

## Supporting Statement A

### 30 CFR Parts 1202, 1206, and 1207, Indian Oil and Gas Valuation

OMB Control Number 1012-0002

**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. 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.**

The Secretary of the United States Department of the Interior is responsible for mineral resource development on Federal and Indian lands and the Outer Continental Shelf (OCS). Under various laws, the Secretary’s responsibility is to manage mineral resources production on Federal and Indian lands and the OCS, collect royalties due, and distribute the funds collected under 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) 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 in a value of production from the leased lands. The applicable regulations require the lessee 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. We collect this information to ensure that lessees accurately value production and appropriately pay royalties.

The information collections that we cover in this Information Collection Request (ICR) are found at 30 CFR part 1202, subparts C and J, which pertain to royalties; part 1206, subparts B and E, which govern the valuation of oil and gas produced from leases on Indian lands; and part 1207, which pertains to recordkeeping. Indian Tribes and individual Indian mineral owners receive all royalties generated from their lands. Determining product valuation is essential to ensure that Indian Tribes and individual Indian mineral owners receive payment on the full value of the minerals removed from their lands. Failure to collect the data that we describe in this ICR could result in the undervaluation of leased minerals on Indian lands. All data reported is subject to subsequent audit and adjustment.

We have posted the following laws pertaining to mineral leases on Federal and Indian lands and the OCS at [http://www.onrr.gov/Laws\\_R\\_D/PubLaws/default.htm](http://www.onrr.gov/Laws_R_D/PubLaws/default.htm):

- 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)
- Pub. L. 97-451—Jan. 12, 1983 (Federal Oil and Gas Royalty Management Act of 1982 [FOGRMA])

***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 is requesting OMB's approval to continue to collect this information described below. All data collected is necessary when ONRR performs its minerals revenue management functions for the Secretary as discussed in detail below.

### **Indian Oil Valuation**

Regulations at title 30 CFR part 1206, subpart B, govern the valuation for royalty purposes of all oil produced from Indian oil and gas leases (Tribal and allotted), except leases on the Osage Indian Reservation, and are consistent with mineral leasing laws, other applicable laws, and lease terms. Generally, these regulations provide that lessees determine the value of oil based upon the higher of (1) the gross proceeds under an arm's-length contract; or (2) major portion analysis. The value that a lessee determines may be eligible for a transportation allowance.

### ***Form ONRR-4110, Oil Transportation Allowance Report*** (submitted on occasion)

Under certain circumstances, the regulations authorize lessees to deduct from royalty payments the reasonable actual costs of transporting the royalty portion of produced minerals from the lease to a sales point, not in the immediate lease area. The regulations establish a limit on transportation allowances for oil at 50 percent of the oil value at the point of sale. From information collected on Form ONRR-4110, ONRR and Tribal audits, personnel evaluate (1) whether lessee-reported transportation allowances are within regulatory allowance limitations and calculated under applicable regulations; and (2) whether the lessee reported and paid the proper amount of royalty. Lessees must use Form ONRR-4110 for both arm's-length and non-

arm's-length contracts.

To receive an oil transportation allowance, lessees must submit Form ONRR-4110 before or in the same month that they report the transportation allowance on Form ONRR-2014, Report of Sales and Royalty Remittance (OMB Control Number 1012-0004). After the initial reporting period and for succeeding reporting periods, lessees must submit page one of Form ONRR-4110 (and Schedule 1) within 3 months after the end of the calendar year, or after the applicable contract or rate terminates or is modified or amended, whichever is earlier, unless ONRR approves a longer period. Lessees summarize actual operating, maintenance, and overhead costs, as well as depreciation and undepreciated capital investment costs, on Form ONRR-4110 and applicable schedules.

### ***Valuation Guidance***

The lessee may ask ONRR for guidance in determining value. The lessee may propose a value method to ONRR and submit all available data related to the proposal and any additional information ONRR deems necessary.

### **Indian Gas Valuation**

Regulations at title 30 CFR part 1206, subpart E, govern the valuation for royalty purposes of natural gas produced from Indian oil and gas leases (Tribal and allotted). These regulations apply to all gas production from Indian oil and gas leases, except leases on the Osage Indian Reservation.

### ***Form ONRR-4410, Accounting for Comparison [Dual Accounting]*** (submitted on occasion)

Most Indian leases contain the requirement to perform accounting for comparison (dual accounting) for gas produced from the lease. Lessees must elect to perform actual dual accounting as defined in 30 CFR 1206.176, or alternative dual accounting as defined in 30 CFR 1206.173.

According to 30 CFR 1206.176(a), dual accounting is defined as the greater of the following two values:

- “(1) The combined value of the following products: (i) The residue gas and gas plant products resulting from processing the gas...less any applicable allowances; and (ii) Any drip condensate associated with the processed gas recovered downstream of the point of royalty settlement without resorting to processing, less applicable allowances.
- (2) The value of the gas prior to processing...including any applicable allowances...”

Lessees use Form ONRR-4410 to certify that dual accounting is not required on an Indian lease or to make an election for actual or alternative dual accounting for Indian leases.

Form ONRR-4410 (Part A), Certification for Not Performing Dual Accounting, requires lessees to identify the ONRR-designated areas where the leases are located and provide specific

justification for not performing dual accounting. Part A is a one-time notification, until any changes occur in gas disposition. Part A lists the following acceptable reasons for not performing dual accounting: (1) the lease terms do not require dual accounting; (2) none of the gas from the lease is ever processed; (3) gas has a Btu content of 1,000 Btu's per cubic foot or less at the lease's facility measurement point(s); (4) none of the gas from the lease is processed until after gas flows into a pipeline with an index located in an index zone; and (5) none of the gas from the lease is processed until after gas flows into a mainline pipeline not located in an index zone.

Form ONRR-4410 (Part B), Election to Perform Actual Dual Accounting or Alternative Dual Accounting, allows ONRR to collect the lessee's elections to perform actual dual accounting or alternative dual accounting. A lessee makes an election by checking either the actual or alternative dual accounting box for each ONRR-designated area where its leases are located. Part B also includes the lessee's lease prefixes within each ONRR-designated area to assist lessees in making the appropriate election. The election to perform actual or alternative dual accounting applies to all of a lessee's Indian leases in each ONRR-designated area. The first election to use the alternative dual accounting is effective from the time of election through the end of the following calendar year. Thereafter, each election to use the alternative dual accounting methodology must remain in effect for two calendar years. However, lessees may return to the actual dual accounting methodology only at the beginning of the next election period or with written approval from ONRR and the Tribal lessors for Tribal leases, and from ONRR for Indian allotted leases in the ONRR-designated area (30 CFR 1206.173(a)).

***Form ONRR-4411, Safety Net Report*** (submitted annually)

The safety net calculation establishes the minimum value, for royalty purposes, of natural gas production from Indian oil and gas leases. This reporting requirement ensures that Indian lessors receive all royalties due and aids ONRR compliance efforts.

The regulations require lessees to submit Form ONRR-4411 when they sell gas production from an Indian oil or gas lease beyond the first index pricing point. The lessee submits safety net prices on this form, for the previous calendar year, to ONRR annually (by June 30).

***Form ONRR-4295, Gas Transportation Allowance Report*** (submitted annually)

Under certain circumstances, the regulations authorize lessees to deduct from royalty payments the reasonable actual costs of transporting the royalty portion of produced minerals from the lease to a processing or sales point, not in the immediate lease area. The regulations establish a limit on transportation allowance deductions for gas at 50 percent of the gas value at the point of sale. From information collected on Form ONRR-4295, ONRR and Tribal personnel evaluate (1) whether lessee-reported transportation allowances are within regulatory allowance limitations and calculated under applicable regulations; and (2) whether the lessee reported and paid the proper amount of royalty. To take a non-arm's-length or no contract transportation deduction, a lessee must submit Form ONRR-4295, within three months, after the end of the 12-month period to which the lessee applied the allowance.

***Form ONRR-4109, Gas Processing Allowance Summary Report*** (submitted annually)

When gas is processed for the recovery of gas plant products, lessees may claim a processing allowance. The regulations establish a limit of 66⅔ percent of the value of each gas plant product as an allowable gas processing deduction.

ONRR normally accepts the cost as stated in the lessee's arm's-length processing contract as being representative of the cost of the processing allowance. In those instances where gas is processed through a lessee-owned plant, the lessee must base processing costs on the actual plant operating and maintenance expenses, depreciation, and a reasonable return on investment. The allowance is expressed as a cost per unit of individual gas plant products. Lessees may take processing allowances as a deduction from royalty payments.

From information collected on Form ONRR-4109, ONRR and Tribal personnel evaluate (1) whether lessee-reported processing allowances are within regulatory allowance limitations and calculated under applicable regulations; and (2) whether the lessee reported and paid the proper amount of royalty. To take a non-arm's-length or no contract processing deduction, lessees must submit Form ONRR-4109, within three months, after the end of the 12-month period to which the lessee applied the allowance.

***Exclusion or Termination of Exclusion from Valuation and Valuation Guidance***

An Indian Tribe may ask ONRR to exclude some or all of its leases from valuation under this section. ONRR will consult with BIA regarding the Tribe's request. If ONRR approves the request for the Tribal lease, the Lessee must value the production under §1206.174. The lessee may ask ONRR for guidance in determining value and may propose a valuation method to ONRR. The lessee must submit all available data related to the proposal and any additional information ONRR deems necessary

***Indian Gas Production – Request to report entitlements, or different allocation of gas***

The lessee paying royalties on the lease may ask ONRR for permission to report entitlements. The lessee also may request ONRR approval of other methods for determining the quantity of residue gas and gas plant products allocable to each lease.

***Indian Oil and Gas***

***Form ONRR-4393, Request to Exceed Regulatory Allowance Limitation*** (submitted on occasion)

Lessees must submit Form ONRR-4393 for both Federal and Indian leases to request to exceed the regulatory allowance limitation. Most of the burden hours are incurred on Federal leases; therefore, OMB approved the form under OMB Control Number 1012-0005. Burden hours for Indian leases using this form are included in this ICR.

Upon receiving a proper application from the lessee, ONRR may approve an oil or gas transportation allowance in excess of 50 percent (Federal or Indian), or a gas processing allowance in excess of 66⅔ percent (Federal only). To request permission to exceed a regulatory allowance limit, lessees must (1) submit a letter to ONRR explaining why a higher allowance limit is necessary; and (2) provide supporting documentation, including a completed Form ONRR-4393. This form provides ONRR with the data necessary to make a decision whether to approve or deny the request and track deductions on subsequent royalty reports.

**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.**

We have available electronic copies of Forms ONRR-4109, ONRR-4110, ONRR-4295, ONRR-4410, and ONRR-4411 on our Internet website for respondents to print and complete. We have a reasonable expectation that 5 percent may use an email option in the future.

Further information technology enhancements are not applicable for this ICR at this time because we receive very few submissions per year. Most of the information collected applies to exceptions to standard procedures, which are relatively few, infrequent, and non-standard and, therefore, not conducive to electronic submission. It is not cost effective for us to enhance our current computer system design to process a minimum number of forms.

**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.**

No other Federal or State agency collects the same or similar information. The primary information necessary for the evaluation of specific transportation and/or processing proposals is available only within the records of the applicant and the use of such data is unique to our mission. No other Federal agency collects similar information that can be modified for this collection. The information is not available from any other source.

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

Small organizations are among the potential respondents. ONRR has carefully analyzed its requirements to ensure that the information requested is the minimum necessary and places the least possible burden on industry. There are no special reporting provisions or significant economic impacts on small businesses or other small entities. We provide toll-free telephone assistance and schedule annual training free of charge in various geographic areas to assist reporters in complying with valuation and 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.***

By delegation of the Secretary's trust responsibilities under Indian lease terms, ONRR is responsible for ensuring the proper valuation of production from Indian leases. Not collecting this information would limit the Secretary's ability to discharge fiduciary duties and may also result in the inability to confirm the accurate royalty value to Indian Tribes and individual Indian mineral owners

**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.**

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

**\* 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.**

In accordance with 30 U.S.C. 1713(b), lessees must maintain their Indian oil and gas records for 6 years after they generate the records unless the Secretary notifies the record holder that they must maintain such records 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.**

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

**\* requiring the use of statistical data classification that OMB has not reviewed and approved.**

There are no special circumstances with respect to 5 CFR 1320.5(d)(2)(vi), as this 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.**

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

There are no special circumstances with respect to 5 CFR 1320.5(d)(2)(viii), as 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 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. [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 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 (80 FR 13619) on March 16, 2015 in the *Federal Register*. We received no comments on this notice.

In addition, we reached out to seven companies requesting input regarding the burden hour estimates, and the clarity of the regulations requiring this collection of information. ONRR received two responses and comments from industry as follows:

Contacts made / comments received:

1. Name: Cindy Farney  
Company: XTOEnergy  
Email: cindy\_farney@xtoenergy.com

*Feedback:* “From information collected on Form ONRR-4110, Oil Transportation Allowance Report, ONRR and tribal audit personnel evaluate (1) whether lessee-reported transportation allowances are within regulatory allowance limitations and calculated in accordance with applicable regulations; and (2) whether the lessees reported and paid the proper amount of royalties. The information collected on Form ONRR-4110 Oil Transportation Allowance Report does not impact the Secretary's ability through ONRR to discharge fiduciary duties or affect their ability to confirm the accurate royalty value. This requirement is both unnecessary and burdensome to industry.

“1) Form ONRR-4110 reports submitted by industry are not reviewed by ONRR upon receipt.  
“2) Every ONRR or Tribal audit begins with a request for a copy of all sales and transportation contracts related to the lease(s), agreement(s) and sales periods covered in the audit. This information, not the Form 4110, is used to validate transportation amounts deducted from royalties.  
“3) Form ONRR-4110 summarized transportation rates up to an annual rate which does not always provide an accurate rate to use when reviewing transportation allowance deductions. This annualized rate will not match the transportation allowance rate calculated from the ONRR Form 2014 whenever the transportation agreement includes a rate with a volumetric component (i.e. pipeline retains 1.5% of volume transported). The rate for this portion of the allowance can vary significantly from month to month. ONRR should recognize that not all arms-length contracts are written using a set rate, such as transportation on a FERC regulated/Open Access pipeline where the transportation rate is simply the pipeline’s FERC approved tariff.”

*ONRR Response:* Many of the commenter’s concerns are addressed with the new Indian Oil rule ONRR published on May 1, 2015. The new rule may be found on our website at [http://www.onrr.gov/Laws\\_R\\_D/FRNotices/PDFDocs/24794.pdf](http://www.onrr.gov/Laws_R_D/FRNotices/PDFDocs/24794.pdf). With the new rule, companies no longer have to report arm’s length transportation on the Form ONRR-4110 but companies must submit a copy of their arm’s-length transportation contract within two months of claiming transportation allowances. Additional details may be found at 30 CFR § 1206.57 of the new rule. The same applies to arm’s length transportation of gas. Non-arm’s length transportation of oil requires companies to report their reasonable, actual costs. You must submit the actual information to support the allowance to ONRR on the Form ONRR-4110, Oil Transportation Allowance Report within three months after the calendar year to which the allowance applies. Additional details may be found at 30 CFR § 1206.58 of the new rule. These changes in reporting requirements should address the commenter’s concerns. We will adjust the burden estimate as a result of the new rule during the next renewal cycle when better estimates are available. With respect to the commenter’s third concern regarding arm’s length rates with volumetric components, the new rule shifts the burden of accuracy to the contracts submitted by the companies.

2. Name: Diane Knopp, Supervisor, Revenue Accounting Finance.  
Company: Enerplus  
Phone number: 720-279-5539  
Email: [DKnopp@enerplus.com](mailto:DKnopp@enerplus.com)

*Feedback:* “I only have one burden change so a table isn’t necessary. 1206.59 – proposed burden hours – 40.”

*ONRR Response:* This response is referencing 30 CFR 1206.59 - Valuation Guidance and the commenter’s response related to the burden hours. Valuation guidance runs a broad spectrum such as phone calls asking for brief clarification, requests that require ONRR’s royalty valuation staff to research and consult with past cases, referencing previous guidance, and at times, requiring case legal interpretation. Based on historical data, ONRR estimates that 20 burden hours will suffice the completion of this requirement.

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

We will not provide any payment or gift to respondents in this collection.

**10. Describe any assurance of confidentiality provided to respondents and the basis for the assurance in statute, regulation, or agency policy.**

Commercial or financial information that lessees provide to ONRR, relative to minerals they removed from Federal and Indian leases, may be proprietary. The FOGDMA, as amended (30 U.S.C. 1733), and the Freedom of Information Act (5 U.S.C. 552(b)(4)) and its implementing regulations (43 CFR 2) established standards to protect trade secrets and proprietary and other information. In addition, the Indian Mineral Development Act of 1982 (25 U.S.C. 2103) provides that the Department shall hold as privileged and proprietary information all information in its possession related to Indian minerals agreement the Act covers. Strict security measures at ONRR control 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.**

The 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.**

We estimate approximately 148 respondents (Indian oil and gas lessees) who may submit the required information annually and on occasion (see charts below for breakout of data by form and by information collection). Based on current data, we estimate the average number of annual responses is 148, and the annual reporting burden is 2,269 hours.

- \* 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.**

Reference 30 CFR	Information Collections (IC)	Requirement to Respond	Frequency of Response	Number of Responses	Annual Burden Hours	Annual Cost (\$65/hr) <sup>1</sup>
1206.180 cites <sup>2</sup> and 1206.181(c)	<b>1. Indian Gas Processing Allowance</b> (Form ONRR-4109 and any other required documentation)	Obtain a benefit	Annually	19	1,342	\$87,230
1206.57 cites <sup>2</sup>	<b>2. Indian Oil Transportation Allowance</b> (Form ONRR-4110 and any other required documentation)	Obtain a benefit	On occasion	12	220	\$14,300
1206.178 cites <sup>2</sup>	<b>3. Indian Gas Transportation Allowance</b> (Form ONRR-4295 and any other required documentation)	Obtain a benefit	Annually	30	293	\$19,045
1206.56 (b)(2); 1206.177 (c)(2) and (c)(3)	<b>4. Exceed Transportation Allowance (Oil and Gas)</b> (Form ONRR-4393 and any other required documentation)	Obtain a benefit	On occasion	1	4	\$260
1206.172 (b)(1)(ii); 1206.173 (a)(1)	<b>5. Indian Gas Valuation (No Dual Accounting, Actual Dual Accounting, or Alternative Method)</b> (Form ONRR-4410 and any other required documentation)	Mandatory	On occasion	70	256	\$16,640
1206.172 (e)(6)(i) and (iii)	<b>6. Indian Gas Valuation (Safety Net Reporting)</b> (Form ONRR-4411 and any other required documentation)	Mandatory	Annually	11	33	\$2,145
1206.59	<b>7. Indian Oil Valuation</b> (Required documentation; no form)	Obtain a benefit	On occasion	1	20	\$1,300
1206.172 (f)(1)(ii), (f)(2), and (f)(3)	<b>8. Indian Gas Valuation (Exclusion or Termination of Exclusion from Valuation)</b> (Required documentation; no form)	Obtain a benefit	On occasion	1	40	\$2,600
1206.174(f)	<b>9. Indian Gas Valuation Guidance</b> (Required documentation; no form)	Obtain a benefit	On occasion	1	40	\$2,600
1202.551 (c); 1206.175 (d)(4)	<b>10. Indian Gas Production (Request to Report Entitlements or Request Different Allocation of Gas)</b> (Required documentation; no form)	Obtain a benefit	On occasion	2	21	\$1,365
<b>TOTAL</b>				<b>148</b>	<b>2,269</b>	<b>\$147,485</b>

<sup>1</sup>Cost estimates are based on the expectation that an accountant will perform all requirements. See calculations for hourly costs for industry accountants below.

<sup>2</sup>See chart below for complete listing of citations for this IC.

We expect that an industry accountant, in a metropolitan area, will perform all the work. We estimate the total annual reporting burden is 2,269 hours. We used Bureau of Labor Statistics (BLS) National Occupational Employment and Wage Estimates (available at [http://www.bls.gov/oes/current/oes\\_35644.htm#13-0000](http://www.bls.gov/oes/current/oes_35644.htm#13-0000) to estimate the hourly cost for industry accountants in a metropolitan area. We used a multiplier of 1.4 for benefits, based on this information; we estimate the hourly cost for an industry accountant would be \$65, calculated as follows:

$$\$46.51 \text{ [mean hourly wage]} \times 1.4 \text{ [benefits cost factor]} = \$65.11 \text{ [rounded to } \$65/\text{hr.]}$$

We estimate the total annual cost to industry is \$147,485, as follows:

$$2,269 \text{ hours [reporting hours]} \times \$65 \text{ [for industry accountants]} = \$147,485$$

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 are no additional recordkeeping costs associated with this information collection. We have not included in our estimates certain requirements performed in the normal course of business and considered usual and customary. The following chart shows the estimated burden hours by CFR section and paragraph:

### **BURDEN HOURS BREAKDOWN**

30 CFR	Reporting and Recordkeeping Requirement	Hour Burden	Average Number of Annual Responses	Annual Burden Hours
<b>Part 1202—ROYALTIES</b>				
<b>Subpart C—Federal and Indian Oil</b>				
1202.101	<b>Standards for reporting and paying royalties.</b> Oil volumes are to be reported in barrels of clean oil of 42 standard U.S. gallons (231 cubic inches each) at 60 °F. . . .	Burden covered under §1210.52 in OMB Control Number 1012-0004.		
<b>Subpart J—Gas Production From Indian Leases</b>				
1202.551 (b)	<b>How do I determine the volume of production for which I must pay royalty if my lease is not in an approved Federal unit or communitization agreement (AFA)?</b> (b) You and all other persons paying royalties on the lease must report and pay royalties based on your takes. . . .	Burden covered under §1210.52 in OMB Control Number 1012-0004.		
1202.551 (c)	(c) You and all other persons paying royalties on the lease may ask ONRR for permission . . . to report entitlements . . .	1	1	1
1202.558 (a) and (b)	<b>What standards do I use to report and pay royalties on gas?</b> (a) You must report gas volumes as follows: . . .	Burden covered under §1210.52 in OMB Control Number 1012-0004.		

30 CFR	Reporting and Recordkeeping Requirement	Hour Burden	Average Number of Annual Responses	Annual Burden Hours
	(b) You must report residue gas and gas plant product volumes as follows: . . .			
<b>Part 1206—PRODUCT VALUATION</b> <b>Subpart B—Indian Oil</b>				
1206.56 (b)(2)	<b>Transportation allowances—general.</b> (b)(2) Upon request of a lessee, ONRR may approve a transportation allowance deduction in excess of the limitation prescribed by paragraph (b)(1) of this section. . . . An application for exception (using Form ONRR-4393, Request to Exceed Regulatory Allowance Limitation) must contain all relevant and supporting documentation necessary for ONRR to make a determination. . . .	4	1	4
1206.57 (a)(1)(i)	<b>Determination of transportation allowances.</b> (a) <i>Arm's-length transportation contracts.</i> (1)(i) . . . The lessee shall have the burden of demonstrating that its contract is arm's-length.	AUDIT PROCESS. See note.		
1206.57 (a)(1)(i)	(a) <i>Arm's-length transportation contracts.</i> (1)(i) . . . Before any deduction may be taken, the lessee must submit a completed page one of Form ONRR-4110 (and Schedule 1), Oil Transportation Allowance Report . . .	Burden covered under §1206.57(c)(1)(i) and (iii).		
1206.57 (a)(1)(iii)	(a) <i>Arm's-length transportation contracts.</i> (1)(iii) . . . When ONRR determines that the value of the transportation may be unreasonable, ONRR will notify the lessee and give the lessee an opportunity to provide written information justifying the lessee's transportation costs.	AUDIT PROCESS. See note.		
1206.57 (a)(2)(i)	(a) <i>Arm's-length transportation contracts.</i> (2)(i) . . . Except as provided in this paragraph, no allowance may be taken for the costs of transporting lease production which is not royalty-bearing without ONRR approval.	Burden covered under §1206.57(a)(3).		
1206.57 (a)(2)(ii)	(a) <i>Arm's-length transportation contracts.</i> (2)(ii) Notwithstanding the requirements of paragraph (i), the lessee may propose to ONRR a cost allocation method on the basis of the values of the products transported. . . .	20	1	20

30 CFR	Reporting and Recordkeeping Requirement	Hour Burden	Average Number of Annual Responses	Annual Burden Hours
1206.57 (a)(3)	(a) <i>Arm's-length transportation contracts.</i> (3) If an arm's-length transportation contract includes both gaseous and liquid products, and the transportation costs attributable to each product cannot be determined from the contract, the lessee shall propose an allocation procedure to ONRR. . . . The lessee shall submit all available data to support its proposal. . . .	40	1	40
1206.57 (b)(1)	(b) <i>Non-arm's-length or no contract.</i> (1) . . . A transportation allowance may be claimed retroactively for a period of not more than 3 months prior to the first day of the month that Form ONRR-4110 is filed with ONRR, unless ONRR approves a longer period upon a showing of good cause by the lessee. . . .	Burden covered under §1206.57(c)(2)(i) and (iii).		
1206.57 (b)(1)	(b) <i>Non-arm's-length or no contract.</i> (1) . . . When necessary or appropriate, ONRR may direct a lessee to modify its actual transportation allowance deduction.	Burden covered under §1210.52 in OMB Control Number 1012-0004.		
1206.57 (b)(2)(iv)	(b) <i>Non-arm's-length or no contract.</i> (2)(iv) . . . After a lessee has elected to use either method for a transportation system, the lessee may not later elect to change to the other alternative without approval of ONRR.	20	1	20
1206.57 (b)(2)(iv) (A)	(b) <i>Non-arm's-length or no contract.</i> (2)(iv)(A) . . . After an election is made, the lessee may not change methods without ONRR approval. . . .	20	1	20
1206.57 (b)(3)(i)	(b) <i>Non-arm's-length or no contract.</i> (3)(i) . . . Except as provided in this paragraph, the lessee may not take an allowance for transporting lease production which is not royalty bearing without ONRR approval.	40	1	40
1206.57 (b)(3)(ii)	(b) <i>Non-arm's-length or no contract.</i> (3)(ii) Notwithstanding the requirements of paragraph (i), the lessee may propose to ONRR a cost allocation method on the basis of the values of the products transported. . . .	20	1	20
1206.57 (b)(4)	(b) <i>Non-arm's-length or no contract.</i> (4) Where both gaseous and liquid products are transported through the same transportation system, the lessee shall propose a cost allocation procedure to ONRR. . . . The lessee shall submit all available data to support its proposal. . . .	20	1	20

30 CFR	Reporting and Recordkeeping Requirement	Hour Burden	Average Number of Annual Responses	Annual Burden Hours
1206.57 (b)(5)	(b) <i>Non-arm's-length or no contract.</i> (5) A lessee may apply to ONRR for an exception from the requirement that it compute actual costs in accordance with paragraphs (b)(1) through (b)(4) of this section. . . .	20	1	20
1206.57 (c)(1)(i)	(c) <i>Reporting requirements.</i> (1) <i>Arm's-length contracts.</i> (i) With the exception of those transportation allowances specified in paragraphs (c)(1)(v) and (c)(1)(vi) of this section, the lessee shall submit page one of the initial Form ONRR-4110 (and Schedule 1), Oil Transportation Allowance Report, prior to, or at the same time as, the transportation allowance determined, under an arm's-length contract, is reported on Form ONRR-2014, Report of Sales and Royalty Remittance. . . .	4	1	4
1206.57 (c)(1)(iii)	(c) <i>Reporting requirements.</i> (1) <i>Arm's-length contracts.</i> (iii) After the initial reporting period and for succeeding reporting periods, lessees must submit page one of Form ONRR-4110 (and Schedule 1) within 3 months after the end of the calendar year, or after the applicable contract or rate terminates or is modified or amended, whichever is earlier, unless ONRR approves a longer period (during which period the lessee shall continue to use the allowance from the previous reporting period).	4	1	4
1206.57 (c)(1)(iv)	(c) <i>Reporting requirements.</i> (1) <i>Arm's-length contracts.</i> (iv) ONRR may require that a lessee submit arm's-length transportation contracts, production agreements, operating agreements, and related documents. Documents shall be submitted within a reasonable time, as determined by ONRR.	AUDIT PROCESS. See note.		



30 CFR	Reporting and Recordkeeping Requirement	Hour Burden	Average Number of Annual Responses	Annual Burden Hours
1206.57 (c)(2)(i)	(c) <i>Reporting requirements.</i> (2) <i>Non-arm's-length or no contract.</i> (i) With the exception of those transportation allowances specified in paragraphs (c)(2)(v), (c)(2)(vii) and (c)(2)(viii) of this section, the lessee shall submit an initial Form ONRR-4110 prior to, or at the same time as, the transportation allowance determined under a non-arm's-length contract or no-contract situation is reported on Form ONRR-2014. . . . The initial report may be based upon estimated costs.	6	1	6
1206.57 (c)(2)(iii)	(c) <i>Reporting requirements.</i> (2) <i>Non-arm's-length or no contract.</i> (iii) For calendar-year reporting periods succeeding the initial reporting period, the lessee shall submit a completed Form ONRR-4110 containing the actual costs for the previous reporting period. If oil transportation is continuing, the lessee shall include on Form ONRR-4110 its estimated costs for the next calendar year. . . . ONRR must receive the Form ONRR-4110 within 3 months after the end of the previous reporting period, unless ONRR approves a longer period (during which period the lessee shall continue to use the allowance from the previous reporting period).	6	1	6
1206.57 (c)(2)(iv)	(c) <i>Reporting requirements.</i> (2) <i>Non-arm's-length or no contract.</i> (iv) For new transportation facilities or arrangements, the lessee's initial Form ONRR-4110 shall include estimates of the allowable oil transportation costs for the applicable period. . . .	Burden covered under §1206.57(c)(2)(i).		
1206.57 (c)(2)(v)	(c) <i>Reporting requirements.</i> (2) <i>Non-arm's-length or no contract.</i> (v) . . . only those allowances that have been approved by ONRR in writing . . .	Burden covered under §1206.57(c)(2)(i).		
1206.57 (c)(2)(vi)	(c) <i>Reporting requirements.</i> (2) <i>Non-arm's-length or no contract.</i> (vi) Upon request by ONRR, the lessee shall submit all data used to prepare its Form ONRR-4110. The data shall be provided within a reasonable period of time, as determined by ONRR.	AUDIT PROCESS. See note.		

30 CFR	Reporting and Recordkeeping Requirement	Hour Burden	Average Number of Annual Responses	Annual Burden Hours
1206.57 (c)(4) and (e)(2)	(c) <i>Reporting requirements.</i> (4) Transportation allowances must be reported as a separate line item on Form ONRR-2014, . . . (e) <i>Adjustments.</i> (2) For lessees transporting production from Indian leases, the lessee must submit a corrected Form ONRR-2014 to reflect actual costs, . . .	Burden covered under §1210.52 in OMB Control Number 1012-0004.		
1206.59	<b>May I ask ONRR for valuation guidance?</b> You may ask ONRR for guidance in determining value. You may propose a value method to ONRR. Submit all available data related to your proposal and any additional information ONRR deems necessary. . . .	20	1	20
1206.61 (a) and (b)	<b>What records must I keep and produce?</b> (a) On request, you must make available sales, volume, and transportation data for production you sold, purchased, or obtained from the field or area. You must make this data available to ONRR, Indian representatives, or other authorized persons. (b) You must retain all data relevant to the determination of royalty value. . . .	AUDIT PROCESS. See note.		
<b>Part 1206—PRODUCT VALUATION</b> <b>Subpart E—Indian Gas</b>				
1206.172 (b)(1)(ii)	<b>How do I value gas produced from leases in an index zone?</b> (b) <i>Valuing residue gas and gas before processing.</i> (1)(ii) Gas production that you certify on Form ONRR-4410, . . . is not processed before it flows into a pipeline with an index but which may be processed later; . . .	4	58	232
1206.172 (e)(6)(i) and (iii)	(e) <i>Determining the minimum value for royalty purposes of gas sold beyond the first index pricing point.</i> (6)(i) You must report the safety net price for each index zone to ONRR on Form ONRR-4411, Safety Net Report, no later than June 30 following each calendar year; . . . (iii) ONRR may order you to amend your safety net price within one year from the date your Form ONRR-4411 is due or is filed, whichever is later. . . .	3	11	33

30 CFR	Reporting and Recordkeeping Requirement	Hour Burden	Average Number of Annual Responses	Annual Burden Hours
1206.172 (e)(6)(ii)	(e) <i>Determining the minimum value for royalty purposes of gas sold beyond the first index pricing point.</i> (6)(ii) You must pay and report on Form ONRR-2014 additional royalties due no later than June 30 following each calendar year; . . .	Burden covered under §1210.52 in OMB Control Number 1012-0004.		
1206.172 (f)(1)(ii), (f)(2), and (f)(3)	(f) <i>Excluding some or all tribal leases from valuation under this section.</i> (1) An Indian tribe may ask ONRR to exclude some or all of its leases from valuation under this section. . . . (ii) If an Indian tribe requests exclusion from an index zone for less than all of its leases, ONRR will approve the request only if the excluded leases may be segregated into one or more groups based on separate fields within the reservation. (2) An Indian tribe may ask ONRR S to terminate exclusion of its leases from valuation under this section. . . . (3) The Indian tribe's request to ONRR under either paragraph (f)(1) or (2) of this section must be in the form of a tribal resolution. . . .	40	1	40
1206.173 (a)(1)	<b>How do I calculate the alternative methodology for dual accounting?</b> (a) <i>Electing a dual accounting method.</i> (1) . . . You may elect to perform the dual accounting calculation according to either §1206.176(a) (called actual dual accounting), or paragraph (b) of this section (called the alternative methodology for dual accounting).	2	12	24
1206.173 (a)(2)	(a) <i>Electing a dual accounting method.</i> (2) You must make a separate election to use the alternative methodology for dual accounting for your Indian leases in each ONRR S-designated area. . . .	Burden covered under §1206.173(a)(1).		
1206.174 (a)(4)(ii)	<b>How do I value gas production when an index-based method cannot be used?</b> (a) <i>Situations in which an index-based method cannot be used.</i> (4)(ii) If the major portion value is higher, you must submit an amended Form ONRR-2014 to ONRR by the due date specified in the written notice from ONRR of the major portion value. . . .	Burden covered under §1210.52 in OMB Control Number 1012-0004.		

30 CFR	Reporting and Recordkeeping Requirement	Hour Burden	Average Number of Annual Responses	Annual Burden Hours
1206.174 (b)(1)(i) and (iii); (b)(2); (d)(2)	<p>(b) <i>Arm's-length contracts.</i></p> <p>(1)(i) You have the burden of demonstrating that your contract is arm's-length. . . .</p> <p>(iii) . . . In these circumstances, ONRR will notify you and give you an opportunity to provide written information justifying your value. . . .</p> <p>(2) ONRR may require you to certify that your arm's-length contract provisions include all of the consideration the buyer pays, either directly or indirectly, for the gas, residue gas, or gas plant product.</p> <p>(d) <i>Supporting data.</i></p> <p>(2) You must make all such data available upon request to the authorized ONRR or Indian representatives, to the Office of the Inspector General of the Department, or other authorized persons. . . .</p>	AUDIT PROCESS. See note.		
1206.174 (d)	(d) <i>Supporting data.</i> If you determine the value of production under paragraph (c) of this section, you must retain all data relevant to determination of royalty value.	Burden covered under OMB Control Number 1012-0004.		
1206.174 (f)	(f) <i>Value guidance.</i> You may ask ONRR for guidance in determining value. You may propose a valuation method to ONRR. Submit all available data related to your proposal and any additional information ONRR deems necessary. . . .	40	1	40
1206.175 (d)(4)	<p><b>How do I determine quantities and qualities of production for computing royalties?</b></p> <p>(d)(4) You may request ONRR approval of other methods for determining the quantity of residue gas and gas plant products allocable to each lease. . . .</p>	20	1	20
1206.176 (b)	<p><b>How do I perform accounting for comparison?</b></p> <p>(b) If you are required to account for comparison, you may elect to use the alternative dual accounting methodology provided for in §1206.173 instead of the provisions in paragraph (a) of this section.</p>	Burden covered under §1206.173(a)(1).		
1206.176 (c)	(c) . . . If you do not perform dual accounting, you must certify to ONRR that gas flows into such a pipeline before it is processed.	Burden covered under §1206.172(b)(1)(ii).		

30 CFR	Reporting and Recordkeeping Requirement	Hour Burden	Average Number of Annual Responses	Annual Burden Hours
TRANSPORTATION ALLOWANCES				
1206.177 (c)(2) and (c) (3)	<p><b>What general requirements regarding transportation allowances apply to me?</b>            (c)(2) If you ask ONRR, ONRR may approve a transportation allowance deduction in excess of the limitation in paragraph (c)(1) of this section. . . .            (3) Your application for exception (using Form ONRR-4393, Request to Exceed Regulatory Allowance Limitation) must contain all relevant and supporting documentation necessary for ONRR to make a determination.</p>	Burden covered under §1206.56(b)(2).		
1206.178 (a)(1)(i)	<p><b>How do I determine a transportation allowance?</b>            (a) <i>Determining a transportation allowance under an arm's-length contract.</i>            (1)(i) . . . You are required to submit to ONRR a copy of your arm's-length transportation contract(s) and all subsequent amendments to the contract(s) within 2 months of the date ONRR receives your report which claims the allowance on the Form ONRR-2014.</p>	1	18	18
1206.178 (a)(1)(iii)	<p>(a) <i>Determining a transportation allowance under an arm's-length contract.</i>            (1)(iii) If ONRR determines that the consideration paid under an arm's-length transportation contract does not reflect the value of the transportation because of misconduct by or between the contracting parties . . . In these circumstances, ONRR will notify you and give you an opportunity to provide written information justifying your transportation costs.</p>	AUDIT PROCESS. See note.		
1206.178 (a)(2)(i) and (ii)	<p>(a) <i>Determining a transportation allowance under an arm's-length contract.</i>            (2)(i) . . . you cannot take an allowance for the costs of transporting lease production that is not royalty bearing without ONRR approval, or without lessor approval on tribal leases.            (ii) As an alternative to paragraph (a)(2)(i) of this section, you may propose to ONRR a cost allocation method based on the values of the products transported. . . .</p>	20	1	20

30 CFR	Reporting and Recordkeeping Requirement	Hour Burden	Average Number of Annual Responses	Annual Burden Hours
1206.178 (a)(3)(i) and (ii)	(a) <i>Determining a transportation allowance under an arm's-length contract.</i> (3)(i) If your arm's-length transportation contract includes both gaseous and liquid products and the transportation costs attributable to each cannot be determined from the contract, you must propose an allocation procedure to ONRR. . . . (ii) You are required to submit all relevant data to support your allocation proposal. . . .	40	1	40
1206.178 (b)(1)(ii)	(b) <i>Determining a transportation allowance under a non-arm's-length contract or no contract.</i> (1)(ii) . . . You must submit the actual cost information to support the allowance to ONRR on Form ONRR-4295, Gas Transportation Allowance Report, within 3 months after the end of the 12-month period to which the allowance applies. . . .	15	5	75
1206.178 (b)(2)(iv)	(b) <i>Determining a transportation allowance under a non-arm's-length contract or no contract.</i> (2)(iv) You may use either depreciation with a return on undepreciated capital investment or a return on depreciable capital investment. . . . you may not later elect to change to the other alternative without ONRR approval.	20	1	20
1206.178 (b)(2)(iv) (A)	(b) <i>Determining a transportation allowance under a non-arm's-length contract or no contract.</i> (2)(iv)(A) . . . Once you make an election, you may not change methods without ONRR approval. . . .	20	1	20
1206.178 (b)(3)(i)	(b) <i>Determining a transportation allowance under a non-arm's-length contract or no contract.</i> (3)(i) . . . Except as provided in this paragraph, you may not take an allowance for transporting a product that is not royalty bearing without ONRR approval.	40	1	40
1206.178 (b)(3)(ii)	(b) <i>Determining a transportation allowance under a non-arm's-length contract or no contract.</i> (3)(ii) As an alternative to the requirements of paragraph (b)(3)(i) of this section, you may propose to ONRR a cost allocation method based on the values of the products transported. . . .	20	1	20

30 CFR	Reporting and Recordkeeping Requirement	Hour Burden	Average Number of Annual Responses	Annual Burden Hours
1206.178 (b)(5)	(b) <i>Determining a transportation allowance under a non-arm's-length contract or no contract.</i>  (5) If you transport both gaseous and liquid products through the same transportation system, you must propose a cost allocation procedure to ONRR. . . . You are required to submit all relevant data to support your proposal. . . .	40	1	40
1206.178 (d)(1)	(d) <i>Reporting your transportation allowance.</i>  (1) If ONRR requests, you must submit all data used to determine your transportation allowance . . .	AUDIT PROCESS. See note.		
1206.178 (d)(2), (e), and (f)(1)	(d) <i>Reporting your transportation allowance.</i>  (2) You must report transportation allowances as a separate entry on Form ONRR-2014. . . .  (e) <i>Adjusting incorrect allowances.</i> If for any month the transportation allowance you are entitled to is less than the amount you took on Form ONRR-2014, you are required to report and pay additional royalties due, plus interest computed under 30 CFR 1218.54 from the first day of the first month you deducted the improper transportation allowance until the date you pay the royalties due. . . .  (f) <i>Determining allowable costs for transportation allowances.</i> . . .  (1) <i>Firm demand charges paid to pipelines.</i> . . . You must modify the Form ONRR-2014 by the amount received or credited for the affected reporting period.	Burden covered under §1210.52 in OMB Control Number 1012-0004.		
PROCESSING ALLOWANCES				
1206.180 (a)(1)(i)	<b>How do I determine an actual processing allowance?</b>  (a) <i>Determining a processing allowance if you have an arm's-length processing contract.</i>  (1)(i) . . . You have the burden of demonstrating that your contract is arm's-length. You are required to submit to ONRR a copy of your arm's-length contract(s) and all subsequent amendments to the contract(s) within 2 months of the date ONRR receives your first report that deducts the allowance on the Form ONRR-2014.	1	2	2

30 CFR	Reporting and Recordkeeping Requirement	Hour Burden	Average Number of Annual Responses	Annual Burden Hours
1206.180 (a)(1)(iii)	<p>(a) <i>Determining a processing allowance if you have an arm's-length processing contract.</i></p> <p>(1)(iii) If ONRR determines that the consideration paid under an arm's-length processing contract does not reflect the value of the processing because of misconduct by or between the contracting parties . . . In these circumstances, ONRR will notify you and give you an opportunity to provide written information justifying your processing costs.</p>	AUDIT PROCESS. See note.		
1206.180 (a)(3)	<p>(a) <i>Determining a processing allowance if you have an arm's-length processing contract.</i></p> <p>(3) If your arm's-length processing contract includes more than one gas plant product and the processing costs attributable to each product cannot be determined from the contract, you must propose an allocation procedure to ONRR. . . . You are required to submit all relevant data to support your proposal. . . .</p>	40	1	40
1206.180 (b)(1)(ii)	<p>(b) <i>Determining a processing allowance if you have a non-arm's-length contract or no contract.</i></p> <p>(1)(ii) . . . You must submit the actual cost information to support the allowance to ONRR on Form ONRR-4109, Gas Processing Allowance Summary Report, within 3 months after the end of the 12-month period for which the allowance applies. . . .</p>	100	12	1,200
1206.180 (b)(2)(iv)	<p>(b) <i>Determining a processing allowance if you have a non-arm's-length contract or no contract.</i></p> <p>(2)(iv) You may use either depreciation with a return on undepreciable capital investment or a return on depreciable capital investment. . . . you may not later elect to change to the other alternative without ONRR approval.</p>	20	1	20
1206.180 (b)(2)(iv) (A)	<p>(b) <i>Determining a processing allowance if you have a non-arm's-length contract or no contract.</i></p> <p>(2)(iv)(A) . . . Once you make an election, you may not change methods without ONRR approval. . . .</p>	20	1	20



30 CFR	Reporting and Recordkeeping Requirement	Hour Burden	Average Number of Annual Responses	Annual Burden Hours
1206.180 (b)(3)	(b) <i>Determining a processing allowance if you have a non-arm's-length contract or no contract.</i> (3) Your processing allowance under this paragraph (b) must be determined based upon a calendar year or other period if you and ONRR agree to an alternative.	20	1	20
1206.180 (c)(1)	(c) <i>Reporting your processing allowance.</i> (1) If ONRR requests, you must submit all data used to determine your processing allowance. . . .	AUDIT PROCESS. See note.		
1206.180 (c)(2) and (d)	(c) <i>Reporting your processing allowance.</i> (2) You must report gas processing allowances as a separate entry on the Form ONRR-2014. . . . (d) <i>Adjusting incorrect processing allowances.</i> If for any month the gas processing allowance you are entitled to is less than the amount you took on Form ONRR-2014, you are required to pay additional royalties, plus interest computed under 30 CFR 1218.54 from the first day of the first month you deducted a processing allowance until the date you pay the royalties due. . . .	Burden covered under §1210.52 in OMB Control Number 1012-0004.		
1206.181 (c)	<b>How do I establish processing costs for dual accounting purposes when I do not process the gas?</b> (c) A proposed comparable processing fee submitted to either the tribe and ONRR (for tribal leases) or ONRR (for allotted leases) with your supporting documentation submitted to ONRR. If ONRR does not take action on your proposal within 120 days, the proposal will be deemed to be denied and subject to appeal to the ONRR Director under 30 CFR part 1290.	40	1	40
<b>PART 1207—SALES AGREEMENTS OR CONTRACTS GOVERNING THE DISPOSAL OF LEASE PRODUCTS</b> <b>Subpart A—General Provisions</b>				
1207.4 (b)	<b>Contracts made pursuant to old form leases.</b> (b) The stipulation, the substance of which must be included in the contract, or be made the subject matter of a separate instrument properly identifying the leases affected thereby, is as follows . . .	AUDIT PROCESS. See note.		

30 CFR	Reporting and Recordkeeping Requirement	Hour Burden	Average Number of Annual Responses	Annual Burden Hours
1207.5	<p><b>Contract and sales agreement retention.</b> Copies of all sales contracts, posted price bulletins, etc., and copies of all agreements, other contracts, or other documents which are relevant to the valuation of production are to be maintained by the lessee and made available upon request during normal working hours to authorized ONRR, State or Indian representatives, other ONRR or BLM officials, auditors of the General Accounting Office, or other persons authorized to receive such documents, or shall be submitted to ONRR within a reasonable period of time, as determined by ONRR. Any oral sales arrangement negotiated by the lessee must be placed in written form and retained by the lessee. Records shall be retained in accordance with 30 CFR part 1212.</p>	AUDIT PROCESS. See note.		
<b>TOTAL BURDEN</b>			<b>148</b>	<b>2,269</b>

**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: (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 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.**

We estimate the annualized cost to the Federal Government is \$138, 409 [\$61 per hour x 2,269 hours = \$138, 409].

We estimate approximately 148 respondents annually. We estimate that the total annual reporting burden for industry is 2,269 hours, and that the Federal Government will require 1 hour of a Government accountant’s time for each burden hour for industry to review forms then verify allowances, dual accounting elections, and safety net prices.

We expect that a Federal Government accountant will perform the work at the United States 2015 General Schedule, Grade 12/Step 5 pay scale for the Denver, Colorado, area. We used a multiplier of 1.5 for benefits. We estimate the hourly labor cost is \$61 [\$40.91 per hour x 1.5 benefit cost factor = \$61.36, rounded to \$61]. The estimated annual cost to the Federal Government is \$138, 409 [\$61 per hour x 2,269 hours = \$138, 409].

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

There are no program changes or adjustments for this information collection.

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

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 ONRR-4109, ONRR-4110, ONRR-4295, ONRR-4410, and ONRR-4411.

***18. Explain each exception to the certification statement identified in “Certification for Paperwork Reduction Act Submissions.”***

To the extent that the topics apply to this collection of information, we are not making any exceptions to the “Certification for Paperwork Reduction Act Submissions.”