

Supporting Statement for Paperwork Reduction Act Submissions
30 CFR Part 253, Oil Spill Financial Responsibility for Offshore Facilities
Forms MMS 1016, 1017, 1018, 1019, 1020, 1021, 1022
OMB Number 1010-0106
Expiration Date: October 31, 2007

Terms of Clearance: None

General Instructions

A Supporting Statement, including the text of the notice to the public required by 5 CFR 1320.5(a)(i) (iv) and its actual or estimated date of publication in the Federal Register, must accompany each request for approval of a collection of information. The Supporting Statement must be prepared in the format described below, and must contain the information specified in Section A below. If an item is not applicable, provide a brief explanation. When employing statistical data, Section B of the Supporting Statement must be completed. OMB reserves the right to require the submission of additional information with respect to any request for approval.

Specific Instructions

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.

Title I of the Oil Pollution Act of 1990 (OPA) (33 U.S.C. 2701 *et seq.*), as amended by the Coast Guard Authorization Act of 1996 (P.L. 104-324), provides at section 1016 that oil spill financial responsibility (OSFR) for offshore facilities be established and maintained according to methods determined acceptable to the President. Section 1016 of OPA supersedes the offshore facility oil spill financial responsibility provisions of the Outer Continental Shelf (OCS) Lands Act Amendments of 1978. These authorities and responsibilities are among those delegated to the Minerals Management Service (MMS) under which MMS issues regulations governing oil and gas and sulphur operations in the OCS.

This information collection request addresses the regulations at 30 CFR Part 253, Oil Spill Financial Responsibility for Offshore Facilities, including any supplementary notices to lessees and operators that provide clarification, description, or explanation of these regulations, and forms MMS-1016 through MMS-1022. We have made a few editorial/layout corrections to the forms. There are no data element changes.

2. Indicate how, by whom, and for what purpose the information is to be 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 MMS will use the information collected under 30 CFR Part 253 to verify compliance with section 1016 of OPA. The information is necessary to confirm that applicants can pay for cleanup and damages from oil-spill discharges from Covered Offshore Facilities (COFs). The information will be used routinely: (a) to establish approval and eligibility of applicants for an OSFR certification; and (b) as a

reference source for cleanup and damage claims associated with oil-spill discharges from COFs; the names, addresses, and telephone numbers of owners, operators, and guarantors; designated U.S. agents for service of process; and persons to contact. To collect most of the information, MMS developed standard forms. The forms and their purposes are:

Cover Sheet: The forms will be distributed in a package that includes a cover sheet that displays the required OMB Control Number, Expiration Date, and Paperwork Reduction Act (PRA) statement. This cover sheet will accompany the forms as part of a package or will be included with any copies of a particular form that respondents may request.

Form MMS-1016, Designated Applicant Information Certification: The designated applicant uses this form to provide identifying information (company legal name, MMS company number and region, address, contact name and title, telephone and fax numbers) and to summarize the OSFR evidence. This form is required for each new or renewed OSFR certification application.

Form MMS-1017, Designation of Applicant: When there is more than one responsible party for a COF, they must select a designated applicant. Each responsible party, as defined in the regulations, must use this form to notify MMS of the designated applicant. This form is also used to designate the U.S. agent for service of process for the responsible party(ies) should claims from an oil-spill discharge exceed the amount evidenced by the designated applicant; identifies and provides pertinent information about the responsible party(ies); and lists the COFs for which the responsible party is liable for OSFR certification. The form identifies each COF by State or OCS region; lease, permit, right of use and easement or pipeline number; aliquot section; area name; and block number. This form must be submitted with each new OSFR application or with an assignment involving a COF in which there is at least one responsible party who is not the designated applicant for a COF.

Form MMS-1018, Self-Insurance or Indemnity Information: This form is used if the designated applicant is self-insuring or using an indemnity for OSFR evidence. As appropriate, either the designated applicant or the designated applicant's indemnitor completes the form to indicate the amount of OSFR coverage as well as effective and expiration dates. The form also provides pertinent information about the self-insurer or indemnitor and is used to designate a U.S. agent for service of process for claims up to the evidenced amount. This form must be submitted each time new evidence of OSFR is submitted using either self-insurance or an indemnification.

Form MMS-1019, Insurance Certificate: The designated applicant (representing himself as a direct purchaser of insurance) or his insurance agent or broker and the named insurers complete this form to provide OSFR evidence using insurance. The number of forms to be submitted will depend upon the number of layers of insurance to evidence the total amount of OSFR required. One form is required for each layer of insurance. The form provides pertinent information about the insurer(s) and designates a U.S. agent for service of process. This form must be submitted at the beginning of the term of the insurance coverage for the designated applicant's COFs or at the time COFs are added, with the scheduled option selected, to OSFR coverage.

Form MMS-1020, Surety Bond: Each bonding company that issues a surety bond for the designated applicant must complete this form indicating the amount of surety and effective dates. The form provides pertinent information about the bonding company and designates a U.S. agent for service of process for the amount evidenced by the surety bond. This form must be submitted at the beginning of the term of the surety bond for the named designated applicant.

Form MMS-1021, Covered Offshore Facilities: The designated applicant submits this form to identify the COFs for which the OSFR evidence applies. The form identifies each COF by State or OCS region; lease, permit, right of use and easement or pipeline number; aliquot section; area name; block number; and potential worst case oil-spill discharge. This form is required to be submitted with each new or renewed OSFR certification application that includes COFs.

Form MMS-1022, Covered Offshore Facility Changes: During the term of the issued OSFR certification, the designated applicant may submit changes to the current COF listings, including additions, deletions, or changes to the worst case oil-spill discharge for a COF. This form must be submitted when identified changes occur during the term of an OSFR Certification.

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

The MMS encourages respondents to use the forms available on the website and submit them electronically. Approximately, 5 percent of all information is submitted electronically. The MMS Offshore Minerals Management (OMM) program is moving to implement the Government Paperwork Elimination Act with re-engineered business processes. Re-engineering select OMM business processes and related information collection burdens will take place incrementally.

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 other agencies collect this information from respondents subject to these regulations. Respondents determine the worst case oil-spill discharge volume to meet regulatory requirements established under Section 311 of the Federal Water Pollution Control Act. The MMS requires that the volume be reported to establish the dollar amount of OSFR and to be included with the information collected. There is no duplication of effort to develop this information. The MMS does not require previously submitted audited financial statements for current fiscal years when new COFs are added. The information is unique to each lease or right of use and easement, and similar information is not available from other sources. The Department of the Interior and the U.S. Coast Guard have executed Memoranda of Understanding that effectively eliminate any duplication of responsibility.

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

In general, operations in the OCS and in State coastal waters are normally relatively large in scale, technically complex, and require a large source of financial resources. However, 70 percent of the lessees and operators may have less than 500 employees and would be considered small businesses. We have determined that the impact will not be significant and there is no way to minimize the impact and carry out the mandate of OPA.

6. Describe the consequence to 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 burden.

If MMS did not collect the information, we could not ensure compliance with Title I of OPA and determine, among other things, the amount of OSFR necessary for a designated applicant to demonstrate; whether a designated applicant possessed the required amounts of financial responsibility; the amount of non-compliance for which a civil penalty would apply if a designated applicant was not in compliance with OPA; and necessary OSFR information could not be provided to the oil-spill cleanup On-Scene Coordinator, the Federal Oil Spill Liability Trust Fund, affected States, and claimants. The information will normally be collected on an annual basis, except for changes to existing COF listings that could occur throughout the term of the OSFR Certification. If MMS collected the information less frequently, we could not determine in a timely manner if a designated applicant's financial profile had changed to such a degree that it might not have the financial means to pay claims and damages resulting from an oil-spill discharge.

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

(a) requiring respondents to report information to the agency more often than quarterly.

The collection of information is consistent with this provision except for the possibility that changes to existing COF listings could occur throughout the term of the OSFR Certification.

(b) requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it.

Not applicable in this collection.

(c) requiring respondents to submit more than an original and two copies of any document.

Not applicable in this collection.

(d) requiring respondents to retain records, other than health, medical, government contract, grant-in-aid, or tax records, for more than 3 years.

Not applicable in this collection.

(e) 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.

Not applicable in this collection.

(f) requiring the use of statistical data classification that has been reviewed and approved by OMB.

There are no special circumstances with respect to 5 CFR 1320.5(d)(2)(v) through (viii) as the collection is not a statistical survey and does not use statistical data classification.

(g) 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.

This collection does not include a pledge of confidentiality not supported by statute or regulation.

(h) 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.

This collection does not require proprietary, trade secret, or other confidential information not protected by agency procedures.

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 3 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), MMS published a 60-day review and comment notice in the Federal Register on January 23, 2007 (72 FR 2903). In addition, § 253.5 and the PRA statement on the cover sheet for the OSFR forms explain that MMS will accept comments at any time on the information collection requirements and burdens of our 30 CFR 253 regulations and associated forms. Section 253.5 and the OSFR forms cover sheet also provide the OMB control number and the address to which to send comments. We received no comments in response to these efforts.

During the comment period, MMS requested input from several respondents on the burden of collecting this information. The burden estimates in Section A.12 reflect their input. The following respondents were contacted:

Shell Offshore Inc. – Susan C. Harrison – Land Associate – (504) 728-6358
P. O. Box 61933, New Orleans, LA 70161-1933

Chevron U.S.A. Inc. – Jim. G. Larre – Staff Land Representative – (504) 592-6439
935 Gravier Street, New Orleans, LA 70112

Devon Energy Corporation – Patricia Bruce – Sr. Regulatory Specialist – (713) 286-5861
1200 Smith St., Suite #3300 – Houston, TX 77002

Energy Resource Technology, Inc. – Wendy Braddock – Regulatory Manager – (281) 618-0551
400 N. Sam Houston Parkway E., Suite #400 – Houston, TX 77060

J. Connor Consulting – Valerie D. Land – Regulatory Manager – (281) 578-3388
16225 Park Ten Place, Suite #500 – Houston, TX 77084

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

The MMS will not provide payments or gifts to respondents in this collection.

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

Respondents are not required to submit confidential or proprietary information. All public requests for information about an applicant's OSFR certification will be processed according to the Freedom of Information Act (5 U.S.C. 552) and its implementing regulations (43 CFR 2).

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. This 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.

The collection does not include sensitive or private questions.

12. Provide estimates of the hour burden of the collection of information. The statement should:

(a) 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.

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

(c) 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.

Respondents are approximately 600 holders of leases, permits, and rights of use and easement in the OCS and in State coastal waters who will appoint approximately 200 designated applicants. Other respondents will be the designated applicants' insurance agents and brokers, bonding companies, and indemnitors. Some respondents may also be claimants. The frequency of submission will vary, but most will respond at least once per year. We estimate the total annual burden is 21,319 reporting hours. Based on \$65 per hour, the hour burden cost to respondents is \$1,385,735. Refer to the chart below for a breakdown of the burden.

BURDEN BREAKDOWN

Citation 30 CFR 253	Reporting Requirement	Hour Burden	Average No. of Annual Reponses	Annual Burden Hours
Various sections.	The burdens for all general references to submitting evidence of OSFR are covered under the forms below.			0
Applicability and Amount of OSFR				
11(a)(1); 40; 41	Form MMS-1016 - Designated Applicant Information Certification.	1	200	200
11(a)(1); 40; 41	Form MMS-1017 - Designation of Applicant.	9	600	5,400
12	Request for determination of OSFR applicability.	2	5	10
15	Notify MMS of change in ability to comply.	1	1	1
15(f)	Provide claimant written explanation of denial.	1	15	15
Subtotal			821	5,626
Methods for Demonstrating OSFR				
21; 22; 23; 24; 26; 27; 30; 40; 41; 43	Form MMS-1018 - Self-Insurance or Indemnity Information.	1	75	75
29; 40; 41; 43	Form MMS-1019 - Insurance Certificate.	120	120	14,400
31; 40; 41; 43	Form MMS-1020 - Surety Bond.	24	4	96
32	Proposal for alternative method to evidence OSFR (anticipate no proposals, but the regs provide the opportunity).	120	1	120
Subtotal			200	14,691
Requirements for Submitting OSFR Information				
40; 41	Form MMS-1021 - Covered Offshore Facilities.	3	200	600
40; 41; 42	Form MMS-1022 - Covered Offshore Facility Changes.	1	400	400
Subtotal			600	1,000
Claims for Oil-Spill Removal Costs and Damages				
Subpart F	Claims: MMS will not be involved in the claims process. Assessment of burden for claims against the Oil Spill Liability Trust Fund (30 CFR parts 135, 136, 137) should be responsibility of the U.S. Coast Guard.			0
60(d)	Claimant request to determine whether a guarantor may be liable for a claim.	2	1	2
Subtotal			1	2
Total Burden			1,622 responses	21,319 hours

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).

(a) The cost estimate should be split into two components: (1) a total capital and start-up cost component (annualized over its expected useful life) and (2) 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.

(b) If cost estimates are expected to vary widely, agencies should present ranges of cost burden 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.

(c) 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.

We have identified no reporting and recordkeeping non-hour cost burdens for this collection of information.

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.

To analyze and review the information required by 30 CFR Part 253, we estimate the Government will spend an average of 0.25 hour for each hour spent by respondents for a total of 5,330 (rounded) hours (21,319 hours x 0.25 = 5,329.75 hours). Based on a cost factor of \$55 per hour, the total annualized cost to the Government is \$293,150.

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

The currently approved OMB inventory includes 19,299 burden hours for 30 CFR Part 253 requirements and forms. This submission requests a 21,319 hour adjustment increase of 2,020 hours. This adjustment is due to re-estimating the average number of responses per requirement. There is no cost burden requested.

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 MMS will not tabulate or publish the data.

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 MMS will display the OMB approval number and OMB expiration date on all forms. The remainder of this collection concerns regulatory requirements.

18. Explain each exception to the certification statement.

To the extent that the topics apply to this collection of information, we are not making any exceptions to the “Certification for Paperwork Reduction Act Submissions.”

B. Collection of Information Employing Statistical Methods

The agency should be prepared to justify its decision not to use statistical methods in any case where such methods might reduce burden or improve accuracy of results. When employing statistical data, the following documentation should be included in the Supporting Statement to the extent that it applies to the methods proposed.

This section is not applicable for this collection. We will not employ statistical methods in this information collection.