



[4335-30]

DEPARTMENT OF THE INTERIOR

Office of Natural Resources Revenue

[Docket No. ONRR-2011-0021; DS63644200 DRT000000.CH7000 190D1113RT;

OMB Control Number 1012-0002]

Agency Information Collection Activities: Submission to the Office of Management and Budget for Review and Approval; Indian Oil & Gas Valuation

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

ACTION: Notice of Information Collection; request for comment.

SUMMARY: In accordance with the Paperwork Reduction Act of 1995 (PRA), the Office of Natural Resources Revenue (ONRR), is proposing to renew an information collection with revisions. ONRR seeks renewed authority to collect information from lessees using five forms necessary to determine the correct royalties to be collected on behalf of Indian Tribes and individual Indian mineral owners. Revisions from the prior approval to collect this information are necessary because the information collection requirements on form ONRR-4410 were reduced by a rule in 2015.

DATES: Interested persons are invited to submit written comments on or before

[INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

ADDRESSES: Send 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 by facsimile to (202) 395-5806. Please

provide a copy of your comments to Mr. Armand Southall, Regulatory Specialist, ONRR, P.O. Box 25165, MS 64400B, Denver, Colorado 80225-0165; or by email to Armand.Southall@onrr.gov. Please reference “OMB Control Number 1012-0002” in the subject line of your comments.

FOR FURTHER INFORMATION CONTACT: To request additional information about this ICR, contact Ms. Lee-Ann Martin, telephone at (303) 231-3313, or email to LeeAnn.Martin@onrr.gov. You may also view the ICR at <http://www.reginfo.gov/public/do/PRAMain>.

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 for this collection of information, in the **Federal Register** on July 11, 2018 (83 FR 32141). During the 60-day period, we specifically reached out to five companies impacted by this ICR to request input. In response to the outreach, we received three responsive comments.

The first comment we received stated the following:

“We do not have an update to provide on the estimate burden. We can offer comment in regards to the industry submission process of the related forms referenced in the ICR (ONRR-4109, ONRR-4110, ONRR-4295, ONRR-4393, ONRR-4410 and ONRR-4411)

with regard to the use of technology. Value can be added to both industry and ONRR by eliminating the paper submission form and having the company submit the form via the ONRR online system. When the request is submitted, ONRR staff should review and approve that will notate the date and name of approver. This submission should also be available to pull and view online through the *dwportal.onrr.gov* website History Database/Report tool. Currently, if a company wanted to verify the forms submitted to ONRR, they would have to contact them directly and they would pull a report and send to the company.”

The second comment we received stated the following:

“I’m sorry I haven’t gotten back to you on this. I read through the document and I didn’t see any burden estimates that I thought were far enough off to make official comment on. The burden estimates for each case probably run high when things are running smoothly, and run low when a big problem presents itself. I’m sorry I can’t be of more help.”

The third comment we received stated the following:

“We do not have comments to submit at this time.”

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 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 mineral resource development on 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. The Secretary also has 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. By collecting information from the records of the lessee or others involved in developing, transporting, processing, purchasing, or selling of such minerals, we ensure that lessees accurately value production and appropriately pay royalties. Public laws pertaining to mineral leases on Federal and Indian lands and the OCS are available at https://www.onrr.gov/Laws_R_D/PubLaws/index.htm.

The information collections that we cover in this ICR involve five forms, forms ONRR-4109, ONRR-4110, ONRR-4295, ONRR-4410, and ONRR-4411. References to these forms, and form ONRR-4393, which is approved under OMB Control Number 1012-0005, are identified in: 30 CFR part 1202, subparts C and J, which pertain to Indian

oil and gas royalties; part 1206, subparts B and E, which govern the valuation of oil and gas produced from leases on Indian lands; and part 1207, which pertains to recordkeeping. Indian Tribes and individual Indian mineral owners receive all royalties generated from their lands. Determining product valuation is essential to ensure that Indian Tribes and individual Indian mineral owners receive payment on the full value of the minerals removed from their lands. Failure to collect the data that we describe in this ICR could result in the undervaluation of leased minerals on Indian lands. All data reported is subject to subsequent audit and adjustment.

Indian Oil Valuation

Regulations at title 30 CFR part 1206, subpart B, govern the valuation for royalty purposes of oil produced from Indian oil and gas leases (Tribal and allotted), and are consistent with mineral leasing laws, other applicable laws, and lease terms. Generally, these regulations provide that lessees determine the value of oil based upon the higher of (1) the gross proceeds under an arm's-length contract; or (2) major portion analysis. Transportation allowances may also be available to the lessee.

From information collected on form ONRR-4110, Oil Transportation Allowance Report, ONRR and Tribal audit personnel evaluate (1) whether lessee-reported transportation allowances are within regulatory allowance limitations and calculated under applicable regulations; and (2) whether the lessees reported and paid the proper amount of royalties. Lessees must use form ONRR-4110 for both non-arm's-length contract or no contract situations.

Indian Gas Valuation

Regulations at 30 CFR part 1206, subpart E, govern the valuation for royalty

purposes of natural gas produced from Indian oil and gas leases (Tribal and allotted).

These regulations require reporting on the four forms that are the subject of this ICR, forms ONRR-4109, ONRR-4295, ONRR-4410, and ONRR-4411:

- From information collected on form ONRR-4109, Gas Processing Allowance Summary Report, ONRR and Tribal audit personnel evaluate (1) whether lessee-reported processing allowances are within regulatory allowance limitations and calculated under applicable regulations; and (2) whether the lessees reported and paid the proper amount of royalties.
- From information collected on form ONRR-4295, Gas Transportation Allowance Report, ONRR and Tribal audit personnel evaluate (1) whether lessee-reported transportation allowances are within regulatory allowance limitations and calculated under applicable regulations; and (2) whether the lessees reported and paid the proper amount of royalties.
- Lessees use form ONRR-4410, Accounting for Comparison (Dual Accounting), to certify that dual accounting is not required on an Indian lease or to make an election for actual or alternative dual accounting for Indian leases. Most Indian leases contain the requirement to perform accounting for comparison (dual accounting) for gas produced from the lease. Therefore, lessees must elect to perform actual dual accounting as defined in 30 CFR 1206.176, or alternative dual accounting, as defined in 30 CFR 1206.173.
- The regulations require that lessees submit form ONRR-4411, Safety Net Report, when they sell gas production from an Indian oil or gas lease beyond the first index pricing point. The safety net calculation establishes the minimum value, for

royalty purposes, of natural gas production from Indian oil and gas leases. This reporting requirement ensures that Indian lessors receive all royalties due and aids ONRR compliance efforts.

This ICR also allows ONRR to collect information to support a lessee's request for exclusion or the termination of exclusion under 30 CFR 1206.174. An Indian Tribe may ask ONRR to exclude some or all of its leases from valuation under this section. ONRR will consult with Bureau of Indian Affairs regarding the Tribe's request. If ONRR approves the request for the Tribal lease, the lessee must value the production as specified in § 1206.174. The lessee may ask ONRR for guidance in determining value and may propose a valuation method to ONRR. The lessee must submit all available data related to the proposal and any additional information that ONRR deems necessary.

In addition, this ICR allows ONRR, under 30 CFR 1206.175, to collect information to support a lessee's request to report royalties based on the volumes allocable to its lease acreage under the terms of an approved Federal agreement. Under this section, a lessee may also submit information to support a request for ONRR to approve other methods for determining the quantity of residue gas and gas plant products allocable to each lease.

Indian Oil and Gas

Regulations at 30 CFR 1206.56(b)(2) and 1206.177(c)(2) and (c)(3) govern the valuation for royalty purposes of oil and gas produced from Indian oil and gas leases (Tribal and allotted), and are consistent with mineral leasing laws, other applicable laws, and lease terms. These regulations require reporting on one form—that is also the subject of this ICR—form ONRR-4393.

Lessees must submit form ONRR-4393, Request to Exceed Regulatory Allowance

Limitation, for both Federal and Indian leases to request to exceed the regulatory allowance limitation. Most of the burden hours for this form are incurred on Federal leases; therefore, OMB approved this form under OMB Control Number 1012-0005 titled *Federal Oil and Gas Valuation*, which pertains to Federal oil and gas leases. However, we include a discussion of this form in this ICR, as well as the burden hours for Indian leases. To request permission to exceed a regulatory allowance limit, lessees must (1) submit a letter to ONRR explaining why a higher allowance limit is necessary; and (2) provide supporting documentation, including a completed form ONRR-4393. This form provides ONRR with the data necessary to make a decision whether to approve or deny the request and track deductions on subsequent royalty reports.

Revisions to ICR

This is an ICR with revisions because it takes into account the final rule published May 1, 2015, which amended ONRR's Indian oil valuation regulations (80 FR 24794). This ICR requires minor revisions to note changes to its authority when the final rule amended 30 CFR part 1206, subpart B. The two changes relevant to this ICR are that the amendment eliminated: (1) the form ONRR-4110 filing requirements for arm's-length transportation allowance; and (2) the pre-filing of form ONRR-4110 prior to claiming a non-arm's-length transportation allowance. The final rule noted that OMB approved a total of 220 burden hours for lessees to submit their respective form ONRR-4110 under this ICR—OMB Control Number 1012-0002. It also noted that “there will be no additional burden hours because this rule will insignificantly reduce the burden hours associated with the Oil Transportation Allowance Report.” Under the revised Indian oil valuation regulations, rather than submitting estimated transportation cost information on

the form and then following up with actual cost information at the end of the reporting cycle, lessees need only to provide actual cost information. Also, lessees that have arm's-length transportation costs are no longer required to submit form ONRR-4110 to report these costs, but will, instead, submit copies of the actual contracts to ONRR.

OMB Approval

We are requesting OMB's approval to continue to collect this information, with revisions. 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 to Indian Tribes and individual Indian mineral owners. ONRR protects the proprietary information that it receives and does not collect items of a sensitive nature. The requirement to report is mandatory for form ONRR-4410, Accounting for Comparison [Dual Accounting], and for form ONRR-4411, Safety Net Report, under certain circumstances. The lessees are required to report on forms ONRR-4109, ONRR-4110, ONRR-4295, and ONRR-4393 in order to obtain a benefit.

Title of Collection: Indian Oil and Gas Valuation, 30 CFR parts 1202, 1206, and 1207.

OMB Control Number: 1012-0002.

Form Numbers: ONRR-4109, ONRR-4110, ONRR-4295, ONRR-4410, and ONRR-4411.

Type of Review: Revision of a currently approved collection.

Respondents/Affected Public: Businesses.

Total Estimated Number of Annual Respondents: 146 lessees of Indian leases.

Total Estimated Number of Annual Responses: 146.

Estimated Completion Time per Response: 8.9 hours.

Total Estimated Number of Annual Burden Hours: 1,299 hours.

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

Frequency of Collection: Annually and 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 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	Reporting and Recordkeeping Requirement	Hour Burden	Average Number of Annual Responses	Annual Burden Hours
Part 1202—ROYALTIES				
Subpart C—Federal and Indian Oil				
1202.101	Standards for reporting and paying royalties. Report oil volumes in barrels of clean oil of 42 standard U.S. gallons (231 cubic inches each) at 60 °F.	Burden covered under § 1210.52 in OMB Control Number 1012-0004.		
Subpart J—Gas Production From Indian Leases				
1202.551 (b)	How do I determine the volume of production for which I must pay royalty if my lease is not in an approved Federal unit or communitization agreement (AFA)? * * * (b) You and all other persons paying royalties on the lease must report and pay royalties based on your takes. * * *	Burden covered under § 1210.52 in OMB Control Number 1012-0004.		
1202.551 (c)	You and all other persons paying royalties on the lease may ask ONRR for permission to report and pay royalties based on your entitlements. * * *	1	1	1
1202.558 (a) and (b)	What standards do I use to report and pay royalties on gas? (a) You must report gas volumes * * * (b) You must report residue gas and gas plant product volumes.* * *	Burden covered under § 1210.52 in OMB Control Number 1012-0004.		
Part 1206—PRODUCT VALUATION				
Subpart B—Indian Oil				
1206.56 (b)(2)	What general transportation allowance requirements apply to me? * * * (2) Upon your request, ONRR may approve a transportation allowance deduction in	4	1	4

30 CFR	Reporting and Recordkeeping Requirement	Hour Burden	Average Number of Annual Responses	Annual Burden Hours
	excess of the limitation prescribed by paragraph (b)(1) of this section. * * * An application for exception (using form ONRR-4393, Request to Exceed Regulatory Allowance Limitation) must contain all relevant and supporting documentation necessary for ONRR to make a determination. * * *			
1206.57 (a)(1), (2), and (3)	How do I determine a transportation allowance if I have an arm's-length transportation contract? <i>Arm's-length transportation.</i> (a)(1) * * * You have the burden of demonstrating that your contract is arm's-length. (2) You must submit to ONRR a copy of your arm's-length transportation contract(s) and all subsequent amendments to the contract(s) within 2 months of the date that ONRR receives your report, which claims the allowance on form ONRR-2014. (3) * * * When ONRR determines that the value of the transportation may be unreasonable, ONRR will notify the lessee and give the lessee an opportunity to provide written information justifying the lessee's transportation costs.	AUDIT PROCESS. See note.		
1206.57 (a)(4)(i)	* * * Except as provided in this paragraph, you may not take an allowance for the costs of transporting lease production, which is not royalty-bearing, without ONRR's approval.	Burden covered under § 1206.57(a)(5).		
1206.57 (a)(4)(ii)	Notwithstanding the requirements of paragraph (a)(4)(i) of this section, you may propose to ONRR a cost allocation method on the basis of the values of the products transported. * * *	20	1	20
1206.57 (a)(5)	If an arm's-length transportation contract includes both gaseous and liquid products, and the transportation costs attributable to each product cannot be determined from the contract, you must propose an allocation procedure to ONRR. * * *	40	1	40
1206.57 (a)(5)(ii)	You must submit to ONRR all available data to support your proposal.	AUDIT PROCESS. See note.		
1206.57 (a)(5)(iii)	You must submit your initial proposal within 3 months after the last day of the month for which you request a transportation allowance, whichever is later (unless ONRR approves a longer period).	4	1	4

30 CFR	Reporting and Recordkeeping Requirement	Hour Burden	Average Number of Annual Responses	Annual Burden Hours
1206.57 (b)(1)	<i>Reporting requirements.</i> If ONRR requests, you must submit all data used to determine your transportation allowance.***	AUDIT PROCESS. See note.		
1206.57 (b)(2)	You must report transportation allowances as a separate entry on form ONRR-2014.***	Burden covered under § 1210.52 in OMB Control Number 1012-0004.		
1206.58 (a)(1)	How do I determine a transportation allowance if I have a non-arm's-length transportation contract or have no contract? <i>Non-arm's-length or no contract.</i> If you have a non-arm's-length transportation contract or no contract, including those situations where you or your affiliate perform(s) transportation services for you, the transportation allowance is based on your reasonable, actual costs.	AUDIT PROCESS. See note.		
1206.58 (a)(2)	You must submit the actual cost information to support the allowance to ONRR on form ONRR-4110, Oil Transportation Allowance Report, within 3 months after the end of the calendar year to which the allowance applies.***	6	1	6
1206.58 (a)(3)(iv)	*** After you have elected to use either method for a transportation system, you may not later elect to change to the other alternative without approval of ONRR.	20	1	20
1206.58 (a)(3)(iv) (A)	*** After you make an election, you may not change methods without ONRR's approval.***	20	1	20
1206.58 (a)(4)(i)	*** Except as provided in this paragraph (a)(4)(i), you may not take an allowance for transporting lease production that is not royalty bearing without ONRR's approval.	40	1	40
1206.58 (a)(4)(ii)	Notwithstanding the requirements of paragraph (a)(4)(i) of this section, you may propose to ONRR a cost allocation method on the basis of the values of the products transported.***	20	1	20

30 CFR	Reporting and Recordkeeping Requirement	Hour Burden	Average Number of Annual Responses	Annual Burden Hours
1206.58 (a)(5)(ii) and (iii)	Where both gaseous and liquid products are transported through the same transportation system, you must propose a cost allocation procedure to ONRR. * * * (ii) You must submit to ONRR all available data to support your proposal. * * * (iii) You must submit your initial proposal within 3 months after the last day of the month for which you request a transportation allowance (unless ONRR approves a longer period).	20	1	20
1206.58 (a)(6)	You may apply to ONRR for an exception from the requirement that you compute actual costs under paragraphs (a)(1) through (5) of this section.	20	1	20
1206.58 (b)(1)	<i>Reporting requirements.</i> If ONRR requests, you must submit all data used to determine your transportation allowance, You must provide the data within a reasonable period of time that ONRR will determine.	AUDIT PROCESS. See note.		
1206.58 (b)(2)	You must report transportation allowances as a separate entry on form ONRR-2014.***	Burden covered under § 1210.52 in OMB Control Number 1012-0004.		
1206.58 (b)(3)	ONRR may require you to submit all of the data that you used to prepare your form ONRR-4110. You must submit the data within a reasonable period of time that ONRR determines.	AUDIT PROCESS. See note.		
1206.59 (a)	What interest applies if I improperly report a transportation allowance? If you deduct a transportation allowance on form ONRR-2014 without complying with the requirements of §§ 1206.56 and 1206.57 or § 1206.58, you must pay additional royalties due plus late payment interest calculated under § 1218.54 of this chapter.	Burden covered under § 1210.52 in OMB Control Number 1012-0004.		
1206.60 (a)	What reporting adjustments must I make for transportation allowances? If your actual transportation allowance is less than the amount that you claimed on form ONRR-2014 for each month during the allowance reporting period, you must pay additional royalties due, plus late payment interest calculated under § 1218.54 of this chapter.	Burden covered under § 1210.52 in OMB Control Number 1012-0004.		

30 CFR	Reporting and Recordkeeping Requirement	Hour Burden	Average Number of Annual Responses	Annual Burden Hours
1206.60 (c)	If you make an adjustment under paragraph (a) or (b) of this section, then you must submit a corrected form ONRR-2014 to reflect actual costs, together with any payment, using instructions that ONRR provides.	Burden covered under § 1210.52 in OMB Control Number 1012-0004.		
1206.61 (a)(2)	How will ONRR determine if my royalty payments are correct? * * * If ONRR directs you to use a different royalty value, you must pay any additional royalties due plus late payment interest calculated under § 1218.54 of this chapter.	Burden covered under § 1210.52 in OMB Control Number 1012-0004.		
1206.62 (a)	How do I request a value determination? You may request a value determination from ONRR regarding any oil produced. Your request must include: (1) Be in writing. (2) Identify specifically all leases involved, all interest owners of those leases, the designee(s), and the operator(s) for those leases. (3) Completely explain all relevant facts. * * * (4) Include copies of all relevant documents. (5) Provide your analysis of the issue(s) * * * (6) Suggest your proposed valuation method.	20	1	20
1206.62 (c)(2)	After the Assistant Secretary [for Indian Affairs] issues a value determination, you must make any adjustments to royalty payments that follow from the determination, and, if you owe additional royalties, you must pay the additional royalties due plus late payment interest calculated under § 1218.54 of this chapter.	Burden covered under § 1210.52 in OMB Control Number 1012-0004.		
1206.64	What records must I keep to support my calculations of value under this subpart? If you determine the value of your oil under this subpart, you must retain all data relevant to the determination of royalty value. * * *	AUDIT PROCESS. See note.		

30 CFR	Reporting and Recordkeeping Requirement	Hour Burden	Average Number of Annual Responses	Annual Burden Hours
Part 1206—PRODUCT VALUATION Subpart E—Indian Gas				
1206.172 (b)(1)(ii)	How do I value gas produced from leases in an index zone? (b) <i>Valuing residue gas and gas before processing.</i> (1)(ii) Gas production that you certify on form ONRR-4410, Certification for Not Performing Accounting for comparison (Dual Accounting), is not processed before it flows into a pipeline with an index but which may be processed later; * * *	4	58	232
1206.172 (e)(6)(i) and (iii)	(e) <i>Determining the minimum value for royalty purposes of gas sold beyond the first index pricing point.</i> * * * (6)(i) You must report the safety net price for each index zone to ONRR on form ONRR-4411, Safety Net Report, no later than June 30 following each calendar year; * * * (iii) ONRR may order you to amend your safety net price within one year from the date your form ONRR-4411 is due or is filed, whichever is later. * * *	3	11	33
1206.172 (e)(6)(ii)	You must pay and report on form ONRR-2014 additional royalties due no later than June 30 following each calendar year; * . * .	Burden covered under § 1210.52 in OMB Control Number 1012-0004.		
1206.172 (f)(1)(ii), (f)(2), and (f)(3)	(f) <i>Excluding some or all tribal leases from valuation under this section.</i> (1) An Indian tribe may ask ONRR to exclude some or all of its leases from valuation under this section. * * * (ii) If an Indian Tribe requests exclusion from an index zone for less than all of its leases, ONRR will approve the request only if the excluded leases may be segregated into one or more groups based on separate fields within the reservation. (2) An Indian Tribe may ask ONRR to terminate exclusion of its leases from valuation under this section. * * * (3) The Indian Tribe's request to ONRR under either paragraph (f)(1) or (2) of this section must be in the form of a Tribal resolution***	40	1	40

30 CFR	Reporting and Recordkeeping Requirement	Hour Burden	Average Number of Annual Responses	Annual Burden Hours
1206.173 (a)(1)	<p>How do I calculate the alternative methodology for dual accounting? (a) <i>Electing a dual accounting method.</i> (1) * * * You may elect to perform the dual accounting calculation according to either § 1206.176(a) (called actual dual accounting), or paragraph (b) of this section (called the alternative methodology for dual accounting).</p>	2	12	24
1206.173 (a)(2)	<p>You must make a separate election to use the alternative methodology for dual accounting for your Indian leases in each ONRR-designated area.* * *</p>	Burden covered under § 1206.173(a)(1).		
1206.174 (a)(4)(ii)	<p>How do I value gas production when an index-based method cannot be used? (a) <i>Situations in which an index-based method cannot be used.</i> (4)(ii) If the major portion value is higher, you must submit an amended form ONRR-2014 to ONRR by the due date specified in the written notice from ONRR of the major portion value. * * *</p>	Burden covered under § 1210.52 in OMB Control Number 1012-0004.		
1206.174 (b)(1)(i) and (iii); (b)(2); (d)(2)	<p>(b) <i>Arm's-length contracts.</i>* * * (1) The value of gas, residue gas, or any gas plant product you sell under an arm's-length contract is the gross proceeds accruing to you or your affiliates * * * (i) You have the burden of demonstrating that your contract is arm's-length.* * * (iii) * * * In these circumstances, ONRR will notify you and give you an opportunity to provide written information justifying your value.* * * (2) ONRR may require you to certify that your arm's-length contract provisions include all of the consideration the buyer pays, either directly or indirectly, for the gas, residue gas, or gas plant product.* * * (d) <i>Supporting data.</i>* * * (2) You must make all such data available upon request to the authorized ONRR or Indian representatives, to the Office of the Inspector General of the Department, or other authorized persons. * * *</p>	AUDIT PROCESS. See note.		
1206.174 (d)	<p><i>Supporting data.</i> If you determine the value of production under paragraph (c) of this section, you must retain all data relevant to determination of royalty value.</p>	AUDIT PROCESS. See note.		

30 CFR	Reporting and Recordkeeping Requirement	Hour Burden	Average Number of Annual Responses	Annual Burden Hours
1206.174 (f)	<i>Value guidance.</i> You may ask ONRR for guidance in determining value. You may propose a valuation method to ONRR. Submit all available data related to your proposal and any additional information ONRR deems necessary.* * *	40	1	40
1206.175 (d)(4)	How do I determine quantities and qualities of production for computing royalties? (d)(4) * * * You may request ONRR approval of other methods for determining the quantity of residue gas and gas plant products allocable to each lease.* * *	20	1	20
1206.176 (b)	How do I perform accounting for comparison? * * * If you are required to account for comparison, you may elect to use the alternative dual accounting methodology provided for in § 1206.173 instead of the provisions in paragraph (a) of this section***	Burden covered under § 1206.173(a)(1).		
1206.176 (c)	. * * * If you do not perform dual accounting, you must certify to ONRR that gas flows into such a pipeline before it is processed. * * *	Burden covered under § 1206.172(b)(1)(ii).		
TRANSPORTATION ALLOWANCES				
1206.177 (c)(2) and (c)(3)	What general requirements regarding transportation allowances apply to me? (c) * * * (2) If you ask ONRR, ONRR may approve a transportation allowance deduction in excess of the limitation in paragraph (c)(1) of this section. * * * (3) Your application for exception (using form ONRR-4393, Request to Exceed Regulatory Allowance Limitation) must contain all relevant and supporting documentation necessary for ONRR to make a determination.	Burden covered under § 1206.56(b)(2).		

30 CFR	Reporting and Recordkeeping Requirement	Hour Burden	Average Number of Annual Responses	Annual Burden Hours
1206.178 (a)(1)(i)	<p>How do I determine a transportation allowance?</p> <p>(a) <i>Determining a transportation allowance under an arm's-length contract.</i>(1) This paragraph explains how to determine your allowance if you have an arm's-length transportation contract.</p> <p>(i) * * * You are required to submit to ONRR a copy of your arm's-length transportation contract(s) and all subsequent amendments to the contract(s) within 2 months of the date ONRR receives your report which claims the allowance on the form ONRR-2014.</p>	1	18	18
1206.178 (a)(1)(iii)	<p>If ONRR determines that the consideration paid under an arm's-length transportation contract does not reflect the value of the transportation because of misconduct by or between the contracting parties * * * In these circumstances, ONRR will notify you and give you an opportunity to provide written information justifying your transportation costs.* * *</p>	AUDIT PROCESS. See note.		
1206.178 (a)(2)(i) and (ii)	<p>(a)(2)(i) * * * [Y]ou cannot take an allowance for the costs of transporting lease production that is not royalty bearing without ONRR approval, or without lessor approval on tribal leases.(ii) As an alternative to paragraph (a)(2)(i) of this section, you may propose to ONRR a cost allocation method based on the values of the products transported. * * *</p>	20	1	20
1206.178 (a)(3)(i) and (ii)	<p>(3)(i) If your arm's-length transportation contract includes both gaseous and liquid products and the transportation costs attributable to each cannot be determined from the contract, you must propose an allocation procedure to ONRR. * * * (ii) You are required to submit all relevant data to support your allocation proposal.***</p>	40	1	40
1206.178 (b)(1)(ii)	<p>(b) <i>Determining a transportation allowance under a non-arm's-length contract or no contract.</i></p> <p>(1)(ii) You must submit the actual cost information to support the allowance to ONRR on form ONRR-4295, Gas Transportation Allowance Report, within 3 months after the end of the 12-month period to which the allowance applies. * * *</p>	15	5	75

30 CFR	Reporting and Recordkeeping Requirement	Hour Burden	Average Number of Annual Responses	Annual Burden Hours
1206.178 (b)(2)(iv)	You may use either depreciation with a return on undepreciated capital investment or a return on depreciable capital investment. After you have elected to use either method for a transportation system, you may not later elect to change to the other alternative without ONRR approval.	20	1	20
1206.178 (b)(2)(iv) (A)	* * * Once you make an election, you may not change methods without ONRR approval.	20	1	20
1206.178 (b)(3)(i)	* * * Except as provided in this paragraph, you may not take an allowance for transporting a product that is not royalty bearing without ONRR approval.	40	1	40
1206.178 (b)(3)(ii)	As an alternative to the requirements of paragraph (b)(3)(i) of this section, you may propose to ONRR a cost allocation method based on the values of the products transported. * * *	20	1	20
1206.178 (b)(5)	If you transport both gaseous and liquid products through the same transportation system, you must propose a cost allocation procedure to ONRR. * * * You are required to submit all relevant data to support your proposal. * * *	40	1	40
1206.178 (d)(1)	(d) <i>Reporting your transportation allowance.</i> (1) If ONRR requests, you must submit all data used to determine your transportation allowance. * * *	AUDIT PROCESS. See note.		
1206.178 (d)(2), (e), and (f)(1)	(d) <i>Reporting your transportation allowance.</i> (2) You must report transportation allowances as a separate entry on form ONRR-2014. * * * (e) <i>Adjusting incorrect allowances.</i> If for any month the transportation allowance you are entitled to is less than the amount you took on form ONRR-2014, you are required to report and pay additional royalties due, plus interest computed under § 1218.54 of this chapter from the first day of the first month you deducted the improper transportation allowance until the date you pay the royalties due. * * * (f) <i>Determining allowable costs for transportation allowances.</i> * * * (1) <i>Firm demand charges paid to pipelines.</i> * * * You must modify the form ONRR-2014 by the amount received or credited for the affected reporting period. * * *	Burden covered under § 1210.52 in OMB Control Number 1012-0004.		

30 CFR	Reporting and Recordkeeping Requirement	Hour Burden	Average Number of Annual Responses	Annual Burden Hours
PROCESSING ALLOWANCES				
1206.180 (a)(1)(i)	<p>How do I determine an actual processing allowance? <i>(a) Determining a processing allowance if you have an arm's-length processing contract. (1)(i) * * *</i> You have the burden of demonstrating that your contract is arm's-length. You are required to submit to ONRR a copy of your arm's-length contract(s) and all subsequent amendments to the contract(s) within 2 months of the date ONRR receives your first report that deducts the allowance on the form ONRR-2014.</p>	1	2	2
1206.180 (a)(1)(iii)	<p>If ONRR determines that the consideration paid under an arm's-length processing contract does not reflect the value of the processing because of misconduct by or between the contracting parties * * * In these circumstances, ONRR will notify you and give you an opportunity to provide written information justifying your processing costs.</p>	AUDIT PROCESS. See note.		
1206.180 (a)(3)	<p>If your arm's-length processing contract includes more than one gas plant product and the processing costs attributable to each product cannot be determined from the contract, you must propose an allocation procedure to ONRR. * * * You are required to submit all relevant data to support your proposal. * * *</p>	40	1	40
1206.180 (b)(1)(ii)	<p><i>(b) Determining a processing allowance if you have a non-arm's-length contract or no contract.(1)(ii) * * *</i> You must submit the actual cost information to support the allowance to ONRR on form ONRR-4109, Gas Processing Allowance Summary Report, within 3 months after the end of the 12-month period for which the allowance applies. * * *</p>	20	12	240
1206.180 (b)(2)(iv)	<p>You may use either depreciation with a return on undepreciable capital investment or a return on depreciable capital investment. After you elect to use either method for a processing plant, you may not later elect to change to the other alternative without ONRR approval. * * *</p>	20	1	20
1206.180 (b)(2)(iv) (A)	<p>* * * Once you make an election, you may not change methods without ONRR approval. * * *</p>	20	1	20

30 CFR	Reporting and Recordkeeping Requirement	Hour Burden	Average Number of Annual Responses	Annual Burden Hours
1206.180 (b)(3)	Your processing allowance under this paragraph (b) must be determined based upon a calendar year or other period if you and ONRR agree to an alternative.	20	1	20
1206.180 (c)(1)	(c) <i>Reporting your processing allowance.</i> (1) If ONRR requests, you must submit all data used to determine your processing allowance. * * *	AUDIT PROCESS. See note.		
1206.180 (c)(2) and (d)	(c)(2) You must report gas processing allowances as a separate entry on the form ONRR-2014. * * *(d) <i>Adjusting incorrect processing allowances.</i> If for any month the gas processing allowance you are entitled to is less than the amount you took on form ONRR-2014, you are required to pay additional royalties, plus interest computed under § 1218.54 of this chapter from the first day of the first month you deducted a processing allowance until the date you pay the royalties due. * * *	Burden covered under § 1210.52 in OMB Control Number 1012-0004.		
1206.181 (c)	How do I establish processing costs for dual accounting purposes when I do not process the gas? . * * * A proposed comparable processing fee submitted to either the Tribe and ONRR (for Tribal leases) or ONRR (for allotted leases) with your supporting documentation submitted to ONRR. If ONRR does not take action on your proposal within 120 days, the proposal will be deemed to be denied and subject to appeal to the ONRR Director under 30 CFR part 1290.	40	1	40
PART 1207—SALES AGREEMENTS OR CONTRACTS GOVERNING THE DISPOSAL OF LEASE PRODUCTS Subpart A—General Provisions				
1207.4 (b)	Contracts made pursuant to old form leases. * * * The stipulation, the substance of which must be included in the contract, or be made the subject matter of a separate instrument properly identifying the leases affected thereby, is as follows * * *	AUDIT PROCESS. See note.		

30 CFR	Reporting and Recordkeeping Requirement	Hour Burden	Average Number of Annual Responses	Annual Burden Hours
1207.5	<p>Contract and sales agreement retention. Copies of all sales contracts, posted price bulletins, etc., and copies of all agreements, other contracts, or other documents which are relevant to the valuation of production are to be maintained by the lessee and made available upon request during normal working hours to authorized ONRR, State or Indian representatives, other ONRR or BLM officials, auditors of the General Accounting Office, or other persons authorized to receive such documents, or shall be submitted to ONRR within a reasonable period of time, as determined by ONRR. Any oral sales arrangement negotiated by the lessee must be placed in written form and retained by the lessee. Records shall be retained in accordance with 30 CFR part 1212.</p>	AUDIT PROCESS. See note.		
TOTAL BURDEN			146	1,299

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.

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.

Authority: 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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