



[4335-30]

**DEPARTMENT OF THE INTERIOR**

**Office of Natural Resources Revenue**

[Docket No. ONRR-2012-0006; DS63642000 DR2PS0000.CH7000 167D0102R2]

**Agency Information Collection Activities: 30 CFR Parts 1202, 1204, and 1206, Federal Oil and Gas Valuation—OMB Control Number 1012-0005; Comment Request**

**AGENCY:** Office of Natural Resources Revenue (ONRR), Interior.

**ACTION:** Notice of renewal of an existing Information Collection.

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**SUMMARY:** To comply with the Paperwork Reduction Act of 1995 (PRA), 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 title 30, *Code of Federal Regulations* (CFR), parts 1202, 1204, and 1206. This ICR pertains to (1) Federal oil and gas valuation regulations, which include transportation and processing regulatory allowance limits; and (2) accounting and auditing relief for marginal properties. Also, there is one form (ONRR-4393 [*Request to Exceed Regulatory Allowance Limitation*]) associated with this information collection.

**DATES:** OMB has up to 60 days to approve or disapprove the information collection request but may respond after 30 days; therefore, you should submit your public comments to OMB by [INSERT DATE 30 DAYS FROM DATE OF PUBLICATION IN THE *FEDERAL REGISTER*] for the assurance of consideration.

**ADDRESSES:** Submit comments to the Office of Information and Regulatory Affairs, Office of Management and Budget, Attention: Desk Officer for the Department of Interior (1012-0005), by telefax at (202) 395-5806 or via email to *OIRA\_Submission@omb.eop.gov*. Also, please send a copy of your comments to Luis Aguilar, Regulatory Specialist, Office of Natural Resources Revenue, P.O. Box 25165, MS 61030A, Denver, Colorado 80225. Please reference “ICR 1012-0005” in your comments.

**FOR FURTHER INFORMATION CONTACT:** Mr. Luis Aguilar, telephone (303) 231-3418, or email at *luis.aguilar@onrr.gov*. You may also contact Mr. Aguilar to obtain copies, at no cost, of (1) the ICR, (2) any associated forms, and (3) the regulations that require us to collect the information.

**SUPPLEMENTARY INFORMATION:**

*I. Abstract:*

The Secretary of the United States Department of the Interior is responsible for mineral resource development on Federal and Indian lands and the Outer Continental Shelf (OCS). The Secretary’s responsibility, according to various laws, is 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 under those laws. We have posted those laws pertaining to mineral leases on Federal and Indian lands and the OCS at [http://www.onrr.gov/Laws\\_R\\_D/PubLaws/default.htm](http://www.onrr.gov/Laws_R_D/PubLaws/default.htm).

The Secretary also has a trust responsibility to manage Indian lands and seek advice and information from Indian beneficiaries. 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.

You can find the information collections covered in this ICR at 30 CFR parts:

- 1202, subparts C and D, which pertain to Federal oil and gas royalties.
- 1204, subpart C, which pertains to accounting and auditing relief for marginal properties.
- 1206, subparts C and D, which pertain to Federal oil and gas product valuation.

### **General Information**

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 lessee, or designee, must report various kinds of information to the lessor relative to the disposition of the leased minerals. Such information is generally available within the records of the lessee or others involved in developing, transporting, processing, purchasing, or selling of such minerals.

### **Information Collections**

ONRR uses the information that we collect in this ICR to ensure that lessees accurately value and appropriately pay royalties on oil and gas produced from Federal onshore and offshore leases. Please refer to the chart for all reporting requirements and associated burden hours. All data submitted is subject to subsequent audit and adjustment.

*A. Federal Oil and Gas Valuation Regulations*

The valuation regulations at 30 CFR part 1206, subparts C and D, mandate that lessees collect and submit information used to value their Federal oil and gas, including (1) transportation and processing allowances and (2) regulatory allowance limit information. Lessees report certain data on form ONRR-2014, Report of Sales and Royalty Remittance (OMB Control Number 1012-0004). The information that we request is the minimum necessary to carry out our mission and places the least possible burden on respondents. If ONRR does not collect this information, both Federal and State governments may incur a loss of royalties.

Transportation and Processing Regulatory Allowance Limits: Lessees may deduct the reasonable, actual costs of transportation and processing from Federal royalties. The lessees report these allowances on form ONRR-2014. For oil and gas, regulations establish the allowable limit on transportation allowance deductions at 50 percent of the value of the oil or gas. For gas only, regulations establish the allowable limit on processing allowance deductions at  $66\frac{2}{3}$  percent of the value of each gas plant product.

Request to Exceed Regulatory Allowance Limitation, form ONRR-4393: Lessees may request to exceed regulatory limitations. Upon proper application from the lessee, ONRR may approve oil or gas transportation allowance in excess of 50 percent or gas processing allowance in excess of  $66\frac{2}{3}$  percent on Federal leases. Lessees must complete and submit form ONRR-4393, including a letter and supporting documentation, for both Federal and Indian leases to request to exceed allowance limitations. This ICR covers only Federal leases; therefore, we have not included burden hours of form ONRR-4393

for Indian leases in this ICR. We include burden hours of form ONRR-4393 for Indian leases in OMB Control Number 1012-0002.

*B. Accounting and Auditing Relief for Marginal Properties*

In 2004, we amended our regulations to comply with section 7 of the Federal Oil and Gas Royalty Simplification and Fairness Act of 1996. These regulations provide guidance for lessees and designees seeking accounting and auditing relief for qualifying Federal marginal properties. Under the regulations, both ONRR and the State concerned must approve any relief granted for a marginal property.

**OMB Approval**

We will request OMB approval to continue to collect from companies, lessees, and designees, information used (1) to value their Federal oil and gas, including (a) transportation and processing allowances and (b) the request to exceed regulatory allowance limitation and (2) to request accounting and auditing relief approval for qualifying Federal marginal properties. If ONRR does not collect this information, this would limit the Secretary's ability to discharge fiduciary duties and may also result in loss of royalty payments. ONRR protects the proprietary information that we receive, and we do not collect items of a sensitive nature.

ONRR requires lessees to respond to information collections relating to valuing Federal oil and gas, including (a) transportation and processing allowances and (b) the request to exceed regulatory allowance limit information [form ONRR-4393]. ONRR also requires that lessees submit the allowance information and form to obtain benefits for claiming allowances on form ONRR-2014. In addition, ONRR requires lessees to

respond to information collections in regards to requesting approval for accounting and auditing relief.

*II. Data*

*Title:* 30 CFR Parts 1202, 1204, and 1206, Federal Oil and Gas Valuation.

*OMB Control Number:* 1012-0005.

*Bureau Form Number:* Form ONRR-4393.

*Frequency:* Annually and on occasion.

*Estimated Number and Description of Respondents:* 120 Federal lessees/designees and 7 States for Federal oil and gas.

*Estimated Annual Reporting and Recordkeeping “Hour” Burden:* 10,018 hours.

We have not included in our estimates certain requirements performed in the normal course of business and considered as usual and customary. We display the estimated annual burden hours by CFR section and paragraph in the following chart:

**Summary of Information Collections**

<b>Information Collections</b>	<b>Requirement to Respond</b>	<b>Frequency of Response</b>	<b>Number of Annual Responses</b>	<b>Annual Burden Hours</b>	<b>Annual Cost (\$51/hr.)</b>
<i>Oil and Gas Valuation</i> (Part 1206 not including Sections 1206.109, 1206.156, and 1206.158(c)(3) below)	Mandatory	On occasion	114	8,396	\$428,196
<i>Request to Exceed Regulatory Allowance Limitation</i> (Form ONRR-4393) (Sections 1206.109, 1206.156, and 1206.158(c)(3))	Required to obtain a benefit	On occasion	19	1,096	\$55,896
<i>Accounting and Auditing Relief for Marginal Properties—Industry</i> (Sections 1204.202(b)(1), 1204.203(b), 1204.205(a) & (b), and	Required to obtain a benefit	Annually	3	246	\$12,546

1204.206(a)(3)(i), (b)(1), & 1204.209(b).					
<i>Accounting and Auditing Relief for Marginal Properties—States</i> (Section 1204.208(c)(1), (d)(1), & (e))	Required to obtain a benefit	Annually	7	280	\$14,280
<b>TOTAL</b>			<b>143</b>	<b>10,018</b>	<b>\$510,918</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.

This 30-day **Federal Register** notice burden chart shows an adjustment increase of +820 burden hours. This adjustment is based on analyzed historical data since the last renewal for 1206.153(g), 1206.156(c)(3), 1206.157(a)(1)(i), 1206.157(b)(1), 1206.158(c)(3), 1206.159(a)(1)(i), and 1206.159(b)(1); this also includes addressing industry’s comments.

*Estimated Annual Reporting and Recordkeeping “Non-hour” Cost Burden:* We have identified no “non-hour” cost burden associated with the 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 does not have to respond to, a collection of information unless it displays a currently valid OMB control number.

### *III. Request for 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 that ONRR collects; 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 June 6, 2016 (81 FR 36325), announcing that we would submit this ICR to OMB for approval. The notice provided the required 60-day comment period. We received no unsolicited 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. OMB has up to 60 days to approve or disapprove the information collection, but they may respond after 30 days. Therefore, in order 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 will post all comments, including names and addresses of respondents at <http://www.regulations.gov>. Before including Personally Identifiable Information (PII), such as your address, phone number, email address, or other personal information in your comment(s), you should be aware that your entire comment (including PII) may be made available to the public at any time. While you may ask us, in your comment, to withhold PII from public view, we cannot guarantee that we will be able to do so. 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 Office of Management and Budget control number.

Dated: January 31, 2017.

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Gregory J. Gould

*Director, Office of Natural Resources Revenue*

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