

**Supporting Statement for Paperwork Reduction Act Submissions**  
**30 CFR Part 203, Relief or Reduction in Royalty Rates**  
**OMB Control Number 1010-0071**  
**Expiration Date: December 31, 2009**

**Terms of Clearance** None

**General Instructions**

A Supporting Statement, including the text of the notice to the public required by 5 CFR 1320.5(a)(i) (iv) and its actual or estimated date of publication in the Federal Register, must accompany each request for approval of a collection of information. The Supporting Statement must be prepared in the format described below, and must contain the information specified in Section A below. If an item is not applicable, provide a brief explanation. When statistical methods are used, 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.***

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

Section 302 of the DWRRA provides that new production from a lease in existence on November 28, 1995, in a water depth of at least 200 meters, and in the GOM west of 87 degrees, 30 minutes West longitude qualifies for royalty suspension in certain situations. To grant a royalty suspension, the Secretary must determine that the new production or development would not be economic in the absence of royalty relief. The Secretary must then determine the volume of production on which no royalty would be due in order to make the new production from the lease economically viable. This determination is done on a case-by-case basis. Production from leases in the same water depth and area issued after November 28, 2000, also can qualify for royalty suspension in addition to any that may be included in their lease terms.

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

Regulations at 30 CFR part 203 implement these statutes and policy and require respondents to pay a fee to request royalty relief. OMB approved the information collection burden under this collection 1010-0071. Section 203.3 states that, “We will specify the necessary fees for each of the types of royalty-relief applications and possible MMS audits in a Notice to Lessees. We will periodically update the fees to reflect changes in costs as well as provide other information necessary to administer royalty relief.”

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

The MMS uses the information to make decisions on the economic viability of leases requesting a suspension or elimination of royalty or net profit share. These decisions have enormous monetary impact on both the lessee and the Federal Government. Royalty relief can lead to increased production of natural gas and oil, creating profits for lessees and royalty and tax revenues for the Federal Government that they might not otherwise receive. We could not make an informed decision without the collection of information required by 30 CFR part 203.

**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].**

Approximately 75 percent of the geological and geophysical data (which includes all of the raw data) would be submitted electronically. Electronic submission represents approximately 50 percent of the total information collected. The lessees may submit the information electronically, using prescribed formats for spreadsheets, databases, etc. For deep water royalty relief applications, MMS provides an internet-accessible program for inputting financial and operational cost data (model inputs).

**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.**

To determine whether royalty relief is truly needed, lessees must provide MMS their detailed geological, geophysical, reservoir data, and the lessee’s interpretation of the data and details on how they propose to produce the new resources. While MMS may have some of these data, the lessee must submit all data (and corresponding interpretations) used to support the request. This will ensure that MMS has the current information from the lessee’s viewpoint for each individual project to make an informed decision. The other information needed to make a determination is not collected by any other organization. Lessees hold closely the required data and information that are not available from other sources. If identical data and information are available from prior requests, MMS would not require the submission of duplicate data or information.

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

The regulations have a positive economic effect on some small entities. The regulations set the terms and conditions for granting royalty relief under the provisions of section 8(a)(3)(A) of the OCS Lands

Act. These terms reduce costs for end-of-life operations by 6 to 10 percent, more than doubling profits. This significantly prolongs operations on marginally economic leases. We estimate that small entity operators account for under 10 percent of production from OCS leases.

The regulations also set terms and conditions for granting royalty-suspension volumes under the DWRRA for certain deep water leases on the OCS in the GOM. The conditions limit these terms to the rare situations in which royalty costs are the difference between unprofitable and profitable development. Four of the nine applications we have processed to date (since 1997) have been from small entities, indicating that our application process does not place those entities at a disadvantage. There have been no applications approved in the last 4 years.

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

The MMS must administer a balanced, focused program of royalty relief designed to increase production of natural gas and oil, while increasing profits for lessees and royalty and tax revenues for the Federal Government. At the same time, we must implement these provisions in conjunction with our stewardship and trust responsibilities for the sound management of public lands. This includes obtaining a fair return to the public on OCS resources and ensuring that all OCS development is safe and consistent with sound environmental standards and procedures. To do this, we collect sufficient information to determine the need to reduce, suspend, or eliminate royalty or net profit share. The lessee must file an application to request relief. It must contain sufficient scientific, geological, engineering, and financial information to allow MMS to evaluate the need for and amount of relief. If we approve a request for relief for a project that is economically viable without royalty relief, Federal revenues will be unnecessarily reduced and the lessee will gain a windfall. Alternatively, if we deny relief to a lease that is not economically viable, premature abandonment of resources and a corresponding loss of revenues could result. Lessees respond on their own initiative to obtain a benefit and, therefore, frequency is not applicable.

**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.**

Not applicable in this collection.

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

Not applicable in this collection.

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

Not applicable in this collection.

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

Not applicable in this collection.

**(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.

***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 by 5 CFR 1320.8(d), MMS published a 60-day notice in the Federal Register on April 22, 2009 (74 FR 18393). Also, 30 CFR 203.82 explains that MMS will accept comments at any time on the information collected and the burden. We display the OMB control number and provide the address for sending comments to MMS. We received no comments in response to the Federal Register notice or unsolicited comments from respondents covered under these regulations.

During the comment period, MMS regional offices requested input from several respondents. The burden estimate in A.12 reflects the input received. The following company submitted information:

Walter Oil & Gas Corp. – Judy Archer – Regulatory & Environmental Coordinator,  
713-659-1221 – 1100 Louisiana Street, Suite #200, Houston, TX 77002

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

The MMS will not provide payment or gifts 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.**

The MMS will protect information considered proprietary under applicable law and under regulations at 30 CFR 203.63, How do I assess my chances for getting relief? and 250.197, Data and information to be made available to the public or for limited inspection.

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

The collection does not include sensitive or private questions.

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

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

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

Potential respondents comprise Federal oil and gas lessees that are required to obtain or retain benefits for royalty relief. It should be noted that not all of the potential respondents will submit information in any given year and some may submit multiple times. The frequency of response is on occasion. 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. There were no applications submitted in the last several years under our formal programs for deepwater royalty relief, so their estimated number of submittals is one every 3 years. Therefore, we estimate a total of 2,365 annual burden hours.

## **HOURLY/FEE BURDEN BREAKDOWN**

| Citation 30 CFR 203   | Reporting or Recordkeeping Requirement<br>30 CFR Part 203  | Hour Burden  | Average No. of Annual Responses   | Annual Burden Hours    |
|---|--|--|---|------------------------|
|   |  |  |   | Application/Audit Fees |
| 2(b); 3; 4; 70  | These sections contain general references to submitting reports, applications, requests, copies, demonstrating qualifications, for MMS approval – burdens covered under specific requirements. |  |   | 0                      |
| <b>Royalty Relief for Ultra-Deep Gas Wells and Deep Gas Wells on Shallow Water Leases</b> |  |  |   |                        |
| 31(c)   | Request a refund of or recoup royalties from qualified ultra-deep wells.   | 1  | 1 request.  | 1                      |
| 35(d); 44(e)  | Request to extend the deadline for beginning production with required supporting documentation.  | 4  | 2 requests.   | 8                      |
| 41(d)   | Request a refund of or recoup royalties from qualified wells >200 meters but <400 meters.  | 1  | 1 request.  | 1                      |
| 35(a); 44(a); 47(a)   | Notify MMS of intent to begin drilling.  | 1  | 27 notifications.   | 27                     |
| 35(c), (d); 44(b), (d), (e)   | Notify MMS that production has begun, request confirmation of the size of RSV, provide supporting documentation.   | 2  | 24 notifications.   | 48                     |
| 46  | Provide data from well to confirm and attest well drilled was an unsuccessful certified well with supporting documentation and request supplement.   | 8  | 4 responses.  | 32                     |
| 49(b)   | Notify MMS or decision to exercise option to replace one set of deep gas royalty suspension terms for another set of such terms  |  | The MMS SOL requires that this reg text stay for legacy purposes only. Last time any respondent could use was 2004; hence, no burden. | 0                      |
|   |  | <b>Subtotal</b>  | <b>59 responses</b>   | <b>117 hours</b>       |
| <b>End of Life and Special Royalty Relief*</b>  |  |  |   |                        |
| 51; 83; 84 NTL  | Application—leases that generate earnings that cannot sustain continued production (end-of-life lease); required supporting documentation.   | 100  | 1 application every 3 years.  | 34 (rounded)           |
|   |  | application $1/3 \times \$8,000 = \$2,667$ (rounded)*<br>audit $1/3 \times \$12,500 = \$4,167$ (rounded) |   |                        |
| 52  | Demonstrate ability to qualify for royalty relief or to re-qualify.  | 1  | 1 response.   | 1                      |
| 55  | Renounce relief arrangement (end-of-life) (seldom, if ever will be used; minimal burden to prepare letter).  | 1  | 1 letter every 3 years.   | 1 (rounded)            |
| 80 NTL  | Application—apart from formal programs for royalty relief for marginal producing lease (Special Case Relief); required supporting documentation.   | 250  | 1 application every 2 years.  | 125                    |
|   |  | application $1/2 \times \$8,000^{**} = \$4,000$<br>audit $1/4 \times \$12,500 = \$3,125$                 |   |                        |
| 80 NTL  | Application—apart from formal programs for royalty relief for marginal expansion project or marginal non-producing lease (Special Case Relief); required supporting documentation.             |  | 1 application every 2 years.  | 500                    |
|   |  | application $1/2 \times \$19,500^{**} = \$9,750$<br>audit $1/4 \times \$18,750 = \$4,688$                |   |                        |
|   |  | <b>Subtotal</b>  | <b>3 responses (rounded)</b>  | <b>661 hours</b>       |

| Citation 30<br>CFR 203                                 | Reporting or Recordkeeping<br>Requirement<br>30 CFR Part 203   | Hour<br>Burden  | Average No. of<br>Annual Responses | Annual<br>Burden<br>Hours |
|--|--|---|------------------------------------|---------------------------|
|  |  |   |                                    |                           |
|  |  |   | <b>Application/Audit Fees</b>      |                           |
|  |  |   | <b>\$28,397 fees</b>               |                           |
| <b>CPA Report</b>                                      |  |   |                                    |                           |
| 81; 83-90  | Required reports; extension justification.   | Burden included with applications.  |                                    | 0                         |
|  |  | 1 CPA report x \$45,000 each report = \$45,000                                      |                                    |                           |
| <b>Subtotal</b>  |  | <b>1 response</b>   |                                    | <b>\$45,000</b>           |
| <b>Deep Water Royalty Relief Act (DWRAA)</b>           |  |   |                                    |                           |
| 61; 62; 64;<br>65; 71; 83;<br>85-89; NTL               | Application—preview assessment (seldom if ever will be used as applicants generally opt for binding determination by MMS instead) and required supporting documentation.   |   | 1 application every 3 years.       | 300                       |
|  |  | application 1/3 x \$28,500 = \$9,500  |                                    |                           |
| 62; 64; 65;<br>71; 83; 85-89                           | Application—leases in designated areas of GOM deep water acquired in lease sale before 11/28/95 or after 11/28/00 and are producing (deep water expansion project); required supporting documentation.                 | 2,000   | 1 application every 3 years.       | 667<br>(rounded)          |
|  |  | application 1/3 x \$19,500 = \$6,500  |                                    |                           |
| 62; 64; 65;<br>203.71;<br>203.83;<br>203.85-89;<br>NTL | Application—leases in designated areas of deep water GOM, acquired in lease sale before 11/28/95 or after 11/28/00 that have not produced (pre-act or post-2000 deep water leases); required supporting documentation. | 2,000   | 1 application every 3 years.       | 667<br>(rounded)          |
|  |  | application 1/3 x \$34,000 = \$11,334 (rounded)*<br>audit 1/3 x \$37,500 = \$12,500 |                                    |                           |
| 70; 81; 90;<br>91                                      | Submit fabricator's confirmation report; extension justification.  | 20  | 1 report every 3 years.            | 7<br>(rounded)            |
| 70; 81; 90;<br>92; NTL                                 | Submit post-production development report; extension justification. # Reserve right to audit (1 audit every 6 years) after production starts to confirm cost estimates of the application.                             | 50  | 1 report* every 3 years.           | 17<br>(rounded)           |
|  |  | # audit 1/6 x \$18,750 = \$3,125  |                                    |                           |
| 74; 75; NTL  | Redetermination and required supporting documentation.   | 500   | 1 redetermination every 3 years.   | 167<br>(rounded)          |
|  |  | application 1/3 x \$16,000 = \$5,334 (rounded)*                                     |                                    |                           |
| 77   | Renounce relief arrangement (deep water) (seldom, if ever will be used; minimal burden to prepare letter).   | 1   | 1 letter every 3 years.            | 1<br>(rounded)            |
| 79(a)  | Request reconsideration of MMS field designation.  | This was a regulatory requirement for leases issued prior to 1995.                  |                                    | 0                         |
| 79(c)  | Request extension of deadline to start construction.   | 2   | 1 request every 3 years.           | 1<br>(rounded)            |
| 81; 83-90  | Required reports; extension justification.   | Burden included with applications.  |                                    | 0                         |
| 83; NTL  | Application – short form to add or assign pre-Act lease and required supporting documentation.   | 40  | 1 application every 3 years.       | 14<br>(rounded)           |
|  |  | application 1/3 x \$1,000 = \$334 (rounded)   |                                    |                           |
| <b>Subtotal</b>  |  | <b>3 responses (rounded)</b>  |                                    | <b>1,841 hours</b>        |
|  |  | <b>\$48,627</b>   |                                    |                           |
| <b>Recordkeeping</b>                                   |  |   |                                    |                           |
| 81(d)  | Retain supporting cost records for post-production development/fabrication reports (records retained as usual/customary business practice; minimal burden to make available at MMS request).                           | 8   | 2 recordkeepers.                   | 16                        |

| Citation 30<br>CFR 203     | Reporting or Recordkeeping<br>Requirement<br>30 CFR Part 203 | Hour<br>Burden         | Average No. of<br>Annual Responses | Annual<br>Burden<br>Hours |
|----------------------------|--|------------------------|------------------------------------|---------------------------|
|                            |  | Application/Audit Fees |                                    |                           |
|                            |  | Subtotal               | 2 recordkeepers                    | 16 hours                  |
|                            |  |                        | 68 Responses                       | 2,635 Hours               |
| <b>Total Annual Burden</b> |  |                        | <b>\$122,024 Fees</b>              |                           |

\* CPA certification expense burden also imposed on applicant.

\*\* These applications currently do not have a set fee since they are done on a case-by-case basis.

**NOTE:** Applications include numerous items such as: transmittal letters, letters of request, modifications to applications, reapplications, etc.

***(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.***

The average respondent cost is \$78/hour (rounded). This cost is broken out in the below table using the Bureau of Labor Statistics\* data for the Houston, TX area. See BLS website:

<http://www.bls.gov/bls/wages.htm>.

| Position                          | Level | Hourly Pay<br>rate (\$/hour<br>estimate) | Hourly rate<br>including benefits<br>(1.4** x \$/hour) | Percent of time<br>spent on<br>collection | Weighted<br>Average<br>(\$/hour) |
|-----------------------------------|-------|--|--|---|----------------------------------|
| Administrative                    | 7     | \$20                                     | \$28   | 5%  | \$1                              |
| Regulatory***                     | 13    | \$55                                     | \$77   | 40%                                       | \$31                             |
| Engineers, Geologists             | 15    | \$59                                     | \$83   | 50%                                       | \$42                             |
| Supv. Engineer                    | 15    | \$59                                     | \$83   | 5%  | \$4                              |
| <b>Weighted Average (\$/hour)</b> |       |  |  |   | <b>\$78</b>                      |

\* Note that this BLS source reflects their last update from July 2004.

\*\* A multiplier of 1.4 (as implied by BLS news release USDL 08-1802, December 10, 2008) was added for benefits.

\*\*\* Professional Occupation n.e.c. (not elsewhere classified)

Based on \$78 an hour, we estimate the total annual cost to industry is \$205,530 (\$78 x 2,635 hours = \$205,530).

***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.***

(a) Under § 203.3, we charge lessees (respondents) applying for royalty relief an amount that covers the cost of processing their applications and auditing financial data when necessary to determine the proposed development's economic situation. As discussed in section A.1, these fees may be revised as necessary to recover our costs in processing royalty relief applications.

This submission includes these audits and their associated fees. Since the start of the program, there have been no audits, but we include the audit and their respective fees due to the potential situation arising.

We estimate this total cost burden to be approximately \$77,024 annually. Refer to the chart in Section A.12 of this supporting statement for a breakdown.

***(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.***

(b) Under § 203.81, a report prepared by an independent certified public accountant (CPA) must accompany the application and post-production report (expansion project, short form, and preview assessment applications are excluded). The OCS Lands Act applications will require this report only once; the DWRRA applications will require this report at two stages—with the application and post-production development report for successful applicants. We estimate an average cost for a report is \$45,000 and that one CPA certification, during the information collection extension period, will be necessary if the applications are approved. This annual cost burden is \$45,000.

Therefore, the total of the two burdens under Section A.13(a) and (b) is estimated at \$122,024.

***(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.***

This collection does not require purchases of equipment and/or services.

***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.***

The average government cost is \$65/hour. This cost is broken out in the below table using the current Office of Personnel Management salary data for the REST OF THE UNITED STATES (Consisting of the portions of the lower 48 United States not located within another locality pay area.)

| Position                          | Grade   | Hourly Pay rate (\$/hour estimate) | Hourly rate including benefits (1.5* x \$/hour) | Percent of time spent on collection | Weighted Average (\$/hour) |
|-----------------------------------|---------|------------------------------------|---|-------------------------------------|----------------------------|
| Clerical                          | GS-5/5  | \$17                               | \$26  | 4%                                  | \$1                        |
| Engineer(s)/Geologists            | GS-13/5 | \$44                               | \$66  | 90%                                 | \$59                       |
| Supervisory                       | GS-14/5 | \$52                               | \$78  | 6%                                  | \$5                        |
| <b>Weighted Average (\$/hour)</b> |         |                                    |   |                                     | <b>\$65</b>                |

\*A multiplier of 1.5 (as implied by BLS news release USDL 08-1802, December 10, 2008) was added for benefits.

The following is an estimate of the Federal Government time to review and analyze the information submitted. At an average cost of \$65 an hour, the cost to the Federal Government is estimated at \$124,475.

| Application/Response                    | Annual MMS Hours Per Response | Annual Cost @ \$65 per Hour |
|---|-------------------------------|-----------------------------|
| Deep Gas Royalty Relief                 | 59 submittals × 7 hours = 413 | \$26,845                    |
| OCS End-of-Life (1 application)         | 1/3 × 200 = 67*               | \$4,355                     |
| DW Expansion Project                    | 1/3 × 780 = 260               | \$16,900                    |
| DW Non-producing Leases                 | 1/3 × 1000 = 334*             | \$21,710                    |
| DW Short Form                           | 1/3 × 20 = 7*                 | \$455                       |
| DW Redetermination                      | 1/3 × 400 = 134*              | \$8,710                     |
| Special case apart from formal programs | 1 × 700 = 700                 | \$45,500                    |
| <b>Total</b>                            | <b>1,915</b>                  | <b>\$124,475</b>            |

\* Rounded

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

a. The currently approved annual hour burden is 4,724 hours. This submission requests 2,635 hours. The difference is an adjustment decrease of 2,089 hours as a result of re-estimating the amount of time required to respond based on the consultation with the respondent, and lowering the response, for the most part, to once every 3 years.

b. The currently approved cost burden is \$280,670. This submission requests \$122,024 representing an adjustment decrease of \$158,646 resulting from re-estimating the annual number of applications/responses (we are receiving far fewer applications than originally expected) and associated costs (application/audit fees and fewer CPA certification reports). Based on recent and expected oil and gas prices, we foresee less need for and use of the royalty relief program over the next several years.

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

The MMS will not publish the data.

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

Not applicable, as this collection of information concerns requirements in regulations.

***18. Explain each exception to the certification statement, Certification for Paperwork Reduction Act Submission.***

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.