



[4335-30]

DEPARTMENT OF THE INTERIOR

Office of Natural Resources Revenue

[Docket No. ONRR-2011-0006; DS63644000 DRT000000.CH7000 201D1113RT;

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

AGENCY: Office of Natural Resources Revenue, Interior.

ACTION: Notice of information collection; request for comment.

SUMMARY: In accordance with the Paperwork Reduction Act of 1995, the Office of Natural Resources Revenue (ONRR) is proposing to renew an information collection. Through this Information Collection Request (ICR), ONRR seeks renewed authority to collect information related to the paperwork requirements covering the net profit share lease (NPSL) program, which establishes the reporting requirements to determine the net profit share base and calculate the net profit share payments due to the Federal government.

DATES: You must submit your written comments on or before **[INSERT DATE 60 DAYS AFTER THE DATE OF PUBLICATION IN THE FEDERAL REGISTER]**.

ADDRESSES: Send your comments on this information collection request (ICR) by mail to Mr. Luis Aguilar, Regulatory Specialist, ONRR, Building 85, MS 64400B, Denver Federal Center, West 6th Ave. and Kipling St., Denver, Colorado 80225, or by

email to *Luis.Aguilar@onrr.gov*. Please reference Office of Management and Budget (OMB) Control Number 1012-0009 in the subject line of your comments.

FOR FURTHER INFORMATION CONTACT: To request additional information about this ICR, contact Jonathan Swedin, Reference and Reporting Management, ONRR, at (303) 231-3028, or email to *Jonathan.Swedin@onrr.gov*. You may also view the ICR at <http://www.reginfo.gov/public/do/PRAMain>.

SUPPLEMENTARY INFORMATION: In accordance with the PRA and 5 CFR 1320.8(d)(1), all information collections require approval under the PRA. ONRR may not conduct or sponsor and you are not required to respond to a collection of information unless it displays a currently valid OMB control number.

As part of the continuing effort to reduce paperwork and respondent burdens, ONRR is inviting the public and other Federal agencies to comment on new, proposed, revised, and continuing collections of information. This helps ONRR assess the impact of the information collection requirements and minimize the public's reporting burden. It also helps the public understand the information collection requirements and provide the requested data in the desired format.

ONRR is especially interested in public comments addressing the following:

- (1) Whether or not the collection of information is necessary for the proper performance of the functions of the agency, including whether or not the information will have practical utility;
- (2) The accuracy of our estimate of the burden for this collection of information, including the validity of the methodology and assumptions used;
- (3) Ways to enhance the quality, utility, and clarity of the information to be

collected; and

(4) How might the agency minimize the burden of the collection of information on those who are to respond, including through the use of appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, e.g., permitting electronic submission of response.

Comments that you submit in response to this notice are a matter of public record. ONRR will include or summarize each comment when requesting OMB approval for the renewal of this ICR. Before including your address, phone number, email address, or other personal identifying information in your comment, you should be aware that your entire comment—including your personal identifying information—may be made publicly available at any time. While you can ask ONRR to withhold your personal identifying information from public review, ONRR cannot guarantee that it 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 (1) manage mineral resource production, (2) collect royalties and other mineral revenues due, and (3) disburse the funds collected. The laws pertaining to mineral leases on Federal and Indian lands and the OSC are posted at 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.

(a) General Information: ONRR collects and uses this information to determine (i) the allowable direct, and allocable joint, costs and credits under § 1220.011 that are incurred during the lease term, (ii) the appropriate overhead allowance related to these costs permitted under § 1220.012, and (iii) the 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 only effects oil and gas leases located on submerged Federal lands on the Outer Continental Shelf (OCS).

(b) Information Collections: Title 30 CFR part 1220 covers the NPSL program and establishes reporting requirements to determine the net profit share base under § 1220.021 and calculate the net profit share payments due to the Federal government under § 1220.022.

(1) 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 under 30 CFR part 260—Outer Continental Shelf Oil and Gas Leasing. BOEM also promulgated specific implementing regulations for the NPSL bidding system under § 260.110(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, expeditious exploration and development, and provides for risk sharing between the lessee and Federal government. The NPSL bidding system incorporates a fixed capital recovery system that allows a lessee to

recover exploration and development costs from production revenues, including a reasonable return on investment.

(2) 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), which determines 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 if sold. Following the cessation of production, ONRR also requires a lessee to provide either an annual or monthly report to the Federal government using data from the capital account until such time that the lease is terminated, expired, or relinquished.

(3) NPSL Inventories: A NPSL lessee must notify BOEM of its intent to take inventory so that BOEM's Director may be represented at the inventory taking under § 1220.032. The lessee must file a report after taking inventory, and report controllable material under § 1220.031.

(4) NPSL Audits: When a non-operator of an NPSL calls for an audit, it must notify ONRR. When ONRR calls for an audit, the lessee must notify all non-operators on the lease. These requirements are located under § 1220.033.

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

OMB Control Number: 1012-0009.

Form Number: None.

Type of Review: Extension of a currently approved collection.

Respondents/Affected Public: Businesses

Total Estimated Number of Annual Respondents: 9 lessees.

All nine lessees report monthly because all current NPSLs are in producing status. Because the requirements to establish a capital account under § 1220.010(a) and the capital account annual reporting under § 1220.031(a) are necessary only during the non-producing status of a lease, ONRR included only one response annually for those requirements, in case a new NPSL is established. ONRR did not include estimates of certain requirements performed in the normal course of business that are considered usual and customary.

Total Estimated Number of Annual Responses: 180

Estimated Completion Time per Response: 9 hours

Total Estimated Number of Annual Burden Hours: 1,584 hours.

Respondent's Obligation: Mandatory

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

Total Estimated Annual Nonhour Burden Cost: None

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.

The authority for this action is the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*).

Kimbra G. Davis,

Director, Office of Natural Resources Revenue.

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