

**Supporting Statement**  
**TD 8437**  
**Limitations on Percentage Depletion in the**  
**Case of Oil and Gas Wells**

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Because the depletion allowance with respect to production from domestic oil and gas properties is computed by the partners, and not by the partnership, section 1.613A-3(e) (6)(i) requires each partner to separately keep records of the partner's share of the adjusted basis in each oil and gas property of the partnership.

2. USE OF DATA

The recordkeeping requirement will be used to verify that the partners' adjusted bases in oil and gas properties have been adjusted to reflect the depletion allowance.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

There are only record keeping requirements associate with this collection. There is no reporting burden and no need for electronic enabling.

4. EFFORTS TO IDENTIFY DUPLICATION

We have attempted to eliminate duplication within the agency wherever possible.

5. METHODS TO MINIMIZE BURDEN ON SMALL BUSINESSES OR OTHER SMALL ENTITIES

There are no small entities affected by this collection.

6. CONSEQUENCES OF LESS FREQUENT COLLECTION ON FEDERAL PROGRAMS OR POLICY ACTIVITIES

The recordkeeping requirement will be used to verify that the partners' adjusted bases in oil and gas properties have been adjusted to reflect the depletion allowance. There is no reporting requirement, however, the IRS can request verification that the depletion allowance has been adjusted correctly. By not verifying this information, the IRS cannot ensure that proper revenue has been collected by law. This

revenue supports Federal programs and policy activities.

7. SPECIAL CIRCUMSTANCES REQUIRING DATA COLLECTION TO BE INCONSISTENT WITH GUIDELINES IN 5 CFR 1320.5(d)(2)

There are no special circumstances requiring data collection to be inconsistent with Guidelines in 5 CFR 1320.5(d)(2).

8. CONSULTATION WITH INDIVIDUALS OUTSIDE OF THE AGENCY ON AVAILABILITY OF DATA, FREQUENCY OF COLLECTION, CLARITY OF INSTRUCTIONS AND FORMS, AND DATA ELEMENTS

These regulations initially were published in the **Federal Register** as a Notice of Proposed Rulemaking on May 13, 1991, which provided the general public the opportunity to review and provide public comments relating to any aspect of the proposed regulations.

A public hearing was held with respect to the notice of proposed rulemaking. Several comments were received. However, there were no comments on the recordkeeping requirement of section 1.613A-3(e)(6)(i). The final regulations were published in the **Federal Register** on September 23, 1992.

We received no comments during the comment period in response to the **Federal Register** notice (80 FR 55174), dated September 14, 2015.

9. EXPLANATION OF DECISION TO PROVIDE ANY PAYMENT OR GIFT TO RESPONDENTS

No payment or gift has been provided to any respondents.

10. ASSURANCE OF CONFIDENTIALITY OF RESPONSES

Generally, tax returns and tax return information are confidential as required by 26 U.S.C. 6103.

11. JUSTIFICATION OF SENSITIVE QUESTIONS

No personally identifiable information(PII)being collected.

12. ESTIMATED BURDEN OF INFORMATION COLLECTION

Section 1.613A-3(e)(6)(i) requires each partner to separately keep records of the partner's share of the adjusted basis in each oil and gas property of the partnership. This information is used to verify that the partners' adjusted bases in oil and gas property have been adjusted to reflect the depletion allowance. It is estimated that approximately 1,500,000 persons are subject to this requirement and it takes approximately 2 minutes to maintain the records. Total burden for recordkeepers is 49,950 hours.

Estimates of the annualized cost to respondents for the hours of burdens shown above are not available at this time.

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

There are no start-up costs associated with this collection.

14. ESTIMATED ANNUALIZED COST TO THE FEDERAL GOVERNMENT

There are no annualized costs to the Federal Government.

15. REASONS FOR CHANGE IN BURDEN

There is no change in the paperwork burden previously approved by OMB. We are making this submission to renew the OMB approval.

16. PLANS FOR TABULATION, STATISTICAL ANALYSIS AND PUBLICATION

There are no plans for tabulation, statistical analysis, and publication.

17. REASONS WHY DISPLAYING THE OMB EXPIRATION DATE IS INAPPROPRIATE

See attachment.

18. EXCEPTION TO THE CERTIFICATION STATEMENT

There are no exceptions to the certification statement.

Note: The following paragraph applies to all of the collections of information in this submission:

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection of information displays a valid OMB control number. Books or records relating to a collection of information must be retained as long as their contents may become material in the administration of any internal revenue law. Generally, tax returns and tax return information are confidential, as required by 26 U.S.C. 6103.