

Supporting Statement for Paperwork Reduction Act Submissions
EMERGENCY REQUEST
Increased Safety Measures for Energy Development on the Outer Continental Shelf NTLs
OMB Control Number 1010-NEW
OMB Expiration Date: xx/xx/xxxx

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 methods, Section B of the Supporting Statement must be completed. The Office of Management and Budget (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; preserve and maintain free enterprise competition; and ensure that the extent of oil and natural gas resources of the OCS is assessed at the earliest practicable time. Section 43 U.S.C. 1332(6) states that "operations in the outer Continental Shelf should be conducted in a safe manner by well-trained personnel using technology, precautions, and techniques sufficient to prevent or minimize the likelihood of blowouts, loss of well control, fires, spillages, physical obstruction to other users of the waters or subsoil and seabed, or other occurrences which may cause damage to the environment or to property, or endanger life or health."

To carry out these responsibilities, the Minerals Management Service (MMS) issues regulations to ensure that operations in the OCS will meet statutory requirements; provide for safety and protect the environment; and result in diligent exploration, development, and production of OCS leases. In addition, we also issue Notices to Lessees and Operators (NTLs) that provide clarification, explanation, and interpretation of our regulations. These NTLs are also used to convey purely informational material and to cover situations that might not be adequately addressed in our regulations. The latter is the case for the information collection required in the attached NTLs. Because of the unusual nature of this information collection, issuing an NTL would be the appropriate

means to collect the information at the time of the event.

The subject of this information collection request (ICR) are NTLs based on the recommendations in the May 27, 2010, Report from the Secretary of the Interior to the President of the United States, Increased Safety Measures for Energy Development on the Outer Continental Shelf (Report). The MMS is issuing NTLs for operators to comply with the requirements and recommendations of the report as a result of the Deepwater Horizon oil spill in the Gulf of Mexico. The primary information collections for these regulations are 30 CFR 250, Subparts, A, D, E, and F approved under the Office of Management and Budget (OMB) Control Numbers 1010-0114, 1010-0141, 1010-0067, and 1010-0043, respectively. However, in connection with these subparts, MMS believes that the burdens in the NTLs are in addition to those currently approved.

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.]

As stated in the NTLs, on April 20, 2010, an event of national significance that included the deaths of 11 people continues to harm the marine ecosystem, wildlife, and property along the Gulf Coast. Although the causes are still under investigation, these events highlight the importance of ensuring safe operations on the Outer Continental Shelf (OCS).

The information to be collected is necessary for MMS to assess safety equipment; ensure the OCS is managed in a safe manner that includes considering available environmental information; and implementing best available and safest technology. The MMS will use the information collected to evaluate each operator to ensure compliance to the MMS regulations, review documentation for corrective action, and assess each risk analysis of deepwater drilling.

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].

It is not the type of information collection that needs to involve complex information technology. Where applicable, respondents may submit information 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.

The information collected will be unique to each operator, owner, and/or lessee. Similar information is not available from other sources. The Departments of the Interior and Homeland Security have Memoranda of Understanding that define the responsibilities of their agencies with respect to activities in the OCS. These are effective in avoiding duplication of regulations and reporting requirements.

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

This collection of information may have an economic effect on a number of small entities. Any direct effects primarily impact the OCS lessees and operators. Many of these OCS lessees and operators have less than 500 employees and are considered small businesses as defined by the Small Business Administration. The emergency situation in the Gulf of Mexico requires this collection of information; therefore, the hour burden on any small entity subject to these NTLs, requirements, and regulations cannot be reduced to accommodate them.

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 determine whether lessees, owners and operators are properly providing for the safety of operations and the protection of the environment and resources. The information is necessary to carry out the mandate of the OCS Lands Act.

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 Report specifies deadlines requiring operators to perform detailed functions accordingly. Some information is required within 14 days, some within 30 days, depending on the nature of the requirement in the Secretary's report to the President.

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

The Report specifies deadlines requiring operators to perform detailed functions accordingly. Some information is required within 14 days, some within 30 days, depending on the nature of the requirement in the Secretary's report to the President.

(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.

Retaining this information for the life of the well work, well completion, or well workover until the well is permanently plugged or abandoned is critical to determining its current safety, probable strength, and integrity, based on its history. As equipment ages, access to all aspects of its inspections, design, maintenance, testing, etc., is necessary to determine whether standards for safety are maintained. The type of information collected is such that it is not unreasonable to expect that respondents would retain it as usual and customary business practice, even if not required in regulations.

(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.

We have not made any formal consultations due to time constraints. Our estimate of the annual burden hours is based on a few informal conversations with oil and gas industry representatives and our experience with similar documentation requirements and reports submitted to MMS. We have requested a waiver of the 60-day and 30-day public notices.

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 in this collection.

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

We protect proprietary information according to the Freedom of Information Act (5 U.S.C. 552) and its implementing regulations (43 CFR 2), 30 CFR 250.197, Data and information to be made available to the public for limited inspection, and 30 CFR 252, OCS Oil and Gas Information Program.

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.

Potential respondents comprise Federal oil and gas OCS lessees and operators. It should be noted that not all of the potential respondents will submit information at any given time and some may submit multiple times. Submissions are generally on occasion. We estimate the total annual reporting and recordkeeping burden is 9,028 hours. Refer to the chart below for a breakdown of the burden hours.

BURDEN BREAKDOWN

NTL	Reporting Requirement	Hour Burden	Average No. of Annual Responses	Annual Burden Hours
Moratorium NTL-2010-N04	Submit to District Manager plans to stop operations and secure the well. Submit a structured risk analysis.	40	20 deepwater wells.	800 hours.
Increased Safety Measures for Energy Development on the OCS NTL-2010-N05	<u>General Certification.</u> Submit a general statement by the operators CEO that you are complying with existing 30 CFR 250 regulations; submit signed individual certifications with required language for the four specific items listed in the NTL; explanation for failure to comply within time constraints, along with plan to certify, including timetable for certification.	10	130 operators.	1,300
	<u>BOP Configuration and Performance Information.</u> Submit BOP and well control system configuration information; including specific requirements pertaining to BOP as listed in the NTL.	10	75 BOP certifications.	750
	<u>BOP Certification Requirements for Floating Drilling Operations</u> – 1. Submit third party physical inspection and design review of BOP in accordance with OEM specs and standards	Average cost of \$112,500 x 75 third-party physical inspection and design reviews = \$8,437,500.		

NTL	Reporting Requirement	Hour Burden	Average No. of Annual Responses	Annual Burden Hours
	[will cost approximately \$25,000 to \$250,000 depending on size etc]. – 2. Submit verification providing sufficient info showing that the blind-shear rams installed in the BOP are capable of shearing the drill pipe; submit a written and signed independent third party certification that they conducted the review and inspection, include an attachment of their qualifications; make report publicly available.	30 mins.	75 certifications.	38 (rounded)
	<u>BOP Inspection, Maintenance, and Repair for all Wells</u> - 1. Maintain records of maintenance and inspections and make available to MMS upon request.	1	336 records.	336
	2. Maintain records of any repairs to your BOP for drilling duration, make available to MMS upon request.	1	150 repairs.	150
	<u>BOP Compatibility Verification for All Wells.</u> Submit compatibility verification for every well by independent third party verification.	8	336 records.	2,688
		\$ 5,000 for each independent third party verification x 336 = \$1,680,000.		
	<u>ROV Hot Stab Function Testing of the ROV Intervention Panel</u> – 1. Inform appropriate District Manager 48 hours prior to testing BOP system. 2. Record and submit all ROV test results within 14 days of BOP test to appropriate District Manager.	30 mins	105 drilling rigs X 35 tests per yr = 3,675.	1,838 (rounded)
		8	75 ROV test results.	600
	<u>Verification that Blind-Shear Rams will Shear Pipe in the Hole.</u> Third party verification cost and submittal is included in <u>BOP Certification Requirements for Floating Drilling Operations.</u>	Burden covered under 30 CFR 250, subpart D - 1010-0141.		
	<u>BOP Inspection and Testing after Well Control Event for all Wells</u> Document inspection and testing after LOWC with date, time, description and results, etc.	24	1 LOWC info.	24
	<u>Well Design and Construction for All Wells.</u> 1. Submit information verifying casing and cement design that must be certified by a Professional Engineer. 2. Document and submit results to District Manager within 30 days after installation of dual mechanical barriers.	30 mins.	336 new or revised APDs.	168
		\$500 for each Professional Engineer verification x 25 verifications = \$12,500.		
		1	336 new or revised APDs.	336
	<u>Submittal of revised APD or APM.</u>	Burden covered under 1010-0141.		
TOTAL BURDEN			5,545 responses.	9,028 burden hours.
			\$ 10,130,000 non-hour cost burden	

(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.

The average respondent cost is \$93/hour (rounded). This cost is broken out in the below table using the Bureau of Labor Statistics data for the Houston, TX area*. See BLS website: <http://data.bls.gov/cgi-bin/dsrv?nw>.

Position	Level	Hourly Pay rate (\$/hour estimate)	Hourly rate including benefits (1.4** x \$/hour)	Percent of time spent on collection	Weighted Average (\$/hour)
Secretary	All Workers	\$19	\$27	5%	\$1
Petroleum Engineer or Geologist	All Workers	\$69	\$97	95%	\$92
Weighted Average (\$/hour)					\$93

* Note that this BLS source reflects their last update from December 2008.

**A multiplier of 1.4 (as implied by BLS news release USDL 10-0283, March 10, 2010 (see <http://www.bls.gov/news.release/ecec.nr0.htm>)) was added for benefits.

Based on a cost factor of \$93 per hour, we estimate the total annual cost to industry is \$839,604 (\$93 x 9,028 hours = \$839,604).

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 three non-hour cost burdens for this collection. Respondents are required to obtain independent third-party verification/certification at approximately: \$112,500 per response for physical

inspection and design review for BOPs, \$5,000 per response for compatibility verification for every well, and a \$500 fee for Professional Engineer verification.

The MMS expects that these three fees will total approximately \$10,130,000. Refer to the chart in Section A.12 of this supporting statement to see these specific non-hour cost breakdowns. We have not identified any other non-hour cost burdens associated with 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 respondents submit for these requirements, the Government spends an average of:

Title of NTL	MMS Hour	Total
Moratorium NTL	.5 hours for every 1 industry hour.	(800 industry hours times .5 MMS hours =) 400 hours.
Increased Safety Measures for Energy Development on the OCS NTL	6.88 hours for every 1 industry hour.	(8,228 industry hours times 6.88 MMS hours =) 56,609 rounded hours.
Total		57,009 MMS hours

The average government cost is \$71/hour. This cost is broken out in the below table using the current Office of Personnel Management salary data for the REST OF THE UNITED STATES (<http://www.opm.gov/oca/10tables/>).

Position	Grade	Hourly Pay rate (\$/hour estimate)	Hourly rate including benefits (1.5* x \$/hour)	Percent of time spent on collection	Weighted Average (\$/hour)
Secretary	GS-7/5	\$21	\$32	5%	\$2
Petroleum Engineer	GS-13/5	\$44	\$66	50%	\$33
Petroleum Engineer	GS-14/5	\$53	\$80	45%	\$36
Weighted Average (\$/hour)					\$71

* A multiplier of 1.5 (as implied by BLS news release USDL 10-0283, March 10, 2010 (see <http://www.bls.gov/news.release/ecec.nr0.htm>)) was added for benefits.

Based on a cost factor of \$71 per hour, the total annual estimated burden on the Government is \$4,047,639 (57,009 hours x \$71 = \$4,047,639).

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

This IC request is a new submission to obtain information. The reporting hour burden for this new collection constitutes a program increase of 9,028 burden hours.

The non-hour cost burden for this new collection constitutes a program increase of \$10,130,000.

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 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.

We will display the expiration date of the OMB approval on each NTL.

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.