

Supporting Statement A

30 CFR Parts 1210 and 1212, Royalty and Production Reporting

OMB Control Number 1012-0004

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

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 mineral resource development on Federal and Indian lands and the Outer Continental Shelf (OCS). The Secretary is required by various laws to manage mineral resource production on Federal and Indian lands and the OCS, collect the royalties and other mineral revenues due, and distribute the funds collected in accordance with applicable laws.

The Secretary also has a trust responsibility to manage Indian lands and seek advice and information from Indian beneficiaries. The Office of Natural Resources Revenue (ONRR) performs the minerals revenue management functions and assists the Secretary in carrying out the Department's trust responsibility for Indian lands.

When a company or an individual enters into a lease to explore, develop, produce, and dispose of minerals from Federal or Indian lands, that company or individual agrees to pay the lessor a share (royalty) of the value received from production on the leased lands. The lessee is required to report various kinds of information to the lessor relative to the disposition of the leased minerals. Such information is generally available within the records of the lessee or others involved in developing, transporting, processing, purchasing, or selling of such minerals.

Applicable citations pertaining to mineral leases on Federal and Indian lands include:

- 25 U.S.C. 396d (Chapter 12—Lease, Sale or Surrender of Allotted or Unallotted Lands)
- 25 U.S.C. 2103 (Indian Mineral Development Act of 1982)
- 30 U.S.C. 1923 (The Mineral Leasing Act)
- 43 U.S.C. 1353 (The Outer Continental Shelf Lands Act)
- Public Law 97-451—Jan. 12, 1983 (Federal Oil and Gas Royalty Management Act of 1982 [FOGRMA]) and
- Public Law 104-185—Aug. 13, 1996 (Federal Oil and Gas Royalty Simplification and Fairness Act of 1996 [RSFA]), as corrected by Public Law 104-200—Sept. 22, 1996)

The above citations are available at http://www.onrr.gov/Laws_R_D/PublicLawsAMR.htm.

The *Code of Federal Regulations* (CFR) citations referenced in this ICR include under 30 CFR part 1210, subparts B, C, and D; and part 1212, subpart B, as listed in item 12 below in the Burden Breakdown chart.

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

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

Royalty Reporting

ONRR requires that lessees report and remit royalties on oil, gas, and geothermal resources produced from leases on Federal and Indian lands under the regulations. Companies use the following form to report royalties:

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

Production Reporting

Lease/agreement operators submit production reports to the ONRR financial accounting system. ONRR uses the information submitted to track minerals produced from Federal and Indian lands from the point of production to the point of disposition, royalty determination, and/or point of sale. Companies use the following forms for production accounting and reporting:

Form MMS-4054, Oil and Gas Operations Report, is submitted monthly for all production reporting for Outer Continental Shelf, onshore Federal, and Indian lands. ONRR compares production information on sales and royalty data submitted on Form MMS-2014 to ensure proper royalties are paid on the oil and gas production reported to ONRR. We use the information from Parts A, B, and C of the MMS-4054 to track all oil and gas from the point of production to the point of first sale or other disposition. Other Federal Government agencies use the monthly data to monitor and inspect lease operations.

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

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.

ONRR is in compliance with the Government Paperwork Elimination Act for this ICR. We estimate that we receive 99 percent of responses electronically. Operators who have very few properties and do not own a personal computer must obtain approval from ONRR to report on paper. Online help text is available on our website to minimize the reporting burden at <http://www.onrr.gov/FM/ReptInfo.htm>. Forms may be found at <http://www.onrr.gov/FM/Forms/default.htm>.

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

4. Describe efforts to identify duplication. Show specifically why any similar information already available cannot be used or modified for use for the purposes described in Item 2 above.

ONRR uses information already available wherever feasible. ONRR obtains onshore lease and well data from the Bureau of Land Management's (BLM) Land and Mineral Legacy Rehost 2000 System and the Automated Fluid Mineral Support System. We collect offshore leasing, metering and well information from the Bureaus of Ocean Energy Management and of Safety and Environmental Enforcements' Technical Information Management System.

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

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

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

ONRR requires reporters to submit royalty and production reports electronically under the regulations. However, the regulations also include several exceptions designed to minimize the impact that electronic reporting might have on small businesses. Under 30 CFR 1210.55(a)(3) and 1210.105(a)(2), businesses "...may report manually if they are a small business, as defined by the U.S. Small Business Administration, and have no computer."

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.

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

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

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

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

Under FOGRMA, ONRR is to distribute funds derived from Federal and Indian leases on a monthly basis. Failure to collect production information monthly would preclude verification that amounts collected and distributed were the amounts actually due and payable. Further, reports on oil and gas production are required monthly by the terms of most leases.

- * requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it;

There are no special circumstances with respect to 5 CFR 1320.5(d)(2)(ii).

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

There are no special circumstances with respect to 5 CFR 1320.5(d)(2)(iii).

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

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

- * 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;

There are no special circumstances with respect to 5 CFR 1320.5(d)(2)(v).

- * 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)(vi).

- * 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

There are no special circumstances with respect to 5 CFR 1320.5(d)(2)(vii).

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

This collection does not require proprietary, trade secret, or other confidential information not protected by agency procedures. The information is protected under the standards identified in item 10 below.

8. If applicable, provide a copy and identify the date and page number of publication in the Federal Register of the agency's notice, required by 5 CFR 1320.8(d), soliciting comments on the information collection prior to submission to OMB. Summarize public comments received in response to that notice and in response to the PRA statement associated with the collection over the past three 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 notice in the *Federal Register* on April, 2, 2012 (77 FR 19704). We did not receive any comments in response to the *Federal Register* notice.

ONRR maintains regular, ongoing contact with companies. We provide toll-free telephone assistance and encourage customer feedback as we respond to questions regarding requirements. We address issues as they come up and continually improve our processes.

Program staff made a sincere effort to elicit meaningful feedback from companies. They contacted the companies listed below regarding the 60-day *Federal Register* notice and the burden hour estimates. They sent copies of the notice via electronic mail soliciting comments from the companies listed below.

Contacts made / comments received:

We contacted the following companies and received four responses.

Brenda Weeks
BEPCO
P.O. Box 2760
Midland, TX 79702
Phone: (432) 683-2277
Email: bnweeks@basspet.com

Comment: “I’m fine with the renewal of paperwork requirements for the 4054 OGORs.”

Lisa Fukuhara
EnCana Oil and Gas
370 17th Street, Suite 1700
Denver, CO 80202
Phone: (720) 876-3618
Email: lisa.fukuhara@encana.com

Comment: “Valerie Williams, Tierney Loberg and I had a brief meeting to discuss ICR 1012-0004 and the only comment we have is that we would like to change when we begin reporting our wells on the OGORs. We feel we should begin reporting when the well has first sales and not when the well has completed drilling. We would be reporting zero volumes anyway, so why not just wait until the well has first sales, since this is when we will begin paying royalties.”

ONRR Response: Under 30 CFR 1210.102(a)(1), “You must submit Form MMS–4054 for each well for each calendar month, beginning with the month in which you complete drilling...” In order to address Ms. Fukuhara’s comments, a change in the regulation would be required. This is beyond the scope of this Information Collection Renewal. ONRR, BLM, the Bureau of Safety and Environmental Enforcement (BSEE), and the Bureau of Ocean Energy Management use the MMS-4054 data in their tracking of when the well has completed drilling and the time between drilling and production. This data is a requirement for BLM and BSEE’s inspection programs. There is currently no discussion of revising the regulation.

Bette Smart
British Petroleum
501 Westlake Park Blvd
Room E415A
Houston, TX 77079
Phone: (281) 366-7491
Email: bette.smart@bp.com

Comments: On May 10, 2012, she stated that she had forwarded our request to the appropriate person. On May 22, 2012, she stated that she sent a follow-up email to the persons responsible for making comments. Subsequent attempts by ONRR failed to yield additional comments.

Rebecca Paris
Williams Production
One Williams Center
Tulsa, OK 74172
Phone: 918-573-1296
Email: rebecca.paris@williams.com

Specific Comments:

“Accuracy and availability of the data--burden hour estimates

Regarding the burden hour estimates, I think they are too conservative. Depending on the size of a report, the time it takes from the moment the “Upload” button is pushed until the report is successfully sent can take upwards of 5-10 minutes. If edits are a problem, corrections can add an hour or more onto that time, and overrides (typically due to faulty edits) often take three or more hours before we hear a response and are able to complete and send the report.

Clarity of instructions

I find the instructions clear and easy to follow for the most part, and when I am confused, I know of several knowledgeable persons who I can call for assistance.

Recordkeeping

I am confused by the two record keeping requirements:

- 1) “All records pertaining to offshore and onshore Federal and Indian oil and gas leases shall be maintained by a lessee, operator, revenue payor, or other person for 6 years after the records are generated unless the record holder is notified, in writing, that records must be maintained for a longer period***,”
- 2) “In accordance with 30 U.S.C. 1724(f), Federal oil and gas records must be maintained for 7 years from the date the obligation became due.”

It seems to me that the second statement trumps the first. Why have both?

- disclosure
- reporting format

We consistently run into problems reconciling reports for owners, including Tribes and Individual Allottees, and the ONRR. Reporting oil and gas at the API number level would alleviate a great amount of errors, stress, and inability to easily reconcile production reporting to

the 2014. That would mean only the ONRR would provide the allocation from well production to lease/agreement combination doing away with the need for most Data Mining and volume compliance comparisons. As I understand it, the ONRR already performs these calculations based on BLM notification, and then compares their work to the individual companies. The complexities surrounding some of these PA/CA/Unit/Agreement combinations, however, and the sometimes limited workforce causes discrepancies on a regular basis. This, I believe, is the main reason for the current increase in Data Mining and Audit activity. By reporting to API numbers, companies could easily reconcile to production reports, Tribes and Individual Allottees could easily reconcile their checks to the well reports, and the ONRR would stand to save a large amount of money by doing away with the added discrepancy checks at the back end of the process.”

ONRR Response: For the above comment, “Regarding the burden hour estimates, I think they are too conservative,” we interpret this to mean ONRR has underreported the time needed to complete a Form MMS-2014. The upload time and the time to correct edits can be time consuming. In addition, other factors may increase the time it takes to complete a Form MMS-2014. They include, but not limited to, the size of the lease, the period for which a reporter creates or submits the form, the experience level of the reporter, and if the form is a regular monthly report or are due to an audit or other prior-period adjustment. For these reasons, we do not attempt to estimate the time it takes to complete a Form MMS-2014. Rather, we estimate the time it takes, on average, to complete a single line on the form. We believe the average estimated time of three minutes per line incorporates the commenter’s concerns, along with the other factors listed. We, therefore, do not believe that the estimated time per line should change but will be diligent in reexamining the average time estimate in the future.

For the comments regarding API well number reporting, we do require API well number reporting on Form MMS-4054. Therefore, we interpret the comments to mean ONRR should change requirements on Form MMS-2014 from royalty reporting at the lease-level to the API well number level. This would be highly problematic, and we strongly believe that the costs to industry and ONRR would outweigh any potential benefits. The vast majority of industry submits Form MMS-2014 to ONRR electronically. Switching from lease level reporting to API well number reporting would cause significant software costs and labor expenses to industry to change their electronic process. Additionally, particularly on Outer Continental Shelf properties, reporting at the API well level may materially increase the number of lines industry would have to report. There are many instances where all well production allocates to the same lease. In this case, instead of reporting one lease line, industry would have to report for each individual well on the form.

Allowing for API well number royalty reporting on Form MMS-2014 on an ad hoc basis would still cause material legal and operational issues. Reporting royalty production at the well level could potentially violate the proprietary rights of the States and Tribes on whose land the lease is located. A potential violation of the proprietary rights of the reporter could also occur. Additionally allowing for API well number royalty reporting would adversely affect the ability

of ONRR to verify that companies are paying the correct amount of royalties to Tribes, States, and Federal Governments.

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

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.

Companies may provide proprietary commercial or financial information, relating to minerals they removed from Federal and Indian leases, to ONRR. FOGRMA, as amended (30 U.S.C. 1733), the Freedom of Information Act (5 U.S.C. 552(b)(4)), and its implementing regulations (43 CFR 2) establish standards to protect trade secrets and other proprietary information. The Department shall also hold as privileged and proprietary all information in its possession related to Indian mineral agreements per the Indian Mineral Development Act of 1982 (25 U.S.C. 2103). ONRR has strict security measures in place for 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.

There are approximately 3,870 oil, gas and geothermal reporters who submit the required information monthly. We estimate the average number of responses (lines of data) ONRR will receive is 10,499,998 per year, and the reporting burden to industry is 337,933 hours per year. 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.

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

See Summary of Information Collections table below.

- * 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.

Summary of Information Collections

Reference 30 CFR	Information Collections (IC)	Requirement to Respond	Frequency of Response	Number of Annual Responses	Annual Burden Hours	Annual Cost (\$51/hr)
210.52(a) and (b), 210.53(a) and (b), 210.54(a) and (b)	Royalty Reporting: • Report of Sales and Royalty Remittance (Form MMS-2014)	Mandatory	Monthly	4,735,572	239,937	\$12,236,787
210.102 (a)(1)(i) and (ii), (a)(2)(i) and (ii), (b)(1) and (b)(2)(i)-(vi)	Production Accounting: • Oil and Gas Operations Report—OGOR (Form MMS-4054)	Mandatory	Monthly	5,746,426	97,689	\$4,982,139
	• Production Allocation Schedule Report—PASR (Form MMS-4058)	Mandatory	Monthly	18,000	307	\$15,657
TOTAL				10,499,998	337,933	\$17,234,583

Cost estimates are based on the expectation that all requirements will be performed by an accountant. We estimate the total annual reporting burden is 337,933 hours. Based on a cost factor of \$51 per hour for industry accountants, we estimate the total annual cost to industry is \$17,234,583 (\$51 x 337,933 hours = \$17,234,583).

We used tables from the Bureau of Labor Statistics (BLS) to estimate the hourly cost for industry accountants in a metropolitan area. These statistics are located at <http://www.bls.gov/bls/wages.htm>. The estimated hourly labor cost is \$51, calculated as follows:

\$33.72 hourly mean wage x 1.5 benefit cost factor = \$50.58, rounded to \$51.

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

Respondents' Estimated Annual Burden Hours

30 CFR Part 1210	Reporting and Recordkeeping Requirement	Hour Burden	Average Number of Annual Responses (lines of data)	Annual Burden Hours
30 CFR 1210—FORMS AND REPORTS				
Subpart B—Royalty Reports—Oil, Gas, and Geothermal Resources				
1210.52 (a) and (b)	<p>1210.52 What royalty reports must I submit? You must submit a completed Form MMS–2014, Report of Sales and Royalty Remittance, to ONRR with: (a) All royalty payments; and (b) Rents on nonproducing leases, where specified in the lease.</p>	Form MMS-2014		
		Electronic* (approximately 99 percent)		
		3 min. per line	4,688,216	234,411
		Manual* (approximately 1 percent)		
1210.53 (a), (b), and (c)	<p>1210.53 When are my royalty reports and payments due? (a) Completed Forms MMS–2014 for royalty payments and the associated payments are due by the end of the month following the production month (see also §1218.50). (b) Completed Forms MMS–2014 for rental payments, where applicable, and the associated payments are due as specified by the lease terms (see also §1218.50). (c) You may submit reports and payments early.</p>	7 min. per line	47,356	5,526
1210.54 (a), (b), and (c)	<p>1210.54 Must I submit this royalty report electronically? (a) You must submit Form MMS–2014 electronically unless you qualify for an exception under §1210.55(a). (b) You must use one of the following electronic media types, unless ONRR instructs you differently * * * (c) Refer to our electronic reporting guidelines in the ONRR <i>Minerals Revenue Reporter Handbook</i>, for the most current reporting options, instructions, and security measures. The handbook may be found on our Internet Web site or you may call your ONRR customer service representative * * *</p> <p align="center">* * * * *</p>			
SUBTOTAL FOR ROYALTY REPORTING			4,735,572	239,937

<p>1210.102 (b)(1)</p> <p>1210.102 (b)(2)(i) - (vi)</p>	<p>(b) Form MMS–4058, Production Allocation Schedule Report. If you operate an offshore facility measurement point (FMP) handling production from a Federal oil and gas lease or federally approved unit agreement that is commingled (with approval) with production from any other source prior to measurement for royalty determination, you must file Form MMS–4058.</p> <p>(1) You must submit Form MMS–4058 for each calendar month beginning with the month in which you first handle production covered by this section.</p> <p>(2) Form MMS–4058 is not required whenever all of the following conditions are met:</p> <p>(i) All leases involved are Federal leases;</p> <p>(ii) All leases have the same fixed royalty rate;</p> <p>(iii) All leases are operated by the same operator;</p> <p>(iv) The facility measurement device is operated by the same person as the leases/agreements;</p> <p>(v) Production has not been previously measured for royalty determination; and</p> <p>(vi) The production is not subsequently commingled and measured for royalty determination at an FMP for which Form MMS–4058 is required under this part.</p>	<p>Burden hours covered under 1210.104(a) and (b).</p>
<p>1210.103 (a) and (b)</p>	<p>1210.103 When are my production reports due?</p> <p>(a) The ONRR must receive your completed Forms MMS–4054 and MMS–4058 by the 15th day of the second month following the month for which you are reporting.</p> <p>(b) A report is considered received when it is delivered to ONRR by 4 p.m. mountain time at the addresses specified in §1210.105. Reports received after 4 p.m. mountain time are considered received the following business day.</p>	<p>Burden hours covered under 1210.104(a) and (b).</p>

1210.104 (a), (b), and (c)	<p>1210.104 Must I submit these production reports electronically?</p> <p>(a) You must submit Forms MMS-4054 and MMS-4058 electronically unless you qualify for an exception under §1210.105.</p> <p>(b) You must use one of the following electronic media types, unless ONRR instructs you differently * * *</p> <p>(c) Refer to our electronic reporting guidelines in the ONRR <i>Minerals Production Reporter Handbook</i>, for the most current reporting options, instructions, and security measures. The handbook may be found on our Internet Web site or you may call your ONRR customer service representative * * *</p> <p>* * * * *</p>	Form MMS-4054 (OGOR)		
		Electronic* (approximately 99 percent)		
		1 min. per line	5,688,962	94,816
		Manual* (approximately 1 percent)		
		3 min. per line	57,464	2,873
		TOTAL OGOR	5,746,426	97,689
		Form MMS-4058 (PASR)		
		Electronic* (approximately 99 percent)		
		1 min. per line	17,820	298
		Manual* (approximately 1 percent)		
3 min. per line	180	9		
TOTAL PASR		18,000	307	
Subpart D—Special-Purpose Forms and Reports— Oil, Gas, and Geothermal Resources				
1210.155	<p>1210.155 What reports must I submit for Federal onshore stripper oil properties?</p> <p>(a) <i>General.</i> Operators who have been granted a reduced royalty rate by the Bureau of Land Management (BLM) under 43 CFR 3103.4-2 must submit Form MMS-4377, Stripper Royalty Rate Reduction Notification, under 43 CFR 3103.4-2(b)(3).</p> <p>* * * * *</p>	Burden covered under OMB Control Number 1012-0005.		
SUBTOTAL FOR PRODUCTION REPORTING		5,764,426	97,996	
PART 1212—RECORDS AND FILES MAINTENANCE				
Subpart B—Oil, Gas and OCS Sulphur—General				
1212.50	<p>1212.50 Required recordkeeping and reports.</p> <p>All records pertaining to offshore and onshore Federal and Indian oil and gas leases shall be maintained by a lessee, operator, revenue payor, or other person for 6 years after the records are generated unless the recordholder is notified, in writing, that records must be maintained for a longer period * * *.</p> <p>[In accordance with 30 U.S.C. 1724(f), Federal oil and gas records must be maintained for 7 years from the date the obligation became due.]</p>	Burden hours covered under 1210.54(a), (b), and (c); and 1210.104(a) and (b).		

1212.51 (a) and (b)	<p>(a) <i>Records</i>. Each lessee, operator, revenue payor, or other person shall make and retain accurate and complete records necessary to demonstrate that payments of rentals, royalties, net profit shares, and other payments related to offshore and onshore Federal and Indian oil and gas leases are in compliance with lease terms, regulations, and orders * * *.</p> <p>(b) Period for keeping records. Lessees, operators, revenue payors, or other persons required to keep records under this section shall maintain and preserve them for 6 years from the day on which the relevant transaction recorded occurred unless the Secretary notifies the record holder of an audit or investigation involving the records and that they must be maintained for a longer period * * *.</p> <p>[In accordance with 30 U.S.C. 1724(f), Federal oil and gas records must be maintained for 7 years from the date the obligation became due.]</p>	Burden hours covered under 1210.54(a), (b), and (c); and 1210.104(a) and (b).	
TOTAL FOR ROYALTY AND PRODUCTION REPORTING		10,499,998	337,933

* *Note: ONRR considers each line of data as one response/report.*

13. Provide an estimate of the total annual non-hour cost burden to respondents or recordkeepers resulting from the collection of information. (Do not include the cost of any hour burden 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.

Labor Costs

Position	Grade Level	Hourly Pay rate ¹	Hourly rate including benefits (1.5 x \$/hour)	Percent of time spent on collection	Weighted Average (\$/hour)
Accountant	11	\$33.46	\$50	70%	\$35.00
	12	\$40.10	\$60	30%	\$18.00
Weighted Average (\$/hour)				100%	\$53

¹ \$/hour from 2012 U.S. OPM GS Pay Schedule, Denver locality; assumes grade is a step five

To analyze, review, and process the information, the Federal Government spends an average of 15 minutes for each hour spent by respondents. The total estimated Federal Government time is 84,483.25 hours. The total estimated burden to the Federal Government is based on time needed to complete all royalty and production reporting. Employees who perform these tasks are paid according to the United States Office of Personnel Management (OPM) 2012 General Schedule (GS), which is located at <http://www.opm.gov/oca/12tables/indexGS.asp>. Based on a weighted average cost factor of \$53 per burden hour, the total annual estimated cost burden on the Federal Government is \$4,477,612 (337,933 hours x .25 hours = 84,483.25 hours x \$53 = \$4,477,612.25, rounded to \$4,477,612).

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

Currently Approved OMB Burden Hour Inventory	Program Change Estimated Burden Hours	Adjustment Change Estimated Burden Hours	Total Estimated Burden Hours
253,509	+84,424	0	337,933

There is a program change for this information collection, with a corresponding burden change of 84,424 hours and a burden change in responses of 2,694,238. The increase is due to ONRR performing additional compliance activities. Since the last renewal, ONRR has begun additional audit actions, resulting in additional requests for new adjusted forms on earlier Form 2014s and Form 4054s previously submitted by industry. Since each line of each form is one additional response, ONRR anticipates a material increase in the total number of responses we will receive and a corresponding increase in the burden hours for both industry and ONRR. This program change is, in part, in response to Government Accountability Office’s report numbers GAO-08-893R and GAO-09-549, which are located at <http://www.gao.gov/assets/100/95734.pdf> and <http://www.gao.gov/assets/300/292365.pdf>, respectively.

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.

ONRR 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.

ONRR will display the OMB approval expiration date on Forms MMS-2014, MMS-4054, and MMS-4058. The expiration date of OMB’s approval will be displayed on any correspondence ONRR sends to lessees or designees concerning this information collection.

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.”