

DEPARTMENT OF THE INTERIOR**Minerals Management Service****[Docket No. MMS-2008 MRM-0039]****Agency Information Collection Activities: Proposed Collection, Comment Request****AGENCY:** Minerals Management Service (MMS), Interior.**ACTION:** Notice of a revision of a currently approved information collection (OMB Control Number 1010-0139).

SUMMARY: To comply with the Paperwork Reduction Act of 1995 (PRA), we are inviting comments on a collection of information that we will submit to the Office of Management and Budget (OMB) for review and approval. This information collection request (ICR) pertains to onshore and offshore royalty and production reporting on oil, gas, and geothermal leases on Federal and Indian lands. We changed the title of this ICR to reflect current regulatory actions. The new title of this ICR is "30 CFR Parts 210 and 212, Royalty and Production Reporting."

Publication of the final rule, RIN 1010-AD20, Reporting Amendments, on March 26, 2008 (73 FR 15885), changed a number of citations, primarily under 30 CFR part 210. The final rule removed 30 CFR part 216 and replaced part 210 in its entirety. In this revision, we also consolidated the following ICRs to allow programwide review of both aspects of reporting—remittance of royalties and production accounting on oil, gas, and geothermal leases:

- 1010-0139, previously titled "30 CFR Part 210—Forms and Reports and Part 216—Production Accounting;" and
- 1010-0140, previously titled "30 CFR Part 210—Forms and Reports."

DATES: Submit written comments on or before *January 9, 2009*.**ADDRESSES:** You may submit comments by the following methods:

- Electronically go to <http://www.regulations.gov>. In the "Comment or Submission" column, enter "MMS-2008-MRM-0039" to view supporting and related materials for this ICR. Click on "Send a comment or submission" link to submit public comments. Information on using [Regulations.gov](http://www.regulations.gov), including instructions for accessing documents, submitting comments, and viewing the docket after the close of the comment period, is available through the site's "User Tips" link. All comments submitted will be posted to the docket.

- Mail comments to Hyla Hurst, Regulatory Specialist, Minerals

Management Service, Minerals Revenue Management, P.O. Box 25165, MS 302B2, Denver, Colorado 80225. Please reference ICR 1010-0139 in your comments.

- Hand-carry comments or use an overnight courier service. Our courier address is Building 85, Room A-614, Denver Federal Center, West 6th Ave. and Kipling St., Denver, Colorado 80225. Please reference ICR 1010-0139 in your comments.

FOR FURTHER INFORMATION CONTACT: Hyla Hurst, telephone (303) 231-3495, or e-mail hyla.hurst@mms.gov. You may also contact Hyla Hurst to obtain copies, at no cost, of (1) the ICR, (2) any associated forms, and (3) the regulations that require the subject collection of information.

SUPPLEMENTARY INFORMATION:

Title: "30 CFR Parts 210 and 212, Royalty and Production Reporting."

OMB Control Number: 1010-0139.

Bureau Form Number: Forms MMS-2014, MMS-4054, and MMS-4058.

Abstract: The Secretary of the U.S. Department of the Interior is responsible for mineral resource development on Federal and Indian lands and the Outer Continental Shelf (OCS). The Secretary is required by various laws to manage mineral resource production from Federal and Indian leases, collect the royalties and other mineral revenues due, and distribute the funds in accordance with applicable laws. Public laws pertaining to mineral leases on Federal and Indian lands are posted on our Web site at http://www.mrm.mms.gov/Laws_R_D/PublicLawsAMR.htm.

The Secretary also has a trust responsibility to manage Indian lands and seek advice and information from Indian beneficiaries. The MMS performs the minerals revenue management functions and assists the Secretary in carrying out the Department's trust responsibility for Indian lands.

General Information

The MMS financial accounting system is an integrated computer system that includes payment and sales volumes and values, as reported by payors. Production and royalty volumes are compared to verify that proper royalties are received for the minerals produced. Additionally, the data is shared electronically with the MMS Offshore and Energy and Minerals Management program, Bureau of Land Management, Bureau of Indian Affairs, and tribal and state governments so they can perform their lease management responsibilities.

The MMS uses the information collected in this ICR to ensure that

royalty is appropriately paid, based on accurate production accounting on oil, gas, and geothermal resources produced from Federal and Indian leases. The requirement to report accurately and timely is mandatory.

Royalty Reporting

The regulations require that lessees report and remit royalties on oil, gas, and geothermal resources produced from leases on Federal and Indian lands. The following form is used for royalty reporting:

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

Production Accounting

The MMS financial accounting system includes production reports submitted by lease/agreement operators and is designed 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 following forms are used for production accounting and reporting:

Form MMS-4054, Oil and Gas Operations Report (OGOR), is submitted monthly for all production reporting for Outer Continental Shelf, Federal, and Indian lands. Production information is compared with sales and royalty data submitted on Form MMS-2014 to ensure proper royalties are paid on the oil and gas production reported to MMS. The MMS uses the information from Parts A, B, and C of the OGOR to track all oil and gas from the point of production to the point of first sale or other disposition.

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

OMB Approval

We will request OMB approval to continue to collect this information. Not collecting this information would limit the Secretary's ability to discharge his/her duties and may also result in loss of royalty payments. Proprietary information submitted to MMS under this collection is protected, and no

items of a sensitive nature are included in this information collection.

Responses are mandatory.

Frequency: Monthly.

Estimated Number and Description of Respondents: 4,570 oil, gas, and geothermal reporters.

Estimated Annual Reporting and Recordkeeping "Hour" Burden: 236,421

hours. Our estimate of the number of respondents and the time required to complete the forms has not changed. However, the citations changed when the final rule, RIN 1010-AD20, Reporting Amendments, published on March 26, 2008. The final rule removed 30 CFR part 216 and replaced part 210 in its entirety and also removed the

requirement at § 216.30, which changed the burden by 1 hour.

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:

RESPONDENTS' ESTIMATED ANNUAL BURDEN HOURS

30 CFR Part 210	Reporting and recordkeeping requirement	Hour burden	Average number of annual responses	Annual burden hours
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30 CFR 210—FORMS AND REPORTS

Subpart B—Royalty Reports—Oil, Gas, and Geothermal Resources

210.52(a) and (b); 210.53(a) and (b); 210.54(a) and (b).	210.52 What royalty reports must I submit?		Electronic* (approximately 99 percent)	
		0.05 (3 minutes) ...	3,103,265	155,163
	You must submit a completed Form MMS-2014, Report of Sales and Royalty Remittance, to MMS with:		Manual* (approximately 1 percent)	
	(a) All royalty payments; and			
	(b) Rents on nonproducing leases, where specified in the lease	0.1167 (7 minutes) ...	31,346	3,658
	210.53 When are my royalty reports and payments due?			
	(a) Completed Forms MMS-2014 for royalty payments and the associated payments are due by the end of the month following the production month (see also §218.50).			
	(b) Completed Forms MMS-2014 for rental payments, where applicable, and the associated payments are due as specified by the lease terms (see also §218.50).			
	210.54 Must I submit this royalty report electronically?			
	(a) You must submit Form MMS-2014 electronically unless you qualify for an exception under §210.55(a).			
	(b) You must use one of the following electronic media types, unless MMS instructs you differently:			
	* * * * *			
	Subtotal for Royalty Reporting		3,134,611	158,821

Subpart C—Production Reports—Oil and Gas

210.102(a)(1)(i) and (ii), (a)(2)(i) and (ii).	210.102 What production reports must I submit?		Burden hours covered under 210.104(a) and (b).	
	(a) Form MMS-4054, Oil and Gas Operations Report. If you operate a Federal or Indian onshore or OCS oil and gas lease or federally approved unit or communitization agreement that contains one or more wells that are not permanently plugged or abandoned, you must submit Form MMS-4054 to MMS:			
	(1) You must submit Form MMS-4054 for each well for each calendar month, beginning with the month in which you complete drilling, unless:			
	(i) You have only test production from a drilling well; or			
	(ii) The MMS tells you in writing to report differently.			
	(2) You must continue reporting until:			
	(i) The Bureau of Land Management (BLM) or MMS approves all wells as permanently plugged or abandoned or the lease or unit or communitization agreement is terminated; and			
	(ii) You dispose of all inventory.			

RESPONDENTS' ESTIMATED ANNUAL BURDEN HOURS—Continued

30 CFR Part 210	Reporting and recordkeeping requirement	Hour burden	Average number of annual responses	Annual burden hours
210.102(b)(1), (b)(2)(i)–(vi).	(b) Form MMS–4058, Production Allocation Schedule Report. If you operate an offshore facility measurement point (FMP) handling production from a Federal oil and gas lease or federally approved unit agreement that is commingled (with approval) with production from any other source prior to measurement for royalty determination, you must file Form MMS–4058. (1) You must submit Form MMS–4058 for each calendar month beginning with the month in which you first handle production covered by this section. (2) Form MMS–4058 is not required whenever all of the following conditions are met: (i) All leases involved are Federal leases; (ii) All leases have the same fixed royalty rate; (iii) All leases are operated by the same operator; (iv) The facility measurement device is operated by the same person as the leases/agreements; (v) Production has not been previously measured for royalty determination; and (vi) The production is not subsequently commingled and measured for royalty determination at an FMP for which Form MMS–4058 is required under this part	Burden hours covered under 210.104(a) and (b).		
210.103 (a) and (b).	210.103 When are my production reports due? (a) The MMS must receive your completed Forms MMS–4054 and MMS–4058 by the 15th day of the second month following the month for which you are reporting. (b) A report is considered received when it is delivered to MMS by 4 p.m. mountain time at the addresses specified in §210.105. Reports received after 4 p.m. mountain time are considered received the following business day.	Burden hours covered under 210.104(a) and (b).		
210.104 (a) and (b).	210.104 Must I submit these production reports electronically? (a) You must submit Forms MMS–4054 and MMS–4058 electronically unless you qualify for an exception under §210.105. (b) You must use one of the following electronic media types, unless MMS instructs you differently:		Electronic* (approximately 97 percent)	
		0.25 (15 minutes)	301,280	75,320
			Manual* (approximately 3 percent)	
		0.25 (15 minutes)	9,120	2,280
*	*	*	*	*

**Subpart D—Special-Purpose Forms and Reports—
Oil, Gas, and Geothermal Resources**

210.155	210.155 What reports must I submit for Federal onshore stripper oil properties? (a) <i>General.</i> Operators who have been granted a reduced royalty rate by the Bureau of Land Management (BLM) under 43 CFR 3103.4–2 must submit Form MMS–4377, Stripper Royalty Rate Reduction Notification, under 43 CFR 3103.4–2(b)(3).	Burden covered under OMB Control Number 1010–0090 (expires December 31, 2010).		
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Subtotal for Production Reporting 310,400 77,600

PART 212—RECORDS AND FILES MAINTENANCE

Subpart B—Oil, Gas and OCS Sulphur—General

212.50	212.50 Required recordkeeping and reports	Burden hours covered under 210.54(a) and (b); and 210.104(a) and (b).		
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RESPONDENTS' ESTIMATED ANNUAL BURDEN HOURS—Continued

30 CFR Part 210	Reporting and recordkeeping requirement	Hour burden	Average number of annual responses	Annual burden hours
	<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 * * * . [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>			
212.51(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 * * * . (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 * * * . [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 210.54(a) and (b); and 210.104(a) and (b).		
Total for Royalty and Production Reporting			3,445,011	236,421

*Note: Each line of data is considered one response/report.

Estimated Annual Reporting and Recordkeeping "Non-Hour" Cost Burden:

Reporters require access to the Internet through a subscription to an Internet provider service. The annual subscription is estimated at \$240 per reporter.

Public Disclosure Statement: The PRA (44 U.S.C. 3501 *et seq.*) provides that an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number.

Comments: Before submitting an ICR to OMB, PRA Section 3506(c)(2)(A) requires each agency to " * * * provide 60-day notice in the **Federal Register** * * * and otherwise consult with members of the public and affected agencies concerning each proposed collection of information * * * ." Agencies must specifically solicit comments to: (a) Evaluate whether the proposed collection of information is necessary for the agency to perform its duties, including whether the information is useful; (b) evaluate the accuracy of the agency's estimate of the burden of the proposed collection of information; (c) enhance the quality, usefulness, and clarity of the information to be collected; and (d) minimize the burden on the respondents, including the use of

automated collection techniques or other forms of information technology.

The PRA also requires agencies to estimate the total annual reporting "non-hour cost" burden to respondents or recordkeepers resulting from the collection of information. If you have costs to generate, maintain, and disclose this information, you should comment and provide your total capital and startup cost components or annual operation, maintenance, and purchase of service components. You should describe the methods you use to estimate major cost factors, including system and technology acquisition, expected useful life of capital equipment, discount rate(s), and the period over which you incur costs. Capital and startup costs include, among other items, computers and software you purchase to prepare for collecting information; monitoring, sampling, and testing equipment; and record storage facilities. Generally, your estimates should not include equipment or services purchased: (i) Before October 1, 1995; (ii) to comply with requirements not associated with the information collection; (iii) for reasons other than to provide information or keep records for the Government; or (iv) as part of customary and usual business or private practices.

We will summarize written responses to this notice and address them in our ICR submission for OMB approval,

including appropriate adjustments to the estimated burden. We will provide a copy of the ICR to you without charge upon request. The ICR also will be posted on our Web site at http://www.mrm.mms.gov/Laws_R_D/FRNotices/FRInfColl.htm.

Public Comment Policy: We will post all comments in response to this notice at http://www.mrm.mms.gov/Laws_R_D/FRNotices/FRInfColl.htm. We also will post all comments, including names and addresses of respondents, at <http://www.regulations.gov>. Before including your address, phone number, e-mail address, or other personal identifying information in your comment, be advised that your entire comment—including your personal identifying information—may be made publicly available at any time. While you can ask us in your comment to withhold from public view your personal identifying information, we cannot guarantee that we will be able to do so.

MMS Information Collection Clearance Officer: Arlene Bajusz (202) 208-7744.

Dated: November 6, 2008.

Jennifer L. Goldblatt,
Acting Associate Director for Minerals Revenue Management.

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