



[4335-30]

DEPARTMENT OF THE INTERIOR

Office of Natural Resources Revenue

[Docket No. ONRR-2011-0006; DS63644000 DR2000000.CH7000 189D0102R2;

OMB Control Number 1012-0009]

Agency Information Collection Activities: Submission to the Office of Management and Budget for Review and Approval; OCS Net Profit Share Payment Reporting

AGENCY: Office of Natural Resources Revenue, Interior.

ACTION: Notice of extension.

SUMMARY: To comply with the Paperwork Reduction Act of 1995 (PRA), we, the Office of Natural Resources Revenue (ONRR), are proposing to renew an information collection.

DATES: Interested persons are invited to submit comments on or before **(INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER)**.

ADDRESSES: You may submit your written comments on this information collection request (ICR) to the Office of Management and Budget's Desk Officer for the Department of the Interior by email to *OIRA_Submission@omb.eop.gov*; or via facsimile to (202) 395-5806. Please mail a copy of your comments to Mr. Armand Southall, Regulatory Specialist, ONRR, P.O. Box 25165, MS 64400, Denver, Colorado 80225-0165, or by email to *Armand.Southall@onrr.gov*. Please reference "OMB Control Number 1012-0009" in the subject line of your comments.

FOR FURTHER INFORMATION CONTACT: For questions on technical issues, contact Mr. Roman Geissel, Deputy Program Manager, Audit and Compliance Management (ACM), ONRR, at (303) 231-3226, or email to *Roman.Geissel@onrr.gov*. For other questions, contact Mr. Armand Southall, at (303) 231-3221, or email to *Armand.Southall @onrr.gov*. You may also contact Mr. Southall to obtain copies, at no cost, of (1) the ICR and (2) the regulations that require us to collect the information. You may view the ICR at <http://www.reginfo.gov/public/do/PRAMain> and select “Information Collection Review,” then select “Department of the Interior” in the drop-down box under “Currently Under Review.”

SUPPLEMENTARY INFORMATION: In accordance with the Paperwork Reduction Act of 1995, we provide the general public and other Federal agencies with an opportunity to comment on new, proposed, revised, and continuing collections of information. This helps us assess the impact of our information collection requirements and minimize the public’s reporting burden. It also helps the public understand our information collection requirements and provide the requested data in the desired format.

We published a notice, with a 60-day public comment period soliciting comments on this collection of information, in the FEDERAL REGISTER on May 5, 2017 (82 FR 21261). We received the following comments in response to the notice: “The burden hour estimate of 2,400 hours annually for the current 14 lessees of producing NPSLs is a reasonable estimate. The instructions on the handling of NPSLs are clear. The recordkeeping requirements are easy to understand. The reporting format follows the standard ONRR-2014 format so it’s easy to understand.”

Once again, we are soliciting comments on this ICR that is described below. We are especially interested in public comment addressing the following issues: (1) is the collection necessary to the proper functions of ONRR; (2) will this information be processed and used in a timely manner; (3) is the estimate of the burden accurate; (4) how might ONRR enhance the quality, usefulness, and clarity of the information collected; and (5) how might ONRR minimize the burden of this collection on the respondents, including through the use of information technology.

Comments that you submit in response to this notice are a matter of public record. Before including your Personally Identifiable Information (PII), such as your address, phone number, email address, or other personal identifying 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 your PII from public view, we cannot guarantee that we will be able to do so.

Abstract: The Secretary of the United States Department of the Interior is responsible for collecting royalties from lessees who produce minerals from leased Federal and Indian lands and the Outer Continental Shelf (OCS). Under various laws, the Secretary's responsibility is to manage mineral resource production on Federal and Indian lands and the OCS, collect the royalties and other mineral revenues due, and distribute the funds collected. ONRR performs the royalty management functions and assists the Secretary in carrying out the Department's responsibility. 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.

I. General Information

ONRR collects and uses this information to determine all allowable direct and allocable joint costs and credits under § 1220.011 incurred during the lease term, appropriate overhead allowance permitted on these costs under § 1220.012, and allowances for capital recovery calculated under § 1220.020. ONRR also collects this information to ensure that royalties or net profit share payments are accurately valued and appropriately paid. This ICR affects only oil and gas leases on submerged Federal lands on the OCS.

II. Information Collections

Title 30 CFR part 1220 covers the net profit share lease (NPSL) program and establishes reporting requirements for determining the net profit share base under § 1220.021 and calculating the net profit share payments due to the Federal government for the production of oil and gas from leases under § 1220.022.

A. NPSL Bidding System

To encourage exploration and development of oil and gas leases on submerged Federal lands on the OCS, the Bureau of Ocean Energy Management (BOEM) promulgated regulations at 30 CFR part 560—Outer Continental Shelf Oil and Gas Leasing. BOEM also promulgated specific implementing regulations for the NPSL bidding system at § 560.202(d). BOEM established the NPSL bidding system to balance a fair market return to the Federal government for the lease of its public lands with a fair profit to companies risking their investment capital. The system provides an incentive for early and expeditious exploration and development and provides for sharing the risks by the lessee and the Federal government. The NPSL bidding system incorporates a fixed capital recovery system as a means through which the lessee recovers costs of exploration

and development from production revenues, along with a reasonable return on investment.

B. NPSL Capital Account

The Federal government does not receive a profit share payment from an NPSL until the lessee shows a credit balance in its capital account; that is, cumulative revenues and other credits exceed cumulative costs. Lessees multiply the credit balance by the net profit share rate (30 to 50 percent), resulting in the amount of net profit share payment due to the Federal government.

ONRR requires lessees to maintain an NPSL capital account for each lease under § 1220.010, which transfers to a new owner when sold. Following the cessation of production, lessees are also required to provide either an annual or a monthly report to the Federal government, using data from the capital account until the lease is terminated, expired, or relinquished.

C. NPSL Inventories

The NPSL lessees must notify BOEM of their intent to perform an inventory and file a report after each inventory of controllable materiel under §§ 1220.032 and 1220.031, respectively.

D. NPSL Audits

When non-operators of an NPSL call for an audit, they must notify ONRR. When ONRR calls for an audit, the lessee must notify all non-operators on the lease. These requirements are located at § 1220.033.

III. OMB Approval

The information we collect under this ICR is essential in order to determine when net profit share payments are due and to ensure that lessees properly value and pay royalties or net profit share payments.

We are requesting OMB approval to continue to collect this information. 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. ONRR protects the proprietary information received and does not collect items of a sensitive nature.

IV. Data

Title: OCS Net Profit Share Payment Reporting, 30 CFR Part 1220

OMB Control Number: 1012-0009.

Bureau Form Number: None.

Type of Review: Extension of a currently approved collection.

Respondents/Affected Public: Businesses.

Total Estimated Number of Annual Respondents: 14 lessees.

Total Estimated Number of Annual Responses: 267.

Estimated Completion Time per Response: 9 hours.

Total Estimated Number of Annual Burden Hours: 2,451 hours.

Respondent's Obligation: Mandatory.

Frequency of Collection: Annually, monthly, and on occasion.

Total Estimated Annual Nonhour Burden Cost: None.

All fourteen lessees report monthly because all current NPSLs are in producing status. Because the requirements for establishment of capital accounts at § 1220.010(a) and capital account annual reporting at § 1220.031(a) are necessary only during the non-

producing status of a lease, ONRR included only one response annually for these requirements, in case a new NPSL is established. We have not included in our estimates certain requirements performed in the normal course of business that are considered usual and customary. The following table shows the estimated annual burden hours by CFR section and paragraph.

RESPONDENTS' ESTIMATED ANNUAL BURDEN HOURS

Citation 30 CFR Part 1220	Reporting & Recordkeeping Requirement	Hour Burden	Number of Annual Responses	Annual Burden Hours
PART 1220—ACCOUNTING PROCEDURES FOR DETERMINING NET PROFIT SHARE PAYMENT FOR OUTER CONTINENTAL SHELF OIL AND GAS LEASES				
§ 1220.010 NPSL capital account				
1220.010(a)	(a) For each NPSL tract, an NPSL capital account shall be established and maintained by the lessee for NPSL operations . . .	1	1	1
§ 1220.030 Maintenance of records				
1220.030(a) and (b)	(a) Each lessee . . . shall establish and maintain such records as are necessary . . .	1	14	14
§ 1220.031 Reporting and payment requirements				
1220.031(a)	(a) Each lessee subject to this part shall file an annual report during the period from issuance of the NPSL until the first month in which production revenues are credited to the NPSL capital account . . .	1	14	14
1220.031(b)	(b) Beginning with the first month in which production revenues are credited to the NPSL capital account, each lessee . . . shall file a report for each NPSL, not later than 60 days following the end of each month . . .	13	168 ¹	2,184
1220.031(c)	(c) Each lessee subject to this Part 1220 shall submit, together with the report required . . . any net profit share payment due . . .	Burden hours covered under §1220.031(b).		
1220.031(d)	(d) Each lessee . . . shall file a report not later than 90 days after each inventory is taken . . .	8	14	112
1220.031(e)	(e) Each lessee . . . shall file a final report, not later than 60 days following the cessation of production . . .	4	14	56

Citation 30 CFR Part 1220	Reporting & Recordkeeping Requirement	Hour Burden	Number of Annual Responses	Annual Burden Hours
§ 1220.032 Inventories				
1220.032(b)	(b) At reasonable intervals, but at least once every three years, inventories of controllable materiel shall be taken by the lessee. Written notice of intention to take inventory shall be given by the lessee at least 30 days before any inventory is to be taken so that the Director may be represented at the taking of inventory . . .	1	14	14
§ 1220.033 Audits				
1220.033(b)(1)	(b)(1) When nonoperators of an NPSL lease call an audit in accordance with the terms of their operating agreement, the Director shall be notified of the audit call . . .	2	14	28
1220.033(b)(2)	(b)(2) If DOI determines to call for an audit, DOI shall notify the lessee of its audit call and set a time and place for the audit . . . The lessee shall send copies of the notice to the nonoperators on the lease . . .	2	14	28
1220.033(e)	(e) Records required to be kept under § 1220.030(a) shall be made available for inspection by any authorized agent of DOI . . .	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.		
TOTAL BURDEN			267	2,451

¹(14 NPSL reports x 12 months = 168 reports)

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.

ONRR Information Collection Clearance Officer: Armand Southall (303) 231-3221.

Authority

The authorities for this action are the Outer Continental Shelf Lands Act Amendments of 1978 (43 U.S.C. 1337) and the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*).

Gregory J. Gould,
Director for Office of Natural Resources Revenue.

[FR Doc. 2017-22011 Filed: 10/11/2017 8:45 am; Publication Date: 10/12/2017]