

purposes of natural gas produced from Indian leases. In 30 CFR 206.172(e), MMS requires that lessees submit Form MMS-4411 when gas production from an Indian lease is sold beyond the first index pricing point. The gas regulations apply to all gas production from Indian (tribal or allotted) oil and gas leases (except leases on the Osage Indian Reservation).

Form MMS-4411 ensures Indian mineral lessors receive the maximum revenues from mineral resources on their land consistent with the Secretary's trust responsibility and lease terms. It permits lessees to comply with the regulatory requirements at the time that royalties are due.

The safety net calculation establishes the minimum value, for royalty purposes, of natural gas production from Indian leases. This reporting requirement will assist the Indian lessor in receiving all the royalties that are due and aid MMS in its compliance efforts. The safety net price is calculated using prices received for gas sold downstream of the first index pricing point. It will include only the lessee's or the lessee's affiliate's arm's-length sales price, and it

will not require detailed calculations for the costs of transportation. By June 30 following any calendar year, the lessee calculates a safety net price for each month of the previous calendar year. Lessees must calculate the safety net prices for each index zone where the lessee has an Indian lease and the gas is sold beyond the first index pricing point. The safety net price will capture the significantly higher values for sales occurring beyond the index point. The lessee will submit its safety net prices to MMS annually (by June 30) using Form MMS-4411.

We are also revising this ICR to include reporting requirements that were inadvertently overlooked when the final rule was published. See the chart below for these requirements and associated burden hours. These reporting requirements are rare and unusual circumstances where the standard valuation procedures set out in the Indian gas valuation rule are not appropriate.

MMS is requesting OMB's approval to continue to collect this information. Not collecting this information would limit the Secretary's ability to discharge his/

her duties and may also result in loss of royalty payments to the Indian lessor due to royalties not being collected on prices received under higher priced long-term sales contracts. Proprietary information submitted is protected, and there are no questions of a sensitive nature included in this information collection.

We have also changed the title of this ICR from "Safety Net Report" to "30 CFR part 206, subpart E—Indian Gas (Form MMS-4411, Safety Net Report)," to clarify the regulatory language we are covering under 30 CFR Part 206.

*Frequency:* Annually.

*Estimated Number and Description of Respondents:* 29 Indian lessees/lessors.

*Estimated Annual Reporting and Recordkeeping "Hour" Burden:* 1,012 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.

30 CFR section	Reporting requirement	Burden hours per response	Annual number of responses	Annual burden hours
206.172(e)(6)(i) and (iii) ...	You must report the safety net price for each index zone to MMS on Form MMS-4411, Safety Net Report, no later than June 30 following each calendar year * * * MMS may order you to amend your safety net price within one year from the date your Form MMS-4411 is due or is filed, whichever is later.	25	24	600
206.172(f)(1)(ii), (2), and (3).	An Indian tribe may ask MMS to exclude some or all of its leases from valuation under this section * * * If an Indian tribe requests exclusion from an index zone for less than all of its leases, MMS will approve the request only if the excluded leases may be segregated into one or more groups based on separate fields within the reservation * * * An Indian tribe may ask MMS to terminate exclusion of its leases from valuation under this section * * * The Indian tribe's request to MMS under either paragraph (f)(1) or (2) of this section must be in the form of a tribal resolution.	40	1	40
206.174(f) .....	You may ask MMS for guidance in determining value. You may propose a valuation method to MMS. Submit all available data related to your proposal and any additional information MMS deems necessary.	40	1	40
206.175(d)(4) .....	You may request MMS approval of other methods for determining the quantity of residue gas and gas plant products allocable to each lease.	20	1	20

#### Transportation Allowances

206.178(a)(1)(i) .....	You are required to submit to MMS a copy of your arm's-length transportation contract(s) and all subsequent amendments to the contract(s) within 2 months of the date MMS receives your report which claims the allowance on the Form MMS-2014.	8	2	16
206.178(a)(2)(i) and (ii) ...	* * * you cannot take an allowance for the costs of transporting lease production that is not royalty bearing without MMS approval, or without lessor approval on tribal leases. * * * As an alternative to paragraph (a)(2)(i), * * * you may propose to MMS a cost allocation method based on the values of the products transported.	20	1	20