

Supporting Statement A
30 CFR Parts 1202, 1206, 1210, 1212, 1217, and 1218
Solid Minerals and Geothermal Resources
(Forms MMS-4430, MMS-4292, and MMS-4293)
OMB Control Number 1010-0120
Current Expiration Date: December 31, 2010

Terms of Clearance: None.

General Instructions

A completed Supporting Statement A 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 below. If an item is not applicable, provide a brief explanation. When the question “Does this ICR contain surveys, censuses, or employ statistical methods?” is checked "Yes," then a Supporting Statement B must be completed. OMB reserves the right to require the submission of additional information with respect to any request for approval.

Specific Instructions

A. Justification

- 1. Explain the circumstances that make the collection of information necessary. Identify any legal or administrative requirements that necessitate the collection.**

The Secretary of the U.S. Department of the Interior is responsible for collecting royalties from lessees who produce minerals from leased Federal and Indian lands. The Secretary is required by various laws (see below) to manage mineral resources production on Federal and Indian lands, collect the royalties due, and distribute the funds in accordance with those laws. The Secretary also has a trust responsibility to manage Indian lands and seek advice and information from Indian beneficiaries. The Office of Natural Resources Revenue (ONRR), formerly Minerals Management Service (MMS), performs the minerals revenue management functions for the Secretary 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 (royalty) of the value received from production from the leased lands. The information collected includes data necessary to ensure that royalties are valued correctly and distributed and disbursed appropriately.

Applicable laws pertaining to mineral leases on Federal and Indian lands are listed below. These citations can be viewed at http://www.onrr.gov/Laws_R_D/PublicLawsAMR.htm.

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

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 ONRR, acting for the Secretary, uses the information collected to ensure that royalties are based on correct product valuation, reported in a timely manner, and paid appropriately. The ONRR and other Federal Government, state, and tribal entities use the information for audit purposes and for evaluating the reasonableness of product valuation or allowance claims submitted by lessees. The ONRR provides access to this information to the Bureau of Land Management (BLM) and the Bureau of Indian Affairs (BIA). These bureaus use this data to conduct production verification; ensure lease diligence; and monitor plant efficiencies, maximum recovery, and secondary product inventories. The determination of appropriate product value or allowance rate directly affects the royalties due. Failure to collect such data would prevent the Secretary from fulfilling statutory and trust responsibilities.

Some reporting requirements alert ONRR to possible problems at the beginning of the compliance process, thereby allowing the Solid Minerals and Geothermal group under Audit and Compliance Management (ACM) to provide resolution within 3 years, which is part of ONRR's compliance strategy. Other reporting requirements enable ONRR to timely and accurately collect, account for, and disburse mineral revenues.

This information collection request (ICR) provides for the collection of solid minerals royalty and production information on the forms listed below, and other associated data formats, i.e., sales summaries, facility data, sales contracts and amendments, and payment information. This ICR also includes some information collections for geothermal resources, such as the burden hours for valuation requests related to geothermal leases. Geothermal reporters primarily report information on Form MMS-2014, Report of Sales and Royalty Remittance, which is covered in ICR 1010-0139 (expires 12/31/2012).

Solid Minerals

Producers of coal and other solid minerals from any Federal or Indian lease must submit Form MMS-4430, Solid Minerals Production and Royalty Report, and other associated data formats. Producers of coal from any Indian lease must also submit Form MMS-4292, Coal Washing Allowance Report, and Form MMS-4293, Coal Transportation Allowance Report, if they wish to claim allowances on Form MMS-4430. Forms and associated data formats are discussed below.

- **Form MMS-4430, Solid Minerals Production and Royalty Report**—Producers of coal and other solid minerals from Federal and Indian leases electronically file this form monthly. The form contains basic lease-level volume and valuation information. Data collected from this form is used in the following manner:
 - The ONRR (1) matches the royalty payment check or electronic funds transfer to Form MMS-4430; (2) maintains lease accounts of payments; and (3) ensures the distribution of data and disbursement of monies to states, American Indians, and the U.S. Treasury.
 - The ONRR monitors Federal and non-Federal lease production from mines, which is essential for the compliance process. Furthermore, ONRR uses the allocation of production to ensure that commingled Federal and non-Federal mineral production volumes and values summarized under one product category are allocated properly back to the lease where the raw minerals were mined.
 - The ONRR makes production quantities, sales quantities, and inventory data available to BLM for production verification and lease diligence requirements.
 - The ONRR also provides production and sales data to BIA and state and tribal audit offices for their mineral studies and audits.
 - The ONRR collects basic lease-level volume and valuation information on Form MMS-4430 to begin compliance review activities. In addition, ONRR compares this reported data against information from the facility data, the contracts and contract amendments, and the sales summaries to identify and resolve value, volume, and royalty rate compliance issues.
- **Associated Data Formats**—Along with Form MMS-4430, producers may also submit the following:

Contracts and Contract Amendments—Coal and metal producers submit sales contracts, agreements, and contract amendments semiannually. Sodium, potassium, phosphate, and other solid mineral producers with leases containing ad valorem royalty terms submit the required documents only if specifically requested by ONRR. The ONRR uses the data collected from these contracts in the following manner:

- o Contracts identify issues related to value and may include information on sales to affiliated companies or identify monies or other items considered as payments for production that is royalty bearing.
- o The ONRR extracts data affecting royalty payments from the contracts and amendments submitted by respondents. The ONRR uses contracts to establish sales arrangements and the relationships each contract has to the total mine production, sales, and subsequent royalty payments. From contracts, ONRR obtains purchaser names, volumes, periods, prices, built-in adjustments or escalation features, quality requirements, related considerations that may be considered a component of gross proceeds, service value in kind, transportation arrangements, measurement points, price components, and other information that may affect value for royalty purposes. Sales arrangements can provide information regarding the interrelationships between companies, that is, whether the producer's sale is truly at arm's length. The ONRR determines value for royalty purposes by methodologies dependent on the arm's-length or non-arm's-length status of the sale.
- o An arm's-length contract is a contract or an agreement that has been arrived at in the marketplace between independent, nonaffiliated persons with opposing economic interests regarding that contract. The regulations further provide that we normally accept the gross proceeds accruing to the lessee according to their arm's-length contract as being representative of value for ad valorem leases (see 30 CFR 1206.456(b)(1)).
- o The ONRR created a database of comparable contracts to establish valuation guidelines for similar coal sales agreements.

Sales Summaries—Companies submit required data by internally generated documents from their records. Companies also provide ONRR with information on purchasers of lease production. This information includes quality and quantities of production sold and total purchaser payments received by the producer. Producers of coal and other solid minerals from Federal and Indian leases must submit sales summaries at the same time with Form MMS-4430. The ONRR uses the data collected from the sales summaries in the following manner:

- o The ONRR compares the sales summary purchaser information to sales information on Form MMS-4430 and facility data. The ONRR looks for comparable sales volume and gross proceeds. We also compare sales summary purchaser information that the company submits to sales contract terms. Our analysis ensures compliance with contract specifications such as price and quality.
- o The ONRR analyzes sales summary information designed to ensure that companies are applying proper valuation methodology. For example, an atypical pricing may indicate a contract buyout or buydown, which would require further consideration.

- The ONRR also uses sales summaries to identify the arm's-length relationship between the purchaser and seller. Regulations at 30 CFR 1206.257 provide for valuation standards based on this relationship.

Facility Data—Operators of wash plants, refining, ore concentration, or other processing facilities for any coal, sodium, potassium, metals, or other solid minerals submit facility data information for the months that they process or carry an inventory. Companies submit the required data from internally generated documents from their own records. The ONRR collects facility data from the company and uses the data in the following manner:

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

Additional Documents or Evidence—The ONRR requests detailed statements, documents, or other evidence supporting our ACM responsibilities under Federal and Indian lease terms. Spot sale invoices, weigh tickets, laboratory quality reports, transportation contracts, and service contracts are all examples of additional documents that we might request. The information collected might further define a cost or verify a claim that the producer made.

Payment Information—Under 30 CFR 1210.205, ONRR collects payment information data to use in the financial management process in the following manner:

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

- **Allowance Reports**—Producers on Indian leases also report allowances claimed on Form MMS-4430. An allowance may be granted to compensate lessees for the reasonable actual cost of washing the portion of the coal on which royalty is due. Also, when the sales point is not in the immediate vicinity of a lease or mine area, ONRR may grant an allowance to compensate the lessee for the reasonable, actual cost of transporting the royalty portion of the coal to a sales point not on the lease or mine area.

When Indian royalty coal is washed or transported under a non-arm's-length contract, we are required to obtain cost data. The ONRR uses this cost data to accurately determine if the lessee correctly computed the coal value and the gross proceeds for royalty calculation purposes.

Lessees complete the following forms when reporting or requesting a washing or transportation allowance:

Form MMS-4292, Coal Washing Allowance Report—Regulations at 30 CFR 1206.457 and 1206.458 provide that, when determining coal value for royalty purposes, a lessee may take a deduction for the reasonable actual costs incurred to wash the coal.

- For washing costs incurred by a lessee under an arm's-length contract, the allowance is the reasonable costs incurred for washing the coal under that contract. The ONRR's approval is not required to take the allowance. However, the Indian lessee must submit page one of Form MMS-4292 not later than the same month the washing allowance is first reported on Form MMS-4430, estimating the tons of coal washed, rate per ton, and allowance to be taken during the allowance period.
- The coal washing allowance is effective for a 12-month period or until the washing contract terminates, whichever comes first, at which time the lessee must resubmit page one of Form MMS-4292 and report actual tons washed, rate per ton, and allowance taken during the period. Information required includes the lessee's name and address, payor and product codes as reported on Form MMS-4430, estimated or actual production, and the allowance claimed.
- If the lessee has a non-arm's-length washing contract or has no contract, the washing allowance is based on the lessee's reasonable, actual costs. Approval is not required to take the allowance. However, the Indian lessee must submit a completed Form MMS-4292 to provide estimated washing costs the same month the washing allowance is reported on Form MMS-4430. The allowance is effective for a 12-month period, at the end of which the lessee must resubmit a completed Form MMS-4292 with actual washing costs. The ONRR must receive the form within 90 days after the end of the previous reporting period, unless ONRR approves a longer period. Thus, Form MMS-4292 is used to report both an estimated allowance to be used for a new 12-month period and an actual allowance rate based on the lessee's portion of the actual plant operating, maintenance, and overhead expenditures for the prior 12-month reporting period.

Form MMS-4293, Coal Transportation Allowance Report—Regulations at 30 CFR 1206.460 and 1206.461 provide that, where the royalty value of the coal has been determined at a point remote from the lease or the mine, ONRR will allow a deduction for the reasonable, actual costs incurred to transport the coal to a sales point or to a washing facility remote from the mine area or lease.

- o As with the washing allowance, ONRR approval is not required to deduct transportation costs; however, under arm's-length contracts, an Indian lessee must submit page one of Form MMS-4293 with estimated costs no later than the same month the allowance is reported on Form MMS-4430. Under non-arm's-length contracts or no contracts, the lessee must submit the completed form providing estimated transportation, operating, maintenance, and overhead expenses.
- o The transportation allowance is effective for a 12-month period or until the transportation contract terminates. After the initial reporting period, the lessee must resubmit Form MMS-4293 in its entirety for non-arm's-length contracts, or page one of the form for arm's-length contracts, providing actual costs incurred during the previous reporting period. The ONRR must receive the form within 90 days after the end of the previous reporting period, unless we approve a longer period.
- o Reporting of transportation allowances may be straightforward and simple or may be quite complex. In some cases, lessees may transport coal from point-to-point using a single mode of transportation such as truck, rail system, conveyor belt, pipeline, slurry-line, barge, or ship. In other instances, lessees may transport coal over several segments of a route using multiple transport methods during the same trip. Reporting can be further complicated through the use of combinations of lessee-owned transport systems and other systems under non-arm's-length contracts and/or arm's-length contracts, or both. Lessees must consider each segment separately and evaluate each one for the reasonableness of cost.

Geothermal Resources

This ICR also covers some information collections for geothermal resources, which are grouped by usage (electrical generation, direct use, and byproduct recovery), and by disposition of the resources (arm's-length (unaffiliated) contract sales, non-arm's-length contract sales, and no contract sales) within each use group. The ONRR primarily relies on data reported by payors on Form MMS-2014 for the majority of our business processes, including geothermal information. In addition to using the data to account for royalties reported by payors, ONRR uses the data for monthly distribution of mineral revenues and audit and compliance reviews. In a letter (April 28, 2010) to geothermal payors, ONRR clarified the regulatory requirements for geothermal reporting. These clarifications do not add any burden hours to our estimates.

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.

The ONRR provides software enabling reporters to complete Form MMS-4430 and submit encrypted and authenticated reports over the Internet or by e-mail. Reporters may submit all other data, including the facility data, contract and subsequent amendments, and sales summaries to ONRR as attachments to e-mail messages. We encourage electronic submission; however, hard-copy submissions are permitted. We estimate 95 percent of respondents submit Form MMS-4430 electronically.

The allowance Forms MMS-4292 and MMS-4293 are not automated because we receive only a few submissions each year. Designing a computer system to process such a limited number of forms is not cost effective for either the respondent or the Federal Government. These forms are available on our website at http://www.onrr.gov/FM/Forms/AFSSol_Min.htm. The ONRR accepts submission of allowance forms as an e-mail attachment. We estimate 50 percent of respondents may submit allowance forms electronically (we have only one to three respondents annually).

The ONRR collects most geothermal information electronically on Form MMS-2014, and the burden hours are covered under ICR 1010-0139. However, the estimated burden hours for geothermal resources in this ICR include industry's written submissions to ONRR requesting approvals or clarifications of valuation reporting specifications. We estimate 50 percent of respondents may submit these requests electronically.

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.

This information is not available from any other source, nor is there any other Government agency currently collecting similar information for other purposes that could serve our needs.

The ONRR shares the information we collect with BLM and BIA offices, as agreed in the Memorandum of Understanding (MOU), which effectively avoids duplication of regulations and reporting requirements. The ONRR and BLM coordinate to identify information collected by each agency. We consult with various BLM offices to ensure that the reporter's burden is minimized and not duplicated.

In most cases, the geothermal information we collect is unique and site-specific to each operation. The ONRR found that no other Federal or state agency collects the same or similar information. In fact, ONRR and BLM make every effort to avoid duplication of information collection. For example, BLM is responsible for collecting geothermal production data and for

sharing that data with ONRR. Conversely, ONRR collects geothermal royalty data and shares that information with BLM.

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

The ONRR determined that this collection of information has an insignificant economic effect on small entities. However, this collection does impact small entities. The ONRR carefully analyzed its requirements to ensure that the information requested is the minimum necessary and places the least possible burden on industry. The ONRR has a long-standing policy to restrict the amount of information collected to the minimum necessary to accomplish our mission and fulfill our responsibilities.

Respondents, including small businesses or other small entities, have the flexibility to submit information to us electronically or in hard copy. For electronic reporting, ONRR meets with the information technology (IT) staff of the small company to assist in setting up the hardware and software configuration. We provide necessary electronic reporting software interfacing with ONRR financial and production application systems. We also provide any initial software formatting or other assistance needed for a company to get started. In addition, ONRR covers the cost associated with the development and implementation of the company's reporting software.

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

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.

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

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

Our goal also is to complete all compliance work, including audits, within 3 years from the date the royalty payment was received or due, whichever is sooner. The ONRR performs compliance activities to meet this mandate, using the information collected. Property experts in ACM have compliance responsibility for specific leases. Property expertise relies on the premise of receiving relevant data in a timely manner. In other words, compliance issues cannot be resolved in contemporaneous fashion unless issues are identified early in the royalty cycle.

Royalty valuation issues may include, but are not limited to, the sale of production to affiliated companies, improper deductions from proceeds received by the lessee, and other issues such as reviewing compensation received by the lessee for a wide variety of reasons, i.e., breach of contract. The ONRR must review the lessee's normal business arrangements and evaluate those arrangements. The ONRR uses sales contracts and other market data to establish an expected basis for evaluation of the reasonableness of the reported royalty payment.

Property experts target royalty exceptions for resolution through ACM's process of establishing expected payments versus actual payments and collecting the supporting data. Companies have commented that they benefit from a shortened compliance time period. Companies agreed that records necessary to resolve compliance issues identified in the near term are more easily recovered. Moreover, personnel associated with the business arrangement under review are likely to still be in the employ of the company. If the issue is resolved in the Federal Government's favor, less late-payment interest is due from the company.

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

- * requiring respondents to report information to the agency more often than quarterly;**

Title 30 CFR parts 1202, 1206, 1210, 1212, 1217, and 1218 and most leases require that respondents submit monthly royalty and production reports for solid minerals and geothermal resources. Therefore, ONRR needs to collect the information monthly to verify the monthly royalty payments.

Form MMS-4292 must be submitted annually if claiming a coal washing allowance (§1206.458); and Form MMS-4293 must be submitted on occasion if claiming a coal transportation allowance (§1206.461). However, respondents may submit allowance forms more often than quarterly if coal washing or coal transportation costs increase or decrease sufficiently to require a recalculation of the unit cost.

For a value determination of any geothermal resources (§1206.364), respondents must submit to ONRR, on occasion and as necessary, their relevant documents and a list of all involved leases, all respective owners of interest, and all operators.

- * **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.

- * **requiring respondents to submit more than an original and two copies of any document;**

Not applicable in this collection.

- * **requiring respondents to retain records, other than health, medical, government contract, grant-in-aid, or tax records, for more than three years;**

Solid minerals and geothermal leaseholders are required by 30 CFR 1212.200 and 1212.351 to maintain records for 6 years or for longer periods, if notified in writing, when an audit or investigation is underway. Records must be maintained until released by written notice.

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

- * **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.

- * **requiring the use of a statistical data classification that has not 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

- * **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; or**

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

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

Respondents are required to provide confidential/proprietary information to ONRR on Form MMS-4430, including facility data, contract and subsequent amendments, and sales

summaries; and on Forms MMS-4292 and MMS-4293 for allowance reporting. However, regulations at 30 CFR 1210.206 provide that proprietary trade secrets or other confidential information submitted under part 1210 shall not be available for public inspection or made public or disclosed without the consent of the lessee, except as otherwise provided by law or regulation. Standard agency procedures provide strict security measures to control the use, storage, and access to such information. Information is protected in accordance with standards identified in Item 10 below.

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

Describe efforts to consult with persons outside the agency to obtain their views on the availability of data, frequency of collection, the clarity of instructions and recordkeeping, disclosure, or reporting format (if any), and on the data elements to be recorded, disclosed, or reported.

Consultation with representatives of those from whom information is to be obtained or those who must compile records should occur at least once every three 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), ONRR published a 60-day review and comment notice in the *Federal Register* on April 12, 2010 (75 FR 18536). We received no comments in response to this *Federal Register* notice. We contacted the following four companies by e-mail (or phone) and received no comments:

William D. Rall

Searles Valley Minerals
9401 Indian Creek Parkway
Overland Park, KS
rall@svminerals.com
760-372-2467

Jessica L. Yerkovich

FMC Corporation
Highway 374, POB 872
Green River, Wyoming 82935
Jessica.yerkovich@fmc.com
307-872-2493

Gail Robinson

Arch Coal
1 City Place Drive

St. Louis, MO 63141
GRobinson@archcoal.com

Jolanta Barton
Chevron Mining
4601 Denver Tech Center Blvd.
Denver, CO 80237
JolantaBarton@chevron.com
303-930-4192

The ONRR accepts comments at any time on the information collection and the burden. We continue to meet with respondents, collectively and individually, to discuss requirements and implementation strategies. We also assist respondents in preparing required forms and data by telephone, in person, or through training that is free of charge.

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

The ONRR 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 ONRR 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)), Department regulations (43 CFR 2), and ONRR regulations at 30 CFR 1210.206 as discussed in Item 7(h) above. The Indian Mineral Development Act of 1982 (25 U.S.C. 2103) provides that all information related to any Indian minerals agreement covered by the Act in the possession of the Department shall be held as privileged proprietary information. In addition, ONRR 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:

- * 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.

- * If this request for approval covers more than one form, provide separate hour burden estimates for each form and aggregate the hour burdens.**
- * 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 under “Annual Cost to Federal Government.”**

There are approximately 161 Federal and Indian reporters who submit the required information. Based on current data, we estimate the average number of annual responses is 9,851, and the annual reporting burden to industry is 3,509 hours, including recordkeeping. 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.

Summary of Information Collections

Information Collections (and 30 CFR Reference*)	Require- ment to Respond	Frequency of Response	Number of Annual Responses	Annual Burden Hours
1. Reporting Formats: <ul style="list-style-type: none"> • Form MMS-4430, Solid Minerals Production and Royalty Report, • Associated Data (sales summary, facility data) <p>(1206.257, 1206.259, 1206.262, 1206.264, 1206.265, 1206.456, 1206.463, 1206.464; 1210.201, 1210.202, 1210.203, 1210.204; 1218.201 [1206.457, 1206.460]; 1218.203)</p>	Mandatory	Monthly	4,954	2,129
2. Allowance Forms: <ul style="list-style-type: none"> • Form MMS-4292, Coal Washing Allowance Report (1206.458) • Form MMS-4293, Coal Transportation Allowance Report (1206.461) 	Required to obtain a benefit	Annually	3	4
		On occasion	4	5
3. Geothermal Resources (1206.353, 1206.354, 1206.356, 1206.359, 1206.361, 1206.364; 1210.352; 1218.306)	Mandatory	On occasion	10	15
4. Recordkeeping (1206.253, 1206.254, 1206.257; 1212.200)	Mandatory	As requested	4,880	1,356
TOTAL			9,851	3,509

*See Burden Breakdown table for complete citation.

We based our cost estimates for industry on the expectation that an accountant will perform all requirements. We estimate the total annual reporting burden is 3,509 hours. Based on a cost factor of \$46 per hour for industry accountants, we estimate the total annual cost to industry is \$161,414 (\$46 x 3,509 hours = \$161,414).

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>. Based on BLS March 2010 National Occupational Employment and Wage Estimates for industry accountants in a metropolitan area, we estimate that the hourly cost factor would be \$46 = \$32.83 [mean hourly wage] x 1.4% [benefits cost factor]. A multiplier of 1.4 (based on BLS news release USDL: 10-0283 of March 10, 2010, at <http://www.bls.gov/news.release/ecec.nr0.htm>) was added for benefits.

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

SECTION A.12 BURDEN BREAKDOWN

Citation 30 CFR	Reporting and Recordkeeping Requirement	Hour Burden	Average No. Annual Responses	Annual Burden Hours
Part 1202—Royalties				
Subpart H—Geothermal Resources				
1202.351 (b)(3)	Pay royalties on used, sold, or otherwise finally disposed of byproducts.	Hour burden covered under OMB Control Number 1010-0139.		
1202.353 (a), (b), (c), and (d)	Report on Form MMS-2014, royalties or direct use fee due for geothermal resources, byproduct quantity, and commercially demineralized water quantity.	Hour burden covered under OMB Control Number 1010-0139. See §1210.52.		
1202.353 (e)	Maintain quality measurements for audits.	AUDIT PROCESS See Note.		
Part 1206—Product Valuation				
Subpart F—Federal Coal				
1206.253 (c); 1206.254; 1206.257 (d)(1)	Maintain accurate records for Federal lease coal and all data relevant to the royalty value determination. Report the coal quantity information on appropriate forms under 30 CFR part 1210.	0.4166	816	340
1206.257 (b)(1), (b) (3), (b)(4), and (d)(2)	Demonstrate and certify your arm's-length contract provisions including all consideration paid by buyer, directly or indirectly, for coal production. Provide written information of reported arm's-length coal sales value and quantity data.	AUDIT PROCESS See Note.		
1206.257 (d)(3)	Submit a one-time notification when first reporting royalties on Form MMS-4430 and for a change in method.	2	1	2
1206.257 (f)	Submit all available data relevant to the value determination proposal.	5	1	5
1206.257 (i)	Write and sign contract revisions or amendments by all parties to an arm's-length contract, and retroactively apply revisions or amendments to royalty value for a period not to exceed two years.	2	1	2
1206.259 (a)(1) and (a)(3)	Demonstrate that your contract is arm's-length. Provide written information justifying the lessee's washing costs.	AUDIT PROCESS See Note.		
1206.259 (a)(1)	Report actual washing allowance on Form MMS-4430 for arm's-length sales.	0.34	12	4
1206.259 (b)(1)	Report actual washing allowance on Form MMS-4430 for non-arm's-length or no contract sales.	0.75	48	36
1206.259 (b)(2)(iv)	Report washing allowance on Form MMS-4430 after lessee elects either method for a wash plant.	1	1	1
1206.259 (b)(2)(iv) (A)	Report washing allowance on Form MMS-4430 for depreciation—use either straight-line, or a unit of production method.	1	1	1
1206.259 (c)(1)(ii) and (c)(2) (iii)	Submit arm's-length and non-arm's-length washing contracts and related documents to ONRR.	AUDIT PROCESS See Note.		

Citation 30 CFR	Reporting and Recordkeeping Requirement	Hour Burden	Average No. Annual Responses	Annual Burden Hours
1206.262 (a)(1)	Report transportation allowance on Form MMS-4430.	0.33	240	80
1206.262 (a)(1) and (a)(3)	Demonstrate that your contract is arm's-length. Provide written information justifying your transportation costs when ONRR determines the costs are unreasonable.	AUDIT PROCESS See Note.		
1206.262 (b)(1)	Report actual transportation allowance on Form MMS-4430 for non-arm's-length or no contract sales.	0.75	24	18
1206.262 (b)(2)(iv)	Report transportation allowance on Form MMS-4430 after lessee elects either method for a transportation system.	1	1	1
1206.262 (b)(2)(iv) (A)	Report transportation allowance on Form MMS-4430 for depreciation—use either straight-line, or a unit of production method.	1	1	1
1206.262 (b)(3)	Apply to ONRR for exception from the requirement of computing actual costs.	1	1	1
1206.262 (c)(1)(ii) and (c)(2) (iii)	Submit all arm's-length transportation contracts, production agreements, operating agreements, and related documents to ONRR.	AUDIT PROCESS See Note.		
1206.264	Propose the value of coal for royalty purposes to ONRR for an ad valorem Federal coal lease.	1	1	1
1206.265	Notify ONRR if, prior to use, sale, or other disposition, you enhanced the value of coal.	1	1	1
Subpart H—Geothermal Resources				
1206.352 (b)(1)(ii)	Determine the royalty on produced geothermal resources, used in your power plant for generation and sale of electricity, for Class I leases, as approved by ONRR.	Hour burden covered under OMB Control Number 1010-0139.		
1206.353 (c)(2)(i) (A), (d)(9), and (e)(4)	Include a return on capital you invested when the purchase of real estate for transmission facilities is necessary. Allowable operating and maintenance expenses include other directly allocable and attributable operating and maintenance expenses that you can document.	AUDIT PROCESS See Note.		
1206.353 (g)	Request change to other depreciation alternative method with ONRR approval.	1	1	1
1206.353 (h)(1) and (m)(2)	Use a straight-line depreciation method, but not below salvage value, for equipment. Amend your prior estimated Form MMS-2014 reports to reflect actual transmission cost deductions, and pay any additional royalties due plus interest.	Hour burden covered under OMB Control Number 1010-0139.		
1206.353 (n)	Submit all arm's-length transmission contracts, production and operating agreements and related documents, and other data for calculating the deduction.	AUDIT PROCESS See Note.		

Citation 30 CFR	Reporting and Recordkeeping Requirement	Hour Burden	Average No. Annual Responses	Annual Burden Hours
1206.354 (b)(1)(ii)	Redetermine your generating cost rate annually and request ONRR approval to use a different deduction period.	1	1	1
1206.354 (c)(2)(i) (A), (d)(9), and (e)(4)	Include a return on capital you invested when the purchase of real estate for a power plant site is necessary. Allowable operating and maintenance expenses include other directly allocable and attributable operating and maintenance expenses that you can document.	AUDIT PROCESS See Note.		
1206.354 (g)	Request change to other depreciation alternative method with ONRR approval.	1	1	1
1206.354 (h) and (m)(2)	Use a straight-line depreciation method, but not below the salvage value, for equipment. Amend your prior estimated Form MMS-2014 reports to reflect actual generating cost deductions and pay any additional royalties due plus interest.	Hour burden covered under OMB Control Number 1010-0139.		
1206.354 (n)	Submit all arm's-length power plant contracts, production and operating agreements and related documents, and other data for calculating the deduction.	AUDIT PROCESS See Note.		
1206.356 (a)(1) and (a)(2)	Determine the royalty on produced significant geothermal resource quantities, for Class I leases, with the weighted average of the arm's-length gross proceeds used to operate the same direct-use facility; For Class I leases, the efficiency factor of the alternative energy source will be 0.7 for coal and 0.8 for oil, natural gas, and other fuels derived from oil and natural gas, or an efficiency factor proposed by the lessee and approved by ONRR.	Hour burden covered under OMB Control Number 1010-0139.		
1206.356 (a)(3)	For Class I leases, a royalty determined by any other reasonable method approved by ONRR.	1	1	1
1206.356 (b)(3)	Provide ONRR data showing the geothermal production amount, in pounds or gallons of geothermal fluid, to input into the fee schedule for Class III leases.	Hour burden covered under OMB Control Number 1010-0139.		
1206.356 (c)	The ONRR will determine fees on a case-by-case basis for geothermal resources other than hot water.	1	1	1
1206.357 (b)(3); 1206.358 (d)	Determine the royalty due on byproducts by any other reasonable valuation method approved by ONRR. Use a discrete field on Form MMS-2014 to notify ONRR of a transportation allowance.	Hour burden covered under OMB Control Number 1010-0139.		

Citation 30 CFR	Reporting and Recordkeeping Requirement	Hour Burden	Average No. Annual Responses	Annual Burden Hours
1206.358 (d)(2) and (e); 1206.359 (a)(1), (a) (2), (c)(2) (i) (A), (d)(9), and (e)(4)	<p>Submit arm's-length transportation contracts for reviews and audits, if ONRR requires.</p> <p>Pay any additional royalties due plus interest, if you have improperly determined a byproduct transportation allowance.</p> <p>Provide written information justifying your transportation costs if ONRR requires you to determine the byproduct transportation allowance. Include a return on capital if the purchase was necessary. Allowable operating and maintenance expenses include any other directly allocable and attributable operating and maintenance expenses that you can document.</p>	AUDIT PROCESS See Note.		
1206.359 (g)	The lessee may not later elect to change to the other alternative without ONRR approval to compute costs associated with capital investment.	1	1	1
1206.359 (h)(1) and (l)(2)	<p>You must use a straight-line depreciation method based on the life of either equipment, or geothermal project.</p> <p>You must amend your prior Form MMS-2014 reports to reflect actual byproduct transportation cost deductions and pay any additional royalties due plus interest.</p>	Hour burden covered under OMB Control Number 1010-0139.		
1206.360 (a)(1), (a) (2), and (b); 1206.361 (a)(1)	<p>Retain all data relevant to the royalty value, or fee you paid. Show how you calculated then submit all data to ONRR upon request.</p> <p>The ONRR may review and audit your data and will direct you to use a different measure, if royalty value, gross proceeds, or fee is inconsistent with subpart.</p>	AUDIT PROCESS See Note.		
1206.361 (a)(2)	Pay either royalties or fees due plus interest if ONRR directs you to use a different royalty value, measure of gross proceeds, or fee.	Hour burden covered under OMB Control Number 1010-0139.		
1206.361 (b), (c), and (d)	The ONRR may require you to: increase the gross proceeds to reflect any additional consideration; use another valuation method; provide written information justifying your gross proceeds; demonstrate that your contract is arm's length; and certify that the provisions in your sales contract include all of the consideration the buyer paid you.	AUDIT PROCESS See Note.		
1206.361 (f)(2)	Write and sign contract revisions or amendments by all parties to the contract.	1	1	1

Citation 30 CFR	Reporting and Recordkeeping Requirement	Hour Burden	Average No. Annual Responses	Annual Burden Hours
1206.364 (a)(1)	Request a value determination from ONRR in writing.	3	1	3
1206.364 (c)(2)	Make any adjustments in royalty payments, if you owe additional royalties, and pay the royalties owed plus interest after the Assistant Secretary issues a determination.	Hour burden covered under OMB Control Number 1010-0139.		
1206.364 (d)(2)	You may appeal an order requiring you to pay royalty under the determination.	Hour burden covered under OMB Control Number 1010-0122.		
1206.366	State, tribal, or local government lessee must pay a nominal fee, if uses a geothermal resource.	Hour burden covered under OMB Control Number 1010-0139.		
Subpart J—Indian Coal				
1206.456 (b)(1), (b) (3), and (b)(4)	Demonstrate that your contract is arm's-length. Provide written information justifying the reported coal value. And certify that your arm's-length contract provisions include all direct or indirect consideration paid by buyer for the coal production.	AUDIT PROCESS See Note.		
1206.456 (d)(1); 1206.452 (c); 1206.453	Retain all data relevant to the determination of royalty value to which individual Indian lease coal should be allocated. Report coal quantity information on Form MMS-4430, Solid Minerals Production and Royalty Report, as required under 30 CFR part 1210.	0.42	48	20
1206.456 (d)(2)	An Indian lessee will make available arm's-length sales and sales quantity data for like-quality coal sold, purchased, or otherwise obtained from the area when requested by an authorized ONRR or Indian representative, or the Inspector General of the Department of the Interior or other persons authorized to receive such information,.	AUDIT PROCESS See Note.		
1206.456 (d)(3)	Notify ONRR by letter identifying the valuation method used and procedure followed. This is a one-time notification due no later than the month the lessee first report royalties on the Form MMS-4430.	1	1	1
1206.456 (f)	Propose a value determination method to ONRR; submit all available data relevant to method; and use that method until ONRR decides.	1	1	1
1206.456 (i)	Write and sign contract revisions or amendments by all parties to an arm's-length contract.	1	1	1

Citation 30 CFR	Reporting and Recordkeeping Requirement	Hour Burden	Average No. Annual Responses	Annual Burden Hours
1206.458 (a)(1), (b)(1), (c) (1)(i), (c) (1)(iii), (c) (2)(i), and (c)(2)(iii)	Deduct the reasonable actual coal washing allowance costs incurred under an arm's-length contract, and allowance based upon their reasonable actual costs under a non-arm's-length or no contract, after submitting a completed page one of Form MMS-4292, Coal Washing Allowance Report, containing the actual costs for the previous reporting period, within 3 months after the end of the calendar year after the initial and for succeeding reporting periods, and report deduction on Form MMS-4430 for an arm's-length, or a non-arm's-length, or no contract.	2	1	2
1206.458 (a)(3)	Provide written information justifying your washing costs when ONRR determines your washing value unreasonable.	AUDIT PROCESS See Note.		
1206.458 (b)(2)(iv)	The lessee may not later elect to change to the other alternative without ONRR approval.	1	1	1
1206.458 (b)(2)(iv) (A)	Elect either a straight-line depreciation method based on the life of equipment or reserves, or a unit of production method.	1	1	1
1206.458 (c)(1)(iv) and (c)(2)(vi)	Submit arm's-length washing contracts and all related data used on Form MMS-4292.	AUDIT PROCESS See Note.		
1206.461 (a)(1), (b)(1), (c)(1)(i), (c)(1)(iii), (c)(2)(i), and (c)(2)(iii)	Submit a completed page one of Form MMS-4293, Coal Transportation Allowance Report, of reasonable, actual transportation allowance costs incurred by the lessee for transporting the coal under an arm's-length contract , in which you may claim a transportation allowance retroactively for a period of not more than 3 months prior to the first day of the month that you filed the form with ONRR, unless ONRR approves a longer period upon a showing of good cause by the lessee. Submit also a completed Form MMS-4293 based upon the lessee's reasonable actual costs under a non-arm's-length or no contract . (Emphasis added.)	2	1	2
1206.461 (a)(3)	Provide written information justifying your transportation costs when ONRR determines your transportation value unreasonable.	AUDIT PROCESS See Note.		
1206.461 (b)(2)(iv)	Submit completed Form MMS-4293 after a lessee has elected to use either method for a transportation system.	1	1	1

Citation 30 CFR	Reporting and Recordkeeping Requirement	Hour Burden	Average No. Annual Responses	Annual Burden Hours
1206.461 (b)(2) (iv)(A)	Submit completed Form MMS-4293 to compute depreciation for election to use either a straight-line depreciation, or unit-of-production method.	1	1	1
1206.461 (b)(3)	Submit completed Form MMS-4293 for exception from the requirement of computing actual costs.	1	1	1
1206.461 (c)(1) (iv) and (c)(2) (vi)	Submit arm's-length transportation contracts, production and operating agreements, and related documents used on Form MMS-4293.	AUDIT PROCESS See Note.		
1206.463	Propose the value of coal for royalty purposes to ONRR for an ad valorem Federal coal lease.	1	1	1
1206.464	Notify ONRR if, prior to use, sale, or other disposition, you enhance the value of coal.	1	1	1
Part 1210—Forms and Reports Subpart E—Solid Minerals, General				
1210.201 (a)(1); 1206.259 (c)(1)(i), (c)(2), (e) (2); 1206.262 (c)(1), (c) (2)(i), (e) (2); 1206.458 (c)(4), (e) (2); 1206.461 (c)(4), (e) (2)	Submit a completed Form MMS-4430. Report washing and transportation allowances as a separate line on Form MMS-4430 for arm's-length, non-arm's-length, or no contract sales, unless ONRR approves a different reporting procedure. Submit also a corrected Form MMS-4430 to reflect actual costs, together with any payment, in accordance with instructions provided by ONRR.	0.75	1,668	1,251
1210.202 (a)(1) and (c)(1)	Submit sales summaries via electronic mail where possible for all coal and other solid minerals produced from Federal and Indian leases and for any remote storage site.	0.50	1,140	570
1210.203 (a)	Submit sales contracts, agreements, and contract amendments for sale of all coal and other solid minerals produced from Federal and Indian leases with ad valorem royalty terms.	1	30	30
1210.204 (a)(1)	Submit facility data if you operate a wash plant, refining, ore concentration, or other processing facility for any coal, sodium, potassium, metals, or other solid minerals produced from Federal or Indian leases with ad valorem royalty terms.	0.25	360	90

Citation 30 CFR	Reporting and Recordkeeping Requirement	Hour Burden	Average No. Annual Responses	Annual Burden Hours
1210.205 (a) and (b)	Submit detailed statements, documents, or other evidence necessary to verify compliance, as requested.	AUDIT PROCESS See Note.		
Subpart H—Geothermal Resources				
1210.351	Maintain geothermal records on microfilm, microfiche, or other recorded media.	Hour burden covered under OMB Control Number 1010-0139.		
1210.352	Submit additional geothermal information on special forms or reports.	1	1	1
1210.353	Submit completed Form MMS-2014 monthly once sales or utilization of geothermal production occur.	Hour burden covered under OMB Control Number 1010-0139.		
Part 1212—Records and Forms Maintenance Subpart E—Solid Minerals—General				
1212.200 (a)	Maintain all records pertaining to Federal and Indian solid minerals leases for 6 years after records are generated unless the record holder is notified, in writing.	0.25	4,064	1,016
Subpart H—Geothermal Resources				
1212.351 (a) and (b)	Retain accurate and complete records necessary to demonstrate that payments of royalties, rentals, and other amounts due under Federal geothermal leases are in compliance with laws, lease terms, regulations, and orders. Maintain all records pertaining to Federal geothermal leases for 6 years after the records are generated unless the recordholder is notified in writing.	Hour burden covered under OMB Control Numbers 1010-0139 (for Forms MMS-2014 and MMS-4054).		
Part 1217—Audits and Inspections Subpart E—Coal				
1217.200	Furnish, free of charge, duplicate copies of audit reports that express opinions on such compliance with Federal lease terms relating to Federal royalties as directed by the Director for the Office of Natural Resources Revenue.	AUDIT PROCESS See Note.		
Subpart F—Other Solid Minerals				
1217.250	Furnish, free of charge, duplicate copies of annual or other audits of your books.	AUDIT PROCESS See Note.		
Subpart G—Geothermal Resources				
1217.300	The Secretary, or his/her authorized representative, will initiate and conduct audits or reviews that relate to compliance with applicable regulations.	AUDIT PROCESS See Note.		

Citation 30 CFR	Reporting and Recordkeeping Requirement	Hour Burden	Average No. Annual Responses	Annual Burden Hours
PART 1218—COLLECTION OF MONIES AND PROVISION FOR GEOTHERMAL CREDITS AND INCENTIVES Subpart E—Solid Minerals—General				
1218.201 (b); 1206.457 (b); 1206.460 (d)	You must tender all payments under §1218.51 except for Form MMS-4430 payments, include both your customer identification and your customer document identification numbers on your payment document, and you shall be liable for any additional royalties, plus interest, if improperly determined a washing or transportation allowance.	0.0055	1,368	8
1218.203 (a) and (b)	Recoup an overpayment on Indian mineral leases through a recoupment on Form MMS-4430 against the current month's royalties and submit the tribe's written permission to ONRR.	1	1	1
Subpart F—Geothermal Resources				
1218.300; 1218.301; 1218.304; 1218.305 (a)	Submit all rental and deferred bonus payments when due and pay in value all royalties due determined by ONRR. The payor shall tender all payments. Pay the direct use fees in addition to the annual rental due. Pay advanced royalties, under 43 CFR 3212.15(a)(1) to retain your lease, that equal to the average monthly royalty you paid under 30 CFR part 1206, subpart H.	Hour burden covered under OMB Control Number 1010-0139.		
1218.306 (a)(2)	You may receive a credit against royalties if ONRR approves in advance your contract.	4	1	4
1218.306 (b)	Pay in money any royalty amount that is not offset by the credit allowed under this section.	Hour burden covered under OMB Control Number 1010-0139.		
TOTAL BURDEN			9,851	3,509

Note: AUDIT PROCESS—The Office of Regulatory Affairs determined that the audit process is exempt from the Paperwork Reduction Act of 1995 because ONRR 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 already reflected in item 12.)

- * **The cost estimate should be split into two components: (a) a total capital and start-up cost component (annualized over its expected useful life) and (b) 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 for form**

processing). 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.

If cost estimates are expected to vary widely, agencies should present ranges of cost burdens 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.

- * 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.

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 3,509 hours (1 hour x 3,509 respondent burden hours = 3,509 hours), based on time or effort needed to complete all data gathering requirements and to analyze Forms MMS-4430, MMS-4292, and MMS-4293, occasional notifications, letter proposals, award claim filings, and other related information. 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:

$$3,509 \text{ hrs} \times 1 \text{ hr} = 3,509 \text{ hrs} \times \$60 \text{ per hour} = \$210,540.$$

15. Explain the reasons for any program changes or adjustments in hour or cost burden.

(a) Annual Hour Burden:

Currently Approved OMB Burden Hour Inventory	Program Change Estimated Burden Hours	Adjustment Change Estimated Burden Hours	Total Estimated Burden Hours
3,670	-103	-58	3,509

There is a **program decrease** of 103 hours, based on a reallocation of certain geothermal burden hours, which we determined are already included in the requirements covered by ICR 1010-0139. The burden hours for the following citations were deleted and replaced with a notation in the table, Burden Breakdown, in Item 12: 1206.352(b)(1)(ii), 1206.353(h)(1), 1206.354(h), 1206.356(a)(1), 1206.356(a)(2), 1206.356(b)(3), 1206.357(b)(3), 1206.359(h)(1).

There is an **adjustment decrease** of 58 hours, which is due to more accurate estimates by ONRR program staff of the time it currently takes industry to complete the requirements. Program staff revised the burden hour estimates based on industry’s established history of compliance and on our ongoing contact and interaction with companies to resolve questions as they arise.

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

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

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

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

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

18. Explain each exception to the topics of 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.”