

**SUPPORTING STATEMENT FOR PAPERWORK REDUCTION ACT SUBMISSION
OMB CONTROL NUMBER 1004-0137**

Terms of Clearance: None.

SECTION A

JUSTIFICATION

1. Explain the circumstances that make the collection of information necessary. Identify any legal or administrative requirements that necessitate the collection. Attach a copy of the appropriate section of each statute and regulation mandating or authorizing the collection of information.

The Bureau of Land Management (BLM) has the following authorities for collecting the required information from those who wish to participate in the exploration, development, production, and utilization of oil and gas operations on BLM-managed public lands:

- (1) The Mineral Leasing Act of 1920 (30 U.S.C. 181 *et seq.*);
- (2) The Federal Oil and Gas Royalty Management Act of 1982 (30 U.S.C. 1701 *et seq.*);
- (3) The Act of August 7, 1947 (Mineral Leasing Act of Acquired Lands) (30 U.S.C. 351-359);
- (4) The National Environmental Policy Act of 1969; and
- (5) The regulations at 43 CFR part 3160 through subpart 3165.

2. Explain how, by whom, how frequently, and for what purpose the information is used. Except for a new collection, indicate the actual use the agency has made of the information received from the current collection. [Be specific. If this collection is a form or a questionnaire, every question needs to be justified.]

The BLM needs the required information to approve oil and gas operations. We do not require a specific form to collect the non-form information, since we generally gather the information through the course of industry operations.

Requirements for Operating Rights Owners and Operators 43 CFR Subpart 3162

The respondent must comply with the applicable laws and regulations, lease terms, onshore oil and gas orders, notices, and instructions. The BLM needs this information to approve oil and gas operations.

The respondent must file with the BLM *Form 3160-3*, Application for Permit to Drill, and the required information under this subpart to obtain approval of operations on BLM-managed lands. The BLM needs this information to approve the application.

Specific information we request on *Form 3160-3*:

(Item 1) Identify the type of work anticipated and provide production and zonal information. We require this information to manage reservoir management, royalty compliance, and operational aspects of the application for permit to drill.

(Items 2-3) Identify the operator and where the operator can be reached. We require this information to contact operator concerning the operations.

(Items 4-13) Identify specifically the proposed surface and bottom-hole locations of the proposed action. The BLM needs this information to determine whether the operator is complying with the provisions of the regulations in this subpart.

(Item 14) Identify the location of the operation. The BLM needs this information to locate the operation and industry personnel.

(Items 15-19) Identify the spacing orders. The BLM needs this information, and state agencies also require the same information, to determine if spacing orders are implemented.

(Item 20) Identify the bond number that covers the operations. The BLM needs this information to determine if we have proper bond coverage for the identified operations.

(Items 21-23) Identify technical information such as permit approval, evaluation, and subsequent on-the-ground review and inspection after actual drilling begins. The prospective production of resources must be included. The BLM needs this information to approve the individual operation.

(Item 24) Provide the additional information as part of the application:

- Certified well plat.
- Drilling plans.
- Surface use plan.
- Evidence of bond coverage.
- Operator certification.
- Diagrams.
- Maps.
- Contingency plans.

The BLM needs this information to approve the individual operation.

The respondent must file with the BLM *Form 3160-4*, Well Completion or Re-completion Report and Log, to obtain approval of operations on BLM-managed lands. The BLM needs this information to approve the individual operation.

Specific information we request on *Form 3160-4*:

(Item 1) Identify the type of well and completion for field map purposes and royalty consideration. The BLM needs this information to identify the type of well and completion for field map purposes and royalty consideration for the individual operation.

(Items 2-3) Identify the operator, address, and telephone number. The BLM needs this information to identify the operator of the individual operation.

(Item 4) Identify surface and subsurface location of well for inspection and reservoir management purposes. The BLM needs this information to identify surface and subsurface location of well for inspection and reservoir management purposes for the individual operation.

(Item 5) Identify the lease serial number. The BLM needs this information to identify the lease serial number of the individual operation.

(Item 6) Identify the BIA identifier if the action is on Indian land. The BLM needs this information to identify if the individual operation is on Indian land.

(Item 7) Identify the unit or CA agreement name and number. The BLM needs this information to identify if the individual operation is within a unit or CA agreement.

(Item 8) Identify the lease name and well number. The BLM needs this information to identify the lease name and well number of the individual operation.

(Item 9) Identify the API well number. The BLM needs this information to identify the API well number of the individual operation.

(Item 10) Identify the field and pool or exploratory. The BLM needs this information to identify the field and pool or exploratory of the individual operation.

(Item 11) Identify the section, township, range, and meridian (on block and survey or area). The BLM needs this information to identify the location of the individual operation.

(Item 12) Identify the county or parish. The BLM needs this information to identify the county or parish of the individual operation.

(Item 13) Identify the state. The BLM needs this information to identify the state of the individual operation.

(Item 14) Identify the date spudded. The BLM needs this information to identify the date the individual operation was spudded.

(Item 15) Identify the date T.D. reached. The BLM needs this information to identify the date T.D. was reached for the individual operation.

(Item 16) Identify the date completed. The BLM needs this information to identify the date the individual operation was completed.

(Item 17) Identify the elevations. The BLM needs this information to identify the elevations of the individual operation.

(Item 18) Identify the total depth. The BLM needs this information to identify the total depth of the individual operation.

(Item 19) Identify the plug back. The BLM needs this information to identify the plug back of the individual operation.

(Item 20) Identify the depth bridge plug set. The BLM needs this information to identify the depth bridge plug set for the individual operation.

(Item 21) Identify the type of electric and other mechanical logs run (submit copy of each). The BLM needs this information to identify the type of electric and other mechanical logs runs for the individual operation.

(Item 22) Identify whether the well cored, DST run, and directional survey (submit a copy of each report or analysis). The BLM needs this information to identify whether the well cored, DST run, and directional survey was completed for the individual operation.

(Item 23) Identify the casing and liner record. The BLM needs this information to identify the casing and liner record for the individual operation.

(Item 24) Identify the tubing record. The BLM needs this information to identify the tubing record for the individual operation.

(Item 25) Identify the producing intervals. The BLM needs this information to identify the producing intervals for the individual operation.

(Item 26) Identify the perforation record. The BLM needs this information to identify the perforation record for the individual operation.

(Item 27) Identify the acid, fracture, treatment, cement squeeze, etc. The BLM needs this information to identify the acid, fracture, treatment, cement squeeze, etc. for the individual operation.

(Item 28) Identify the production intervals. The BLM needs this information to identify the production intervals for the individual operation.

(Item 29) Identify the disposition of gas. The BLM needs this information to identify the disposition of gas for the individual operation.

(Item 30) Identify the summary of porous zones (include aquifers). The BLM needs this information to identify the summary of porous zones for the individual operation.

(Item 31) Identify the formation log markers. The BLM needs this information to identify the formation log markers for the individual operation.

(Item 32) Identify any additional remarks (including plugging procedures). The BLM needs this information to identify any additional remarks about the individual operation.

(Item 33) Identify the enclosed attachments with the application. The BLM needs this information to identify any enclosed attachments with the application concerning the individual operation.

The respondent must file with the BLM *Form 3160-5*, Sundry Notices and Reports on Wells, and the required information under this subpart to obtain approval of operations on BLM-managed lands. The BLM needs this information to approve the application.

Specific information we request on *Form 3160-5*:

(Item 1) Identify the type of well. The BLM needs this information to identify the type of well for the individual operation.

(Items 2-3) Identify the name of the operator, address, and telephone number. The BLM needs this information to identify the operator of the individual operation.

(Item 4) Identify the location of well. The BLM needs this information to identify the location of the well for the individual operation.

(Item 5) Identify the lease serial number. The BLM needs this information to identify the lease serial number of the individual operation.

(Item 6) Identify the BIA identifier if the action is on Indian land. The BLM needs this information to identify if the individual operation is on Indian land.

(Item 7) Identify the unit or CA agreement name and number. The BLM needs this information to identify if the individual operation is within a unit or CA agreement.

(Item 8) Identify the well name and number. The BLM needs this information to identify the well name and number of the individual operation.

(Item 9) Identify the API well number. The BLM needs this information to identify the API well number of the individual operation.

(Item 10) Identify the field and pool or exploratory area. The BLM needs this information to identify the field and pool or exploratory area of the individual operation.

(Item 11) Identify the county or parish. The BLM needs this information to identify the county or parish of the individual operation.

(Item 12) Identify the appropriate notice, report, or other data. The BLM needs this information to identify the appropriate notice, report, or other data on the individual operation.

Reports—Monthly Report of Operations

The respondent must submit to BLM monthly reports in accordance with the information under this subpart for oil and gas operations. The BLM needs this information to approve the lease operations.

Noncompliance, Assessments, and Penalties 43 CFR Subpart 3163

The respondent must submit to BLM the required non-form information in accordance with the information under this subpart for oil and gas operations. We do not require a specific form to collect the non-form information, since we generally gather the information through the course of industry operations.

Special Provisions 43 CFR Subpart 3164

The respondent must submit to BLM the required non-form information in accordance with the information under this subpart for oil and gas operations. We do not require a specific form to collect the non-form information, since we generally gather the information through the course of industry operations.

Relief, Conflicts, and Appeals 43 CFR Subpart 3165

The respondent must submit to BLM the required non-form information in accordance with the requirements under this subpart for oil and gas operations. We do not require a specific form to collect the non-form information, since we generally gather the information through the course of industry operations.

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 (e.g., permitting electronic submission of responses), and the basis for the decision for adopting this means of collection. Also describe any consideration of using information technology to reduce burden [and specifically how this collection meets GPEA requirements].

In accordance with the Government Paperwork Elimination Act (GPEA), the public can fill out

and download forms. They cannot submit the forms to BLM electronically at this time. However, the BLM will implement a user name password authentication process for E-Forms, pending implementation of HSPD-12. We enrolled and trained users in Oregon, Wyoming, Arizona, Montana, Nevada, and Utah in limited use of the Property and Sign program areas. We will continue training on the use of E-Forms in FY 2007. In FY 2008, we will identify super users as we expand the use of E-Forms into other program areas beyond the Property and Sign program. The Department will schedule full implementation of HSPD-12 in FY 2008. This implementation will provide an easier enrollment and use process for E-Forms with a Level 4 strong multifactor authentication token. In FY 2008, the BLM will fully implement E-Forms using the Smart Card across all program areas to provide organizational maturity of the use and understanding to both program and technical staff. After full implementation and training in use of the E-Forms across all program areas for internal uses, the BLM will prepare to respond and provide service to the public for E-Forms signed and delivered via the Internet. We project public use to be in place by FY 2009.

4. Describe efforts to identify duplication. Show specifically why any similar information already available cannot be used or modified for use for the purposes described in Item 2 above.

No duplication of information occurs in the information we collect. The requested information is unique to the operator/operating rights owner and the lease and is not available from any other data source. No similar information is available or able to be modified. The information is required to receive a benefit.

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

The BLM is not required to collection information on whether information on whether the respondents qualify as small businesses or small entities. Based on the previous submission, consultation with industry professionals, and agency research, the BLM determined that the majority of businesses with oil and gas operations do not qualify as a small business. The BLM estimated 16,293 may qualify as a small business. The information we require from all respondents is limited to the minimum necessary to authorize and conduct oil and gas operations on public lands.

6. Describe the consequence to the Federal program or policy activities if the collection is not conducted or is conducted less frequently, as well as any technical or legal obstacles to reducing the burden.

If we did not collect the information, oil and gas leasing activities and operations could not occur. Oil and gas lessees and operators would not have authorization to conduct operations on Federal or Indian leases. Leases and oil and gas operations provide revenue to the U.S. Treasury and Indian lessors. Less frequent collection would make the program unmanageable.

7. Explain any special circumstances that would cause an information collection to be conducted in a manner:

- * requiring respondents to report information to the agency more often than quarterly;
- * requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it;
- * requiring respondents to submit more than an original and two copies of any document;
- * requiring respondents to retain records, other than health, medical, government contract, grant-in-aid, or tax records, for more than three years;
- * in connection with a statistical survey, that is not designed to produce valid and reliable results that can be generalized to the universe of study;
- * requiring the use of a statistical data classification that has not been reviewed and approved by OMB;
- * that includes a pledge of confidentiality that is not supported by authority established in statute or regulation, that is not supported by disclosure and data security policies that are consistent with the pledge, or which unnecessarily impedes sharing of data with other agencies for compatible confidential use; or
- * requiring respondents to submit proprietary trade secrets, or other confidential information unless the agency can demonstrate that it has instituted procedures to protect the information's confidentiality to the extent permitted by law.

There are no special circumstances that require the collection to be conducted in a manner inconsistent with the guidelines in 5 CFR 1320.5.

8. If applicable, provide a copy and identify the date and page number of publication in the Federal Register of the agency's notice, required by 5 CFR 1320.8(d), soliciting comments on the information collection prior to submission to OMB. Summarize public comments received in response to that notice [and in response to the PRA statement associated with the collection over the past three years] and describe actions taken by the agency in response to these comments. Specifically address comments received on cost and hour burden.

Describe 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. [Please list the names, titles, addresses, and phone numbers of persons contacted.]

Consultation with representatives of those from whom information is to be obtained or those who must compile records should occur at least once every 3 years — even if the collection of information activity is the same as in prior periods. There may be circumstances that may preclude consultation in a specific situation. These circumstances should be explained.

As required in 5 CFR 1320.8(d), the BLM published the 60-day notice in the Federal Register on June 9, 2006 (71 FR 33479) soliciting comments from the public and other interested parties. The comment period closed on August 8, 2006. The BLM did not receive any comments from the public in response to this notice.

During the approval period, we consulted with the following respondents to solicit comments on the burden hour and cost estimates, availability of data, frequency of collection, and clarity of

instructions. Based on these consultations, the burden estimates in Question 12 reflect their input.

Mr. Lane Lasrich
Landman
Zephyr Corporation
2597 East Bridger Blvd.
Sandy, UT 84093
(801) 942-0525

Ms. Mary Sellers
Independent Landman
Seller Search
2771 S. Roslyn St.
Denver, CO 80231
(303) 751-8266

Mr. Stewart Johnson
Geologist
Ormat Nevada Inc.
6025 Neil Rd., Suite 300
Reno, NV 89511
(775) 356-9029, Ext. 2215

We sought comments on the forms included in this information collection. All the respondents surveyed responded that these forms are straightforward and clear as to instructions and reasonable as to information requirements.

The hour burden for each form was estimated at 8 hours for reviewing instructions, gathering and maintaining data, and completing and reviewing these forms.

9. Explain any decision to provide any payment or gift to respondents, other than remuneration of contractors and grantees.

We do not provide payments or gifts to the respondents.

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

We protect the respondent's confidentiality to the extent consistent with the Freedom of Information Act (5 U.S.C. 552).

Under the privacy provisions of the E-Government Act of 2002, individuals/respondents were informed as to whether or not providing the information is mandatory to obtain a benefit. The BLM provides no promises that the application will be protected under the Privacy Act.

11. Provide additional justification for any questions of a sensitive nature, such as sexual behavior and attitudes, religious beliefs, or other matters that are commonly considered private. The justification should include the reasons why the agency considers the questions necessary, the specific uses to be made of the information, the explanation to be given to persons from whom the information is requested, and any steps to be taken to obtain their consent.

We do not require respondents to answer questions of a sensitive nature.

12. Provide estimates of the hour burden of the collection of information. The statement should: Indicate the number of respondents, frequency of response, annual hour burden, and an explanation of how the burden was estimated. Unless directed to do so, agencies should not conduct special surveys to obtain information on which to base hour burden estimates. Consultation with a sample (fewer than 10) of potential respondents is desirable. If the hour burden on respondents is expected to vary widely because of differences in activity, size, or complexity, show the range of estimated hour burden, and explain the reasons for the variance. Generally, estimates should not include burden hours for customary and usual business practices.

If this request for approval covers more than one form, provide separate hour burden estimates for each form and aggregate the hour burdens.

Provide estimates of annualized cost to respondents for the hour burdens for collections of information, identifying and using appropriate wage rate categories. The cost of contracting out or paying outside parties for information collection activities should not be included here. Instead, this cost should be included in Item 14.

The estimated time includes that necessary for all operation activities in the regulations. The tables use a \$75 per hour rate to convert hours to dollars for form and non-form information:

Form Number Estimates of Hour Burden	3160-3	3160-4	3160-5
# of responses received (FY 2005 to FY 2007)	15,000	9,000	102,000
Frequency of response	On occasion	On occasion	On occasion
Annual number of responses	5,000	3,000	34,000
Average response time for this collection	8 hours	8 hours	8 hours
Annual response	40,000 hours	24,000 hours	272,000 hours

time for this collection			
Hourly cost per respondent	\$75	\$75	\$75
Annualized cost to respondents	\$3,000,000	\$1,800,000	\$20,400,000

Burden Hours Information Collected		Number of Actions per Year	Burden Hours per Action	Total Annual Burden Hours	Total Annual Burden Cost
A	43 CFR 3162.3-1(a); Well Spacing Program	150	8	1,200	\$90,000
B	43 CFR 3162.3-1(e); Drilling Plans	2,875	16	46,000	\$3,450,000
C	43 CFR 3162.3-4(a); Plug and Abandon for Water Injection	1,200	8	9,600	\$720,000
D	43 CFR 3162.3-4(b); Plug and Abandon for Water Source	1,200	8	9,600	\$720,000
E	43 CFR 3162.4-1(a) and 3162.7-5(d)(1); Schematic/Facility Diagrams	2,350	8	18,800	\$1,410,000
F	43 CFR 3162.4-2(a); Drilling tests, Logs, Surveys	330	8	2,640	\$198,000
G	43 CFR 3162.4-3; Monthly report of operations	90,000	8	720,000	\$54,000,000
H	43 CFR 3162.5-1(b); Disposal of Produced Water	1,500	8	12,000	\$900,000
I	43 CFR 3162.5-1(c); Report of Spills, Discharges, or Other Undesirable Events	200	8	1,600	\$120,000
J	43 CFR 3162.5-1(d); Contingency Plan	50	32	1,600	\$120,000
K	43 CFR 3162.5-2(b); Direction Drilling	165	8	1,320	\$99,000
L	43 CFR 3162.6; Well Markers	300	8	2,400	\$180,000
M	43 CFR 3162.7-1(b); Approval and Reporting of Oil in Pits	520	8	4,160	\$312,000

Burden Hours Information Collected		Number of Actions per Year	Burden Hours per Action	Total Annual Burden Hours	Total Annual Burden Cost
N	43 CFR 3162.7-1(d); Additional Gas Flaring	400	8	3,200	\$240,000
O	43 CFR 3162.7-5(b); Records for Seals	90,000	8	720,000	\$54,000,000
P	43 CFR 3162.7-5(c); Site Security	2,415	8	19,320	\$1,449,000
Q	43 CFR 3164.1; Prepare Run Tickets	90,000	8	720,000	\$54,000,000
R	43 CFR 3165.1(a); Application for Suspension	100	16	1,600	\$120,000
S	43 CFR 3165.3(b); State Director Review	10	8	80	\$6,000
TOTAL		325,765		2,631,120	\$197,334,000

13. Provide an estimate of the total annual [non-hour] cost burden to respondents or recordkeepers resulting from the collection of information. (Do not include the cost of any hour burden shown in Items 12 and 14).

The cost estimate should be split into two components: (a) a total capital and start-up cost component (annualized over its expected useful life) and (b) a total operation and maintenance and purchase of services component. The estimates should take into account costs associated with generating, maintaining, and disclosing or providing the information [including filing fees paid]. Include descriptions of methods used to estimate major cost factors including system and technology acquisition, expected useful life of capital equipment, the discount rate(s), and the time period over which costs will be incurred. Capital and start-up costs include, among other items, preparations for collecting information such as purchasing computers and software; monitoring, sampling, drilling and testing equipment; and record storage facilities.

If cost estimates are expected to vary widely, agencies should present ranges of cost burdens and explain the reasons for the variance. The cost of purchasing or contracting out information collection services should be a part of this cost burden estimate. In developing cost burden estimates, agencies may consult with a sample of respondents (fewer than 10), utilize the 60-day pre-OMB submission public comment process and use existing economic or regulatory impact analysis associated with the rulemaking containing the information collection, as appropriate.

Generally, estimates should not include purchases of equipment or services, or portions thereof, made: (1) prior to October 1, 1995, (2) to achieve regulatory compliance with requirements not

associated with the information collection, (3) for reasons other than to provide information or keep records for the Government, or (4) as part of customary and usual business or private practices.

Respondents are not required to purchase additional computer hardware or software to comply with these information requirements. There is no filing fee associated with this information collection. There are no capital and start-up costs involved with this information collection.

14. Provide estimates of annualized cost to the Federal Government. Also, provide a description of the method used to estimate cost, which should include quantification of hours, operational expenses (such as equipment, overhead, printing, and support staff), and any other expense that would not have been incurred without this collection of information. Agencies also may aggregate cost estimates from Items 12, 13, and 14 in a single table.

We estimate the annual cost to the Federal Government to process the responses to this information collection is \$24,432,375 (325,765 x \$75 per hour to process). The cost estimate is the result of a cost recovery survey to determine the average cost for processing the information.

<u>Annualized Cost to the Federal Government</u>	
(a) Annual number of responses	325,765
(b) Average number of hours to evaluate a response	1
(c) Hourly cost to evaluate a response	\$75
(d) Total cost to evaluate a response (1 x \$75)	\$75
(e) Annualized cost to Federal Government for this collection (325,765 x \$75)	\$24,432,375

Typical or average situation where three Federal employees at different grade levels are involved in processing a response to an information collection:

Employee	Annual wage	Hourly wage
GS-5, clerical	\$30,386	\$15
GS-9, professional	\$46,041	\$22
GS-13, managerial	\$79,397	\$38
TOTAL		\$75

15. Explain the reasons for any program changes or adjustments.

Burden	Previous Collection	This Collection	Change
Responses	235,855	325,765	+89,910
Burden Hours	119,501	2,631,120	+2,511,619

These are adjustments based on a more detailed estimation of the information collection and in particular the burden per response based on our consultations.

16. For collections of information whose results will be published, outline plans for tabulation and publication. Address any complex analytical techniques that will be used. Provide the time schedule for the entire project, including beginning and ending dates of the collection of information, completion of report, publication dates, and other actions.

The BLM will not publish the results of this collection.

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

The BLM will display the expiration date of the OMB approval on the forms included in this information collection.

18. Explain each exception to the certification statement identified in “Certification for Paperwork Reduction Act Submissions.”

There are no exceptions to the certification statement.