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[4310-T2]

DEPARTMENT OF THE INTERIOR

Office of Natural Resources Revenue

[Docket No. ONRR-2011-0009]

Agency Information Collection Activities: Submitted for Office of Management and Budget Review; Comment Request

AGENCY: Office of Natural Resources Revenue, Interior.

ACTION: Notice of an extension of a currently approved information collection.

SUMMARY: To comply with the Paperwork Reduction Act of 1995 (PRA), the Office of Natural Resources Revenue (ONRR) is notifying the public that we have submitted to the Office of Management and Budget (OMB) an information collection request (ICR) to renew approval of the paperwork requirements in the regulations under 30 CFR part 1218. This notice also provides the public a second opportunity to comment on the paperwork burden of these regulatory requirements.

DATES: Submit written comments on or before **INSERT DATE 30 DAYS AFTER PUBLICATION IN THE FEDERAL REGISTER**.

ADDRESSES: Submit written comments by either FAX (202) 395-5806 or e-mail (*OIRA_Docket@omb.eop.gov*) directly to the Office of Information and Regulatory Affairs, OMB, Attention: Desk Officer for the Department of the Interior (OMB Control Number 1012-0008).

Please also submit a copy of your comments to ONRR by one of the following methods:

- Electronically go to <http://www.regulations.gov>. In the entry titled “Enter Keyword or ID,” enter ONRR-2011-0009, and then click search. Follow the instructions to submit public comments. We will post all comments.
- Mail comments to Hyla Hurst, Regulatory Specialist, Office of Natural Resources Revenue, P.O. Box 25165, MS 61013C, Denver, Colorado 80225. Please reference ICR 1012-0008 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 1012-0008 in your comments.

FOR FURTHER INFORMATION CONTACT: Hyla Hurst, telephone (303) 231-3495, or e-mail hyla.hurst@onrr.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. You may also review the information collection request online at <http://www.reginfo.gov/public/do/PRAMain>.

SUPPLEMENTARY INFORMATION:

Title: 30 CFR Part 1218, Collection of Monies Due the Federal Government.

OMB Control Number: 1012-0008.

Bureau Form Number: Form ONRR-4425.

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 lands and the OCS, collect the royalties and other mineral revenues due, and distribute the funds collected in accordance with applicable laws. The Secretary also has a trust responsibility to manage Indian lands and seek advice and information from Indian beneficiaries. The ONRR performs the minerals revenue management functions for the Secretary and assists the Secretary in carrying out the Department's trust responsibility for Indian lands. Public laws pertaining to mineral leases on Federal and Indian lands are posted on our website at http://www.onrr.gov/Laws_R_D/PublicLawsAMR.htm.

Minerals produced from Federal and Indian leases vary greatly in the nature of occurrence, production, and processing methods. When a company or an individual enters into a lease to explore, develop, produce, and dispose of minerals from Federal or Indian lands, that company or individual agrees to pay the lessor a share in an amount or value of production from the leased lands. The lessee is required 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 such minerals. The information collected includes data necessary to ensure that production is accurately valued and royalties are appropriately paid.

This ICR covers unique reporting circumstances including (1) cross-lease netting in calculation of late-payment interest; (2) designation of a designee; and (3) and tribal permission for recoupment on Indian oil and gas leases.

Cross-Lease Netting in Calculation of Late-Payment Interest

Regulations at §1218.54 require ONRR to assess interest on unpaid or underpaid amounts. The ONRR distributes these interest revenues to states, Indian tribes, and the U.S. Treasury, based on financial lease distribution information. Current regulations at §1218.42 provide that an overpayment on a lease or leases may be offset against an underpayment on a different lease or leases to determine the net payment subject to interest, when certain conditions are met. This is called cross-lease netting. However, sections 6(a), (b), and (c) of the Royalty Simplification and Fairness Act (RSFA) require ONRR to pay interest on lessees' Federal oil and gas overpayments made on or after February 13, 1997 (6 months after the August 13, 1996, enactment of RSFA). The ONRR implemented this RSFA provision in 1997 and began calculating interest on both underpayments and overpayments for Federal oil and gas leases, making the cross-lease netting provisions at §1218.42 no longer applicable for these leases. Lessees must comply with the provisions at 30 CFR 1218.42(b) and (c) for Indian tribal leases or Federal leases other than oil and gas. They must demonstrate that cross-lease netting is correct by submitting production reports, pipeline allocation reports, or other similar documentary evidence. This information is necessary for ONRR to determine the correct amount of interest the lessee owes and to ensure that we collect in full all monies owed the Federal Government.

Designation of Designee

Requirements of RSFA established that owners of, primarily, operating rights or, secondarily, lease record title (both referred to as "lessees") are responsible for making royalty and related payments on Federal oil and gas leases (see 30 CFR 1218.52). It is common, however, for a payor rather than a lessee to make these payments. When a

payor makes payments on behalf of a lessee, RSFA section 6(g) requires that the lessee designate the payor as its designee and notify ONRR of this arrangement in writing. We designed Form ONRR-4425, Designation Form for Royalty Payment Responsibility, to request all the information necessary for lessees to comply with these RSFA requirements when choosing to designate an agent to pay for them. We require this information to ensure proper mineral revenue collection.

Tribal Permission for Recoupment on Indian Oil and Gas Leases

In order to report cross-lease netting on Indian oil and gas leases, lessees must also comply with regulations at 30 CFR 1218.53(b), allowing only lessees with written permission from the tribe to recoup overpayments on one lease against a different lease for which the tribe is the lessor. The payor must provide ONRR with a copy of the tribe's written permission. Generally, a payor may recoup an overpayment against the current month's royalties or other revenues owed on the same tribal lease. For any month, a payor may not recoup more than 50 percent of the royalties or other revenues owed in that month, under an individual allotted lease, or more than 100 percent of the royalties or other revenues owed in that month, under a tribal lease. Lessees report oil and gas lease recoupments on Form MMS-2014, Report of Sales and Royalty Remittance (which will be renumbered as Form ONRR-2014, as we update our forms and form numbers in the regulations). The burden hours are covered under ICR 1012-0004.

OMB Approval

We are requesting OMB's approval to continue to collect this information. Not collecting this information would limit the Secretary's ability to discharge the duties of the office and may also result in loss of royalty payments. Proprietary information submitted is protected, and there are no questions of a sensitive nature included in this information collection.

Frequency: On occasion.

Estimated Number and Description of Respondents: 1,630 Federal and Indian lessees.

Estimated Annual Reporting and Recordkeeping "Hour" Burden: 1,255 hours.

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

Citation 30 CFR Part 1218	Reporting and Recordkeeping Requirement	Hour Burden	Average Number of Annual Responses	Annual Burden Hours
Subpart A—General Provisions— Cross-lease netting in calculation of late-payment interest.				
1218.42 (b) and (c)	Cross-lease netting in calculation of late-payment interest. (b) Royalties attributed to production from a lease or leases which should have been attributed to production from a different lease or leases may be offset . . . if . . . the payor submits production reports, pipeline allocation reports, or other similar documentary evidence pertaining to the specific production involved which verifies the correct production information (c) If ONRR assesses late-payment interest and the payor asserts that some or all of the interest is not owed . . . the burden is on the payor to demonstrate that the exception applies	2	25	50

Citation 30 CFR Part 1218	Reporting and Recordkeeping Requirement	Hour Burden	Average Number of Annual Responses	Annual Burden Hours
Subpart B—Oil and Gas, General—How does a lessee designate a Designee?				
1218.52 (a), (c), and (d)	<p>How does a lessee designate a Designee? (a) If you are a lessee under 30 U.S.C. 1701(7), and you want to designate a person to make all or part of the payments due under a lease on your behalf . . . you must notify ONRR . . . in writing of such designation. . . .</p> <p>(c) If you want to terminate a designation . . . you must provide [the following] to ONRR in writing</p> <p>(d) ONRR may require you to provide notice when there is a change in the percentage of your record title or operating rights ownership.</p> <p>The ONRR currently uses Form MMS-4425, Designation Form for Royalty Payment Responsibility, to collect this information.</p>	0.75	1,600	1,200
Subpart B—Oil and Gas, General— Recoupment of overpayments on Indian mineral leases.				
1218.53 (b)	<p>Recoupment of overpayments on Indian mineral leases. (b) With written permission authorized by tribal statute or resolution, a payor may recoup an overpayment against royalties or other revenues owed . . . under other leases A copy of the tribe’s written permission must be furnished to ONRR</p>	1	5	5
TOTAL BURDEN			1,630	1,255

Estimated Annual Reporting and Recordkeeping “Non-hour” Cost Burden: We have identified no “non-hour cost” burden associated with this collection of information.

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: Section 3506(c)(2)(A) of the PRA 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.

To comply with the public consultation process, we published a notice in the *Federal Register* on May 4, 2011 (76 FR 25370), announcing that we would submit this ICR to OMB for approval. The notice provided the required 60-day comment period. We received no comments in response to the notice.

If you wish to comment in response to this notice, you may send your comments to the offices listed under the ADDRESSES section of this notice. The OMB has up to 60 days to approve or disapprove the information collection but may respond after 30 days. Therefore, to ensure maximum consideration, OMB should receive public comments by [INSERT DATE 30 DAYS AFTER THE DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

Public Comment Policy: We 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.

Information Collection Clearance Officer: Karen Burke (703) 487-3896.

____November 3, 2011_____

Date

Gregory J. Gould
Director,
Office of Natural Resources Revenue

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