Supporting Statement A

Federal Oil and Gas Depreciation and Platform Cost Collections
30 CFR Part 1206

OMB Control Number 1012-NEW

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. 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. <u>Justification</u>

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 overseeing mineral resource development on Federal and Indian lands and the Outer Continental Shelf (OCS). Under various laws, the Secretary's responsibility is to: (1) manage mineral resource production on Federal and Indian lands and the OCS; (2) collect the royalties and other mineral revenues due: and (3) distribute the funds collected.

When a company or an individual enters into a lease to explore, develop, produce, and dispose of minerals from Federal or Indian lands, that company or individual agrees to pay the lessor a share in a value of production from the leased lands. The mineral lease laws require the lessee, or his designee, to report various kinds of information to the lessor relative to the disposition of the leased minerals. Such information is generally available within the records of the lessee or others involved in developing, transporting, processing, purchasing, or selling of such minerals. The information that ONRR collects include data necessary to ensure that royalties value is established correctly. The information collections that ONRR covers in this Information Collection Request (ICR) are found in the following parts of title 30 of the *Code of Federal Regulations* (CFR):

- Part 1206, subparts C and D

ONRR 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*:

- 30 U.S.C. 1701 *et seq*., Federal Oil and Gas Royalty Management Act of 1982 (FOGRMA), as amended by Federal Oil and Gas Royalty Simplification and Fairness Act of 1996 (RSFA, Pub. L. 104-185—Aug. 13, 1996, as corrected by Pub. L. 104-200—Sept. 22, 1996)
- 30 U.S.C. 181 *et seq*., The Mineral Leasing Act of 1920
- 43 U.S.C. 1353, Chapter 29—Outer Continental Shelf Lands Act of 1953

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's proposed Federal Oil, Gas, and Coal Amendments rulemaking(1012-AA39) clarify that lessees may submit depreciation schedules for in-service fixed assets without existing schedules or those not compliant with allowance regulations. Each schedule must list relevant asset details such as cost, service date, depreciation method, salvage value, and useful life or production units. Assets depreciated in groups require calculations for group lifespan, reporting period expenses, and undepreciated costs; supporting documents may be provided.
Revisions also specify which OCS platform costs qualify for transportation allowances, including flow assurance and pump costs for oil, and compression, dehydration, and treatment for gas where necessary for transport. Deductible platform space costs are allocated based on equipment square footage.
Lessees may propose both a depreciation schedule and alternative in-service date if no previous allowances included depreciation expense or return on capital costs.

This ICR is associated with the information covered for Federal oil and gas reporting and royalty payments in OMB Control Number 1012-0005. Following the publication of ONRR's Federal Oil, Gas, and Coal Amendments Final Rule (RIN 1012-AA39) and subsequent approval by OMB, ONRR intends to revise OMB Control Number 1012-0005 to incorporate the information collection in this ICR. Once these information collections have been incorporated into OMB Control Number 1012-0005 and approved by OMB, ONRR will discontinue this ICR.

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's Government Paperwork Elimination Act Plan indicates that it evaluates such transactions for electronic submission. For accounting and auditing relief, ONRR will accept responses by electronic mail and expect to receive an average of 95 percent of the responses electronically. Submission by electronic mail is the most efficient and immediate means for submission of the notification or relief request. The information requested of the lessee in its notification or relief request is the minimum information necessary to efficiently process the lessee's notification or request for accounting and auditing relief.

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.

This information is not available from any other source, nor is there any other Federal government agency currently collecting similar information for other purposes that could serve our needs. ONRR ensures that the lessee's burden is minimized and not duplicated.

The depreciation and allowance information ONRR collects is unique to Federal Oil and Gas and OCS platform and flow assurance costs. ONRR makes every effort to avoid duplication of the information collection.

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

This collection, which includes 30 CFR Part 1206 regulatory requirements, does impact small entities. ONRR carefully analyzed its valuation, allowances and marginal property relief requirements to ensure that the information it requests is the minimum necessary and places the least possible burden on industry. ONRR has a long-standing policy to restrict the amount of information it collects to the minimum necessary to efficiently accomplish its mission and fulfill its responsibilities.

ONRR also determined that this collection of information has no special reporting provisions on small businesses, or other small entities, differently than larger entities. However, small businesses would likely have less information to report than larger entities would. Respondents, including small businesses or other small entities, have the flexibility to submit information to ONRR electronically, or in hardcopy.

ONRR provides toll-free telephone assistance at 1-800-525-0309 and periodic training (free of charge) to all respondents in various geographic areas. This training helps respondents in complying with valuation, reporting and marginal property relief requirements. ONRR encourages all respondents to contact ONRR to better familiarize themselves with the reporting requirements. ONRR also maintains ongoing contact with respondents to resolve questions as they arise. Both industry and the Federal Government benefit from this exchange of information.

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.

Collecting this necessary information allows ONRR to fulfill its mission in a timely manner. In this ICR, there are no technical obstacles to reduce the burden; however, the legal obstacles are substantive.

The information that ONRR collects provides a critical link to establishing the proper value of oil and gas from Federal lands. If ONRR does not collect the valuation and allowances information, this would limit the Secretary's ability to discharge fiduciary duties. ONRR also could not accomplish its mandated mission, which may result in a loss of royalties for both Federal and State governments.

If ONRR does not receive the information concerning marginal property relief, the lessees and its designees cannot obtain the accounting and auditing relief that RSFA section 7 offers. Wells on marginal properties may be prematurely abandoned, resulting in a permanent loss of royalty revenues to the Federal government and the State concerned, as well as a loss of production revenues to the lessee or designee.

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.***

This item is not applicable in this information collection because the lessees will notify ONRR occasionally and when needed, concerning transportation allowances and a depreciation schedule proposal.

- ***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.***

RSFA section 4(f) requires that Federal oil and gas lessees maintain records for seven years after the obligation becomes due.

- ***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 information 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 information 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 information collection does not require proprietary, trade secret, or other confidential information not protected by agency procedures. Standard agency procedures provide strict security measures to control the use and storage of, and access to, such information. ONRR protects this information collected under the standards identified in Item 10 below.

8. If applicable, provide a copy and identify the date and page number of publication in the FEDERAL REGISTER of the agency's notice, required by 5 CFR 1320.8(d), soliciting comments on the information collection prior to submission to OMB. Summarize public comments received in response to that notice and in response to the PRA statement associated with the collection over the past three years, and describe the agency's actions taken 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 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.

ONRR prepared proposed regulations (RIN 1012-AA39) that solicit the necessary information to implement the proposed changes to the information collection requirements as described in Question 2 of this supporting statement for a period of 60 days. ONRR uploaded a copy of the proposed rule to the ICR in ROCIS as a supplementary document.

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. The FOGRMA, as amended (30 U.S.C. 1701 *et seq*), 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. ONRR also has strict security measures in place for storage of, and access to, proprietary information.

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

This information collection does not include sensitive or private questions.

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

- ***Indicate the number of respondents, frequency of response, annual hour burden, and an explanation of how the burden was estimated. Unless directed to do so, agencies should not conduct special surveys to obtain information on which to base***

hour burden estimates. Consultation with a sample (fewer than 10) of potential respondents is desirable. If the hour burden on respondents is expected to vary widely because of differences in activity, size, or complexity, show the range of estimated hour burden, and explain the reasons for the variance. Generally, estimates should not include burden hours for customary and usual business practices.

For Federal oil and gas depreciation and platform cost collections, ONRR estimates approximately 120 Federal lessees/designees who may submit the required information annually and on occasion. ONRR estimated the average number of responses that ONRR will receive is 753 per year, and the total reporting burden to both lessees and States concerned is 46,344 hours per year. The burden estimates include the time for (1) reviewing instructions, (2) searching existing data sources, (3) gathering and maintaining the data needed, and (4) completing and reviewing the collection of information. The States concerned require an annual in-depth analysis to inform ONRR of their decision to participate or not participate in the accounting and auditing relief.

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

Summary of Information Collections

Information Collections	Requirement to Respond	Frequency of Response	Number of Annual Responses	Annual Burden Hours	Annual Cost ($63/hr.)
*Platforms Cost (*30 CFR 1206.111(b)(12-14), 30 CFR 1206.112(d), 30 CFR 1206.153(b)(12-14), and 30 CFR 1206.154(c)(3)	Required to obtain a benefit	On occasion	372	37,200	$2,343,600
*Depreciation and Alternative in service date (*30 CFR 1206.112(i)(1), 30 CFR 1206.154(i)(1), and 30 CFR 1206.161(h)(1) 30 CFR 1206.112(i)(4), 30 CFR 1206.154(i)(4), and 30 CFR 1206.161(h)(4)	Required to obtain a benefit	On occasion	381	9,144	$576,072
		TOTAL	**753**	**46,344**	**$2,919,672**

- ***Provide estimates of annualized cost to respondents for the hour burdens for collections of information, identifying and using appropriate wage rate categories. The cost of contracting out or paying outside parties for information collection activities should not be included here. Instead, this cost should be included under "Annual Cost to Federal Government."***

ONRR expects that an industry accountant will perform all the work. ONRR estimates that the total annual reporting burden is 46,344 hours. ONRR used Bureau of Labor Statistics (BLS) National Occupational Employment and Wage Estimates, available at *http://www.bls.gov/oes/current/oes132011.htm*, to estimate the hourly cost for industry accountants in various United States locations. ONRR used a multiplier of 1.4 for benefits based on this information; ONRR estimated that the hourly cost for an industry accountant would be $, calculated as follows:

$44.96 [mean hourly wage] x 1.4 [benefits cost factor] = $62.95 [rounded to $63/hr.]

ONRR estimates the total annual cost to industry is $2,919,672as follows:

46,344 hours [reporting hours] x $63 [for industry accountants] = $2,919,672

There are no additional recordkeeping costs. ONRR has not included in its estimates certain requirements that companies performed in the normal course of business and that ONRR considered usual and customary.

The following table shows the estimated burden hours by CFR sections and paragraphs:

Citation 30 CFR	**Reporting and Recordkeeping Requirement**	**Hour Burden**	**Average No. Annual Responses**	**Annual Burden Hours**
1206.111(b) (12) - (14)	<u>(12) Flow assurance costs. You may deduct costs associated with ensuring the flow of oil through a pipeline…</u> <u>(13) OCS platform costs…</u> <u>(14) Costs to repair, replace, or restore operability of a plugged or damaged pipeline…</u>	100	93	9,300
1206.112(d)	(1)Your or your affiliate's actual costs may also include the following OCS platform costs directly allocable to: (i) Oil pumps used to deliver oil into the export pipeline leaving the platform. (ii) Flow assurance as described in § 1206.111(b)(12). (iii) Platform space required to house equipment in paragraphs (i) and (ii) of this section. (iv) Platform buoyancy required to support the weight of equipment in (i), (ii), and (iii). (2) Your or your affiliate's actual costs may not include any other OCS platform costs.	100	93	9,300
1206.112(j)	(4) Proposing a depreciation	24	186	4,464

Citation 30 CFR	Reporting and Recordkeeping Requirement	Hour Burden	Average No. Annual Responses	Annual Burden Hours
(4)	schedule to ONRR: (i) If no depreciation schedule under 30 CFR part 1206 exists or has existed for an in-service fixed asset, you may propose to ONRR a depreciation schedule for your transportation allowance. (ii) If the depreciation schedule for an in-service fixed asset does not comply with 30 CFR part 1206, you may propose to ONRR a depreciation schedule for your transportation allowance.			
1206.153(b)(12)-(14)	(12) Flow assurance costs. You may deduct costs associated with ensuring the flow of gas through a pipeline. This includes, but is not limited to, flow assurance chemicals, pipeline pigging equipment, and heated pipelines. This does not include the cost of operations required for producing gas, such as, but not limited to, chemicals injected in the wellbore to bring production to the surface. (13) OCS platform costs. You may deduct costs directly allocable to: (i) Services described in paragraph (9) of this section. (ii) Flow assurance as described in paragraph (12) of this section. (iii) Platform space required to house equipment in paragraphs (i) and (ii) of this section. (iv) Platform buoyancy required to support the weight of equipment in (i), (ii), and (iii). (14) Costs to repair, replace, or restore operability of a plugged or damaged pipeline. You may deduct your reasonable actual costs for repairing, replacing, or restoring operability of a plugged or damaged pipeline. If you receive insurance compensation, you must reduce your allowance by the compensation received.	100	93	9,300

Citation 30 CFR	Reporting and Recordkeeping Requirement	Hour Burden	Average No. Annual Responses	Annual Burden Hours
1206.154(j)(4)	4) Proposing a depreciation schedule to ONRR: (i) If no depreciation schedule under 30 CFR part 1206 exists or has existed for an in-service fixed asset, you may propose to ONRR a depreciation schedule for your transportation allowance. (ii) If the depreciation schedule for an in-service fixed asset does not comply with 30 CFR part 1206, you may propose to ONRR a depreciation schedule for your transportation allowance.	24	186	4,464
1206.154(c)(3)	(3) Your or your affiliate's actual costs may also include the following OCS platform costs directly allocable to: (i) Services described in § 1206.153(b)(9) of this section. (ii) Flow assurance as described in § 1206.153(b)(12). (iii) Platform space required to house equipment in paragraphs (i) and (ii) of this section. (iv) Platform buoyancy required to support the weight of equipment in (i), (ii), and (iii).	100	93	9,300
1206.161(h)(4)	(4) Proposing a depreciation schedule to ONRR: (i) If no depreciation schedule under 30 CFR part 1206 exists or has existed for an in-service fixed asset, you may propose to ONRR a depreciation schedule for your processing allowance. (ii) If the depreciation schedule for an in-service fixed asset does not comply with 30 CFR part 1206, you may propose to ONRR a depreciation schedule for your processing allowance.	24	9	216

Citation 30 CFR	Reporting and Recordkeeping Requirement	Hour Burden	Average No. Annual Responses	Annual Burden Hours
		TOTAL	**753**	**46,344**

13. Provide an estimate of the total annual nonhour cost burden to respondents or recordkeepers resulting from the collection of information. (Do not include the cost of any hour burden already reflected in Items 12).

- ***The cost estimate should be split into two components: (a) a total capital and start-up cost component (annualized over its expected useful life) and (b) a total operation and maintenance and purchase of services component. The estimates should take into account costs associated with generating, maintaining, and disclosing or providing the information [including filing fees paid for form processing]. Include descriptions of methods used to estimate major cost factors including system and technology acquisition, expected useful life of capital equipment, the discount rate(s), and the time period over which costs will be incurred. Capital and start-up costs include, among other items, preparations for collecting information such as purchasing computers and software; monitoring, sampling, drilling and testing equipment; and record storage facilities.***

- ***If cost estimates are expected to vary widely, agencies should present ranges of cost burden and explain the reasons for the variance. The cost of purchasing or contracting out information collection services should be a part of this cost burden estimate. In developing cost burden estimates, agencies may consult with a sample of respondents (fewer than 10), utilize the 60-day pre-OMB submission public comment process and use existing economic or regulatory impact analysis associated with the rulemaking containing the information collection, as appropriate.***

- ***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 identified no “non-hour” cost burdens for this information collection**.**

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 46,344 hours, and that the Federal government accountant will spend 1 hour of their time for each burden hour. A government accountant paid at the United States 2026 General Schedule, Grade 12/Step 5 pay-scale level, currently, performs the work. The 2026 salary tables for the Denver, Colorado, area are located at https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/26Tables/html/DEN.aspx. ONRR added a multiplier of 1.6 [based on BLS News Release USDL-26-0505, March 20, 2026 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 $87, calculated as follows:

$54.20 [GS-12/5] x 1.6 [benefits cost factor] = $86.72 [rounded to $87/hr.]

The estimated annual cost to the Federal government is $4,031,928 calculated as follows:

46,344 hrs./year [estimated time] x $87hr. [for Federal employee] = $4,031,928

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

Under the proposed regulatory changes at §§ 1206.112(i)(4), 1206.154(i)(4), and 1206.161(h)(4), a lessee may propose to ONRR a depreciation schedule if no depreciation schedule exists or has existed for an in-service fixed asset or if the depreciation schedule for an in-service fixed asset does not comply with the associated non-arm's-length allowance regulations.

Under the proposed regulatory changes at §§ 1206.111(b)(12-14), 1206.112(d), 1206.153(b)(12-14), and 1206.154(c)(3), ONRR clarifies which OCS platform costs may be included in a transportation allowance in the regulations. This includes platform costs related to flow assurance as well as costs associated with pumps used to deliver oil into the export pipeline leaving the platform.

- Alternative in-service date – 30 CFR 1206.112(i)(1), 30 CFR 1206.154(i)(1), and 30 CFR 1206.161(h)(1)
- Platform costs – 30 CFR 1206.111(b)(12-14), 30 CFR 1206.112(d), 30 CFR 1206.153(b)(12-14), and 30 CFR 1206.154(c)(3)
- Depreciation schedule proposal – 30 CFR 1206.112(i)(4), 30 CFR 1206.154(i)(4),

and 30 CFR 1206.161(h)(4)

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 control number and expiration date on any information collection form(s).

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."