

## **Supporting Statement A**

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

**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.***

ONRR collects, accounts for, and verifies natural resource and energy revenues due to states, American Indians, and the U.S. Treasury. See U.S. Department of the Interior Departmental Manual, 112 DM 34.3 (Sept. 9, 2020). ONRR collects various information for this purpose. The information collections that ONRR covers in this ICR are found at 30 CFR part 1202, subparts C and J, which pertain to Indian oil and gas 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. These records are essential to ensure that Indian tribes and individual Indian mineral owners receive all royalties and other revenues owed on the minerals removed from their lands. All data reported is subject to subsequent audit and adjustment. ONRR uses forms ONRR-4109, ONRR-4110, ONRR-4295, ONRR-4393, ONRR-4410, and ONRR-4411 as part of these information collection requirements.

ONRR posted the following laws pertaining to mineral leases on Federal and Indian lands and the OCS at <https://onrr.gov/references/statute>:

- 25 U.S.C. 396d (Chapter 12—Lease, Sale, or Surrender of Allotted or Unallotted Lands)
- 25 U.S.C. 2103 (Indian Mineral Development Act of 1982)
- 30 U.S.C. 1701 *et seq.* (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 30 CFR part 1206, subpart B, govern the valuation for royalty purposes of oil produced from Indian oil and gas leases (tribal and allotted). These regulations require a lessee to file form ONRR-4110, *Oil Transportation Allowance Report*, when its oil transportation allowance includes costs incurred under non-arm's-length or no-contract transportation situations. ONRR and tribal audit personnel use the information collected on this form to help verify that the lessee correctly reported its transportation allowance within regulatory allowance limitations and reported and paid the correct amount of royalties.

### **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 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 gas production from Indian oil and gas leases. These regulations require reporting on forms ONRR-4109, ONRR-4295, ONRR-4410, ONRR-4411, and ONRR-4393:

### **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 audit 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 royalties. To take a non-arm's-length or no contract processing deduction, lessees must submit the actual processing allowance cost information on form ONRR-4109, within three months, after the end of the 12-month period to which the lessee applied the allowance.

**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 audit 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 royalties. To take a non-arm's-length or no contract transportation deduction, a lessee must submit the actual transportation allowance cost information on form ONRR-4295, within three months, after the end of the 12-month period to which the lessee applied the allowance.

**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. Therefore, 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 Indian 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 regulations require that lessees 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). 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.

#### **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 Bureau of Indian Affairs regarding the Tribe's request. If ONRR approves the request for the Tribal lease, the lessee must value the production as specified in § 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 that 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 royalties based on the volumes allocable to its lease acreage under the terms of an approved Federal agreement. The lessee also may submit information to support a request for ONRR to approve 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)

Regulations at 30 CFR 1206.56(b)(2) and 1206.177(c)(2) and (c)(3) govern the valuation for royalty purposes of oil and gas produced from Indian oil and gas leases (Tribal and allotted), and are consistent with mineral leasing laws, other applicable laws, and lease terms. These regulations require that lessees must report on form ONRR-4393 Indian leases to request to exceed the regulatory allowance limitation. OMB approved this form under OMB Control Number 1012-0005, *Federal Oil and Gas Valuation*, which pertains to Federal oil and gas leases. However, we include a discussion of this form in this ICR, as well as the burden hours for Indian leases.

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.***

ONRR has available electronic copies of forms ONRR-4109, ONRR-4110, ONRR-4295, ONRR-4410, and ONRR-4411 on its Internet website for respondents to print and complete. ONRR has a reasonable expectation that more than 50 percent may use an email option in the future.

Further information technology enhancements are not applicable for this ICR at this time because ONRR receives 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 ONRR to enhance its 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. ONR provides 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 in the **Federal Register** on November 18, 2024 (89 FR 90734). ONRR did not receive any comments in response to the **Federal Register** notice available at [www.regulations.gov](http://www.regulations.gov). Additionally, ONRR conducted outreach to industry and did not receive any comments.

***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.***

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. 1701 *et seq.*), and the Freedom of Information Act (5 U.S.C. 552(b)(4)) and its implementing regulations establish standards to protect trade secrets and other proprietary 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. ONRR also has strict security measures in place for storage and access of proprietary information.

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

This information collection does not include sensitive or private questions.

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

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



***business practices.***

ONRR estimates approximately 146 respondents (lessees of Indian oil and gas leases) 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, ONRR estimates the average number of annual responses is 146, and the annual reporting burden is 1,299 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)	Require- ment to Respond	Frequency of Response	Number of Responses	Annual Burden Hours	Annual Cost (\$61/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	382	\$23,302
1206.57 and 1206.58 cites <sup>2</sup>	<b>2. Indian Oil Transportation Allowance</b> (form ONRR-4110 and any other required documentation)	Obtain a benefit	On occasion	10	210	\$12,810
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	\$17,873
1206.56 (b)(2); 1206.177 (c)(2) and (c)(3)	<b>4. Request to Exceed Regulatory Transportation Allowance Limitation (Oil and Gas)</b> (form ONRR-4393 and any other required documentation)	Obtain a benefit	On occasion	1	4	\$244
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	\$15,616
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	\$2,013
1206.59	<b>7. Indian Oil Valuation</b> (Required documentation; no form)	Obtain a benefit	On occasion	1	20	\$1,220
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	\$2,440
1206.174 (f)	<b>9. Indian Gas Valuation Guidance</b> (Required documentation; no form)	Obtain a benefit	On occasion	1	40	\$2,440

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	\$1,281
<b>TOTAL</b>				<b>146</b>	<b>1,299</b>	<b>\$79,239</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.

ONRR expects that an industry accountant, in a metropolitan area, will perform all the work. ONRR estimates the total annual reporting burden is 1,299 hours. ONRR used tables from the Bureau of Labor Statistics (BLS) for May 2023 located at <https://www.bls.gov/oes/current/oes132011.htm> to estimate the hourly cost for industry accountants in a metropolitan area. ONRR added a multiplier of 1.4 (based on BLS News Release USDL-24-0335 dated March 2025, at <https://www.bls.gov/news.release/pdf/ecec.pdf> for benefits for private industry workers. Based on this information, ONRR estimates the hourly cost for an industry accountant would be \$61, calculated as follows:

$$\$43.65 \text{ [mean hourly wage]} \times 1.4 \text{ [benefits cost factor]} = \$61.11 \text{ [rounded to \$61/hr.]}$$

ONRR estimated that the total annual cost to industry is \$79,239, as follows:

$$1,299 \text{ hours [reporting hours]} \times \$61 \text{ [for industry accountants]} = \$79,239$$

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
Part 1202—ROYALTIES				
Subpart C—Federal and Indian Oil				
1202.101	<b>Standards for reporting and paying royalties.</b> Report oil volumes 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.		
Subpart J—Gas Production From Indian Leases				
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)	You and all other persons paying royalties on the lease may ask ONRR for permission to report and pay royalties based on your 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 * * * (b) You must report residue gas and gas plant product volumes.* * *	Burden covered under § 1210.52 in OMB Control Number 1012-0004.		
Part 1206—PRODUCT VALUATION				
Subpart B—Indian Oil				
1206.56 (b)(2)	<b>What general transportation allowance requirements apply to me?</b> * * * (2) Upon your request, 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

30 CFR	Reporting and Recordkeeping Requirement	Hour Burden	Average Number of Annual Responses	Annual Burden Hours
1206.57 (a)(1), (2), and (3)	<b>How do I determine a transportation allowance if I have an arm's-length transportation contract?</b> <i>Arm's-length transportation.</i> (a)(1) * * * You have the burden of demonstrating that your contract is arm's-length. (2) You must 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 that ONRR receives your report, which claims the allowance on form ONRR-2014. (3) * * * 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)(4)(i)	* * * Except as provided in this paragraph, you may not take an allowance for the costs of transporting lease production, which is not royalty-bearing, without ONRR's approval.	Burden covered under § 1206.57(a)(5).		
1206.57 (a)(4)(ii)	Notwithstanding the requirements of paragraph (a)(4)(i) of this section, you may propose to ONRR a cost allocation method on the basis of the values of the products transported. * * *	20	1	20
1206.57 (a)(5)	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, you must propose an allocation procedure to ONRR. * * *	40	1	40
1206.57 (a)(5)(ii)	You must submit to ONRR all available data to support your proposal.	AUDIT PROCESS. See note.		
1206.57 (a)(5)(iii)	You must submit your initial proposal within 3 months after the last day of the month for which you request a transportation allowance, whichever is later (unless ONRR approves a longer period).	4	1	4
1206.57 (b)(1)	<i>Reporting requirements.</i> If ONRR requests, you must submit all data used to determine your transportation allowance.***	AUDIT PROCESS. See note.		
1206.57 (b)(2)	You must report transportation allowances as a separate entry on form ONRR-2014.***	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
1206.58 (a)(1)	<b>How do I determine a transportation allowance if I have a non-arm's-length transportation contract or have no contract?</b> <i>Non-arm's-length or no contract.</i> If you have a non-arm's-length transportation contract or no contract, including those situations where you or your affiliate perform(s) transportation services for you, the transportation allowance is based on your reasonable, actual costs.	AUDIT PROCESS. See note.		
1206.58 (a)(2)	You must submit the actual cost information to support the allowance to ONRR on form ONRR-4110, Oil Transportation Allowance Report, within 3 months after the end of the calendar year to which the allowance applies.***	6	1	6
1206.58 (a)(3)(iv)	*** After you have elected to use either method for a transportation system, you may not later elect to change to the other alternative without approval of ONRR.	20	1	20
1206.58 (a)(3)(iv) (A)	*** After you make an election, you may not change methods without ONRR's approval. ***	20	1	20
1206.58 (a)(4)(i)	*** Except as provided in this paragraph (a)(4)(i), you may not take an allowance for transporting lease production that is not royalty bearing without ONRR's approval.	40	1	40
1206.58 (a)(4)(ii)	Notwithstanding the requirements of paragraph (a)(4)(i) of this section, you may propose to ONRR a cost allocation method on the basis of the values of the products transported. ***	20	1	20
1206.58 (a)(5)(ii) and (iii)	Where both gaseous and liquid products are transported through the same transportation system, you must propose a cost allocation procedure to ONRR. *** (ii) You must submit to ONRR all available data to support your proposal. *** (iii) You must submit your initial proposal within 3 months after the last day of the month for which you request a transportation allowance (unless ONRR approves a longer period).	20	1	20
1206.58 (a)(6)	You may apply to ONRR for an exception from the requirement that you compute actual costs under paragraphs (a)(1) through (5) of this section.	20	1	20

30 CFR	Reporting and Recordkeeping Requirement	Hour Burden	Average Number of Annual Responses	Annual Burden Hours
1206.58 (b)(1)	<i>Reporting requirements.</i> If ONRR requests, you must submit all data used to determine your transportation allowance, You must provide the data within a reasonable period of time that ONRR will determine.	AUDIT PROCESS. See note.		
1206.58 (b)(2)	You must report transportation allowances as a separate entry on form ONRR-2014.***	Burden covered under § 1210.52 in OMB Control Number 1012-0004.		
1206.58 (b)(3)	ONRR may require you to submit all of the data that you used to prepare your form ONRR-4110. You must submit the data within a reasonable period of time that ONRR determines.	AUDIT PROCESS. See note.		
1206.59 (a)	<b>What interest applies if I improperly report a transportation allowance?</b> If you deduct a transportation allowance on form ONRR-2014 without complying with the requirements of §§ 1206.56 and 1206.57 or § 1206.58, you must pay additional royalties due plus late payment interest calculated under § 1218.54 of this chapter.	Burden covered under § 1210.52 in OMB Control Number 1012-0004.		
1206.60 (a)	<b>What reporting adjustments must I make for transportation allowances?</b> If your actual transportation allowance is less than the amount that you claimed on form ONRR-2014 for each month during the allowance reporting period, you must pay additional royalties due, plus late payment interest calculated under § 1218.54 of this chapter.	Burden covered under § 1210.52 in OMB Control Number 1012-0004.		
1206.60 (c)	If you make an adjustment under paragraph (a) or (b) of this section, then you must submit a corrected form ONRR-2014 to reflect actual costs, together with any payment, using instructions that ONRR provides.	Burden covered under § 1210.52 in OMB Control Number 1012-0004.		
1206.61 (a)(2)	<b>How will ONRR determine if my royalty payments are correct?</b> * * * If ONRR directs you to use a different royalty value, you must pay any additional royalties due plus late payment interest calculated under § 1218.54 of this chapter.	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
1206.62 (a)	<b>How do I request a value determination?</b> You may request a value determination from ONRR regarding any oil produced. Your request must include: (1) Be in writing. (2) Identify specifically all leases involved, all interest owners of those leases, the designee(s), and the operator(s) for those leases. (3) Completely explain all relevant facts. * * * (4) Include copies of all relevant documents. (5) Provide your analysis of the issue(s) * * * (6) Suggest your proposed valuation method.	20	1	20
1206.62 (c)(2)	After the Assistant Secretary [for Indian Affairs] issues a value determination, you must make any adjustments to royalty payments that follow from the determination, and, if you owe additional royalties, you must pay the additional royalties due plus late payment interest calculated under § 1218.54 of this chapter.	Burden covered under § 1210.52 in OMB Control Number 1012-0004.		
1206.64	<b>What records must I keep to support my calculations of value under this subpart?</b> If you determine the value of your oil under this subpart, you must retain all data relevant to the determination of royalty value.*.*.*	AUDIT PROCESS. See note.		
Part 1206—PRODUCT VALUATION Subpart E—Indian Gas				
1206.172 (b)(1)(ii)	<b>How do I value gas produced from leases in an index zone?</b> <i>(b) Valuing residue gas and gas before processing.</i> (1)(ii) Gas production that you certify on form ONRR-4410, Certification for Not Performing Accounting for comparison (Dual Accounting), is not processed before it flows into a pipeline with an index but which may be processed later; * * *	4	58	232

30 CFR	Reporting and Recordkeeping Requirement	Hour Burden	Average Number of Annual Responses	Annual Burden Hours
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
1206.172 (e)(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 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)	You must make a separate election to use the alternative methodology for dual accounting for your Indian leases in each ONRR-designated area. * * *	Burden covered under § 1206.173(a)(1).		



30 CFR	Reporting and Recordkeeping Requirement	Hour Burden	Average Number of Annual Responses	Annual Burden Hours
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.		
1206.174 (b)(1)(i) and (iii); (b)(2); (d)(2)	(b) <i>Arm's-length contracts.</i> * * * (1) The value of gas, residue gas, or any gas plant product you sell under an arm's-length contract is the gross proceeds accruing to you or your affiliates * * * (i) You have the burden of demonstrating that your contract is arm's-length.* * * (iii) * * * In these circumstances, ONRR will notify you and give you an opportunity to provide written information justifying your value.* * * (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.* * * (d) <i>Supporting data.</i> * * * (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. * * *	AUDIT PROCESS. See note.		
1206.174 (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.	AUDIT PROCESS. See note.		
1206.174 (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)	<b>How do I determine quantities and qualities of production for computing royalties?</b> (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.* * *	20	1	20

30 CFR	Reporting and Recordkeeping Requirement	Hour Burden	Average Number of Annual Responses	Annual Burden Hours
1206.176 (b)	<b>How do I perform accounting for comparison?</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.***	Burden covered under § 1206.173(a)(1).		
1206.176 (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).		
TRANSPORTATION ALLOWANCES				
1206.177 (c)(2) and (c) (3)	<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.	Burden covered under § 1206.56(b)(2).		
1206.178 (a)(1)(i)	<b>How do I determine a transportation allowance?</b> (a) <i>Determining a transportation allowance under an arm's-length contract.</i> (1) This paragraph explains how to determine your allowance if you have an arm's-length transportation contract. (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.	1	18	18
1206.178 (a)(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.* * *	AUDIT PROCESS. See note.		

30 CFR	Reporting and Recordkeeping Requirement	Hour Burden	Average Number of Annual Responses	Annual Burden Hours
1206.178 (a)(2)(i) and (ii)	(a)(2)(i) * * * [Y]ou 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. * * *	20	1	20
1206.178 (a)(3)(i) and (ii)	(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)	You may use either depreciation with a return on undepreciated capital investment or a return on depreciable capital investment. After you have elected to use either method for a transportation system, you may not later elect to change to the other alternative without ONRR approval.	20	1	20
1206.178 (b)(2)(iv) (A)	* * * Once you make an election, you may not change methods without ONRR approval.	20	1	20
1206.178 (b)(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)	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
1206.178 (b)(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

30 CFR	Reporting and Recordkeeping Requirement	Hour Burden	Average Number of Annual Responses	Annual Burden Hours
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 § 1218.54 of this chapter 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
1206.180 (a)(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.	AUDIT PROCESS. See note.		

30 CFR	Reporting and Recordkeeping Requirement	Hour Burden	Average Number of Annual Responses	Annual Burden Hours
1206.180 (a)(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. * * *	40	1	40
1206.180 (b)(1)(ii)	(b) <i>Determining a processing allowance if you have 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-4109, Gas Processing Allowance Summary Report, within 3 months after the end of the 12-month period for which the allowance applies. * * *	20	12	240
1206.180 (b)(2)(iv)	You may use either depreciation with a return on undepreciable capital investment or a return on depreciable capital investment. After you elect to use either method for a processing plant, you may not later elect to change to the other alternative without ONRR approval. * * *	20	1	20
1206.180 (b)(2)(iv) (A)	* * * Once you make an election, you may not change methods without ONRR approval. * * *	20	1	20
1206.180 (b)(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)(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 § 1218.54 of this chapter 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.		

30 CFR	Reporting and Recordkeeping Requirement	Hour Burden	Average Number of Annual Responses	Annual Burden Hours
1206.181 (c)	<p><b>How do I establish processing costs for dual accounting purposes when I do not process the gas?</b></p> <p>. * * * 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.</p>	40	1	40
<p align="center"><b>PART 1207—SALES AGREEMENTS OR CONTRACTS GOVERNING THE DISPOSAL OF LEASE PRODUCTS</b></p> <p align="center"><b>Subpart A—General Provisions</b></p>				
1207.4 (b)	<p><b>Contracts made pursuant to old form leases.</b></p> <p>* * * 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 * * *</p>	AUDIT PROCESS. See note.		
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>146</b>	<b>1,299</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.**

ONRR has 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.**

ONRR estimates that the total annual reporting burden for industry is 1,299 hours; therefore, the Federal government will require 1 hour of a government accountant’s time—for each burden hour that industry spends—to review and analyze forms then verify allowances, dual accounting elections, and safety net prices. A government accountant paid at the United States 2025 General Schedule, Grade 12/Step 5 pay-scale level, currently, performs the work. The 2025 salary tables for the Denver, Colorado, area are located at [https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/pdf/2025/DEN\\_h.pdf](https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/pdf/2025/DEN_h.pdf). ONRR added a multiplier of 1.9 based on BLS News Release USDL-21-0126 dated October 31, 2024, at <https://www.bls.gov/news.release/eci.nr0.htm> for benefits. Based on this information, ONRR

estimated the hourly cost for a Federal government accountant to perform the work will be \$100, calculated as follows:

$$\$53.66 \text{ [GS-12/5]} \times 1.9 \text{ [benefits cost factor]} = \$101.95 \text{ [rounded to \$102/hr.]}$$

The estimated annual cost to the Federal government is \$132,498, calculated as follows:

$$1,299 \text{ hrs./year [estimated time]} \times \$102/\text{hr. [for Federal employee]} = \$132,498$$

***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 at this time.

***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, ONRR-4393, 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.”