

*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) under the Mineral Leasing Act (30 U.S.C. 1923) and the OCS Lands Act (43 U.S.C. 1353) is responsible for managing the production of minerals from Federal and Indian lands and the OCS, collecting royalties from lessees who produce minerals, and distributing the funds collected in accordance with applicable laws.

The Secretary has an Indian trust responsibility to manage Indian lands and seek advice and information from Indian beneficiaries. MMS performs the royalty management functions and assists the Secretary in carrying out DOI's Indian trust responsibility.

The financial accounting system is an integrated computer system that includes production reports submitted by lease/agreement operators and is designed 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 financial accounting system also includes payment and sales volumes and values as reported by payors. The production and royalty volumes are compared to verify that proper royalties are received for the minerals produced.

The production reports provide MMS with ongoing information on lease, unit, or communitization agreement (lease/agreement) and facility production, sales volumes, and inventories. The reports summarize all operations on a lease/agreement or facility during a reporting period. They identify production by the American Petroleum Institute well number and sales by product. Data collected are used as a method of cross-checking reported production with reported sales. Failure to collect this information will prevent MMS from ensuring that all royalties owed on lease production are paid. Additionally, the data is shared electronically with the Bureau of Land Management, MMS's Offshore Minerals Management, Bureau of Indian Affairs, and tribal and state governments so they

can perform their lease management responsibilities.

*Form MMS-4054, Oil and Gas Operations Report (OGOR)*, is a three-part form that identifies all oil and gas lease production and dispositions. The form is used for all production reporting on the OCS and for onshore Federal and Indian lands. Monthly production information is compared with monthly sales and royalty data submitted on Form MMS-2014, Report of Sales and Royalty Remittance (OMB Control Number 1010-0140) to ensure proper royalties are paid on the oil and gas production reported to MMS. MMS uses the information from parts A, B, and C of the OGOR to track all oil and gas from the point of production to the point of first sale or other disposition. To streamline preparation of modified reports, the operator has the option of modifying the reporting line (delete/add by detail line) or replacing (overlying) the previous report.

*OGOR, Part A, Well Production:* All operators submit part A, Well Production, for each lease or agreement with active wells until such wells are abandoned and inventories are disposed. Each line identifies a well/producing interval combination showing well status; days on production; volumes of oil, gas, and water produced; and any volumes injected during the report month.

*OGOR, Part B, Product Disposition:* For any month with production volumes, operators submit part B, Product Disposition, to identify the sales, transfers, and lease use of production reported on part A. A separate line for each disposition shows: (1) The volume of oil, gas, or water; (2) the sales meter or other meter identifier; (3) the gas plant for instances where gas was processed prior to royalty determination; and (4) the quality of production sold.

*OGOR, Part C, Product Sales from Facility:* The lease operators who store their production before selling it must submit part C, Product Sales from Facility. Separate lines for each product identify the storage facility, sales meter if applicable, quality of production sold, beginning and ending storage inventory, volume of sales, and volumes of other gains and losses to inventory.

*Form MMS-4058, Production Allocation Schedule Report (PASR)*, is submitted monthly by operators of the facilities and measurement points where production from an offshore lease or metering point is commingled with production from other sources before it is measured for royalty determination. MMS uses the data to determine whether sales reported by the lessee are reasonable. Each line identifies a lease or metering point and allocated sales or transfer volumes. Delivered production volumes are no longer reported. Space has been provided on each detail line for the operator's property name (area/block), and a column has been added for indicating whether the operator is injecting oil, gas, or both into the pipeline system. Beginning and ending inventory are no longer reported. To streamline preparation of modified reports, the operator has the option of modifying (delete/add by detail line) or replacing (overlying) the previous report.

No proprietary information will be submitted to MMS under this collection. No items of a sensitive nature are collected. The requirement to respond is mandatory.

We have also changed the title of this ICR from "Production Accounting and Auditing System Oil and Gas Reports (Forms MMS-4054, MMS-4055, MMS-4056, and MMS-4058)" to "30 CFR Part 216, Production Accounting, Subparts A and B; Part 210, Forms and Reports (Forms MMS 4054 and MMS 4058)" to clarify the regulatory language we are covering under 30 CFR parts 216 and 210.

*Frequency:* Monthly and as required.

*Estimated Number and Description of Respondents:* 2,500 industry operators.

*Estimated Annual Reporting and Recordkeeping "Hour" Burden:* 76,630 hours.

The following chart details the individual components and estimated hour burdens. In calculating the burdens, we assumed that respondents perform certain requirements in the normal course of their activities. Therefore, we consider these to be usual and customary and took that into account in estimating the burden.