

**SUPPORTING STATEMENT
U.S. Department of Commerce
Bureau of Industry and Security**

**Short Supply Regulations Petroleum (Crude Oil)
OMB No. 0694-0027
EAR Section 754.2**

A. Justification

1. Explain the circumstances that make the collection of information necessary.

The export of U.S. domestic crude oil is restricted by five separate, but overlapping statutes: (1) the Mineral Lands Leasing Act, 30 U.S.C. 185(u), which restricts the export of crude oil transported by pipeline over a federal right-of-way granted pursuant to Section 28(u) of the Act; (2) the Energy Policy and Conservation Act, 42 U.S.C. 6212(b), which restricts the export of domestic crude oil; (3) the Outer Continental Shelf Lands Act, 43 U.S.C. 1354(d), which restricts the export of crude oil derived from the Outer Continental Shelf; (4) the Naval Petroleum Reserves Production Act, 10 U.S.C. 7430(3), which restricts the export of crude oil produced from the Naval Petroleum Reserves; and (5) the Export Administration Act, which restricts exports of domestically produced crude oil transported by pipeline over rights-of-way granted pursuant to section 203 of the Trans-Alaska Pipeline Authorization Act. The Export Administration Regulations (EAR) require that license applications to export U.S. crude oil under the provisions of any of these statutes must be accompanied by supporting documents and statements showing that the proposed export would comply with the applicable statutory requirements. The EAR also contain reporting and recordkeeping requirements to ensure that license exception exports of crude oil, transported over rights-of-way granted pursuant to section 203 of the Trans-Alaska Pipeline Authorization Act (TAPS), comply with applicable statutory requirements.

2. Explain how, by whom, how frequently, and for what purpose the information will be used. If the information collected will be disseminated to the public or used to support information that will be disseminated to the public, then explain how the collection complies with all applicable Information Quality Guidelines.

The supporting documents and statements that must be submitted with export license applications for crude oil are used by BIS's licensing officers to verify that the proposed exports meet all applicable requirements contained in the EAR and any of the five statutes listed above. The supporting documents and statements tell the licensing officer if the crude oil was either derived from a restricted source or transported via a restricted right-of-way. Without this documentation, enforcement of the statutes would not be possible.

The information collection requirements that apply to various kinds of crude oil exports are described in '754.2 of the EAR -- prior to the 1996 rewrite of the EAR, these requirements were contained in '777.6. A license application to export crude oil to Canada, for consumption or use therein, must be accompanied by the supporting documents described in '754.2(e)(2)(iv). An application to export crude oil withdrawn from the Strategic Petroleum Reserve must be accompanied by the supporting documents described in '754.2(f)(3). An application to export certain California heavy crude oil must be accompanied by the supporting documents described in '754.2(g)(3), (g)(4), and (g)(5)(iv). The supporting documents required by '754.2 will be used by BIS=s licensing officers to verify that proposed crude oil exports meet all of the applicable conditions contained in the EAR.

Reporting and recordkeeping requirements also apply to exports of crude oil, transported over rights-of-way granted pursuant to section 203 of the Trans-Alaska Pipeline Authorization Act (TAPS), that may be made without a validated export license when the oil is shipped on board U.S.-flag tankers. Exporters of TAPS oil, in accordance with the requirements of '754.2(j)(2), must file a Shipper=s Export Declaration (SED) with BIS within 21 days following the date of export. In addition, the master of each vessel carrying TAPS oil must maintain records for deep water ballast exchange, in accordance with the requirements of '754.2(j)(3). The SED filing requirement is needed in order to notify BIS about TAPS oil exports, so that BIS can monitor these exports to ensure compliance with all applicable conditions in the EAR. The deep water ballast exchange recordkeeping requirements are needed to ensure that ships= captains follow existing guidelines (e.g., International Maritime Organization) for safe and effective ballast exchange and to provide baseline data and historical records for Federal agencies (e.g., the U.S. Coast Guard).

The Section 515 Information Quality Guidelines apply to this information collection and comply with all applicable information quality guidelines, i.e., OMB, Department of Commerce, and specific operating unit guidelines.

3. Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other technological techniques or other forms of information technology.

Each exporter uses discretionary, internal methods for preparing the supporting documentation required by the EAR.

4. Describe efforts to identify duplication.

We have reviewed the data programs of the Census Bureau and other agencies and have determined that information on the sources of the crude oil in individual export shipments is not collected by the Government or published by industry. Information on the sources, distribution, and distribution routes of domestically produced crude oil is routinely developed and retained by each company and such information collections are unrelated to the requirements of the EAR. The EAR information collections require that

either existing documentation be assembled and retained or that sworn affidavits be executed asserting to information contained in existing documentation. No similar information is available.

5. If the collection of information involves small businesses or other small entities, describe the methods used to minimize burden.

The required documents impose only a minimal burden on small businesses and other small entities. Almost all U.S. crude oil exports are made by large oil companies.

6. Describe the consequences to the Federal program or policy activities if the collection is not conducted or is conducted less frequently.

Compliance with applicable statutory restrictions could not be verified without the supporting documents required by '754.2 of the EAR.

7. Explain any special circumstances that require the collection to be conducted in a manner inconsistent with OMB guidelines.

There are no circumstances that require the information collection to be conducted in a manner inconsistent with the guidelines in 5 CFR 1320.6.

8. Provide a copy of the PRA Federal Register notice that solicited public comments on the information collection prior to this submission. Summarize the public comments received in response to that notice and describe the actions taken by the agency in response to those comments. Describe the efforts to consult with persons outside the agency to obtain their views on the availability of data, frequency of collection, the clarity of instructions and recordkeeping, disclosure, or reporting format (if any), and on the data elements to be recorded, disclosed, or reported.

The notice requesting public comment on the information collection was published in the Federal Register on Sept. 22, 2006, Vol. 71 No. 184, p. 55423. No comments were received.

9. Explain any decisions to provide payments or gifts to respondents, other than remuneration of contractors or grantees.

There is no plan to provide any payment or gift to respondents.

10. Describe any assurance of confidentiality provided to respondents and the basis for assurance in statute, regulation, or agency policy.

Any information obtained by the Federal Government under this procedure is subject to the provisions of Section 12(c) of the Export Administration Act of 1979, as amended, 50 U.S.C. app. 2411 (c) and its unauthorized disclosure is prohibited by law.

11. Provide additional justification for any questions of a sensitive nature, such as sexual behavior and attitudes, religious beliefs, and other matters that are commonly considered private.

No information of a sensitive nature is required.

12. Provide an estimate in hours of the burden of the collection of information.

The total annual information collection burden for the supporting documents and recordkeeping requirements that apply to exports of crude oil described in '754.2 of the EAR is approximately **138 hours**. The total annual cost to respondents of these information collection requirements is **\$3,450** (138 hours x \$25/hour).

The information collection burden for the supporting documents and statements that must be submitted with export license applications for crude oil is approximately 100 annual burden hours. This estimate is based on a search of ECASS data for crude oil applications in calendar year 2006, which identified a total of 21 export license requests. This was comprised of the following:

- a- Exports of crude oil for testing purposes = No activity, 0 burden hours
- b- Exports of crude oil from the lower 48 states = No activity, 0 burden hours
- c- 68 burden hours for 17 applications to export crude oil to Canada (averaging 4 burden hours per application)
- d- 32 burden hours for 4 applications to export California heavy crude oil (averaging 8 hours per application).

Burden hours associated with the completion of the license application are covered under 0694-0088.

The information collection burden for supporting documents and recordkeeping requirements associated with license exception exports of crude oil transported over rights-of-way granted pursuant to section 203 of the Trans-Alaska Pipeline Authorization Act (i.e., TAPS oil) is approximately 38 annual burden hours. This consists of:

- 1- 10 annual burden hours needed to file 55 Shipper=s Export Declarations (SEDs) with BIS (averaging 1 SED for each shipment and 10 minutes per SED, i.e., 55 SEDs x 10 minutes or 550 minutes or 9.17 hours rounded up = 10 hours); and,
- 2- 28 annual burden hours needed to record deep water ballast exchanges for 55 TAPS oil shipments (averaging 1 deep water ballast exchange for each TAPS oil shipment and 30 minutes to record each deep water ballast exchange, i.e., 55 TAPS oil shipments x 30 minutes = 27.5 hours rounded

= 28 hours).

13. Provide an estimate of the total annual cost burden to the respondents or record-keepers resulting from the collection (excluding the value of the burden hours in #12 above).

Since no special equipment is required for this activity, there are no capitalized costs associated with this collection of information.

14. Provide estimates of annualized cost to the Federal government.

The total annual cost to the Government of the crude oil information collection requirements contained in '754.2 of the EAR is \$450.00.

Government costs associated with the review of export licenses are covered by collection 0694-0088

The BIS personnel responsible for reviewing the Shipper=s Export Declarations (SEDs) that are submitted following exports of TAPS oil require 5 minutes to review each SED. Since approximately 55 SEDs are reviewed annually by BIS (an average of one SED per shipment), the total time spent by BIS reviewing these SEDs is roughly 4.58 hours per year (5 minutes x 55 SED reviews = 275 minutes or 4.58; rounded = 5 hours). The annual cost to the Government is \$150.00 (i.e., 5 hours x \$30/hr.).

The Federal agencies responsible for reviewing the records of deep water ballast exchanges involving shipments of TAPS oil require roughly 10 minutes to review the records for each shipment. Since no more than 60 sets of deep water ballast exchange records are reviewed each year by Federal agencies (an average of one deep water ballast exchange per shipment), the total time spent by Federal agencies reviewing these records is roughly 10 hours per year (10 minutes x 60 sets of records = 600 minutes or 10 hours). The annual cost to the Government is \$300.00 (i.e., 10 hours x \$30/hr.).

15. Explain the reasons for any program changes or adjustments reported in Items 13 or 14 of the OMB 83-I.

There is a net increase of 24 hours because 6 more export license applications were received in calendar year 2006 than in the year before the previous renewal. This increase is the result of an adjustment.

16. For collections whose results will be published, outline the plans for tabulation and publication.

No data will be published for statistical purposes.

17. If seeking approval to not display the expiration date for OMB approval of the information collection, explain the reasons why display would be inappropriate.

Not applicable.

18. Explain each exception to the certification statement identified in Item 19 of the OMB 83-I.

Not applicable.

B. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS

Not applicable.