

The information collection request (ICR) concerns the paperwork requirements in the regulations under 30 CFR 203, "Relief or Reduction in Royalty Rates."

**DATES:** Submit written comments by June 20, 2003.

**ADDRESSES:** Mail or hand carry comments to the Department of the Interior; Minerals Management Service; Attention: Rules Processing Team; Mail Stop 4024; 381 Elden Street; Herndon, Virginia 20170-4817. If you wish to e-mail comments, the address is: [rules.comments@mms.gov](mailto:rules.comments@mms.gov). Reference "Information Collection 1010-0071" in your e-mail subject line and mark your message for return receipt. Include your name and return address in your message.

**FOR FURTHER INFORMATION CONTACT:**

Arlene Bajusz, Rules Processing Team, (703) 787-1600. You may also contact Arlene Bajusz to obtain a copy, at no cost, of the regulations that require the subject collection of information.

**SUPPLEMENTARY INFORMATION:**

*Title:* 30 CFR 203, Relief or Reduction in Royalty Rates.

*OMB Control Number:* 1010-0071.

*Abstract:* The Outer Continental Shelf (OCS) Lands Act, as amended by Public Law 104-58, Deep Water Royalty Relief Act (DWRRA), gives the Secretary of the Interior (Secretary) the authority to reduce or eliminate royalty or any net profit share specified in OCS oil and gas leases to promote increased production. The DWRRA also authorized the Secretary to suspend royalties when necessary to promote development or recovery of marginal resources on producing or non-producing leases in the Gulf of Mexico (GOM) west of 87 degrees, 30 minutes West longitude.

Section 302 of the DWRRA provides that new production from a lease in existence on November 28, 1995, in a water depth of at least 200 meters, and in the GOM west of 87 degrees, 30 minutes West longitude qualifies for royalty suspension in certain situations. To grant a royalty suspension, the Secretary must determine that the new production or development would not be economic without royalty relief. The Secretary must then determine the volume of production on which no royalty would be due in order to make the new production from the lease economically viable. This determination must be done on a case-by-case basis. By regulation published January 15, 2002, (67 FR 1862) production from leases in the same water depth and area issued after November 28, 2000, also can qualify for royalty suspension in addition to any that may be included in their lease terms.

In addition, Federal policy and statute require us to recover the cost of services that confer special benefits to identifiable non-Federal recipients. The Independent Offices Appropriation Act (31 U.S.C. 9701), OMB Circular A-25, and the Omnibus Appropriations Bill (Pub. L. 104-133, 110 Stat. 1321, April 26, 1996) authorize MMS to collect these fees to reimburse us for the cost to process applications or assessments.

Regulations at 30 CFR part 203 implement these statutes and policy and require respondents to pay a fee to request royalty relief. Section 30 CFR 203.3 states that, "We will specify the necessary fees for each of the types of royalty-relief applications and possible MMS audits in a Notice to Lessees. We will periodically update the fees to reflect changes in costs as well as

provide other information necessary to administer royalty relief."

The MMS use the information to make decisions on the economic viability of leases requesting a suspension or elimination of royalty or net profit share. These decisions have enormous monetary impacts to both the lessee and the Federal government. Royalty relief can lead to increased production of natural gas and oil, creating profits for lessees and royalty and tax revenues for the government that they might not otherwise receive. We could not make an informed decision without the collection of information required by 30 CFR part 203.

We will protect information from respondents considered proprietary under the Freedom of Information Act (5 U.S.C. 552) and its implementing regulations (43 CFR 2) and 30 CFR 203.63(b) and 30 CFR 250.196. No items of a sensitive nature are collected. Responses are mandatory or required to obtain or retain a benefit.

*Frequency:* On occasion.

*Estimated Number and Description of Respondents:* Approximately 130 Federal OCS oil and gas lessees.

*Estimated Reporting and Recordkeeping "Hour" Burden:* The currently approved annual reporting burden for this collection is 8,650 hours. The following chart details the individual components and respective hour burden estimates of this ICR. In calculating the burdens, we assumed that respondents perform certain requirements in the normal course of their activities. We consider these to be usual and customary and took that into account in estimating the burden.

Reporting or recordkeeping requirement 30 CFR part 203	Application/Audit Fees		
	Average No. annual responses	Hour burden	Annual burden hours
<b>OCS Lands Act Reporting</b>			
Application—leases that generate earnings that cannot sustain continued production (end-of-life lease).	2 Applications .....	100	200
	Application 2 × \$12,000 = \$24,000 * Audit 1 × \$10,000 = \$10,000		
Application—apart from formal programs for royalty relief for marginal producing lease (expect < 1 per year).	1 Application .....	250	250
	Application 1 × \$15,000 = \$15,000 * Audit 1 × \$10,000 = \$10,000		
§ 203.55 Renounce relief arrangement (seldom, if ever will be used; minimal burden to prepare letter).	1 Letter .....	1	1
§ 203.81, 203.83 through 203.89 Required reports .....	Burden included with applications		0
OCS Lands Act Reporting Subtotal .....	4 responses .....	N/A	451