

[4310-MR-W]

DEPARTMENT OF THE INTERIOR

Minerals Management Service

Agency Information Collection Activities: Submitted for
Office of Management and Budget (OMB) Review; Comment
Request

AGENCY: Minerals Management Service (MMS), Interior.

ACTION: Notice of a revision of a currently approved
information collection (OMB Control Number 1010-0061).

SUMMARY: To comply with the Paperwork Reduction Act (PRA)
of 1995, we are submitting to OMB for review and approval an
information collection request (ICR), titled "Oil
Transportation Allowances." We are also soliciting comments
from the public on this ICR.

DATES: Submit written comments on or before [INSERT DATE 30
DAYS AFTER PUBLICATION IN THE FEDERAL REGISTER].

ADDRESSES: Submit written comments directly to the Office
of Information and Regulatory Affairs, OMB, Attention: Desk
Officer for the Department of the Interior (OMB Control
Number 1010-0061), 725 17th Street, NW, Washington, D.C.
20503. Also, submit copies of your written comments to
Carol Shelby, Regulatory Specialist, Minerals Management
Service, MS 320B2, P.O. Box 25165, Denver, Colorado 80225.

If you use an overnight courier service, the MMS courier address is Building 85, Room A-614, Denver Federal Center, Denver, Colorado 80225. You may also submit your comments at our email address mrm.comments@mms.gov. Include the title of the information collection and the OMB control number in the "Attention" line of your comment. Also include your name and return address. Submit electronic comments as an ASCII file avoiding the use of special characters and any form of encryption. If you do not receive a confirmation that we have received your email, contact Ms. Shelby at (303) 231-3151 or FAX (303) 231-3385.

FOR FURTHER INFORMATION CONTACT: Carol Shelby, Regulatory Specialist, telephone (303) 231-3151, FAX (303) 231-3385, email Carol.Shelby@mms.gov.

SUPPLEMENTARY INFORMATION:

Title: Oil Transportation Allowances.

OMB Control Number: 1010-0061.

Bureau Form Number: Form MMS-4110.

Abstract: The Department of the Interior (DOI) is responsible for matters relevant to mineral resource development on Federal and Indian Lands and the Outer Continental Shelf (OCS). The Secretary of the Interior (Secretary) is responsible for managing the production of minerals from Federal and Indian lands and the OCS; for

collecting royalties from lessees who produce minerals; and for distributing the funds collected in accordance with applicable laws. The Secretary also has an Indian trust responsibility to manage Indian lands and seek advice and information from Indian beneficiaries. MMS performs the royalty management functions for the Secretary.

When a company or an individual enters into a lease to explore, develop, produce, and dispose of oil from Indian lands, that company or individual agrees to pay the Indian tribe or allottee a share (royalty) of the value received from production from the leased lands. Royalty rates are specified in the lease document. To determine whether the amount of royalty tendered represents the proper royalty due, it is first necessary to establish the proper value of the oil that is being sold or otherwise disposed of in some other manner, as well as the proper costs associated with allowable deductions.

The lease creates a business relationship between the lessor and the lessee. The lessee is required to report various kinds of information to the lessor relative to the disposition of the leased minerals. Such information is similar to data which are reported to private and public mineral interest owners and are generally available within the records of the lessee or others involved in developing,

transporting, processing, purchasing, or selling of such minerals. The information collected includes data necessary to assure that the royalties that are computed and paid are appropriate.

MMS normally accepts the gross proceeds accruing to the lessee under its arm's-length oil sales contract, less allowable transportation deductions, as representing proper value for royalty. We will also accept, for royalty valuation purposes, the prices in other than arm's-length oil sales contracts, less applicable transportation deductions, if the criteria in the benchmarks at 30 CFR 206.52(c) are met, and provided that the value is not less than gross proceeds accruing to the lessee under 30 CFR 206.52(h). In some circumstances, lessees are authorized to deduct from royalty payments the reasonable actual cost of transporting the royalty portion of the oil from the lease to a delivery point remote from the lease. Transportation allowances are a part of the product valuation process that MMS uses to determine if the lessee is reporting and paying the proper royalty amount.

Submission of the information in this collection (Form MMS-4110) is necessary when claiming a transportation allowance on an Indian lease. MMS is requesting OMB approval for a 3-year extension of this current ICR as well

as approval for minor revisions necessary to make Form MMS-4110 compatible with our reengineered financial and compliance systems. Proprietary information that is submitted is protected, and there are no questions of a sensitive nature included in this information collection.

Frequency: Annually.

Estimated Number and Description of Respondents: 3
Indian lessees.

Estimated Annual Reporting and Recordkeeping "Hour"
Burden: 5 hours. See the following chart for the components of the burden estimate. In estimating the burden, we assumed that respondents perform certain functions, such as records maintenance, in the normal course of their business activities. These functions are considered usual and customary and therefore are not listed in the following estimate even though records maintenance is an MMS regulatory requirement.

Section	Reporting or Recordkeeping Requirement	Burden Hours Per Line	Annual Number of Lines	Annual Burden Hours
§ 206.55 (c)(1)(i)	<i>Reporting requirements--Arm's length contracts.</i> With the exception of those transportation allowances specified in paragraphs (c)(1)(v) and (c)(1)(vi) of this section, the lessee shall submit page one of the initial Form MMS-4110 (and Schedule 1), Oil Transportation Allowance Report, prior to, or at the same time as, the transportation allowance determined under an arm's-length contract, is reported on Form MMS-2014, Report of Sales and Royalty Remittance.	9 minutes per line	5 lines	3/4 hour
§ 206.55 (c)(1)(iii)	After the initial reporting period and for succeeding reporting period, lessees must submit page one of Form MMS-4110 (and Schedule 1) within 3 months after the end of the calendar year, or after the applicable contract or rate terminates or is modified or amended, whichever is earlier, unless MMS approves a longer period (during which period the lessee shall continue to use the allowance from the previous reporting period).	5 minutes per line	3 lines	1/4 hour
§ 206.55 (c)(2)(i)	<i>Reporting requirements--non-arm's-length or no contract.</i> With the exception of those transportation allowances specified in paragraphs (c)(2)(v), (c)(2)(vii) and (c)(2)(viii) of this section, the lessee shall submit an initial Form MMS-4110 prior to, or at the same time as, the transportation allowance determined under a non-arm's-length contract or no-contract situation is reported on Form MMS-2014. . . The initial report may be based upon estimated costs.	20 minutes per line	6 lines	2 hours
§ 206.55 (c)(2)(iii)	For calendar-year reporting periods succeeding the initial reporting period, the lessee shall submit a completed Form MMS-4110 containing the actual costs for the previous reporting period. . . If oil transportation is continuing, the lessee shall include on Form MMS-4110 its estimated costs for the next calendar year. MMS must receive the Form MMS-4110 within 3 months after the end of the previous reporting period, unless MMS approves a longer period (during which period the lessee shall continue to use the allowance from the previous reporting period).	20 minutes per line 20 minutes per line	3 lines 3 lines	1 hour 1 hour
	Total		20 lines	5 hours

Estimated Annual Reporting and Recordkeeping "Non-hour Cost"

Burden: We have identified no "non-hour cost" burden.

Comments: Section 3506(c)(2)(A) of the PRA (44 U.S.C. 3501, et seq.) requires each agency "* * * to provide notice * * * and otherwise consult with members of the public and affected agencies concerning each proposed collection of information * * *." Agencies must specifically solicit comments to (a) evaluate whether the proposed collection of information is necessary for the agency to perform its duties, including whether the information is useful; (b) evaluate the accuracy of the agency's estimate of the burden of the proposed collection of information; (c) enhance the quality, usefulness, and clarity of the information to be collected; and (d) minimize the burden on the respondents, including the use of automated collection techniques or other forms of information technology.

To comply with the public consultation process, on November 13, 2000, we published a Federal Register notice (65 FR 67755) announcing that we would submit this ICR to OMB for approval. The notice provided the required 60-day comment period. We received one comment. We responded to the comment in our ICR submission for OMB approval. We have posted a copy of the ICR at our Internet web site http://www.mrm.mms.gov/Laws_R_D/FRNotices/FRInfColl.htm. We

will also provide a copy of the ICR to you without charge upon request.

If you wish to comment in response to this notice, please send your comments directly to the offices listed under the **ADDRESSES** section of this notice. OMB has up to 60 days to approve or disapprove the information collection but may respond after 30 days. Therefore, to ensure maximum consideration, OMB should receive your comments by [INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE **FEDERAL REGISTER**]. The PRA provides that 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.

Public Comment Policy: We will post all comments received in response to this notice on our Internet web site at http://www.mrm.mms.gov/Laws_R_D/InfoColl/InfoColCom.htm for public review. We also make copies of these comments, including names and home addresses of respondents, available for public review during regular business hours at our offices in Lakewood, Colorado.

Individual respondents may request that we withhold their home address from the record, which we will honor to the extent allowable by law. There may be circumstances in which we would withhold from the record a respondent's

identity, as allowable by the law. If you wish us to withhold your name and/or address, you must state this prominently at the beginning of your comments. However, we will not consider anonymous comments. We will make all submissions from organizations or businesses, and from individuals identifying themselves as representatives or officials of organizations or businesses, available for public inspection in their entirety.

MMS Information Collection Clearance Officer: Jo Ann Lauterbach, telephone (202) 208-7744

Date

Lucy Querques Denett
Associate Director for
Minerals Revenue Management