

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 is 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. 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 uses 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 impact on 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.

*Frequency:* On occasion.

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

*Estimated Reporting and Recordkeeping "Hour" Burden:* The estimated annual "hour" burden for this information collection is a total of 8,550 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. 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	Average number annual responses	Hour burden	Annual burden hours
	Application Fees		
OCS Lands Act Reporting			
Application—leases that generate earnings that cannot sustain continued production (end-of-life lease).	1 Application .....	100	100
	Application 1 × \$8,000 = \$8,000 *		
Application—apart from formal programs for royalty relief for marginal producing lease (expect less than one per year).	1 Application .....	250	250
	Application 1 × \$15,000 = \$15,000 *		
§ 203.55 Renounce relief arrangement (seldom, if ever used; minimal burden to prepare letter) .....	1 Letter .....	1	1
§§ 203.81, 203.83 through 203.89 required reports .....	Burden included with applications.		
OCS Lands Act Reporting Subtotal .....	3 responses .....	N/A	351
	Processing Fees = \$23,000		
DWRAA Reporting			
Application—leases in designated areas of GOM deep water acquired in lease sale before 11/28/95 or after 11/28/00 and are producing (deep water expansion project).	1 Application .....	2,000	2,000
	Application 1 × \$19,500 = \$19,500		
Application—leases in designated areas of deep water GOM, acquired in lease sale before 11/28/95 or after 11/28/00, that have not produced (pre-act or post-2000 deep water leases).	1 Application .....	2,000	2,000
	Application 1 × \$34,000 = \$34,000 *		
Application—short form to add or assign pre-Act lease .....	1 Application .....	40	40
	Application 1 × \$1,000 = \$1,000		