

**Supporting Statement for  
30 CFR Parts 210 and 212, Royalty and Production Reporting  
Forms MMS-2014, Report of Sales and Royalty Remittance;  
MMS-4054, Oil and Gas Operations Report (OGOR); and  
MMS-4058, Production Allocation Schedule Report (PASR)  
OMB Control Number 1010-0139  
Expiration Date: October 31, 2009**

**Terms of clearance:** None.

### **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 for 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. The Office of Management and Budget (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.***

#### **Background**

We changed the title of this information collection request (ICR) to reflect regulatory actions, including publication of the final rule, RIN 1010-AD20, Reporting Amendments, on March 26, 2008 (73 FR 15885). The final rule removed 30 CFR part 216 and replaced part 210 in its entirety. We added the citations from part 212 as cross references to the requirements in part 210. We also consolidated the following ICRs to allow programwide review of royalty and production reporting for oil, gas, and geothermal leases on Federal and Indian lands:

- 1010-0139, 30 CFR Part 210—Forms and Reports and Part 216—Production Accounting; and
- 1010-0140, 30 CFR Part 210—Forms and Reports.

The Secretary of the U.S. Department of the Interior is responsible for mineral resource development on Federal and Indian lands and the Outer Continental Shelf (OCS). The Secretary is required by various laws to manage mineral resource production on Federal and Indian lands

and the OCS, collect the royalties and other mineral revenues due, and distribute the funds collected in accordance with applicable laws.

The Secretary also has a trust responsibility to manage Indian lands and seek advice and information from Indian beneficiaries. The Minerals Management Service (MMS) performs the minerals revenue management functions and assists the Secretary in carrying out the Department's trust responsibility for Indian lands.

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 in an amount or value of production from the leased lands. The lessee is required to report various kinds of information to the lessor relative to the disposition of the leased minerals. Such information is generally available within the records of the lessee or others involved in developing, transporting, processing, purchasing, or selling of such minerals.

### **Applicable Citations**

Public laws pertaining to mineral leases on Federal and Indian lands are posted on our Web site at [http://www.mrm.mms.gov/Laws\\_R\\_D/PublicLawsAMR.htm](http://www.mrm.mms.gov/Laws_R_D/PublicLawsAMR.htm). Applicable citations 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 (Indian Mineral Development Act of 1982);
3. 30 U.S.C. 1923 (The Mineral Leasing Act);
4. 43 U.S.C. 1353 (The Outer Continental Shelf Lands Act);
5. Public Law 97-451—Jan. 12, 1983 (Federal Oil and Gas Royalty Management Act of 1982 [FOGRMA]); and
6. Public Law 104-185—Aug. 13, 1996 (Federal Oil and Gas Royalty Simplification and Fairness Act of 1996 [RSFA]), as corrected by Public Law 104-200—Sept. 22, 1996).

The Code of Federal Regulations (CFR) citations referenced in this ICR are covered under 30 CFR part 210, subparts B, C, and D; and part 212, subpart B, as listed in Section A.12 in the Burden Breakdown chart.

***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 uses the information collected in this ICR to ensure that royalty is appropriately paid, based on accurate production accounting on oil, gas, and geothermal resources produced from Federal and Indian leases. The information requested is the minimum necessary to carry out our mission and places the least possible burden on respondents. If MMS does not collect this information, both Federal and state governments may suffer a loss of royalties. The requirement to report accurately and timely is mandatory.

## **Royalty Reporting**

The regulations require that lessees report and remit royalties on oil, gas, and geothermal resources produced from leases on Federal and Indian lands. The following form is used for royalty reporting:

**Form MMS-2014, Report of Sales and Royalty Remittance**, is submitted monthly to report royalties on oil, gas, and geothermal leases, certain rents, and other lease-related transactions (e.g., transportation and processing allowances, lease adjustments, and quality and location differentials).

## **Production Reporting**

The MMS financial accounting system includes production reports submitted by lease/agreement operators and is designed to track minerals produced from Federal and Indian lands from the point of production to the point of disposition, or royalty determination, and/or point of sale. The following forms are used for production accounting and reporting:

**Form MMS-4054, Oil and Gas Operations Report (OGOR)**, is submitted monthly for all production reporting for Outer Continental Shelf, Federal, and Indian lands. Production information is compared with sales and royalty data submitted on Form MMS-2014 to ensure proper royalties are paid on the oil and gas production reported to MMS. The MMS uses the information from Parts A, B, and C of the OGOR to track all oil and gas from the point of production to the point of first sale or other disposition.

**Form MMS-4058, Production Allocation Schedule Report (PASR)**, is submitted monthly by operators of the facilities and measurement points where production from an offshore Federal lease or metering point is commingled with production from other sources before it is measured for royalty determination. The MMS uses the data to determine whether sales reported by the lessee are reasonable.

**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 requirements].**

This ICR is in compliance with the Government Paperwork Elimination Act. We estimate that we receive approximately 97–99 percent of responses electronically. Operators who have very few properties and do not own a personal computer must obtain approval by MMS to report on paper.

The MMS contracts with an electronic commerce vendor who assists reporters in converting to one of our electronic reporting options. Extensive online help text minimizes the reporting

burden. Upfront edits further reduce the reporting burden. Forms may be found on our Web site at <http://www.mrm.mms.gov/ReportingServices/Forms/Forms.htm>.

Both reporters and MMS benefit from electronic reporting. Companies maintain nearly all information required for royalty and production reporting in their computer data base. Fewer errors are made using electronic reporting, and errors that do occur when reporting electronically are easier to trace and correct. It requires less time for a company to retrieve data from its own files, enter a line of data, and generate the electronic report than to complete a line manually. Reporters can create reporting templates of the static information, which can be used every month.

***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.***

Information already available to MMS is used wherever feasible. Information may be partially available at other levels of government. Most states require some of this information for production verification and tax assessment. In most instances, even though state records are available for inspection, they are not sufficient for royalty calculations or production verification. Necessary information is available only in the files of lessees and operators completing the forms, who already collect and maintain the information for their own purposes.

The MMS minimizes duplicate report data by coordinating with the Bureau of Land Management (BLM) and the MMS Offshore and Energy Minerals Management program (OEMM) to share reference and production data. We electronically send all edited and corrected production data to BLM and OEMM. However, MMS deliberately gathers some duplicate information from independent sources to corroborate data submitted.

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

Small businesses or other small entities are among potential respondents. We estimate that 70 percent of respondents are small entities. There are no special requirements or benefits that will impact small businesses differently than larger entities. We have analyzed requirements to ensure that the information requested is the minimum necessary and places the least possible burden on respondents. We routinely conduct training sessions to assist reporters in completing the forms. In addition, we provide toll-free telephone assistance when reporters have questions related to our handbook instructions and reporting requirements. Extensive online help text is available to assist in reporting electronically. Electronic reporters also have the capability of creating templates of information that is static from month to month, simplifying the reporting effort.

Regulations require reporters to submit royalty and production reports electronically. However, the regulations also include several exceptions designed to minimize the impact that electronic reporting might have on small businesses.

**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.**

The MMS is required by law to collect and disburse funds. All the information currently requested is necessary for MMS to perform its mission. The information on Form MMS-2014 identifies the revenue recipient, which enables MMS to make proper disbursement of funds. If the information were not collected monthly, MMS would not be able to meet these requirements nor comply with FOGRMA. It would be impossible to ensure that the full value of royalties is received.

If production information were collected less frequently, the Federal Government would not be able to monitor oil and gas lease sales and royalty remittances properly. The Federal Government and the Indian community could lose considerable revenue from undetected and/or underreported royalty. In addition, royalty accounting programs would not have current information on the sales, production, and disposition of specific products on which royalty is due, and current production could not be accurately and timely tracked. Also, other Federal Government agencies use the monthly data to monitor and inspect the leases. For onshore leases, BLM has the authority to authorize less-than-monthly reporting. They often grant such requests, especially when there are extended periods of no production.

**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.***

This information collection operates under special circumstances, which sometime require reporting inconsistent with the guidelines of 5 CFR 1320.5(d)(2) as follows: FOGRMA requires funds derived from Federal and Indian leases to be distributed on a monthly basis. Failure to collect production information monthly would preclude verification that amounts collected and distributed were the amounts actually due and payable. Further, reports on oil and gas production are required monthly by the terms of most leases.

***(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.***

Under RSFA section 4(f), Federal oil and gas lessees must maintain records for 7 years after the obligation becomes due. Also, all Federal oil and gas records must be maintained for additional periods should there be an appeal or litigation as a result of an audit.

***(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.***

This collection does not require proprietary, trade secret, or other confidential information not protected by agency procedures. The information is protected under the 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 notice in the *Federal Register* on November 13, 2008 (73 FR 67197). We received no comments in response to the *Federal Register* notice.

In addition, MMS explains in the Paperwork Reduction Act (PRA) statement on Forms MMS-2014, MMS-4054, and MMS-4058 that we will accept comments on the information collected and the burden estimate at any time. We also display the OMB control number and provide the address for sending comments to MMS.

We maintain regular and routine contact with reporters. In addition, MMS provides toll-free telephone assistance to reporters and answers questions regarding reporting and production accounting.

We called or e-mailed the individuals listed below and requested their feedback on the burden hour estimates, availability of data, frequency of collection, clarity of instructions, and recordkeeping. We did not receive any feedback regarding the availability of data, frequency of collection, clarity of instructions, or recordkeeping from any of the companies we contacted. We did receive feedback from the companies listed below about the time required to submit a line of data electronically vs. manually, and we revised our hour burden estimates accordingly. Their comments are reflected in Item 12.

Jeanette Delong - 918-225-1187  
Delong Oil & Gas Company  
PO Box 591  
Drumright, OK 74030

Robert Tucker - 231-826-3763  
B and C Oil Company  
2261 East Cadillac Road  
Falmouth MI 49632

Carmel T. Gutierrez - 505-327-6176  
Action Oil and Gas  
PO Box 51  
Farmington, NM 87499

Billy Davis  
[BDavis@elmridge.net](mailto:BDavis@elmridge.net)  
Elm Ridge Exploration Company  
12225 Greenville Ave, Suite 950  
Dallas, Texas 75243-9362

Tad Little  
[Tad.Little@usa.apachecorp.com](mailto:Tad.Little@usa.apachecorp.com)  
Apache Corporation  
Suite 100  
2000 Post Oak

Houston, TX 77056-4400

**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 leases, may be proprietary. Trade secrets and proprietary and other information are protected under Trade Secrets (18 U.S.C. 1905), FOGRMA, as amended (30 U.S.C. 1733), and Freedom of Information Act (5 U.S.C. 552(b)(4)) and its implementing regulations (43 CFR 2). In addition, MMS has strict security measures in place regarding the storage of, and access to, proprietary information.

**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.**

This information 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.**

There are approximately 4,570 oil, gas, and geothermal reporters who submit the required information monthly. Based on current data, we estimate the average number of annual responses is 7,805,760, and the annual reporting burden to industry is 253,509 hours. 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. We have not included in our estimates certain requirements performed in the normal course of business and considered usual and customary.

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

See chart under 12(c).

*(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.*

### Summary of Information Collections

Reference 30 CFR	Information Collections (IC)	Requirement to Respond	Frequency of Response	Number of Annual Responses	Annual Burden Hours	Annual Cost (\$45/hr)
210.52(a) and (b) 210.53(a) and (b) 210.54(a) and (b)	<b>Royalty Reporting:</b>  • <b>Report of Sales and Royalty Remittance</b> (Form MMS-2014)	Mandatory	Monthly	3,546,312	179,679	\$8,085,555
210.102 (a)(1)(i) and (ii) (a)(2)(i) and (ii) (b)(1) and (b)(2)(i)-(vi)	<b>Production Accounting:</b>  • <b>Oil and Gas Operations Report—OGOR</b> (Form MMS-4054)	Mandatory	Monthly	4,222,248	73,185	\$3,293,325
	• <b>Production Allocation Schedule Report—PASR</b> (Form MMS-4058)	Mandatory	Monthly	37,200	645	\$29,025
<b>TOTAL</b>				<b>7,805,760</b>	<b>253,509</b>	<b>\$11,407,905</b>

Cost estimates are based on the expectation that all requirements will be performed by an accountant. We estimate the total annual reporting burden is 253,509 hours. Based on a cost factor of \$45 per hour for industry accountants, we estimate the total annual cost to industry is \$11,407,905 (\$45 x 253,509 hours = \$11,407,905).

We used tables from the Bureau of Labor Statistics (BLS) to estimate the hourly cost for industry accountants in a metropolitan area. These statistics are located at <http://www.bls.gov/bls/wages.htm>. The estimated hourly labor cost is \$45, calculated as follows:

\$32.43 hourly mean wage x 1.4 benefit cost factor = \$45.40, rounded to \$45.

A multiplier of 1.4 (based on BLS news release USDL: 08-1802 of December 10, 2008, at [http://www.bls.gov/news.release/archives/ecec\\_12102008.htm](http://www.bls.gov/news.release/archives/ecec_12102008.htm)) was added for benefits.

There are no additional recordkeeping costs. The following chart shows the estimated burden hours by CFR section and paragraph:

**BURDEN BREAKDOWN**

30 CFR Part 210	Reporting and Recordkeeping Requirement	Hour Burden	Average Number of Annual Responses	Annual Burden Hours
<b>30 CFR 210—FORMS AND REPORTS</b>				
<b>Subpart B—Royalty Reports—Oil, Gas, and Geothermal Resources</b>				
210.52 (a) and (b)	<b>210.52 What royalty reports must I submit?</b>	<b>Form MMS-2014</b>		
		Electronic* (approximately 99 percent)		
210.53 (a) and (b)	You must submit a completed Form MMS–2014, Report of Sales and Royalty Remittance, to MMS with:	3 min.	3,510,849	175,542
210.54 (a) and (b)	(a) All royalty payments; and	Manual* (approximately 1 percent)		
	(b) Rents on nonproducing leases, where specified in the lease.	7 min.	35,463	4,137
* * * * *				
<b>SUBTOTAL FOR ROYALTY REPORTING</b>			<b>3,546,312</b>	<b>179,679</b>

30 CFR Part 210	Reporting and Recordkeeping Requirement	Hour Burden	Average Number of Annual Responses	Annual Burden Hours
<b>Subpart C—Production Reports—Oil and Gas</b>				
210.102 (a)(1)(i) and (ii), (a)(2)(i) and (ii)	<p><b>210.102 What production reports must I submit?</b></p> <p>(a) Form MMS–4054, Oil and Gas Operations Report. If you operate a Federal or Indian onshore or OCS oil and gas lease or federally approved unit or communitization agreement that contains one or more wells that are not permanently plugged or abandoned, you must submit Form MMS–4054 to MMS:</p> <p>(1) You must submit Form MMS–4054 for each well for each calendar month, beginning with the month in which you complete drilling, unless:</p> <p>(i) You have only test production from a drilling well; or</p> <p>(ii) The MMS tells you in writing to report differently.</p> <p>(2) You must continue reporting until:</p> <p>(i) The Bureau of Land Management (BLM) or MMS approves all wells as permanently plugged or abandoned or the lease or unit or communitization agreement is terminated; and</p> <p>(ii) You dispose of all inventory.</p>		Burden hours covered under 210.104(a) and (b).	

<b>30 CFR Part 210</b>	<b>Reporting and Recordkeeping Requirement</b>	<b>Hour Burden</b>	<b>Average Number of Annual Responses</b>	<b>Annual Burden Hours</b>
210.102 (b)(1), (b)(2)(i)- (vi)	<p>(b) Form MMS–4058, Production Allocation Schedule Report. If you operate an offshore facility measurement point (FMP) handling production from a Federal oil and gas lease or federally approved unit agreement that is commingled (with approval) with production from any other source prior to measurement for royalty determination, you must file Form MMS–4058.</p> <p>(1) You must submit Form MMS–4058 for each calendar month beginning with the month in which you first handle production covered by this section.</p> <p>(2) Form MMS–4058 is not required whenever all of the following conditions are met:</p> <p>(i) All leases involved are Federal leases;</p> <p>(ii) All leases have the same fixed royalty rate;</p> <p>(iii) All leases are operated by the same operator;</p> <p>(iv) The facility measurement device is operated by the same person as the leases/agreements;</p> <p>(v) Production has not been previously measured for royalty determination; and</p> <p>(vi) The production is not subsequently commingled and measured for royalty determination at an FMP for which Form MMS–4058 is required under this part.</p>	Burden hours covered under 210.104(a) and (b).		

30 CFR Part 210	Reporting and Recordkeeping Requirement	Hour Burden	Average Number of Annual Responses	Annual Burden Hours																																				
210.103 (a) and (b)	<p><b>210.103 When are my production reports due?</b></p> <p>(a) The MMS must receive your completed Forms MMS–4054 and MMS–4058 by the 15th day of the second month following the month for which you are reporting.</p> <p>(b) A report is considered received when it is delivered to MMS by 4 p.m. mountain time at the addresses specified in §210.105. Reports received after 4 p.m. mountain time are considered received the following business day.</p>	Burden hours covered under 210.104(a) and (b).																																						
210.104 (a) and (b)	<p><b>210.104 Must I submit these production reports electronically?</b></p> <p>(a) You must submit Forms MMS–4054 and MMS–4058 electronically unless you qualify for an exception under §210.105.</p> <p>(b) You must use one of the following electronic media types, unless MMS instructs you differently:</p> <p style="text-align: center;">* * * * *</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="3" style="text-align: center;">Form MMS-4054 (OGOR)</th> </tr> </thead> <tbody> <tr> <td colspan="3" style="text-align: center;">Electronic* (approximately 98 percent)</td> </tr> <tr> <td style="text-align: center;">1 min.</td> <td style="text-align: center;">4,137,803</td> <td style="text-align: center;">68,963</td> </tr> <tr> <td colspan="3" style="text-align: center;">Manual* (approximately 2 percent)</td> </tr> <tr> <td style="text-align: center;">3 min.</td> <td style="text-align: center;">84,445</td> <td style="text-align: center;">4,222</td> </tr> <tr> <td style="text-align: center;"><b>TOTAL OGOR</b></td> <td style="text-align: center;"><b>4,222,248</b></td> <td style="text-align: center;"><b>73,185</b></td> </tr> <tr> <th colspan="3" style="text-align: center;">Form MMS-4058 (PASR)</th> </tr> <tr> <td colspan="3" style="text-align: center;">Electronic* (approximately 98 percent)</td> </tr> <tr> <td style="text-align: center;">1 min.</td> <td style="text-align: center;">36,456</td> <td style="text-align: center;">608</td> </tr> <tr> <td colspan="3" style="text-align: center;">Manual* (approximately 2 percent)</td> </tr> <tr> <td style="text-align: center;">3 min.</td> <td style="text-align: center;">744</td> <td style="text-align: center;">37</td> </tr> <tr> <td style="text-align: center;"><b>TOTAL PASR</b></td> <td style="text-align: center;"><b>37,200</b></td> <td style="text-align: center;"><b>645</b></td> </tr> </tbody> </table>			Form MMS-4054 (OGOR)			Electronic* (approximately 98 percent)			1 min.	4,137,803	68,963	Manual* (approximately 2 percent)			3 min.	84,445	4,222	<b>TOTAL OGOR</b>	<b>4,222,248</b>	<b>73,185</b>	Form MMS-4058 (PASR)			Electronic* (approximately 98 percent)			1 min.	36,456	608	Manual* (approximately 2 percent)			3 min.	744	37	<b>TOTAL PASR</b>	<b>37,200</b>	<b>645</b>
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30 CFR Part 210	Reporting and Recordkeeping Requirement	Hour Burden	Average Number of Annual Responses	Annual Burden Hours
<b>Subpart D—Special-Purpose Forms and Reports— Oil, Gas, and Geothermal Resources</b>				
210.155	<p><b>210.155 What reports must I submit for Federal onshore stripper oil properties?</b></p> <p>(a) <i>General.</i> Operators who have been granted a reduced royalty rate by the Bureau of Land Management (BLM) under 43 CFR 3103.4-2 must submit Form MMS-4377, Stripper Royalty Rate Reduction Notification, under 43 CFR 3103.4-2(b)(3).</p> <p style="text-align: center;">* * * * *</p>	Burden covered under OMB Control Number 1010-0090 (expires December 31, 2010).		
<b>SUBTOTAL FOR PRODUCTION REPORTING</b>			<b>4,259,448</b>	<b>73,830</b>
<b>PART 212—RECORDS AND FILES MAINTENANCE</b>				
<b>Subpart B—Oil, Gas and OCS Sulphur—General</b>				
212.50	<p><b>212.50 Required recordkeeping and reports.</b></p> <p>All records pertaining to offshore and onshore Federal and Indian oil and gas 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, that records must be maintained for a longer period * * *.</p> <p><b>[In accordance with 30 U.S.C. 1724(f), Federal oil and gas records must be maintained for 7 years from the date the obligation became due.]</b></p>	Burden hours covered under 210.54(a) and (b); and 210.104(a) and (b).		

30 CFR Part 210	Reporting and Recordkeeping Requirement	Hour Burden	Average Number of Annual Responses	Annual Burden Hours
212.51 (a) and (b)	<p>(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 rentals, royalties, net profit shares, and other payments related to offshore and onshore Federal and Indian oil and gas leases are in compliance with lease terms, regulations, and orders * * *.</p> <p>(b) <i>Period for keeping records.</i> Lessees, operators, revenue payors, or other persons required to keep records under this section shall maintain and preserve them for 6 years from the day on which the relevant transaction recorded occurred unless the Secretary notifies the record holder of an audit or investigation involving the records and that they must be maintained for a longer period * * *.</p> <p>[In accordance with 30 U.S.C. 1724(f), Federal oil and gas records must be maintained for 7 years from the date the obligation became due.]</p>	Burden hours covered under 210.54(a) and (b); and 210.104(a) and (b).		
<b>TOTAL FOR ROYALTY AND PRODUCTION REPORTING</b>				

\* Note: Each line of data is considered one response/report.

**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 non-hour cost burdens for this collection of information. Reporters require access to the Internet through a subscription to an Internet provider service. The annual subscription is estimated at \$240 per reporter. In the 2006 renewal for production reporting, we estimated \$600,000 (2,500 reporters x \$240) for this expense; however we now consider Internet provider service to be a usual and customary expense of doing business. This is an adjustment, decreasing the non-hour cost burden by \$600,000.

**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.**

To analyze, review, and process the information, we estimate the total annual cost to the Federal Government is \$3,554,722, as explained below:

### **Royalty Reporting**

Industry respondents require an average of 179,679 burden hours annually for royalty reporting. (See subtotal for royalty reporting in the Burden Breakdown chart under #12.) We estimate that a Government accountant requires an average of 15 minutes for each hour spent by industry respondents, totaling 44,920 hours. Most royalty reports are processed by a Government accountant at the Grade 12 level. Based on the United States 2009 General Schedule, Grade 12, Step 5, pay scale for a Government accountant in the Denver, Colorado, area, the estimated hourly labor cost is \$59 (\$39.35 per hour x 1.5 benefit cost factor = \$59.03, rounded to \$59). A multiplier of 1.5 (as implied by BLS news release USDL 08-1802, Dec. 10, 2008, at [http://www.bls.gov/news.release/archives/ecec\\_12102008.htm](http://www.bls.gov/news.release/archives/ecec_12102008.htm)) was added for benefits.

The annual cost to the Government for royalty reporting is calculated as follows:

$$179,679 \text{ hrs} \times 15 \text{ minutes}/60 \text{ minutes} = 44,920 \text{ hrs} \times \$59 \text{ per hour} = \$2,650,280.$$

### **Production Reporting**

Industry respondents require an average of 73,830 burden hours annually for production reporting. (See subtotal for production reporting in Burden Breakdown chart under #12.) We estimate that a Government accountant requires an average of 15 minutes for each hour spent by

industry respondents, totaling 18,458 hours. Most production reports are processed by a Government accountant at the Grade 11 level. Based on the United States 2009 General Schedule, Grade 11, Step 5, pay scale for a Government accountant in the Denver, Colorado, area, the estimated hourly labor cost is \$49 (\$32.83 per hour x 1.5 benefit cost factor = \$49.25, rounded to \$49). A multiplier of 1.5 (as implied by BLS news release USDL 08-1802, Dec. 10, 2008, at [http://www.bls.gov/news.release/archives/ecec\\_12102008.htm](http://www.bls.gov/news.release/archives/ecec_12102008.htm)) was added for benefits.

The annual cost to the Government for production reporting is calculated as follows:

$$73,830 \text{ hrs} \times 15 \text{ minutes}/60 \text{ minutes} = 18,458 \text{ hrs} \times \$49 \text{ per hour} = \$904,442.$$

### **Royalty and Production Reporting**

We calculate the total annual cost to the Federal Government as follows:

$$\$2,650,280 \text{ (Royalty)} + \$904,442 \text{ (Production)} = \$3,554,722.$$

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

#### **Annual Hour Burden**

The currently approved OMB inventory for 1010-0139 is 76,631 annual burden hours. In this revision, we are requesting an increase of 176,878 hours for a total inventory of 253,509 hours, as shown below:

#### **Program Change:**

The total program change is an increase of 158,820 hours, as explained below:

**Royalty.** The hours from collection 1010-0140 are merged into this collection, adding 158,821 hours from the existing inventory. Once the merge is approved, we will discontinue 1010-0140.

**Production.** The final rule, RIN 1010-AD20, Reporting Amendments (73 FR 15885), was published on March 26, 2008, which removed the requirement previously at 30 CFR 216.30. This decreased the burden hours for production reporting by 1 hour.

#### **Adjustment Change:**

The total adjustment change is an increase of 18,058 hours, as explained below:

**Royalty.** The burden increased from 158,821 hours in the 2006 renewal to 179,679 hours currently (an increase of 20,858 hours) due primarily to an increase in the number of responses, from 3,134,611 in the 2006 renewal to 3,546,312 in the current renewal. Our estimates of the time required to submit the information electronically and manually have not changed.

**Production.** The burden decreased from 76,631 hours in the 2006 renewal to 73,830 hours currently (a decrease of 2,800 hours in adjustment plus the decrease of 1-hour program change described above) due primarily to more accurate estimates of the time required to submit the information, based on customer feedback. Also, for the current renewal, we retrieved the data from our financial system based on lines submitted instead of forms submitted, as in previous renewals. For the current renewal, each line is considered a response/report; thus the number of responses has increased. However, the net time estimates have decreased correspondingly because it takes far less time to submit a line than an entire form.

Note: For this revision, we separated production reporting into two ICs because there are two production forms (OGOR and PASR). In the 2006 renewal, both production forms were listed under one IC. Therefore, in the current renewal, ROCIS lists the total previously approved inventory of 76,631 burden hours under the OGOR IC and shows 0 burden hours for the PASR IC. ROCIS shows an adjustment decrease in the OGOR IC of -3,445 hours, and the PASR IC shows an adjustment increase of 645 hours. The total adjustment decrease in burden hours for production reporting is the difference (-3,445 + 645 = -2,800 hours).

The calculation for the increase in burden hours for this collection is shown below:

76,631	current inventory for 1010-0139
- 2,801	-1 program and -2,800 adjustment change for production
+ 158,821	program increase for merging 1010-0140
+ 20,858	adjustment increase for royalty
253,509	total hours

### **Annual Cost Burden**

In the 2006 renewal for production reporting, we estimated a non-hour cost burden of \$600,000 for annual internet subscription; however, we now consider internet provider service to be a usual and customary expense of doing business. Therefore, we are requesting an adjustment, decrease of \$600,000.

**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 will not publish the data.

***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-2014, MMS-4054, and MMS-4058.

The expiration date of OMB's approval will be displayed on any correspondence MMS sends to lessees or designees concerning this information collection.

***18. Explain each exception to the certification statement identified in "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."