Responses	Annual Burden Hours
			Application Fees	
91	Retain supporting cost records for post-production development/fabrication reports (records retained as usual/customary business practice; minimal burden to make available at MMS request.	8	2 Recordkeepers	16
<b>Total Annual Burden</b>			<b>89 Responses</b>	<b>4,721 Hours</b>
			<b>Total Fees = \$145,670</b>	

**Estimated Reporting and Recordkeeping “Non-Hour Cost” Burden:** There are two non-hour costs associated with this information collection. The estimated non-hour cost burden is \$280,670. This estimate is based on:

(a) Application and audit fees. The total annual estimated cost burden for these fees is \$145,670 (refer to burden chart).

(b) Cost of reports prepared by independent certified public accountants. Under § 203.81, a report prepared by an independent certified public accountant (CPA) must accompany the application and post-production report (expansion project, short form, and preview assessment applications are excluded). The OCS Lands Act applications will require this report only once; the DWRRA applications will require this report at two stages—with the application and post-production development report for successful applicants. MMS estimates approximately three submissions each year at an average cost of \$45,000 per report, for a total estimated annual cost burden of \$135,000.

The total of the two burdens is estimated at \$280,670.

**Public Disclosure Statement:** The PRA (44 U.S.C. 3501, *et seq.*) provides that an agency may not conduct or sponsor a collection of information unless it displays a

currently valid OMB control number. Until OMB approves a collection of information, you are not obligated to respond.

**Comments:** Section 3506(c)(2)(A) of the PRA (44 U.S.C. 3501, et seq.) requires each agency “. . . to provide notice . . . and otherwise consult with members of the public and affected agencies concerning each proposed collection of information . . .” Agencies must specifically solicit comments to: (a) evaluate whether the proposed collection of information is necessary for the agency to perform its duties, including whether the information is useful; (b) evaluate the accuracy of the agency’s estimate of the burden of the proposed collection of information; (c) enhance the quality, usefulness, and clarity of the information to be collected; and (d) minimize the burden on the respondents, including the use of automated collection techniques or other forms of information technology.

To comply with the public consultation process, on March 15, 2006, we published a Federal Register notice (71 FR 13420) announcing that we would submit this ICR to OMB for approval. The notice provided the required 60-day comment period. In addition, § 203.82 provides the OMB control number for the information collection requirements imposed by the 30 CFR 203 regulations. The regulation also informs the public that they may comment at any time on the collections of information and provides the address to which they should send comments. We received two comments in response to these efforts. Neither comment was germane to the IC cost or hour burden or the subject of the collection itself.

If you wish to comment in response to this notice, you may send your comments to the offices listed under the ADDRESSES section of this notice. OMB has up to 60 days

to approve or disapprove the information collection but may respond after 30 days.

Therefore, to ensure maximum consideration, OMB should receive public comments by [INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN FEDERAL REGISTER].

**Public Comment Procedures:** MMS’s practice is to make comments, including names and addresses of respondents, available for public review. If you wish your name and/or address to be withheld, you must state this prominently at the beginning of your comment. MMS will honor the request to the extent allowable by the law; however, anonymous comments will not be considered. There may be circumstances in which we would withhold from the record a respondent’s identity, as allowable by the law. If you wish us to withhold your name and/or address, you must state this prominently at the beginning of your comment. In addition, you must present a rationale for withholding this information. This rationale must demonstrate that disclosure “would constitute an unwarranted invasion of primary.” Unsupported assertions will not meet this burden. In the absence of exception, documentable circumstances, this information will be released. All submissions from organizations or businesses, and from individuals identifying themselves as representatives or officials of organizations or businesses, will be made available for public inspection in their entirety.

**[MMS Information Collection Clearance Officer: Arlene Bajusz \(202\) 208-7744.](#)**

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Dated.

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E.P. Danenberger, Chief  
Office of Offshore Regulatory Programs.