

**Supporting Statement for Paperwork Reduction Act Submissions
(Interim Rule with Request for Comments)**

**30 CFR 250, Increased Safety Measures for Oil and Gas Drilling, Well-Completion,
and Well-Workover Operations**

**Forms MMS-123 – Application for Permit to Drill (APD) and MMS-124 – Application for Permit
to Modify (APM)**

OMB Control Number 1010-NEW

OMB Expiration Date: xx/xx/yyyy

This rulemaking includes revisions to 30 CFR 250, Subpart D – Oil and Gas Drilling Operations, Subpart E – Oil and Gas Well-Completion Operations; Subpart F – Oil and Gas Well-Workover Operations.

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. 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 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. Section 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 other techniques sufficient to prevent or minimize the likelihood of blowouts, loss of well control, fires, spillages, physical obstructions 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."

This interim rule will implement certain safety measures outlined in the Secretary of the Interior's report entitled, "Increased Safety Measures for Energy Development on the Outer Continental Shelf"

(Safety Measures Report), dated May 27, 2010. The President requested that the Department of the Interior develop this report as a result of the Deepwater Horizon incident on April 20, 2010. This incident resulted in the death of 11 people, an oil spill of national significance, and the sinking of the Deepwater Horizon. Although the cause of the incident is currently under investigation, this incident highlights the importance of ensuring safe operations on the Outer Continental Shelf. On June 2, 2010, the Secretary of the Interior directed the Bureau of Ocean Energy Management, Regulation and Enforcement (BOEMRE) to adopt the recommendations contained in the Safety Measures Report and to implement them as soon as possible. This information collection (IC) request concerns the regulations at 30 CFR 250, Subpart D – Oil and Gas Drilling Operations, Subpart E – Oil and Gas Well-Completion Operations; Subpart F – Oil and Gas Well-Workover Operations that will amend drilling regulations. This includes requirements related to subsea and surface blowout preventers (BOPs), well casing and cementing, secondary intervention, unplanned disconnects, record keeping, well completion, and well plugging. It also covers the related Notices to Lessees and Operators (NTLs) that the BOEMRE issues to clarify and provide additional guidance on some aspects of the regulations.

When the rulemaking becomes effective, we will merge these requirements and hour burdens into their primary subparts –Subpart D – Oil and Gas Drilling Operations, 1010-0141; Subpart E – Oil and Gas Well-Completion Operations, 1010-0067; Subpart F – Oil and Gas Well-Workover Operations, 1010-0043.

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 information in this rulemaking is requiring numerous recommendations from the Secretary's report that are being incorporated into the regulations. These regulatory requirements will: ensure sufficient redundancy in the BOPs; promote the integrity of the well and enhance well control; and facilitate a culture of safety through operational and personnel management.

New regulations are needed immediately to improve the safety of offshore oil and gas drilling operations in Federal waters. This rule will promote human safety and environmental protection and require OCS lessees to follow best industry practices for well control.

The following forms are associated with this rulemaking:

Application for Permit to Drill (APD), Form MMS-123

The BOEMRE uses the information from this form to determine the conditions of a drilling site to avoid hazards inherent in drilling operations. Specifically, the appropriate BOEMRE District Office uses the information to evaluate the adequacy of a lessee's plan and equipment for drilling, sidetracking or bypass operations. This includes the adequacy of the proposed casing design, casing setting depths, drilling fluid (mud), and cementing programs to ascertain that the proposed operations will be conducted in an operationally safe manner that provides adequate protection for the environment. The District Office also reviews the information to ensure conformance with specific provisions of the lease. In addition, except for proprietary data, BOEMRE is required by the OCS Lands Act to make available to the public certain information submitted on form MMS-123.

Application for Permit to Modify (APM), Form MMS-124

The BOEMRE uses the information on this form to evaluate and approve the adequacy of the equipment, materials, and/or procedures that the lessee plans to use during such post APD modifications or operations as plugging back or temporary abandonment where the well bore will be reentered and completed or permanently plugged. In addition, except for proprietary data, BOEMRE is required by the OCS Lands Act to make available to the public certain information submitted on form MMS-124.

It needs to be noted that only the hour burden on these two forms will change; they will increase due to the new regulatory requirements that require additional information to be attached with the appropriate form.

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 information obtained from the relevant ICs already approved by OMB, we believe that respondents will submit approximately 75 percent of the required documentation 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 is unique to a specific drilling/well operation and does not duplicate any other available information; similar information is not readily available or discernible from other sources. The Department of the Interior has several Memoranda of Understanding with other Departments 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 does have a significant economic effect on a substantial number of small entities but because of the overriding need to reduce the chance of a repeat of the BP Deepwater Horizon catastrophe, and the relatively minor share that small business plays in the deepwater, alternatives could not be considered. The burden on any small entity subject to these regulations cannot be reduced to accommodate them without sacrificing safe operations on the OCS.

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 BOEMRE did not collect the information, we could not determine whether lessees 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. The information is generally collected on occasion of drilling activity, well workover, well completions, and initiated by respondents' activity. We must have accurate and timely information on the condition of the drilling site to be able to make informed decisions.

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.

When submitting paper copies, respondents are required to submit four copies of forms MMS-123 and MMS-124: one approved copy each for the OCS Region, the lessee, the lessee's contractor, and the public. The copy for the public will not include some information that is proprietary data and not subject to release.

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

Respondents are required to retain some well completion/well workover records until the well is permanently plugged or abandoned or the records are forwarded with a lease assignment. Obviously this could be longer than 3 years. However, it is critical that the records be available that relate to any alteration of the completion configuration or that affect activities on a hydrocarbon-bearing zone.

(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.

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 BOEMRE. We have requested a waiver of the 60-day and 30-day public notices.

The public will be allowed to comment on the rulemaking by submitting comments to OMB, with a copy to BOEMRE, on the IC burden in this rule. The BOEMRE may adjust any affected IC burden based on comments received.

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

The BOEMRE 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 or for limited inspection,” and 30 CFR part 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 44,731 hours. Refer to the chart for a breakdown of the burden hours.

BURDEN TABLE

| Citation 30 CFR 250 | Reporting & Recordkeeping Requirement | Hour Burden | Average No. of Annual Responses | Annual Burden Hours |
|--|---|--------------------------------|--|------------------------------------|
| Subpart D | | | | |
| 408, 409; 410-418, 420(a)(6); 423(b) (3), (c)(1); 449(j), (k)(1); plus various references in subparts A, B, D, E, H, P, Q. | Apply for permit to drill/revised APD that includes any/all supporting documentation/evidence [test results, calculations, verifications, procedures, criteria, qualifications, etc.] and requests for various approvals required in subpart D (including §§ 250.423, 424, 427, 432, 442(c), 447, 448(c), 449(j), (k), 451(g), 456(a)(3), (f), 460, 490(c)(1), (2)) and submitted via Form MMS-123 (Application for Permit to Drill). | 6 | MMS-123 700 | 4,200 |
| 416(g)(2) | Provide 24 hour advance notice of location of shearing ram tests or inspections; allow BOEMRE access to witness testing, inspections and information verification. | 10 mins. | 6 notifications | 1 |
| 420(b)(3) | Submit dual mechanical barrier documentation after installation. | 30 mins. | 700 submittals | 350 |
| 423(a) | Request approval of other pressure casing test pressures per District Manager. | Burden covered under 1010-0141 | | 0 |
| 423(b)(4), (c)(2) | Perform pressure casing test; document results and make available to BOEMRE upon request. | 30 mins. | 700 drilling ops x 5 tests per ops = 3,500 tests | 1,750 |
| 442(c) | Request alternative method for the accumulator system. | Burden covered under 1010-0141 | | 0 |
| 442(h) | Label all functions on all panels; | 30 mins. | 30 panels | 15 |
| 442(i) | Develop written procedures for management system for operating the BOP stack and LMRP. | 4 | 30 procedures | 120 |
| 442(j) | Establish minimum requirements for authorized personnel to operate critical BOP equipment; require training. | Burden covered under 1010-0128 | | 0 |
| 446(a) | Document BOP maintenance and inspection procedures used; record results of BOP inspections and maintenance actions; maintain records for 2 years; make available to BOEMRE upon request. | 1 | 105 rigs | 105 |

| Citation 30 CFR 250 | Reporting & Recordkeeping Requirement | Hour Burden | Average No. of Annual Responses | Annual Burden Hours |
|--|--|--------------------------------|--|------------------------------------|
| 449; 450; 467 | Function test annular and rams; document results every 7 days between BOP tests (biweekly). Note: part of BOP test. | Burden covered under 1010-0141 | | 0 |
| 449(j)(2) | Test all ROV intervention functions on your subsea BOP stack; document all test results; make available to BOEMRE upon request. | 10 | 110 wells | 1,100 |
| 449(k)(2) | Function test autoshear and deadman on your subsea BOP stack during stump test; document all test results; make available to BOEMRE upon request. | 30 mins. | 110 wells | 55 |
| 456(i) | Record results of drilling fluid tests in drilling report. | Burden covered under 1010-0141 | | 0 |
| 456(j) | Submit detailed step by step procedures describing displacement of fluids with your APD/APM [this submittal obtains District Manager approval]. | 2 | 110 wells | 220 |
| 460; 465; 449(j), (k)(1); 516(d)(8), (d)(9); 616(h)(1), (2); plus various references in subparts A, D, E, F, H, P, and Q | Submit revised plans, changes, well/drilling records, procedures, certifications that include any/all supporting documentation etc., submitted on Form MMS-124 (Application for Permit to Modify). | 4 | MMS-124 4,057 | 16,228 |
| Subtotal | | | 9,458 responses | 24,144 hours |
| Subpart E | | | | |
| 516(d)(8) | Submit test procedures with your APM for approval. | Burden covered under 1010-0141 | | 0 |
| 516(d)(8) | Function test ROV interventions on your subsea BOP stack; document all test results; make available to BOEMRE upon request. | 10 | 110 wells | 1,100 |
| 516(d)(9) | Function test autoshear and deadman on your subsea BOP stack during stump test; document all test results; make available to BOEMRE upon request. | 30 mins. | 1,048 completions | 524 |
| 516(g)(1) | Document the procedures used for BOP inspections; record results; maintain records for 2 years; make available to BOEMRE upon request. | 7 days x 12 hrs/ day = 84 | 105 rigs / once every 3 years = 35 per year | 2,940 |
| 516(g)(2) | Request alternative method to inspect a marine riser. | Burden covered under 1010-0067 | | 0 |
| 516(h) | Document the procedures used for BOP maintenance; record results; maintain records for 2 years; make available to BOEMRE upon request. | 1 | 105 rigs | 105 |
| Subtotal | | | 1,298 responses | 4,669 hours |
| Subpart F | | | | |

| Citation 30 CFR 250 | Reporting & Recordkeeping Requirement | Hour Burden | Average No. of Annual Responses | Annual Burden Hours |
|--------------------------------|---|--------------------------------|--|------------------------------------|
| 616(h)(1) | Test all ROV intervention functions on your subsea BOP stack; document all test results; make available to BOEMRE upon request. | 10 hours | 1,226 workovers | 12,260 |
| 616(h)(2) | Function test autoshear and deadman on your subsea BOP stack during stump test; document all test results; make available to BOEMRE upon request. | 30 mins. | 1,226 workovers | 613 |
| 617(a)(1) | Document the procedures used for BOP inspections; record results; maintain records for 2 years; make available to BOEMRE upon request. | 7 days x 12 hrs/ day = 84 | 105 rigs / once every 3 years = 35 per year | 2,940 |
| 617(a)(2) | Request approval to use alternative method to inspect a marine riser. | Burden covered under 1010-0067 | | 0 |
| 617(b) | Document the procedures used for BOP maintenance; record results; maintain records for 2 years; make available to BOEMRE upon request. | 1 | 105 rigs | 105 |
| Subtotal | | | 2,592 responses | 15,918 hours |
| Subpart Q | | | | |
| 1712(f), (g); 1721(h) | Submit with your APM, archaeological and sensitive biological features; professional engineer certification. | Burden covered under 1010-0141 | | 0 |
| 1721(e) | Identify and report subsea wellheads, casing stubs, or other obstructions. | USCG requirements. | | 0 |
| Total | | | 13,348 Responses | 44,731 Hours |

(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 \$87*/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://www.bls.gov/bls/wages.htm>.

| Position | Level | Hourly Pay rate (\$/hour estimate) | Hourly rate including benefits (1.4** x \$/hour) | Percent of time spent on collection | Weighted Average (\$/hour) |
|--|----------------|---|---|--|---|
| Secretaries and Administrative assistants | 6 | \$21 | 29 | 15% | \$4 |
| Petroleum/Drilling Engineers | All Workers | \$69 | 97 | 70% | \$68 |
| Supv. Engineer | 15 | \$69 | 97 | 15% | \$15 |
| Weighted Average (\$/hour) | | | | | \$87 |

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

** A multiplier of 1.4 (as implied by BLS news release USDL 10-1241, September 8, 2010 (see <http://www.bls.gov/news.release/ecec.nr0.htm>)) was added for benefits.

Based on a cost factor of \$87 per hour, we estimate the total annual cost to industry is \$3,891,597 (\$87 x 44,731 hours = \$3,891,597).

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 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, the Government spends an average of 0.5 hours for each hour spent by respondents. The total estimated Government time is 22,366 (rounded) hours.

The average government cost is \$61/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 | Hourly rate | Percent of | Weighted |
|----------|-------|------------|-------------|------------|----------|
|----------|-------|------------|-------------|------------|----------|

| | | rate (\$/hour estimate) | including benefits (1.5* x \$/hour) | time spent on collection | Average (\$/hour) |
|-----------------------------------|---------|-------------------------|-------------------------------------|--------------------------|-------------------|
| Clerical | GS-5/5 | \$17 | \$26 | 4% | \$1 |
| Technician(s) | GS-11/5 | \$31 | \$47 | 25% | \$12 |
| Engineer(s) | GS-13/5 | \$44 | \$66 | 65% | \$43 |
| Supervisory | GS-14/5 | \$53 | \$80 | 6% | \$5 |
| Weighted Average (\$/hour) | | | | | \$61 |

* A multiplier of 1.5 (as implied by BLS news release USDL 10-1241, September 8, 2010 (see <http://www.bls.gov/news.release/ecec.nr0.htm>)) was added for benefits.

Based on a cost factor of \$61 per hour, the total annual estimated burden on the Government is \$1,364,326 (44,731 hours x .5 hours = 22,366 (rounded) x \$61 = \$1,364,326).

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

This submission requests a program increase of 44,731 burden hours.

As stated in item A.l, when final regulations take effect, we will merge these burdens into their primary subparts – Subpart D – 1010-0141; Subpart E – 1010-0067; and Subpart F – 1010-0043, respectively.

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 BOEMRE 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.”