

Supporting Statement A

Royalty and Production Reporting, 30 CFR Parts 1210 and 1212

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

A. Justification

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

The Secretary of the U.S. Department of the Interior (Secretary) is responsible for collecting royalties from lessees who produce minerals from leased Federal and Indian lands and the Outer Continental Shelf (OCS). Under various laws (see below), the Secretary’s responsibility is to manage mineral resources production on Federal and Indian lands and the OCS, collect the royalties and other mineral revenues due, and distribute the funds collected.

The Secretary also has 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 an amount or value of production from the leased lands. The lessee, or its designee, must 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 such minerals. The information that

ONRR collects includes data necessary to ensure that the lessee accurately values and appropriately pays all royalties and other mineral revenues due.

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/index.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 1920)
- 30 U.S.C. 1923 (The Mineral Leasing Act)
- 43 U.S.C. 1353 (The Outer Continental Shelf Lands Act)
- 30 U.S.C. 1701 *et seq.* (Federal Oil and Gas Royalty Management Act of 1982 [FOGRMA])

The information collections that we cover in this information collection renewal (ICR) are found at title 30 of the *Code of Federal Regulations* (CFR) part 1210, subparts B, C, and D, which pertain to reporting oil, gas, and geothermal resources royalties and oil and gas production; and part 1212, subpart B, which pertains to recordkeeping, 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.***

Reporters submit information into the ONRR financial accounting system that includes royalty, rental, bonus, and other payment information; sales volumes and values; and other royalty values. ONRR uses the financial accounting system to compare production volumes with royalty volumes to verify that companies reported and paid proper royalties for the minerals produced. Additionally, we share the data electronically with the Bureau of Safety and Environmental Enforcement, Bureau of Ocean Energy Management, Bureau of Land Management, Bureau of Indian Affairs, and Tribal and State governments so that they can perform their land and lease management responsibilities.

ONRR uses the information collected in this ICR to ensure that companies properly pay royalties based on accurate production accounting on oil, gas, and geothermal resources that they produce from Federal and Indian leases. Production data is also used to determine whether a lease is producing in paying quantities and therefore has not expired, and to track total production from Federal and Indian lands by lease, communitization agreement, unit, field or area, State, reservation, and nationally. 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. Please refer to the chart in item 12, previously mentioned, for all reporting requirements and associated burden hours.

Royalty Reporting

Payors (Reporters) must report and remit royalties on oil, gas, and geothermal resources that they produced from leases on Federal and Indian lands according to various regulations. The reporters use the following form to report royalties:

Form ONRR-2014, Report of Sales and Royalty Remittance. Reporters submit this form monthly to report royalties on oil, gas, and geothermal leases, certain rents, and other lease-related transactions (for example, transportation and processing allowances, lease adjustments, and quality and location differentials). On a royalty report, reporters submit a line of data for each type of product produced from each Federal or Indian property. Each line contains the royalty owed and the basic elements necessary to calculate the royalty. For example, each line of a royalty report will include the volume produced from the lease, the value of that production, and any allowances claimed by the reporter which reduced the royalty owed.

Production Reporting

Lease/agreement operators (Reporters) must submit, according to various regulations, production reports to the ONRR financial accounting system if they operate a Federal or Indian onshore or offshore oil and gas lease or federally approved unit or communitization agreement. ONRR uses the financial accounting system to track minerals produced from Federal and Indian lands, from the point of production to the point of disposition or royalty determination and/or point of sale. The reporters use the following forms for production accounting and reporting:

Form ONRR-4054, Oil and Gas Operations Report (OGOR). Reporters submit this form monthly for all production reporting for the Outer Continental Shelf, onshore Federal, and Indian leases. On part A of the OGOR production report, reporters submit a line of data indicating the volumes produced from each Federal or Indian well. On part B, reporters submit a line of data for each commodity, indicating the disposition of the volumes. On part C, reporters submit a line of data for each Federal or Indian property indicating any change in the volume of the inventory remaining on the property. ONRR compares the production information with sales and royalty data that reporters submit on form ONRR-2014 to ensure that the reporters paid and reported the proper royalties on the oil and gas production reported to ONRR. We use the information from parts A, B, and C of form ONRR-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 ONRR-4058, Production Allocation Schedule Report (PASR). Reporters submit this form monthly to provide allocation information for Federal offshore production. This reporting is required when a facility operator manages a measurement point where they commingle the production from an offshore Federal lease or metering point with production from other sources (such as State lease production) before the production is measured for a royalty determination. On each PASR, the reporter submits a line of data containing the volume of commingled oil or gas. ONRR uses the data to determine if the payors reported accurate sales volumes on the OGOR. Reporters also use the PASR to corroborate data reflected on the OGOR that the OCS lease operators submit.

- 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 is available on our website at <http://www.onrr.gov/ReportPay/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, who complete and submit the forms and 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 that we request is necessary for us to perform our mission. The information on form ONRR-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 distributes 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. Furthermore, 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 30 U.S.C. 1713, Federal oil and gas lessees must maintain records for 6 years after the records are generated. 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.*

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. 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 August 31, 2018 (83 FR 44662). We did not receive any comments in response to the **Federal Register** notice.

During the 60-day review period, we reached out to seven companies impacted by this ICR by requesting input regarding the burden hour estimates and the clarity of the regulations requiring this collection of information. The companies contacted are as follows:

Cantium, LLC
Covington, LA

HighPoint Energy
Denver, CO

Cox Operating L.L.C.
New Orleans, LA

Fieldwood Energy
Houston, TX

California Resources Corporation

Los Angeles, CA

ExxonMobil Corporation
Houston, TX

Chesapeake Energy
Oklahoma City, OK

Comments Received/ONRR Responses:

From the seven companies contacted, ONRR received five comments during the 60-day comment period as follows:

Public Comments: I've looked at the FRN material and the amount of time in the document is pretty accurate with the amount of time it takes me to submit my monthly OGORS and PASRs.

648 lines submit monthly
7,776 lines submit yearly
25% lines require manual intervention

3 minutes:
1,944 lines done manually
5,832 minutes per year on manual lines
97.2 hours per year on manual lines

ONRR Response: ONRR appreciates you reading through the document and reviewing the burden estimates. No changes in the burden hours are required based on your response.

Public Comments: I have read the attached FRN 44662 and have no comments at this time.

ONRR Response: ONRR appreciates you reading through the document and reviewing the burden estimates. No changes in the burden hours are required based on your response.

Public Comments: Hope all is well. I reviewed the FRN and I currently have no questions.

ONRR Response: ONRR appreciates you reading through the document and reviewing the burden estimates. No changes in the burden hours are required based on your response.

Public Comments: [We] reviewed the highlighted (pink) paragraphs and we agree that we are currently submitting Form 4054 Oil and Gas Operations Report and Form 4058 Production Allocation Schedule Report. We have no problems submitting these reports each month to ONRR. Let me know if you need anything else.

ONRR Response: ONRR appreciates you reading through the document and reviewing the burden estimates. No changes in the burden hours are required based on your response.

Public Comments: Because of the size of our reporting, we spend more time on both OGORs and 2014 reporting and I entered the estimated burden hours and sent it back. I don't have no other comments or questions at this time.

ONRR Response: ONRR appreciates you reading through the document and reviewing the burden estimates.

Public Comments: I have surveyed the royalty reporting group and the only comments offered is listed below.

Suggested improvement for the Data Warehouse.

The analysts would like to be able to have Product Code as one of the selection criteria on the first screen of the 'Basic Royalty Report'.

No comments related to the 2014 royalty report.

ONRR Response: We have heard this comment from other companies and we are listening. There is a System Change Request created to address this issue. No changes to the burden hours are necessary.

Public Comments: Thank you for reaching out to us. We have no additional updates/comments that we see fit to be made at this time.

ONRR Response: ONRR thanks you for reviewing the ICR and responding to us.

ONRR accepts comments at any time on the information collection and the burden hour estimates, as explained in the PRA statement at the bottom of forms ONRR-2014, ONRR-4054, and ONRR-4058. ONRR also maintain 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.

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 that they removed from Federal and Indian leases, to ONRR. If ONRR receives this type of information, the 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 under the Indian Mineral Development Act of 1982 (25 U.S.C. 2103). In addition, 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 have any 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) that ONRR will receive is 12,873,046 per year, and the reporting burden to industry is 420,241 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 (\$60/hr)
1210.52(a) and (b), 1210.53(a) and (b), 1210.54(a) and (b)	Royalty Reporting: • Report of Sales and Royalty Remittance (form ONRR-2014)	Mandatory	Monthly	6,162,389	308,233	\$18,493,980
1210.102 (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 ONRR-4054)	Mandatory	Monthly	6,704,045	111,898	\$6,713,880
1210.104	• Production Allocation Schedule Report—PASR (form ONRR-4058)	Mandatory	Monthly	6,612	110	\$6,600
TOTAL				12,873,046	420,241	\$25,214,460

Cost estimates are based on the expectation that all requirements will be performed by an accountant. We estimate the total annual reporting burden is 420,241 hours. Based on a cost factor of \$60 per hour for industry accountants, we estimate the total annual cost to industry is \$25,214,460 (\$60 x 420,241 hours = \$25,214,460).

We used tables from the Bureau of Labor Statistics (BLS) Occupational Employment Statistics—available at <http://www.bls.gov/oes/current/oes132011.htm>—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 \$60, calculated as follows:

$$\$42.92 \text{ [mean hourly wage]} \times 1.4 \text{ [benefits cost factor]} = \$60.088 \text{ [rounded to } \$60/\text{hr.]}$$

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

Respondents' Estimated Annual Burden Hours

Title 30 CFR	Reporting and Recordkeeping Requirement	Hour Burden	Average Number of Annual Responses (lines of data)	Annual Burden Hours
30 CFR Part 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 ONRR–2014, Report of Sales and Royalty Remittance, to ONRR with:</p> <p>(a) All royalty payments; and</p> <p>(b) Rents on nonproducing leases, where specified in the lease.</p>	Form ONRR-2014		
		Electronic* (approximately 99.97 percent)		
		3 min. per line	6,160,687	308,034
		Manual* (approximately 0.03 percent)		
1210.53 (a), (b), and (c)	<p>1210.53 When are my royalty reports and payments due?</p> <p>(a) Completed forms ONRR–2014 for royalty payments and the associated payments are due by the end of the month following the production month (see also § 1218.50 of this chapter).</p> <p>(b) Completed forms ONRR–2014 for rental payments, where applicable, and the associated payments are due as specified by the lease terms (see also § 1218.50 of this chapter).</p> <p>(c) You may submit reports and payments early.</p>	7 min. per line	1,702	199
1210.54 (a), (b), and (c)	<p>1210.54 Must I submit this royalty report electronically?</p> <p>(a) You must submit form ONRR–2014 electronically unless you qualify for an exception under § 1210.55(a).</p> <p>(b) As of December 31, 2011, all reporters/payors must report to ONRR electronically via the eCommerce Reporting Web site. All reporters/payors also must report royalty data directly or upload files using the ONRR electronic web form located at https://onrrreporting.onrr.gov * * *</p> <p>(c) Refer to our electronic reporting guidelines in the ONRR Minerals Revenue Reporter Handbook, 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</p>			

Title 30 CFR	Reporting and Recordkeeping Requirement	Hour Burden	Average Number of Annual Responses (lines of data)	Annual Burden Hours
<p>1210.102 (b)(1)</p> <p>1210.102 (b)(2)(i)-(vi)</p>	<p>(b) Form ONRR–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 ONRR–4058.</p> <p>(1) You must submit form ONRR–4058 for each calendar month beginning with the month in which you first handle production covered by this section.</p> <p>(2) Form ONRR–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 ONRR–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 ONRR–4054 and ONRR–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>

Title 30 CFR	Reporting and Recordkeeping Requirement	Hour Burden	Average Number of Annual Responses (lines of data)	Annual Burden Hours
1210.104 (a), (b), and (c)	<p>1210.104 Must I submit these production reports electronically?</p> <p>(a) You must submit forms ONRR-4054 and ONRR-4058 electronically unless you qualify for an exception under § 1210.105.</p> <p>(b) As of December 31, 2011, all reporters/payors must report to ONRR electronically via the eCommerce Reporting Web site. All reporters/payors also must report production data directly or upload files using the ONRR electronic web form located at https://onrrreporting.onrr.gov * * *</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 ONRR-4054 (OGOR)		
		Electronic* (approximately 99.93 percent)		
		1 min. per line	6,699,134	111,652
		Manual* (approximately 0.07 percent)		
		3 min. per line	4,911	246
		TOTAL OGOR	6,704,045	111,898
		Form ONRR-4058 (PASR)		
		Electronic* (approximately 99.94 percent)		
		1 min. per line	6,608	110
		Manual* (approximately 0.06 percent)		
3 min. per line	4	0		
		TOTAL PASR	6,612	110
SUBTOTAL FOR PRODUCTION REPORTING			6,710,657	112,008
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).		

Title 30 CFR	Reporting and Recordkeeping Requirement	Hour Burden	Average Number of Annual Responses (lines of data)	Annual Burden Hours
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) <i>Period for keeping records.</i> 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			12,873,046	420,241

* *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 and 14.)

* *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 rate¹	Hourly rate including benefits (1.6 x \$/hour)	Percent of time spent on collection	Weighted Average (\$/hour)
Accountant	11	\$36.15	\$58	70%	\$41
	12	\$43.33	\$69	30%	\$21
Weighted Average (\$/hour)				100%	\$62

¹ \$/hour from 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 105,060.25 hours (420,241 hours x 0.25 hours = 105,060.25 hours). The total estimated burden to the Federal government is based on time needed to complete all royalty and production reporting. Employees who currently perform these tasks are paid according to the United States General Schedule Locality Pay Tables. The salary tables for the Denver-Aurora, Colorado area are located at <https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/2019/general-schedule/>. We added a multiplier of 1.6—based on BLS News Release USDL 18-0944 dated June 8, 2018, at <http://www.bls.gov/news.release/pdf/ecec.pdf>—for benefits. Based on a weighted average cost factor of \$62 per burden hour, the total annual estimated cost burden to the Federal government is \$6,513,736 (105,060.25 hours x \$62 = \$6,513,735.50, rounded to \$6,513,736).

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

(a) Annual Hour Burden

The current OMB-approved inventory is 337,933 annual burden hours. Our current estimate of the burden hours is 420,241, resulting in a total adjustment **increase** of 82,308 hours.

We analyzed our current data and found an increase in the time that industry takes to complete the requirements for forms ONRR-2014 and ONRR-4054. We also found a decrease in the burden hour estimates for industry to complete form ONRR-4058. Specific adjustment changes are identified as follow, due to current information:

ONRR Forms	Adjustment Increase(+)/Decrease(-) of Burden Hours
Royalty Reporting (form ONRR-2014)	+68,296
Production Accounting (form ONRR-4054)	+14,209
Production Allocation (form ONRR-4058)	-197
Total	+82,308

Based on industry’s established historical compliance data and our regular ongoing contact and interaction with companies to resolve questions as they arise, there is an adjustment change for a total adjustment **increase** of +82,308 hours and an **increased** burden change of +2,369,178 responses.

(b) Annual Cost Burden

We identified no “non-hour” cost burdens for this collection of information. This is a change from the currently approved collection which indicates a non-hour cost burden of \$7,200 per respondent, with an annualized cost of \$9,288,000. We removed the "Non-Hour Cost Burden" here because the estimated \$9,288,000 burden was a one-time cost due to a regulation change promulgated in the Indian Oil Valuation Amendments final rulemaking [published May 1, 2015, 80 FR 24794–24814]. The regulations are codified in 30 CFR 1206.50 *et seq.*

This \$9,288,000 represented costs companies incurred to implement system changes and to setup accounting systems to comply with the revised Indian oil valuation regulations. Specifically, the 2015 amended regulations now require Indian lessees to report crude oil types using new product codes on forms ONRR-2014 and ONRR-4054, for their automated reporting. This information is necessary for ONRR to calculate the index-based major portion prices Indian lessees must use to value oil for royalty purposes. Indian lessees should have incurred these one-time costs prior to the July 1, 2015 effective date of rule, and no additional costs to implement the 2015 rule is expected.

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 and expiration date on forms ONRR-2014, ONRR-4054, and ONRR-4058, as well as 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."