



[4335-30]

DEPARTMENT OF THE INTERIOR

Office of Natural Resources Revenue

[Docket No. **ONRR-2011-0009; DS63644000 DR2000000.CH7000 189D0102R2;**

OMB Control Number 1012-0008]

Agency Information Collection Activities: Submission to the Office of Management and Budget for Review and Approval; Collection of Monies Due the Federal Government

AGENCY: Office of the Secretary, Office of Natural Resources Revenue, Interior.

ACTION: Notice of extension.

SUMMARY: To comply with the Paperwork Reduction Act of 1995 (PRA), the Office of Natural Resources Revenue (ONRR), is proposing to renew an information collection with revisions under 30 CFR part 1218.

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 also 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 “1012-0008” in the subject line of your comments.

FOR FURTHER INFORMATION CONTACT: For questions on technical issues, contact Mr. Hans Meingast, Financial Services/Financial Management, ONRR, telephone (303) 231-3382, or email to *Hans.Meingast@onrr.gov*. For other questions, contact Mr. Armand Southall, telephone (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, (2) any associated form(s), and (3) the regulations that require us to collect the information. You may review 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 July 24, 2017 (82 FR 34333). We received the following comments from companies regarding the published 60-day FEDERAL REGISTER notice.

Public Commenter #1 stated the following:

In the San Juan basin where we pay royalties, our recoupment process takes around 2 hours per month, or around 20 hours per year. A colleague who reports

royalties in the Williston Basin, however, spends much more time and can have over a day's worth of work associated with tracking and reporting recoupments during the month. The colleague would estimate closer to 70 hours per year.

Public Commenter #2 also stated the following:

I'm sorry. I know I agreed to do this survey, but I find the request takes more time to read than I would like to spend on the entire survey. We have had some unexpected projects come up and I cannot spare the time.

Public Commenter #3 stated the following:

I forwarded your request to CLR legal, for their review; I read the FRN then passed it to our company's lawyers. I have no comments.

Public Commenter #4 also stated the following:

I talked to my Supervisor this morning. Cimarex as a company doesn't comment on items like this. Cimarex in the past, through COPAS/PASO has taken part in discussions on items like this. Cimarex will follow COPAS/PASO's jointly discussed approach. We are not aware of any discussions taking place within COPAS/PASO regarding ICR 1012-0008. Hope this resolves your question.

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 U.S. 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 resources 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

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 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 that royalties are appropriately paid.

II. Information Collections

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

A. Cross-Lease Netting in Calculation of Late-Payment Interest

Regulations at § 1218.54 require ONRR to assess interest on unpaid or underpaid amounts. 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 process is called cross-lease netting. Lessees must demonstrate that cross-lease netting applies by submitting production reports, pipeline allocation reports, or other similar documentary evidence. This information is necessary in order for ONRR to determine the correct amount of interest that the lessee owes and to ensure that lessees are neither undercharged nor overcharged interest.

B. Designation of Designee

Owners of operating rights are primarily liable for Federal oil and gas royalties and other revenue payments, while owners of record title are secondarily liable (though both are referred to as “lessees”) (see 30 U.S.C. 1712(a) and 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 ONRR orders and demands are addressed to and served on the proper parties.

C. Tribal Permission for Recoupment on Indian Oil and Gas Leases

In order to recoup overpayments made on Tribal Indian oil and gas leases, lessees must comply with regulations at 30 CFR 1218.53(a), which limits recoupments to the amount of royalties or other revenues owed on the same lease that month. However, regulations at 30 CFR 1218.53(b) allow 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 lessee must provide ONRR with a copy of the Tribe's written permission.

III. OMB Approval

We are requesting OMB's approval to continue to collect this information. Not collecting this information may result in the loss of royalty payments due Federal and Indian lessors. Also, it may deprive lessees of the ability to minimize or avoid interest due when they have offsetting under-reporting and over-reporting of production. And it would deprive lessees of a right of recoupment of overpayments authorized by Tribes. Proprietary information submitted is protected, and there are no questions of a sensitive nature included in this information collection.

IV. Data

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

OMB Control Number: 1012-0008.

Bureau Form Number: ONRR-4425.

Type of Review: Extension of a currently approved collection.

Respondents/Affected Public: Businesses.

Total Estimated Number of Annual Respondents: 31 Federal and Indian lessees.

Total Estimated Number of Annual Responses: 31

Estimated Completion Time per Response: 4.87 hours.

Total Estimated Number of Annual Burden Hours: 151 hours.

Respondent's Obligation: Required to Obtain or Retain a Benefit.

Frequency of Collection: On occasion.

Total Estimated Annual Nonhour Burden Cost: None.

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 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
Subpart B—Oil and Gas, General—How does a lessee designate a Designee?				
1218.52 (a), (c),	How does a lessee designate a Designee? (a) If you are a lessee	1	1	1

Citation 30 CFR Part 1218	Reporting and recordkeeping requirement	Hour burden	Average number of annual responses	Annual burden hours
and (d)	<p>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>ONRR currently uses Form ONRR-4425, Designation Form for Royalty Payment Responsibility, to collect this information.</p>			
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>	20	5	100
TOTAL BURDEN			31	151

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 Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et. seq.*).

Gregory J. Gould

Director for Office of Natural Resources Revenue

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