

**Supporting Statement for Paperwork Reduction Act Submissions**  
**30 CFR Part 256, Bonus or Royalty Credits for**  
**Relinquishing Certain Leases Offshore Florida**  
**(Proposed Rulemaking)**  
**OMB Control Number: 1010-NEW**  
**Expiration Date: NEW**

**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 statistical data is employed, Section B of the Supporting Statement must be completed. The 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.***

The Outer Continental Shelf (OCS) Lands Act, as amended (43 U.S.C. 1331 *et seq.* and 43 U.S.C. 1801 *et seq.*), authorizes the Secretary of the Interior (Secretary) to prescribe rules and regulations to administer leasing of the OCS. Such rules and regulations will apply to all operations conducted under a lease. Operations on the OCS must preserve, protect, and develop oil and natural gas resources in a manner that is consistent with the need to make such resources available to meet the Nation's energy needs as rapidly as possible; to balance orderly energy resource development with protection of human, marine, and coastal environments; to ensure the public a fair and equitable return on the resources of the OCS; and to preserve and maintain free enterprise competition. Also, the Energy Policy and Conservation Act of 1975 (EPCA) prohibits certain lease bidding arrangements (42 U.S.C. 6213 (c)).

Regulations to carry out these responsibilities are contained in 30 CFR Part 256. This supporting statement pertains to rulemaking, 1010-AD44. This proposed rule would provide a credit to lessees that relinquish certain eligible leases in the Gulf of Mexico, as required by Section 104 of the Gulf of Mexico Energy Security Act of 2006 (GOMESA). Eligible leases are those within 125 miles of the Florida coast in the Eastern Planning Area and within 100 miles of the Florida coast in the Central Planning area. The credits may be used in lieu of monetary payment for a lease bonus bid or royalty due on oil and gas production from other leases in the Gulf of Mexico. The rulemaking is adding two new requirements that will affect 79 leases for an additional 45-hour burden. Once the rulemaking becomes effective, these additional hours will be incorporated into the primary information collection 30 CFR Part 256 (1010-0006).

***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.]**

In the proposed rule, Section 256.92(a) directs affected lessees to request a credit amount by submitting a list of bonus and rental payments they have made in connection with the relinquished lease. The MMS requests this information to forestall disputes with lessees about the value of the credit due. Section 256.95 proposes to allow credits to be transferred to others who may use them for full value. The GOMESA 104 requires the Secretary of the Interior to provide a process for the transfer of the credits. This attribute of the credit largely mitigates any perceived limitation imposed by restricting redemption only to future bonus or royalty in-value due. The MMS needs the information obtained from respondents to determine the necessary transfer information. With this information, MMS will adjust the financial accounts of the assignor and assignee accordingly. The expected aggregate size of this credit is only about 5 percent of the royalty in-value collected annually in the GOM. Thus, there should be an ample market for companies that wish to transfer rather than directly use credits they may receive.

**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].**

Based on previous experience with issues relating to 30 CFR Part 256, we expect approximately 10 percent of respondents will submit their requests electronically.

**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 Federal agency collects the information pertaining to oil and gas relinquishments proposed in the rulemaking.

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

This collection of information does not have a significant economic effect on a substantial number of small entities. Any direct effects primarily impact the OCS lessees and operators. In general, companies need large technical and financial resources and experience to safely conduct offshore activities. However, 65 percent of the OCS lessees and operators may have less than 500 employees and would be considered small businesses as defined by the Small Business Administration (SBA). The hour burden on any small entity subject to these regulations cannot be reduced to accommodate them. Recipients of a transfer from these companies may be small entities, but they have the option not to accept a transfer.

**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 we did not collect the information, MMS could not carry out the mandate of the OCS Lands Act nor the GOMESA. Respondents generally submit information as a result of situations encountered and not at any fixed or prescribed interval.

**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.**

Not applicable in this collection.

**(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 1320.11, MMS is providing the 60-day review and comment process in the preamble of the NPR. We will address comments in the final rulemaking process.

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

The MMS will not provide payment or gifts to respondents.

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

The MMS will protect proprietary information according to section 26 of the OCS Lands Act, the Freedom of Information Act (5 U.S.C. 552) and its implementing regulations (43 CFR part 2), and § 256.10(d).

***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.***

There are 79 leases affected. Submissions are a one time occasion. We estimate the total annual burden is 45 reporting and recordkeeping hours. Refer to the chart below for a break out of the burden.

**BURDEN BREAKDOWN**

<b>Citation 30 CFR Part 256 Subpart N</b>	<b>Reporting &amp; Recordkeeping Requirement</b>	<b>Hour Burden</b>	<b>Average No. of Annual Responses</b>	<b>Annual Burden Hours</b>
92(a)	Request a bonus or royalty credit; submit supporting documentation.	1	30	30
92(a)(5)	Submit a request to relinquish lease according to § 256.76	Burden currently approved under 1010-0006.		
95	Request approval to transfer bonus or credit to another party; submit supporting information.	1	15	15
<b>TOTAL BURDEN</b>			<b>45</b>	<b>45</b>

The average respondent cost is \$91/hour. This cost is broken out in the below table using the Bureau of Labor Statistics data. See BLS website: <http://www.bls.gov/bls/wages.htm>. Therefore, based on a cost factor of \$91 per hour, we estimate the total annual cost to industry is \$4,095. (\$91 x 45 hours = \$4,095).

<b>Position</b>	<b>Level</b>	<b>Hourly Pay rate (\$/hour estimate)</b>	<b>Hourly rate including benefits (1.3 x \$/hour)</b>	<b>Percent of time spent on collection</b>	<b>Weighted Average (\$/hour)</b>
General Office Clerk	7	\$20	\$26	25%	\$7
Financial Manager	15	\$85	\$111	70%	\$78
Company Executives	15	\$93	\$121	5%	\$6
<b>Weighted Average (\$/hour)</b>					<b>\$91</b>

**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 paperwork 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, the Government spends an average of 1.5 hour for each hour spent by respondents. The total estimated Government time is 68 hours (rounded). Based on a cost factor of \$53 per hour, the total annual estimated burden on the Government is \$3,604 (45 hours x 1.5 hours = 68 hours (rounded) x \$53 = \$3,604).

This cost is broken out in the below table using the Office of Personnel Management pay schedule (Houston-Baytown-Huntsville, TX) as of January 2007.

<b>Position</b>	<b>Grade</b>	<b>Hourly Pay rate (\$/hour estimate)</b>	<b>Hourly rate including benefits (1.3 x \$/hour)</b>	<b>Percent of time spent on collection</b>	<b>Weighted Average (\$/hour)</b>
Clerical	GS-7/5	\$22	\$29	30%	\$9
Legal Assistant	GS-13/5	\$46	\$60	60%	\$36
Attorney	GS-15/5	\$64	\$83	10%	\$8
<b>Weighted Average (\$/hour)</b>					<b>\$53</b>

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

This is a new collection of information and, therefore, represents a program increase of 45 burden hours. 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.**

Not applicable, as this collection of information concerns requirements in regulations.

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

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.”