



[4335-30]

DEPARTMENT OF THE INTERIOR

Office of Natural Resources Revenue

[Docket No. ONRR-2011-0020; DS63644000 DR2000000.CH7000 189D0102R2;

OMB Control Number 1012-0004]

Agency Information Collection Activities: Royalty and Production Reporting

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, we, the Office of Natural Resources Revenue (ONRR), are proposing to renew an information collection.

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

ADDRESSES: You may submit comments on this ICR to ONRR by using one of the following three methods (please reference “ICR 1012-0004” in the subject line of your comments):

1. Electronically go to <http://www.regulations.gov>. In the entry titled “Enter Keyword or ID,” enter “ONRR-2011-0020” and then click “Search.” Follow the instructions to submit public comments. ONRR will post all comments.
2. Mail comments to Mr. Armand Southall, Regulatory Specialist, ONRR, P.O. Box 25165, MS 64400B, Denver, Colorado 80225-0165.

3. Hand-carry or mail comments, using an overnight courier service, to ONRR. Our courier address is Building 85, Entrance N-1, Denver Federal Center, West 6th Ave. and Kipling St., Denver, Colorado 80225.

FOR FURTHER INFORMATION CONTACT: For questions on technical issues, contact Ms. Lee-Ann Martin, Program Manager, Reference and Reporting Management, ONRR, telephone (303) 231-3313, or email *LeeAnn.Martin@onrr.gov*. For other questions, contact Mr. Armand Southall, Regulatory Specialist, ONRR, telephone (303) 231-3221, or email to *Armand.Southall@onrr.gov*. You may also contact Mr. Southall to obtain copies (free of charge) of (1) the ICR, (2) any associated forms, and (3) the regulations that require us to collect the information.

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 are soliciting comments on the proposed ICR that is described below. We are especially interested in public comment addressing the following issues mentioned in the OMB regulations at 5 CFR 1320.8(d)(1): (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 burden accurate; (4) how might ONRR enhance the quality, utility,

and clarity of the information to be 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. ONRR will post all comments, including names and addresses of respondents at <http://www.regulations.gov>. We will include or summarize each comment in our request to the Office of Management and Budget (OMB) to approve this ICR. 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 can ask us, in your comment, to withhold your PII from public view, we cannot guarantee that we will be able to do so. We also will post the ICR at https://www.onrr.gov/Laws_R_D/FRNotices/ICR0139.htm.

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 royalties 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. Public laws pertaining

to mineral leases on Federal and Indian lands are available at

http://www.onrr.gov/Laws_R_D/PubLaws/index.htm.

Information collections that we cover in this ICR are found at title 30 CFR part 1210, subparts B, C, and D, which pertain to reporting oil, gas, and geothermal resources royalties and oil and gas production; and part 1212, subpart B, which pertains to recordkeeping.

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, or its designee, must report various kinds of information to the lessor relative to the disposition of the leased minerals. Such information is available within the records of the lessee or others involved in developing, transporting, processing, purchasing, or selling such minerals. The information that ONRR collects includes data necessary to ensure that the lessee accurately values and appropriately pays all royalties and other mineral revenues due.

Reporters submit information into the ONRR financial accounting system that includes royalty, rental, bonus, and other payment information; sales volumes and values; and other royalty values. ONRR uses the accounting system to compare production volumes with royalty volumes to verify that companies reported and paid proper royalties for the minerals produced. Additionally, we share the data electronically with the Bureau of Safety and Environmental Enforcement, Bureau of Ocean Energy Management,

Bureau of Land Management, Bureau of Indian Affairs, and Tribal and State governments so that they can perform their land and lease management responsibilities.

We use the information collected in this ICR to ensure that companies properly pay royalties based on accurate production accounting on oil, gas, and geothermal resources that they produce from Federal and Indian leases. Production data is also used to determine whether a lease is producing in paying quantities and therefore has not expired, and to track total production from Federal and Indian lands by lease, communitization agreement, unit, field or area, State, reservation, and nationally. The requirement to report accurately and timely is mandatory. Please refer to the chart for all reporting requirements and associated burden hours.

Royalty Reporting

Payors (Reporters) must report, according to various regulations, and remit royalties on oil, gas, and geothermal resources that they produced from leases on Federal and Indian lands. The reporters use the following form for royalty reporting:

Form ONRR-2014, Report of Sales and Royalty Remittance. Reporters submit this form monthly to report royalties on oil, gas, and geothermal leases. On a royalty report, reporters submit a line of data for each type of product produced from each Federal or Indian property. A royalty report is also used to report certain rents. Each line contains the royalty owed and the basic elements necessary to calculate the royalty. For example, each line of a royalty report will include the volume produced from the lease, the value of that production, and any allowances claimed by the reporter which reduced the royalty owed.

Production Reporting

Operators (Reporters) must submit, according to various regulations, production reports if they operate a Federal or Indian onshore or offshore oil and gas lease or federally approved unit or communitization agreement. We use the ONRR financial accounting system to track minerals produced from Federal and Indian lands, from the point of production to the point of disposition or royalty determination and/or point of sale. The reporters use the following forms for production accounting and reporting:

Form ONRR-4054, Oil and Gas Operations Report (OGOR). Reporters submit this form monthly for all production reporting for Outer Continental Shelf, Federal, and Indian leases. On part A of the OGOR production report, reporters submit a line of data indicating the volumes produced from each Federal or Indian well. On part B, reporters submit a line of data for each commodity, indicating the disposition of the volumes. On part C, reporters submit a line of data for each Federal or Indian property indicating any change in the volume of the inventory remaining on the property. ONRR compares the production information with sales and royalty data that reporters submit on form ONRR-2014 to ensure that the reporters paid and reported the proper royalties on the oil and gas production reported to ONRR. ONRR uses the information from OGOR parts A, B, and C to track all oil and gas from the point of production to the point of first sale or other disposition.

Form ONRR-4058, Production Allocation Schedule Report (PASR). Reporters submit this form monthly to provide allocation information for Federal offshore production. This reporting is required when a facility operator manages a measurement point where they commingle the production from an offshore Federal lease or metering

point with production from other sources (i.e., State lease production) before the production is measured for a royalty determination. On each PASR, the reporter submits a line of data containing the volume of commingled oil or gas. ONRR uses the data to determine if the payors reported accurate sales volumes on the OGOR. Reporters also use the PASR to corroborate data reflected on the OGOR that the OCS lease operators submit.

OMB Approval

We are requesting OMB's 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 loss of royalty payments. ONRR protects the proprietary information that it receives, and does not collect items of a sensitive nature. It is mandatory that the reporters submit forms ONRR-2014, ONRR-4054, and ONRR-4058 .

II. Data

Title of Collection: Royalty and Production Reporting, 30 CFR Parts 1210 and 1212.

OMB Control Number: 1012-0004.

Form Numbers: ONRR-2014, ONRR-4054, and ONRR-4058.

Type of Review: Extension of a currently approved collection.

Respondents/Affected Public: Businesses.

Total Estimated Number of Annual Respondents: 3,870 oil, gas, and geothermal reporters.

Total Estimated Number of Annual Responses: 12,873,046 lines of data.

Estimated Completion Time per Response: Varies between 1 and 7 minutes per line, depending on the activity. The average completion time is 1.96 minutes per line. The average completion time is calculated by first multiplying the estimated annual burden hours from the table below (420,241) by 60 to obtain the total annual burden minutes. Then the total annual burden minutes (25,214,460) is divided by the estimated annual number of lines submitted from the table below (12,873,046).

Total Estimated Number of Annual Burden Hours: 420,241 hours.

Respondent’s Obligation: Mandatory.

Frequency of Collection: Monthly.

Total Estimated Annual Non-hour Burden Cost: We have identified no “non-hour cost” burden associated with this collection of information.

We have not included in our estimates certain requirements that companies perform in the normal course of business that ONRR considers usual and customary. We display the estimated annual burden hours by CFR section and paragraph in the following chart.

Respondents’ Estimated Annual Burden Hours

30 CFR Part 1210	Reporting and Recordkeeping Requirement	Hour Burden	Average Number of Annual Responses (lines of data)	Annual Burden Hours
30 CFR 1210—FORMS AND REPORTS				
Subpart B—Royalty Reports—Oil, Gas, and Geothermal Resources				
1210.52 (a) and (b)	1210.52 What royalty reports must I submit? You must submit a completed form ONRR–2014, Report of Sales and Royalty Remittance, to ONRR with: (a) All royalty payments; and	Form ONRR-2014		
		Electronic* (approximately 99.97 percent)		
		3 min. per line	6,160,687	308,034

30 CFR Part 1210	Reporting and Recordkeeping Requirement	Hour Burden	Average Number of Annual Responses (lines of data)	Annual Burden Hours
<p>1210.53 (a), (b), and (c)</p> <p>1210.54 (a), (b), and (c)</p>	<p>(b) Rents on nonproducing leases, where specified in the lease.</p> <p>1210.53 When are my royalty reports and payments due?</p> <p>(a) Completed forms ONRR–2014 for royalty payments and the associated payments are due by the end of the month following the production month (see also § 1218.50 of this chapter).</p> <p>(b) Completed forms ONRR–2014 for rental payments, where applicable, and the associated payments are due as specified by the lease terms (see also § 1218.50 of this chapter).</p> <p>(c) You may submit reports and payments early.</p> <p>1210.54 Must I submit this royalty report electronically?</p> <p>(a) You must submit form ONRR–2014 electronically unless you qualify for an exception under § 1210.55(a).</p> <p>(b) As of December 31, 2011, all reporters/payors must report to ONRR electronically via the eCommerce Reporting Web site. All reporters/payors also must report royalty data directly or upload files using the ONRR electronic web form located at https://onrrreporting.onrr.gov * * *</p> <p>(c) Refer to our electronic reporting guidelines in the ONRR Minerals Revenue Reporter Handbook, for the most current reporting options, instructions, and security measures. The handbook may be found on our Internet Web site or you may call your ONRR customer service representative * * *</p> <p>* * * * *</p>	<p>Manual* (approximately 0.03 percent)</p> <p>7 min. per line</p>	<p>1,702</p>	<p>199</p>
SUBTOTAL FOR ROYALTY REPORTING			6,162,389	308,233
Subpart C—Production Reports—Oil and Gas				

30 CFR Part 1210	Reporting and Recordkeeping Requirement	Hour Burden	Average Number of Annual Responses (lines of data)	Annual Burden Hours
<p>1210.102 (a)(1)(i) and (ii)</p> <p>1210.102 (a)(2)(i) and (ii)</p>	<p>1210.102 What production reports must I submit?</p> <p>(a) Form ONRR–4054, Oil and Gas Operations Report. If you operate a Federal or Indian onshore or OCS oil and gas lease or federally approved unit or communitization agreement that contains one or more wells that are not permanently plugged or abandoned, you must submit form ONRR–4054 to ONRR:</p> <p>(1) You must submit form ONRR–4054 for each well for each calendar month, beginning with the month in which you complete drilling, unless:</p> <p>(i) You have only test production from a drilling well; or</p> <p>(ii) The ONRR tells you in writing to report differently.</p> <p>(2) You must continue reporting until:</p> <p>(i) The Bureau of Land Management (BLM) and [Bureau of Safety and Environmental Enforcement] approves all wells as permanently plugged or abandoned or the lease or unit or communitization agreement is terminated; and</p> <p>(ii) You dispose of all inventory.</p>		<p>Burden hours covered under § 1210.104(a) and (b).</p>	

30 CFR Part 1210	Reporting and Recordkeeping Requirement	Hour Burden	Average Number of Annual Responses (lines of data)	Annual Burden Hours
<p>1210.102 (b)(1)</p> <p>1210.102 (b)(2)(i)-(vi)</p>	<p>(b) Form ONRR–4058, Production Allocation Schedule Report. If you operate an offshore facility measurement point (FMP) handling production from a Federal oil and gas lease or federally approved unit agreement that is commingled (with approval) with production from any other source prior to measurement for royalty determination, you must file form ONRR–4058.</p> <p>(1) You must submit form ONRR–4058 for each calendar month beginning with the month in which you first handle production covered by this section.</p> <p>(2) form ONRR–4058 is not required whenever all of the following conditions are met:</p> <p>(i) All leases involved are Federal leases;</p> <p>(ii) All leases have the same fixed royalty rate;</p> <p>(iii) All leases are operated by the same operator;</p> <p>(iv) The facility measurement device is operated by the same person as the leases/agreements;</p> <p>(v) Production has not been previously measured for royalty determination; and</p> <p>(vi) The production is not subsequently commingled and measured for royalty determination at an FMP for which form ONRR–4058 is required under this part.</p>	<p>Burden hours covered under § 1210.104(a) and (b).</p>		
<p>1210.103 (a) and (b)</p>	<p>1210.103 When are my production reports due?</p> <p>(a) The ONRR must receive your completed forms ONRR–4054 and ONRR–4058 by the 15th day of the second month following the month for which you are reporting.</p> <p>(b) A report is considered received when it is delivered to ONRR by 4 p.m. mountain time at the addresses specified in § 1210.105. Reports received after 4 p.m. mountain time are considered received the following business day.</p>	<p>Burden hours covered under § 1210.104(a) and (b).</p>		
<p>1210.104 (a), (b), and (c)</p>	<p>1210.104 Must I submit these production reports electronically?</p> <p>(a) You must submit forms ONRR–4054</p>	<p>Form ONRR-4054 (OGOR)</p> <p>Electronic* (approximately 99.93 percent)</p>		

30 CFR Part 1210	Reporting and Recordkeeping Requirement	Hour Burden	Average Number of Annual Responses (lines of data)	Annual Burden Hours
	<p>and ONRR–4058 electronically unless you qualify for an exception under § 1210.105.</p> <p>(b) As of December 31, 2011, all reporters/payors must report to ONRR electronically via the eCommerce Reporting Web site. All reporters/payors also must report production data directly or upload files using the ONRR electronic web form located at https://onrrreporting.onrr.gov * * *</p> <p>(c) Refer to our electronic reporting guidelines in the ONRR <i>Minerals Production Reporter Handbook</i>, for the most current reporting options, instructions, and security measures. The handbook may be found on our Internet Web site or you may call your ONRR customer service representative * * *</p> <p style="text-align: center;">* * * * *</p>	1 min. per line	6,699,134	111,652
		Manual* (approximately 0.07 percent)		
		3 min. per line	4,911	246
		TOTAL OGOR	6,704,045	111,898
		Form ONRR-4058 (PASR)		
		Electronic* (approximately 99.94 percent)		
		1 min. per line	6,608	110
		Manual* (approximately 0.06 percent)		
		3 min. per line	4	0
		TOTAL PASR	6,612	110
		SUBTOTAL FOR PRODUCTION REPORTING		112,008
PART 1212—RECORDS AND FILES MAINTENANCE				
Subpart B—Oil, Gas and OCS Sulphur—General				
1212.50	<p>1212.50 Required recordkeeping and reports.</p> <p>All records pertaining to offshore and onshore Federal and Indian oil and gas leases shall be maintained by a lessee, operator, revenue payor, or other person for 6 years after the records are generated unless the recordholder is notified, in writing, that records must be maintained for a longer period * * *.</p> <p>[In accordance with 30 U.S.C. 1724(f), Federal oil and gas records must be maintained for 7 years from the date the obligation became due.]</p>	Burden hours covered under §§ 1210.54(a), (b), and (c); and 1210.104(a) and (b).		

30 CFR Part 1210	Reporting and Recordkeeping Requirement	Hour Burden	Average Number of Annual Responses (lines of data)	Annual Burden Hours
1212.51 (a) and (b)	<p>(a) <i>Records</i>. Each lessee, operator, revenue payor, or other person shall make and retain accurate and complete records necessary to demonstrate that payments of rentals, royalties, net profit shares, and other payments related to offshore and onshore Federal and Indian oil and gas leases are in compliance with lease terms, regulations, and orders * * *.</p> <p>(b) Period for keeping records. Lessees, operators, revenue payors, or other persons required to keep records under this section shall maintain and preserve them for 6 years from the day on which the relevant transaction recorded occurred unless the Secretary notifies the record holder of an audit or investigation involving the records and that they must be maintained for a longer period * * *.</p> <p>[In accordance with 30 U.S.C. 1724(f), Federal oil and gas records must be maintained for 7 years from the date the obligation became due.]</p>	Burden hours covered under §§ 1210.54(a), (b), and (c); and 1210.104(a) and (b).		
TOTAL FOR ROYALTY AND PRODUCTION REPORTING			12,873,046	420,241

* **Note:** ONRR considers each line of data as one response/report.

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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