

**Supporting Statement for
30 CFR Parts 202, 204, 206, and 210, Federal Oil and Gas Valuation
(Form MMS-4377, Stripper Royalty Rate Reduction Notification, and
Form MMS-4393, Request to Exceed Regulatory Allowance Limitation)
OMB Control Number 1010-0136
Expiration Date: December 31, 2010**

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.

We consolidated this information collection request (ICR) with ICR 1010-0090, Stripper Royalty Rate Reduction Notification, in order to allow programwide review of Federal oil and gas valuation. The new title of this ICR is “30 CFR Parts 202, 204, 206, and 210, Federal Oil and Gas Valuation.”

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.

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 laws pertaining to valuation of mineral leases are listed below. These citations can be viewed on our website at http://www.mrm.boemre.gov/Laws_R_D/PublicLawsAMR.htm.

- Public Law 97-451—Jan. 12, 1983 (FOGRMA);
- 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 Mineral Leasing Act of 1920, Section 36, as amended (30 U.S.C. 192);
- Outer Continental Shelf Lands Act of 1953, Section 27, as amended (43 U.S.C. 1353);
- 30 U.S.C. 189 pertaining to Public Lands; and
- 30 U.S.C. 359 pertaining to Acquired Lands.

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 Bureau of Ocean Energy Management, Regulation, and Enforcement (BOEM), formerly known as the Minerals Management Service, uses the information collected to ensure that royalty is valued accurately and paid appropriately on oil and gas produced from Federal onshore and offshore leases. Please refer to the table in Item 12 for all reporting requirements and associated burden hours. All data submitted is subject to subsequent audit and adjustment.

Federal Oil and Gas Valuation Regulations

The valuation regulations at 30 CFR part 206, subparts C and D, mandate that companies collect and/or submit information used to value their Federal oil and gas, including transportation and processing regulatory allowance limit information. Companies report certain data on Form MMS-2014, Report of Sales and Royalty Remittance (OMB Control Number 1010-0139, expires 12/31/2012). The information requested is the minimum necessary to carry out our mission and places the least possible burden on respondents. If BOEM does not collect this information, both Federal and state governments may suffer a loss of royalties.

Transportation and Processing Regulatory Allowance Limits

Lessees may deduct the reasonable, actual costs of transportation and processing from Federal royalties. These allowances are reported on Form MMS-2014.

Regulatory Allowance Limit for Transportation: Under certain circumstances, lessees are authorized to deduct from royalty payments the reasonable, actual costs of transporting the royalty portion of produced oil and gas from the lease to a processing or sales point not in the immediate lease area. For oil and gas, regulations establish the allowable limit on transportation allowance deductions at 50 percent of the value of the oil or gas.

Regulatory Allowance Limit for Processing: When gas is processed for the recovery of gas plant products, lessees may claim a processing allowance. Regulations establish the allowable limit on processing allowance deductions at 66⅔ percent of the value of each gas plant product.

Request to Exceed Regulatory Allowance Limitation, Form MMS-4393: Lessees may request to exceed regulatory limitations. Upon proper application from the lessee, we may approve oil or gas transportation allowance in excess of 50 percent or a gas processing allowance in excess of 66⅔ percent on Federal leases. To request permission to exceed a regulatory allowance limit, lessees must submit a letter to BOEM explaining why a higher allowance limit is necessary and provide supporting documentation, including a completed Form MMS-4393. On this form, lessees provide us with the data necessary to identify the properties and time periods for which the lessee is requesting to exceed the regulatory limits. The BOEM verifies that these costs actually exceed regulatory allowance limits. Companies report supporting information on Form MMS-4393 for both Federal and Indian leases. Burden hours for completion of Form MMS-4393 for Indian leases are included in OMB Control Number 1010-0103, expires August 31, 2012.

Accounting and Auditing Relief for Marginal Properties

In 2004, we amended our regulations to comply with RSFA section 7. The regulations provide guidance for lessees and designees seeking accounting and auditing relief for qualifying Federal marginal properties. There are two types of relief: (1) cumulative royalty reports and payments relief, and (2) other relief. Under 30 CFR 204.202, BOEM requires notification from lessees who request to take the cumulative royalty reporting and payment relief option. Under 30 CFR 204.203, BOEM requires a relief request from lessees who want to obtain any other type of accounting and auditing relief. Lessees who choose to obtain relief are required to supply this information in order to obtain these benefits.

A state may decide in advance if it will allow either one or both relief options for each particular year and must notify the Minerals Revenue Management (MRM) Associate Director, in writing, of its decision. (The MRM is a program of BOEM.) If a state does not notify BOEM, in writing, then BOEM will deem that the state has decided not to allow either or both relief options. After consulting with the state concerned, BOEM will approve, deny, or modify requests, in writing. Under the regulations, both BOEM and the state concerned must approve any accounting and auditing relief granted for a marginal property. Therefore, BOEM and the state concerned must determine that the relief is in the best interest of the Federal Government and the state.

Stripper Oil Royalty Rate Reduction Program

Under 43 CFR 3103.4-2, the Stripper Oil Royalty Rate Reduction Program (Stripper Oil Program) was established by the Bureau of Land Management (BLM), the surface management agency for Federal onshore leases. The MRM, who administered the Stripper Oil Program for BLM, approved royalty rate reductions for operators of stripper oil properties for applicable sales periods from October 1, 1992, through January 31, 2006. Effective February 1, 2006, the reduced royalty rates under this program were terminated. This change is not currently reflected in the CFR; however, BLM is processing a final rule to remove this citation from their regulations.

For production through January 31, 2006, reporters used Form MMS-4377, Stripper Royalty Rate Reduction Notification, to notify MRM of royalty rate changes. Although the royalty rate

reductions were terminated, MRM continues to verify previously submitted notifications and may require the operator to submit an amended Form MMS-4377.

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].

Our Government Paperwork Elimination Act Plan indicates that we evaluate such transactions for electronic submission. We offer an electronic copy of Form MMS-4393 on our website at http://www.mrm.mms.gov/FM/Forms/AFSoil_Gas.htm; lessees may complete forms and submit electronically as an e-mail attachment. We have a reasonable expectation that 10 percent may use the e-mail option in the future.

For accounting and auditing relief, we will accept responses by electronic mail and expect to receive, on an average, 50 percent of the responses electronically. Submission by electronic mail is the most efficient and immediate means for submission of the notification or relief request. The information being requested of the lessee in its notification or relief request is the minimum information necessary to efficiently process the lessee's notification or request for accounting and auditing relief.

The BLM terminated the stripper oil royalty rate reduction program, and BOEM will not be developing further capability for electronic submissions. The MRM continues to verify previously submitted notifications. Operators may submit an amended Form MMS-4377 to MRM via e-mail.

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 valuation and allowance information in this collection is unique and specific to valuing and paying royalties derived from oil and gas from Federal leases. The marginal property accounting and auditing relief program is also unique: the lessee's decision to participate in the relief can come only from the lessee or designee. There is no other source of this information available, nor is there any other Government agency currently collecting similar information for other purposes that could serve our needs. There is no duplication of the requested information.

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, and they will be impacted by 30 CFR parts 202, 204, 206, and 210. However, we have carefully analyzed the valuation, allowances, and marginal property relief requirements to ensure that the information requested is the minimum necessary to efficiently (1) carry out our mission and (2) process the

lessee's notification or request for relief. These requirements will place the least possible burden on all respondents.

There are no special requirements or benefits that will impact small businesses differently than larger entities. However, small businesses would likely have less information to report than a larger company would. The BOEM provides periodic training and toll-free telephone assistance to assist all respondents in complying with these requirements. The BOEM maintains ongoing contact with companies to resolve questions as they arise. Both industry and the Government benefit from this exchange of information.

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.

In this ICR, there are no technical obstacles to reducing the burden; however, the legal obstacles are substantive.

All the information currently requested is necessary for BOEM to perform its mission functions. The requested information provides a critical link to establishing the proper value of oil and gas from Federal lands. If BOEM does not collect the valuation and allowances information, we cannot carry out our mandated mission, which may result in a loss of royalties for both Federal and state governments. The request to exceed a regulatory allowance limit is voluntary and results in a benefit to the lessee.

If BOEM does not receive the information concerning marginal property relief, the lessees and its designees cannot obtain the accounting and auditing relief offered by RSFA section 7. Wells on marginal properties may be prematurely abandoned, resulting in a permanent loss of royalty revenues to the Federal Government and the state concerned, as well as a loss of production revenues to the lessee or designee.

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.

Item (a) above is not applicable in this collection because (1) the lessees will notify BOEM occasionally, when needed, concerning the allowance request; and (2) the states will notify BOEM annually of their intent to allow or not allow one or both of the relief options. The Federal lessees and designees will file a one-time notification or request for relief with BOEM, and then again only if any changes occur.

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

According to 30 CFR 204.208(c), state(s) will notify BOEM if the former will or will not allow one or both of the relief options within 30 days after October 1st for the next calendar year.

(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.

RSFA section 4(f) requires that Federal oil and gas lessees maintain records for 7 years after the obligation becomes due.

(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), BOEM published a 60-day notice in the *Federal Register* on April 12, 2010 (75 FR 18525). We received no comments in response to the *Federal Register* notice. We sent copies of the notice via electronic mail to the three respondents listed below. We solicited their feedback on the burden hour estimates, accuracy and availability of the data, clarity of instructions, and recordkeeping. We received no comments from the companies we contacted.

Mr. Roger Good

Council of Petroleum Accountants Societies
IBM Business Consulting Services
Manager Production Revenue Administration
521 South Boston Avenue
Tulsa, OK 74103-4602
(918) 925-7504
goodr@us.ibm.com

Ms. Lisa Crothers

Independent Petroleum Association of America
ConocoPhillips Company
310 South Keeler Avenue
Bartlesville, OK 74003-6623
(918) 336-4544
Lisa.J.Crothers@conocophillips.com

Mr. Steve Dilsaver

State of Wyoming
Administrator, Department of Audit Mineral Audit Division
Herschler Building, 3rd Floor East Wing
122 West 25th Street
Cheyenne, WY 82002
(307) 777-6663
sdilsaver@wyaudit.state.wy.us

In addition, BOEM explains in the Paperwork Reduction Act (PRA) statement on Forms MMS-4377 and MMS-4393 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 to send comments to BOEM.

The BOEM, lessees, and states perceive that it is helpful to maintain regular and routine contact on Federal properties. In addition, BOEM provides toll-free telephone assistance to lessees and

states, answers their questions regarding accounting and auditing relief regulations, and responds to lessees' other concerns related to qualified Federal properties.

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 BOEM 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)), the Department regulations (43 CFR 2), and the BOEM regulations at 30 CFR 210.206 as discussed in Item 7(h) above. In addition, BOEM 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.

(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.

Summary of Information Collections

| Information Collections | Requirement to Respond | Frequency of Response | Number of Respondents | Number of Annual Responses | Annual Burden Hours |
|--|------------------------------|-----------------------|-----------------------|----------------------------|---------------------|
| Oil and Gas Valuation (Parts 202 and 206) | Mandatory | On occasion | 104 | 104 | 7,896 |
| Request to Exceed Regulatory Allowance Limitation (Form MMS-4393) (Sections 206.109, 206.156, and 206.158(c)(3)) | Required to obtain a benefit | On occasion | 13 | 13 | 776 |
| Accounting and Auditing Relief for Marginal Properties— Industry (Part 204) | Required to obtain a benefit | Annually | 3 | 3 | 246 |
| Accounting and Auditing Relief for Marginal Properties— States (Part 204) | Required to obtain a benefit | Annually | 7 | 7 | 280 |
| Stripper Oil Program (Form MMS-4377) (Section 210.155) | Required to obtain a benefit | On occasion | 150 | 150 | 180 |
| TOTAL | | | 277 | 277 | 9,378 |

We based our cost estimates for industry and states on the expectation that an accountant will perform all requirements. We estimate the total annual reporting burden is 9,378 hours. Using a cost factor of \$46 per hour for industry and state accountants, we estimate the total annual cost to industry and states is \$431,388 ($\$46 \times 9,378 \text{ hours} = \$431,388$).

We used tables from the Bureau of Labor Statistics (BLS) to estimate the hourly cost for accountants in a metropolitan area. These statistics are located at <http://www.bls.gov/bls/wages.htm>. We estimated the hourly labor cost at \$46, calculated as follows:

$$\$32.83 \text{ hourly mean wage} \times 1.4 \text{ benefit cost factor} = \$45.96, \text{ rounded to } \$46.$$

We added a multiplier of 1.4 for benefits (based on BLS news release USDL 10-0283, March 10, 2010, at http://www.bls.gov/news.release/archives/ecec_03102010.htm).

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

SECTION A.12 BURDEN BREAKDOWN

| 30 CFR 202, 204, 206, and 210 | Reporting and Recordkeeping Requirement | Hour Burden | Average Number of Annual Responses | Annual Burden Hours |
|--|--|--|---|---------------------------|
| PART 202—ROYALTIES | | | | |
| Subpart C—Federal and Indian Oil | | | | |
| 202.101 | 202.101 Oil volumes are to be reported in barrels of clean oil of 42 standard U.S. gallons (231 cubic inches each) at 60 °F. . . . | Burden covered under OMB Control Number 1010-0139. | | |
| Subpart D—Federal Gas | | | | |
| 202.152 (a) and (b) | 202.152(a)(1) If you are responsible for reporting production or royalties you must: (i) Report gas volumes and British thermal unit (Btu) heating values, if applicable, under the same degree of water saturation; (ii) Report gas volumes in units of 1,000 cubic feet (mcf); and (iii) Report gas volumes and Btu heating value at a standard pressure base of 14.73 pounds per square inch absolute (psia) and a standard temperature base of 60 °F . . . (b) Residue gas and gas plant product volumes shall be reported as specified in this paragraph. . . . | Burden covered under OMB Control Number 1010-0139. | | |
| PART 204—ALTERNATIVES FOR MARGINAL PROPERTIES | | | | |
| Subpart C—Accounting and Auditing Relief | | | | |
| 204.202 (b)(1) | 204.202(b) To use the cumulative royalty reports and payments relief option, you must do all of the following: (1) Notify MMS in writing by January 31 of the calendar year for which you begin taking your relief. . . . | 40 | 1 | 40 |
| 204.202 (b)(2) and (b) (3) | 204.202(b)(2) Submit your royalty report and payment . . . by the end of February of the year following the calendar year for which you reported annually. . . . If you have an estimated payment on file, you must submit your royalty report and payment by the end of March of the year following the calendar year for which you reported annually; (3) Use the sales month prior to the month that you submit your annual report and payment . . . for the entire previous calendar year's production for which you are paying annually. . . . | Burden covered under OMB Control Number 1010-0139. | | |

| 30 CFR 202, 204, 206, and 210 | Reporting and Recordkeeping Requirement | Hour Burden | Average Number of Annual Responses | Annual Burden Hours |
|---|---|--|---|---------------------------|
| 204.202 (b)(4), (b)(5), (c), (d)(1), (d)(2), (e)(1), and (e) (2) | <p>204.202(b) To use the cumulative royalty reports and payments relief option, you must . . .</p> <p>(4) Report one line of cumulative royalty information on Form MMS-2014 for the calendar year . . . and</p> <p>(5) Report allowances on Form MMS-2014 on the same annual basis as the royalties for your marginal property production.</p> <p>(c) If you do not pay your royalty by the date due in paragraph (b) of this section, you will owe late payment interest . . . from the date your payment was due under this section until the date MMS receives it. . . .</p> <p>(d) If you take relief you are not qualified for, you may be liable for civil penalties.</p> <p>Also you must:</p> <p>(1) Pay MMS late payment interest determined under 30 CFR 218.54 . . .</p> <p>(2) Amend your Form MMS-2014 . . .</p> <p>(e) If you dispose of your ownership interest in a marginal property for which you have taken relief . . . you must:</p> <p>(1) Report and pay royalties for the portion of the calendar year for which you had an ownership interest; and</p> <p>(2) Make the report and payment by the end of the month after you dispose of the ownership interest in the marginal property. If you do not report and pay timely, you will owe interest . . . from the date the payment was due. . . .</p> | Burden covered under OMB Control Number 1010-0139. | | |
| 204.203 (b), 204.205 (a) and (b), and 204.206 (a)(3)(i) and (b) (1) | 204.203(b) You must request approval from MMS . . . before taking relief under this option. | 200 | 1 | 200 |

| 30 CFR 202, 204, 206, and 210 | Reporting and Recordkeeping Requirement | Hour Burden | Average Number of Annual Responses | Annual Burden Hours |
|---|--|--|---|---------------------------|
| 204.208 (c)(1), (d) (1), and (e) | 204.208(c) If a State decides . . . that it will or will not allow one or both of the relief options . . . within 30 days . . . the State must: (1) Notify the Associate Director for Minerals Revenue Management, MMS, in writing, of its intent to allow or not allow one or both of the relief options . . . (d) If a State decides in advance . . . that it will not allow one or both of the relief options . . . the State must: (1) Notify the Associate Director for Minerals Revenue Management, MMS, in writing, of its intent to allow one or both of the relief options . . . (e) If a State does not notify MMS . . . the State will be deemed to have decided not to allow either of the relief options . . . | 40 | 7 | 280 |
| 204.209 (b) | 204.209(b) If a property is no longer eligible for relief . . . the relief for the property terminates as of December 31 of that calendar year. You must notify MMS in writing by December 31 that the relief for the property has terminated. . . | 6 | 1 | 6 |
| 204.210 (c) and (d) | 204.210(c) . . . the volumes on which you report and pay royalty . . . must be amended to reflect all volumes produced on or allocated to your lease under the nonqualifying agreement as modified by BLM. . . . Report and pay royalties for your production using the procedures in §204.202(b). (d) If you owe additional royalties based on the retroactive agreement approval and do not pay your royalty by the date due in §204.202(b), you will owe late payment interest determined under 30 CFR 218.54 from the date your payment was due under §204.202(b)(2) until the date MMS receives it. | Burden covered under OMB Control Number 1010-0139. | | |

| 30 CFR 202, 204, 206, and 210 | Reporting and Recordkeeping Requirement | Hour Burden | Average Number of Annual Responses | Annual Burden Hours |
|---|---|--|---|---------------------------|
| 204.214 (b)(1) and (b) (2) | 204.214(b) If you pay minimum royalty on production from a marginal property during a calendar year for which you are taking cumulative royalty reports and payment relief, and: (1) The annual payment you owe under this subpart is greater than the minimum royalty you paid, you must pay the difference between the minimum royalty you paid and your annual payment due under this subpart; or (2) The annual payment you owe under this subpart is less than the minimum royalty you paid, you are not entitled to a credit because you must pay at least the minimum royalty amount on your lease each year. | Burden covered under OMB Control Number 1010-0139. | | |
| Accounting and Auditing Relief Subtotal | | | 10 | 526 |
| PART 206—PRODUCT VALUATION Subpart C—Federal Oil | | | | |
| 206.102 (e)(1) | 206.102(e) If you value oil under paragraph (a) of this section: (1) MMS may require you to certify that your or your affiliate's arm's-length contract provisions include all of the consideration the buyer must pay, either directly or indirectly, for the oil. | AUDIT PROCESS. See note. | | |
| 206.103 (a)(1), (a) (2), and (a)(3) | 206.103 This section explains how to value oil that you may not value under §206.102 or that you elect under §206.102(d) to value under this section. First determine whether paragraph (a), (b), or (c) of this section applies to production from your lease, or whether you may apply paragraph (d) or (e) with MMS approval. <i>(a) Production from leases in California or Alaska.</i> Value is the average of the daily mean ANS spot prices published in any MMS-approved publication during the trading month most concurrent with the production month. . . . (1) To calculate the daily mean spot price . . . (2) Use only the days . . . (3) You must adjust the value . . . | 45 | 5 | 225 |
| 206.103 (a)(4) | 206.103(a)(4) After you select an MMS-approved publication, you may not select a different publication more often than once every 2 years, . . . | 8 | 2 | 16 |
| 206.103 (b)(1) | 206.103(b) <i>Production from leases in the Rocky Mountain Region.</i> . . . (1) If you have an MMS-approved tendering program, you must value oil . . . | 400 | 2 | 800 |

| 30 CFR 202, 204, 206, and 210 | Reporting and Recordkeeping Requirement | Hour Burden | Average Number of Annual Responses | Annual Burden Hours |
|--|--|--|---|---------------------------|
| 206.103 (b)(1)(ii) | 206.103(b)(1)(ii) If you do not have an MMS-approved tendering program, you may elect to value your oil under either paragraph (b) (2) or (b)(3) of this section. . . . | 400 | 2 | 800 |
| 206.103 (b)(4) | 206.103(b)(4) If you demonstrate to MMS's satisfaction that paragraphs (b)(1) through (b)(3) of this section result in an unreasonable value for your production as a result of circumstances regarding that production, the MMS Director may establish an alternative valuation method. | 400 | 2 | 800 |
| 206.103 (c)(1) | 206.103(c) <i>Production from leases not located in California, Alaska or the Rocky Mountain Region.</i> (1) Value is the NYMEX price, plus the roll, adjusted for applicable location and quality differentials and transportation costs under §206.112. | 50 | 10 | 500 |
| 206.103 (e)(1) and (e) (2) | 206.103(e) <i>Production delivered to your refinery and the NYMEX price or ANS spot price is an unreasonable value.</i> (1) . . . you may apply to the MMS Director to establish a value representing the market at the refinery if: . . . (2) You must provide adequate documentation and evidence demonstrating the market value at the refinery. . . . | 330 | 2 | 660 |
| 206.105 | 206.105 If you determine the value of your oil under this subpart, you must retain all data relevant to the determination of royalty value. . . . | Burden covered under OMB Control Number 1010-0139. | | |
| 206.107 (a) | 206.107(a) You may request a value determination from MMS . . . | 40 | 10 | 400 |
| 206.109 (c)(2) | 206.109(c) <i>Limits on transportation allowances.</i> (2) You may ask MMS to approve a transportation allowance in excess of the limitation in paragraph (c)(1) of this section. . . . Your application for exception (using Form MMS-4393, Request to Exceed Regulatory Allowance Limitation) must contain all relevant and supporting documentation necessary for MMS to make a determination . . . | 8 | 2 | 16 |
| 206.110 (a) | 206.110(a) . . . You must be able to demonstrate that your or your affiliate's contract is at arm's length. . . . | AUDIT PROCESS. See note. | | |
| 206.110 (d)(3) | 206.110(d) If your arm's-length transportation contract includes more than one liquid product, and the transportation costs attributable to each product cannot be determined . . . (3) You may propose to MMS a cost allocation method . . . | 20 | 2 | 40 |

| 30 CFR 202, 204, 206, and 210 | Reporting and Recordkeeping Requirement | Hour Burden | Average Number of Annual Responses | Annual Burden Hours |
|--|---|--|---|---------------------------|
| 206.110 (e) | 206.110(e) If your arm's-length transportation contract includes both gaseous and liquid products, and the transportation costs attributable to each product cannot be determined from the contract, then you must propose an allocation procedure to MMS. | 20 | 1 | 20 |
| 206.110 (e)(1) and (e) (2) | 206.110(e)(1) . . . If MMS rejects your cost allocation, you must amend your Form MMS-2014 . . . (2) You must submit your initial proposal, including all available data, within 3 months after first claiming the allocated deductions on Form MMS-2014. | Burden covered under OMB Control Number 1010-0139. | | |
| 206.110 (g)(2) | 206.110(g) If your arm's-length sales contract includes a provision reducing the contract price by a transportation factor, . . . (2) You must obtain MMS approval before claiming a transportation factor in excess of 50 percent of the base price of the product. | 5 | 1 | 5 |
| 206.111 (g) | 206.111(g) To compute depreciation, you may elect to use either . . . After you make an election, you may not change methods without MMS approval. . . . | 30 | 1 | 30 |
| 206.111 (k)(2) | 206.111(k)(2) You may propose to MMS a cost allocation method on the basis of the values. . . | 30 | 1 | 30 |
| 206.111 (l)(1) and (l)(3) | 206.111(l)(1) Where you transport both gaseous and liquid products through the same transportation system, you must propose a cost allocation procedure to MMS. . . . (3) You must submit your initial proposal, including all available data, within 3 months after first claiming the allocated deductions on Form MMS-2014. | 20 | 1 | 20 |
| 206.111 (l)(2) | 206.111(l)(2) . . . If MMS rejects your cost allocation, you must amend your Form MMS-2104 for the months that you used the rejected method and pay any additional royalty and interest due. | Burden covered under OMB Control Number 1010-0139. | | |
| 206.112 (a)(1)(ii) | 206.112(a)(1)(ii) . . . under an exchange agreement that is not at arm's length, you must obtain approval from MMS for a location and quality differential. . . . | 80 | 1 | 80 |
| 206.112 (a)(1)(ii) | 206.112(a)(1)(ii) . . . If MMS prescribes a different differential, you must apply. . . . You must pay any additional royalties owed . . . plus the late payment interest from the original royalty due date, or you may report a credit . . . | 20 | 2 | 40 |

| 30 CFR 202, 204, 206, and 210 | Reporting and Recordkeeping Requirement | Hour Burden | Average Number of Annual Responses | Annual Burden Hours |
|--|---|----------------|---|---------------------------|
| 206.112 (a)(3) and (a) (4) | 206.112(a)(3) If you transport or exchange at arm's length (or both transport and exchange) at least 20 percent, but not all, of your oil produced from the lease to a market center, determine the adjustment between the lease and the market center for the oil that is not transported or exchanged (or both transported and exchanged) to or through a market center as follows: . . . (4) If you transport or exchange (or both transport and exchange) less than 20 percent of your crude oil produced from the lease between the lease and a market center, you must propose to MMS an adjustment between the lease and the market center for the portion of the oil that you do not transport or exchange (or both transport and exchange) to a market center. . . . If MMS prescribes a different adjustment. . . . You must pay any additional royalties owed . . . plus the late payment interest from the original royalty due date, or you may report a credit . . . | 80 | 4 | 320 |
| 206.112 (b)(3) | 206.112(b)(3) . . . you may propose an alternative differential to MMS. . . . If MMS prescribes a different differential. . . . You must pay any additional royalties owed . . . plus the late payment interest from the original royalty due date, or you may report a credit . . . | 80 | 4 | 320 |
| 206.112 (c)(2) | 206.112(c)(2) . . . If quality bank adjustments do not incorporate or provide for adjustments for sulfur content, you may make sulfur adjustments, based on the quality of the representative crude oil at the market center, of 5.0 cents per one-tenth percent difference in sulfur content, unless MMS approves a higher adjustment. | 80 | 2 | 160 |

| 30 CFR 202, 204, 206, and 210 | Reporting and Recordkeeping Requirement | Hour Burden | Average Number of Annual Responses | Annual Burden Hours |
|---|---|---|---|---------------------------|
| 206.114 | <p>206.114 You or your affiliate must use a separate entry on Form MMS-2014 to notify MMS of an allowance based on transportation costs you or your affiliate incur.</p> <p>MMS may require you or your affiliate to submit arm's-length transportation contracts, production agreements, operating agreements, and related documents. . . .</p> | <p>Burden covered under OMB Control Number 1010-0139.</p> <p>AUDIT PROCESS. See note.</p> | | |
| 206.115 (a) | 206.115(a) You or your affiliate must use a separate entry on Form MMS-2014 to notify MMS of an allowance based on transportation costs you or your affiliate incur. | Burden covered under OMB Control Number 1010-0139. | | |
| 206.115 (c) | 206.115(c) MMS may require you or your affiliate to submit all data used to calculate the allowance deduction. . . . | AUDIT PROCESS. See note. | | |
| Subpart D—Federal Gas | | | | |
| 206.152 (b)(1)(i) and (b) (1)(iii) | 206.152(b)(1)(i) . . . The lessee shall have the burden of demonstrating that its contract is arm's-length. . . . (iii) . . . 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 value. | AUDIT PROCESS. See note. | | |
| 206.152 (b)(2) | 206.152(b)(2) . . . The lessee must request a value determination in accordance with paragraph (g) of this section for gas sold pursuant to a warranty contract; . . . | 80 | 1 | 80 |
| 206.152 (b)(3) | 206.152(b)(3) 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 gas. | AUDIT PROCESS. See note. | | |
| 206.152 (e)(1) | 206.152(e)(1) Where the value is determined pursuant to paragraph (c) of this section, the lessee shall retain all data relevant to the determination of royalty value. . . . | Burden covered under OMB Control Number 1010-0139. | | |
| 206.152 (e)(2) | 206.152(e)(2) Any Federal lessee will make available upon request to the authorized MMS or State representatives, to the Office of the Inspector General of the department of the Interior, or other person authorized to receive such information, arm's-length sales and volume data for like-quality production sold, purchased or otherwise obtained by the lessee from the field or area or from nearby fields or areas. | AUDIT PROCESS. See note. | | |

| 30 CFR 202, 204, 206, and 210 | Reporting and Recordkeeping Requirement | Hour Burden | Average Number of Annual Responses | Annual Burden Hours |
|--|--|--|---|------------------------------------|
| 206.152 (e)(3) | 206.152(e)(3) A lessee shall notify MMS if it has determined value pursuant to paragraph (c)(2) or (c)(3) of this section. . . . | 10 | 10 | 100 |
| 206.152 (g) | 206.152(g) The lessee may request a value determination from MMS. . . . The lessee shall submit all available data relevant to its proposal. . . . | 40 | 5 | 200 |
| 206.153 (b)(1)(i) and (b) (1)(iii) | 206.153(b)(1)(i) . . . The lessee shall have the burden of demonstrating that its contract is arm's-length. . . . (iii) . . . 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 value. | AUDIT PROCESS. See note. | | |
| 206.153 (b)(2) | 206.153(b)(2) . . . The lessee must request a value determination in accordance with paragraph (g) of this section for gas sold pursuant to a warranty contract; . . . | 80 | 1 | 80 |
| 206.153 (b)(3) | 206.153(b)(3) 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 residue gas or gas plant product. | AUDIT PROCESS. See note. | | |
| 206.153 (e)(1) | 206.153(e)(1) Where the value is determined pursuant to paragraph (c) of this section, the lessee shall retain all data relevant to the determination of royalty value. . . . | Burden covered under OMB Control Number 1010-0139. | | |
| 206.153 (e)(2) | 206.153(e)(2) Any Federal lessee will make available upon request to the authorized MMS or State representatives, to the Office of the Inspector General of the Department of the Interior, or other persons authorized to receive such information, arm's-length sales and volume data for like-quality residue gas and gas plant products sold, purchased or otherwise obtained by the lessee from the same processing plant or from nearby processing plants. | AUDIT PROCESS. See note. | | |
| 206.153 (e)(3) | 206.153(e)(2) A lessee shall notify MMS if it has determined any value pursuant to paragraph (c)(2) or (c)(3) of this section. . . . | 10 | 2 | 20 |
| 206.153 (g) | 206.153(g) The lessee may request a value determination from MMS. . . . The lessee shall submit all available data relevant to its proposal. . . . | 80 | 15 | 1,200 |

| 30 CFR 202, 204, 206, and 210 | Reporting and Recordkeeping Requirement | Hour Burden | Average Number of Annual Responses | Annual Burden Hours |
|--|--|--|---|---------------------------|
| 206.154 (c)(4) | 206.154(c)(4) . . . A lessee may request MMS approval of other methods for determining the quantity of residue gas and gas plant products allocable to each lease. . . . | 40 | 1 | 40 |
| 206.156 (c)(3) | 206.156(c)(3) Upon request of a lessee, MMS may approve a transportation allowance deduction in excess of the limitation prescribed by paragraphs (c)(1) and (c)(2) of this section. . . . An application for exception (using Form MMS-4393, Request to Exceed Regulatory Allowance Limitation) must contain all relevant and supporting documentation necessary for MMS to make a determination. . . . | 40 | 3 | 120 |
| 206.157 (a)(1)(i) | 206.157(a) <i>Arm's-length transportation contracts.</i> (1)(i) . . . The lessee shall have the burden of demonstrating that its contract is arm's-length. . . . The lessee must claim a transportation allowance by reporting it on a separate line entry on the Form MMS-2014. | AUDIT PROCESS. See note. Burden covered under OMB Control Number 1010-0139. | | |
| 206.157 (a)(1)(iii) | 206.157(a)(1)(iii) . . . 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. | | |
| 206.157 (a)(2)(ii) | 206.157(a)(2)(ii) . . . the lessee may propose to MMS a cost allocation method on the basis of the values of the products transported. . . . | 40 | 1 | 40 |
| 206.157 (a)(3) | 206.157(a)(3) If an arm's-length transportation contract includes both gaseous and liquid products and the transportation costs attributable to each cannot be determined from the contract, the lessee shall propose an allocation procedure to MMS. . . . The lessee shall submit all relevant data to support its proposal. . . . | 40 | 1 | 40 |
| 206.157 (a)(5) | 206.157(a)(5) . . . The transportation factor may not exceed 50 percent of the base price of the product without MMS approval. | 10 | 3 | 30 |
| 206.157 (b)(1) | 206.157(b) <i>Non-arm's-length or no contract.</i> (1) The lessee must claim a transportation allowance by reporting it on a separate line entry on the Form MMS-2014. . . . | Burden covered under OMB Control Number 1010-0139. | | |

| 30 CFR 202, 204, 206, and 210 | Reporting and Recordkeeping Requirement | Hour Burden | Average Number of Annual Responses | Annual Burden Hours |
|--|---|--|---|---------------------------|
| 206.157 (b)(2)(iv) and (b) (2)(iv) (A) | 206.157(b)(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. (A) . . . After an election is made, the lessee may not change methods without MMS approval. . . . | 100 | 1 | 100 |
| 206.157 (b)(3)(i) | 206.157(b)(3)(i) . . . Except as provided in this paragraph, the lessee may not take an allowance for transporting a product which is not royalty bearing without MMS approval. | 100 | 1 | 100 |
| 206.157 (b)(3)(ii) | 206.157(b)(3)(ii) . . . the lessee may propose to the MMS a cost allocation method on the basis of the values of the products transported. . . . | 100 | 1 | 100 |
| 206.157 (b)(4) | 206.157(b)(4) Where both gaseous and liquid products are transported through the same transportation system, the lessee shall propose a cost allocation procedure to MMS. . . . The lessee shall submit all relevant data to support its proposal. . . . | 100 | 1 | 100 |
| 206.157 (b)(5) | 206.157(b)(5) You may apply for an exception from the requirement to compute actual costs under paragraphs (b)(1) through (b)(4) of this section. | 100 | 1 | 100 |
| 206.157 (c)(1)(i) | 206.157(c) <i>Reporting Requirements.</i> (1) <i>Arm's-length contracts.</i> (i) You must use a separate entry on Form MMS-2014 to notify MMS of a transportation allowance. | Burden covered under OMB Control Number 1010-0139. | | |
| 206.157 (c)(1)(ii) | 206.157(c)(1)(ii) The MMS may require you to submit arm's-length transportation contracts, production agreements, operating agreements, and related documents. . . . | AUDIT PROCESS. See note. | | |
| 206.157 (c)(2)(i) | 206.157(c)(2) <i>Non-arm's-length or no contract.</i> (i) You must use a separate entry on Form MMS-2014 to notify MMS of a transportation allowance. | Burden covered under OMB Control Number 1010-0139. | | |
| 206.157 (c)(2)(iii) | 206.157(c)(2)(iii) The MMS may require you to submit all data used to calculate the allowance deduction. . . . | AUDIT PROCESS. See note. | | |

| 30 CFR 202, 204, 206, and 210 | Reporting and Recordkeeping Requirement | Hour Burden | Average Number of Annual Responses | Annual Burden Hours |
|--|--|--|---|---------------------------|
| 206.157 (e)(2), (e) (3), and (f)(1) | <p>206.157(e) <i>Adjustments.</i> (2) For lessees transporting production from onshore Federal leases, the lessee must submit a corrected Form MMS-2014 to reflect actual costs, together with any payment, in accordance with instructions provided by MMS.</p> <p>(3) For lessees transporting gas production from leases on the OCS, if the lessee's estimated transportation allowance exceeds the allowance based on actual costs, the lessee must submit a corrected Form MMS-2014 to reflect actual costs, together with its payments, in accordance with instructions provided by MMS. . . .</p> <p>(f) <i>Allowable costs in determining transportation allowances.</i> . . . (1) <i>Firm demand charges paid to pipelines.</i> . . . if you receive a payment or credit from the pipeline for penalty refunds, rate case refunds, or other reasons, you must reduce the firm demand charge claimed on the Form MMS-2014 by the amount of that payment. You must modify Form MMS-2014 by the amount received or credited for the affected reporting period and pay any resulting royalty and late payment interest due;</p> | Burden covered under OMB Control Number 1010-0139. | | |
| 206.158 (c)(3) | 206.158(c)(3) Upon request of a lessee, MMS may approve a processing allowance in excess of the limitation prescribed by paragraph (c)(2) of this section. . . . An application for exception (using Form MMS-4393, Request to Exceed Regulatory Allowance Limitation) shall contain all relevant and supporting documentation for MMS to make a determination. . . . | 80 | 8 | 640 |
| 206.158 (d)(2)(i) | 206.158(d)(2)(i) If the lessee incurs extraordinary costs for processing gas production from a gas production operation, it may apply to MMS for an allowance for those costs . . . | 80 | 1 | 80 |
| 206.158 (d)(2)(ii) | 206.158(d)(2)(ii) . . . to retain the authority to deduct the allowance the lessee must report the deduction to MMS in a form and manner prescribed by MMS. | Burden covered under OMB Control Number 1010-0139. | | |

| 30 CFR 202, 204, 206, and 210 | Reporting and Recordkeeping Requirement | Hour Burden | Average Number of Annual Responses | Annual Burden Hours |
|--|---|--|---|---------------------------|
| 206.159 (a)(1)(i) | 206.159(a) <i>Arm's-length processing contracts.</i> (1)(i). . .The lessee shall have the burden of demonstrating that its contract is arm's-length. . . . The lessee must claim a processing allowance by reporting it on a separate line entry on the Form MMS-2014. | AUDIT PROCESS. See note. Burden covered under OMB Control Number 1010-0139. | | |
| 206.159 (a)(1)(iii) | 206.159(a)(1)(iii) . . . When MMS determines that the value of the processing may be unreasonable, MMS will notify the lessee and give the lessee an opportunity to provide written information justifying the lessee's processing costs. | AUDIT PROCESS. See note. | | |
| 206.159 (a)(3) | 206.159(a)(3) If an arm's-length processing contract includes more than one gas plant product and the processing costs attributable to each product cannot be determined from the contract, the lessee shall propose an allocation procedure to MMS. . . . The lessee shall submit all relevant data to support its proposal. . . . | 20 | 1 | 20 |
| 206.159 (b)(1) | 206.159(b) <i>Non-arm's-length or no contract.</i> (1). . . The lessee must claim a processing allowance by reflecting it as a separate line entry on the Form MMS-2014. . . . | Burden covered under OMB Control Number 1010-0139. | | |
| 206.159 (b)(2)(iv) and (b) (2)(iv) (A) | 206.159(b)(2)(iv) . . . When a lessee has elected to use either method for a processing plant, the lessee may not later elect to change to the alternative without approval of the MMS. (A) . . . After an election is made, the lessee may not change methods without MMS approval . . . | 100 | 1 | 100 |
| 206.159 (b)(4) | 206.159(b)(4) A lessee may apply to MMS for an exception from the requirements that it compute actual costs in accordance with paragraphs (b)(1) through (b)(3) of this section. . . . | 100 | 1 | 100 |
| 206.159 (c)(1)(i) | 206.159(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-2014. | Burden covered under OMB Control Number 1010-0139. | | |
| 206.159 (c)(1)(ii) | 206.159(c)(1)(ii) The MMS may require that a lessee submit arm's-length processing contracts and related documents. . . . | AUDIT PROCESS. See note. | | |

| 30 CFR 202, 204, 206, and 210 | Reporting and Recordkeeping Requirement | Hour Burden | Average Number of Annual Responses | Annual Burden Hours |
|---|--|--|---|---------------------------|
| 206.159 (c)(2)(i) | 206.159(c)(2) <i>Non-arm's-length or no contract.</i> (i) The lessee must notify MMS of an allowance based on incurred costs by using a separate line entry on the Form MMS-2014. | Burden covered under OMB Control Number 1010-0139. | | |
| 206.159 (c)(2)(iii) | 206.159(c)(2)(iii) Upon request by MMS, the lessee shall submit all data used to prepare the allowance deduction. . . . | AUDIT PROCESS. See note. | | |
| 206.159 (e)(2) and (e) (3) | 206.159(e) <i>Adjustments.</i> (2) For lessees processing production from onshore Federal leases, the lessee must submit a corrected Form MMS-2014 to reflect actual costs, together with any payment, in accordance with instructions provided by MMS. (3) For lessees processing gas production from leases on the OCS, if the lessee's estimated processing allowance exceeds the allowance based on actual costs, the lessee must submit a corrected Form MMS-2014 to reflect actual costs, together with its payment, in accordance with instructions provided by MMS . . . | Burden covered under OMB Control Number 1010-0139. | | |
| Oil and Gas Valuation Subtotal | | | 117 | 8,672 |
| PART 210—FORMS AND REPORTS | | | | |
| Subpart D—Special-Purpose Forms and Reports—Oil, Gas, and Geothermal | | | | |
| 210.155 (a) | 210.155(a) <i>General.</i> Operators who have been granted a reduced royalty rate by the Bureau of Land Management (BLM). . . must submit Form MMS-4377, Stripper Royalty Rate Reduction Notification, under 43 CFR. . . NOTE: BLM terminated the benefits of this program and is processing a final rule to remove this program from the regulations. | 1.2 | 150 | 180 |
| TOTAL | | | 277 | 9,378 |

NOTE: AUDIT PROCESS—The Office of Regulatory Affairs determined that the audit process is exempt from the Paperwork Reduction Act of 1995 because MRM 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 non-hour 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.

To analyze and review the information, the Federal Government spends an average of 1 hour for each hour spent by respondents. The total estimated Federal Government time burden is 9,378 hours (1 hour x 9,378 respondent burden hours = 9,378 hours), based on time or effort needed to complete all data gathering requirements and to analyze Forms MMS-4377 and MMS-4393. Most of the requirements are performed by a Government accountant at the Grade 12 level. Based on the United States 2010 General Schedule, Grade 12, Step 5, pay scale for a Government accountant in the Denver, Colorado, area, the estimated hourly labor cost is \$60 (\$40.10 per hour x 1.5 benefit cost factor = \$60.15, rounded to \$60). We added a multiplier of 1.5 (as implied by BLS news release USDL 10-0283, March 10, 2010, at http://www.bls.gov/news.release/archives/ecec_03102010.htm) for benefits.

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

$$9,378 \text{ hrs} \times 1 \text{ hr} = 9,378 \text{ hrs} \times \$60 \text{ per hour} = \$562,680.$$

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 | Adjustment Change Estimated Burden Hours | Total Estimated Burden Hour |
|--|---------------------------------------|--|-----------------------------|
| 21,055 | +180 | -11,857 | 9,378 |

There is a **program change increase** of 180 hours as a result of consolidating ICR 1010-0090 with ICR1010-0136. After the consolidation is approved by OMB, MRM will discontinue ICR 1010-0090.

There is an **adjustment decrease** of 11,857 hours, which is due to more accurate estimates by MRM program staff of the time it takes industry to complete the requirements. We revised the burden hour estimates based on ongoing contact and interaction with companies to resolve questions as they arise.

(b) Annual Cost Burden.

There is no cost burden for this collection.

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 BOEM 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 BOEM will display the OMB approval expiration date on Forms MMS-4377 and MMS-4393.

The expiration date of OMB’s approval will be displayed on any correspondence BOEM 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.”