

Supporting Statement for Paperwork Reduction Act Submissions
Historical Well Data Cleanup (HWDC) Project
OMB Control Number 1010-0137
Expiration Date: August 31, 2009

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 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 [O]uter 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." These responsibilities are among those delegated to the Minerals Management Service (MMS).

To carry out these responsibilities, 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 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

addressed in our regulations. The latter is the case for the information collection required in the attached NTL. Because of the unusual nature of this information collection, issuing an NTL is the appropriate means to collect the information.

The subject of this information collection request is the “Historical Well Data Cleanup (HWDC).” The information we are collecting is information that respondents are required to submit under regulations at 30 CFR 250 subpart D. However, in the past we did not always enforce this regulatory requirement for certain wellbores for several reasons. We did not foresee the value of this information for all wellbores, nor did we anticipate that not having the information would later create problems for the agency and others. We also did not have a sophisticated electronic database that could handle the information. The historical well data cleanup information collection is found in § 250.467(c). These are the records that the lessee must keep until the well is abandoned. The collection is also looking for any records that should have been submitted to the MMS but are not in MMS’s inventory. The key to this collection is that MMS wants to know the location of all the wellbores, specifically:

- records of well completion or workover activities that materially alter the completion configuration or affect a hydrocarbon-bearing zone -- § 250.467(c),
- well logs and surveys run in the wellbore -- § 250.468(a),
- directional surveys -- § 250.468(a),
- service company reports on cementing, perforating, acidizing, testing, or other similar reports -- §250.469(c).

We now collect all of the required information on a current basis (under 30 CFR 250, subpart D, OMB Control Number 1010-0141). Prior assurance to respondents that providing the information in connection with this project will not subject them to the penalties for not providing the information is still in place. We are requesting a renewal for the approval of this collection to allow operators to provide missing or corrected data.

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 NTL, one of the primary purposes is to obtain the missing data for wellbores that MMS has not assigned API numbers. We are not able to accurately manage and utilize data from drilling operations without the information for the missing wells. We will use the information to identify other data (e.g., logs, surveys, tests) missing from our records; correlate and re-catalog existing MMS data to the correct wellbore/location; and correctly exchange information with the operators and industry. Our geoscientists use the information to evaluate resources for lease sales for fair market value. Most importantly, however, is the safety issue. When the initial collection of information was initiated, there were over 40,000 wells that had missing data. Over the years of the collection it has lowered and we now believe that there may be anywhere from 1,500 to 4,500 unidentified completed and/or abandoned wellbores (bypasses and sidetracks), many of which may contain stuck drill pipe or other materials. In approving permits and other operations in an area, it is important for us and the lessees/operators to know what may be adjacent to or near the vicinity of the activity we are approving to avoid the risk of blowouts, loss of well control, and endangerment to life,

health, and the environment. This is particularly important as, over the years, the number of wells drilled constantly increases, thereby increasing the risk to adjacent activities if operators are not aware of what might be in the area.

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].

We anticipate most individual respondents (oil companies/lessees) will use some means of electronic technology (such as databases, images, and the internet) to provide the data. The volume of electronic submission will be determined by how much of the information is available to respondents in a digital form. This may vary depending on the vintage of information. Based on a comparison of paper to digital submissions from prior data collections, we estimate 98 percent of all respondents will use electronic methods. Alternatively, if these respondents instead give permission to an association or vendor to provide their data, those organizations may take advantage of sending the databases in electronic format. This, of course, would further reduce the burden on individual respondents. Currently, we are providing companies with a summary of existing records and details of the information requested, limiting any research of company records to a specific well or document. However, we are still prepared to accept the data by any method that is the least burdensome to the respondents.

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.

We are not aware of any other Federal agency collecting this information. Much of the information is available through non-Federal associations and vendors on behalf of their industry members. We have unsuccessfully attempted to obtain (offered to purchase) the information directly from some of these sources. They feel that the information is not theirs to either give or sell to the Federal Government without the consent of their membership. It is possible that respondents (either individually or collectively) will instruct these organizations to make the information available directly to MMS and, thereby, avoid the burden of providing the information themselves. Obtaining the information in this fashion should not put the association at risk, as their membership will continue to obtain current information from them, whereas our regulations preclude us from releasing this type of data and information for 2 years. In addition, these trade/business associations provide a wide range of services to their membership over and above just compiling well information.

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

This collection of information will not have a significant economic effect on a substantial number of small entities. The information collected should be readily available from respondents' files and database sources. This will be a data collection of information that respondents are required by

regulation to submit to MMS. The burden on small businesses cannot be reduced to accommodate those entities or we would not have a complete and accurate database.

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, we would not have all of the information that we need to evaluate resources for lease sales properly, which could result in under valuing resources. It also would hamper our ability to make the best judgment in permit and operation approvals. Our records would continue to be incomplete. The data and information will be collected only once from each respondent, but over a period of several years. Once records can be synchronized, less frequent collection is not an issue. We are requesting a renewal for the approval of this collection to allow operators to provide the missing or corrected data. We had been advised by our Solicitor's office that when the information we are requesting is required to be submitted by our regulations, even though it is historical in nature, respondents are legally responsible for providing it, if it is still available.

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 1320.8(d), MMS provided a 60-day notice in the Federal Register on February 3, 2009 (74 FR 5943). Also, 30 CFR 250.199 explains that the MMS will accept comments at any time on the information collected and the burden. We display the OMB control number and provide the address for sending comments to MMS. We received one comment in response to the Federal Register notice. This comment was not germane in any way, to the information collection.

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:

Terri Halverson - BP – Regulatory Compliance Specialist - 281-366-6292
200 Westlake Park Blvd Room 453, Houston, TX 77079

Wayne Weicks - Shell – Regulatory Affairs – 504-728-7163
PO Box 61933, New Orleans, LA 70161

Nelda Runyon - Dominion – Regulatory Manager – 713-756-6128
1450 Louisiana Street Suite 2700, Houston, TX 77002

Judy Archer – Walter Oil & Gas – Regulatory Manager - 713-659-1222
1100 Louisiana Street Suite 200, Houston, TX 77002

Mike Underwood - Chevron – Data Analysis – 504-592-6017
935 Gravier Street, New Orleans, LA 70112

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.

The MMS will protect information considered proprietary under the Freedom of Information Act (5 U.S.C. 552), its implementing regulations (43 CFR part 2), and under regulations at 30 CFR 250.197, Data and information to be made available to the public or for limited use, and 30 CFR Part 252, Outer Continental Shelf (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.

There are approximately 130 respondents (Federal OCS lessees) who will submit information for a remaining estimated 4,500 wells from an original 40,000 wells. Frequency of response is on occasion. Based on our own input, the concurrence of the contractor hired for this, and informal discussions with a few potential respondents, we estimate it will take respondents:

0.5 hours to locate and copy scout tickets for each well:	0.5 hours x 4,500 wells = 2,250
2 hours to retrieve and analyze each well file:	2 hours x 4,500 wells = <u>9,000</u>
Total:	11,250

(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 response per respondent is 87 (rounded) burden hours (11,250 hours ÷ 130 respondents = 86.5) . Obviously some respondents will encounter a greater burden than others depending upon the number of wells for which they need to provide the information. And, again, respondents could greatly reduce the burden if they direct a third party to provide the information that is already captured in a data base.

The average respondent cost is \$78/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)
Administrative	7	\$20	28	5%	\$1
Regulatory***	13	\$55	77	40%	\$31
Engineers, Geologists	13	\$59	83	50%	\$42
Supv. Engineer	15	\$59	83	5%	\$4
Weighted Average (\$/hour)					\$78

* Note that this BLS source reflects their last update from July 2004.

** A multiplier of 1.4 (as implied by BLS news release USDL 08-1802, December 10, 2008) was added for benefits.

*** Professional Occupation n.e.c. (not elsewhere classified)

Based on a cost factor of \$78 per hour, we estimate the total burden cost to industry is \$877,500 (\$78 x 11,250 hours = \$877,500).

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.

We have contracted out the bulk of the work involved in the HWDC project at a cost of approximately \$750,000 a year. The average government cost is \$46/hour. This cost is broken out in the below table using the current Office of Personnel Management salary data for the REST OF UNITED STATES (consisting of the portions of the lower 48 United States not located within another locality pay area). We estimate that the Government will use approximately 3,120 annual employee hours on this project.

Position	Grade	Hourly Pay rate (\$/hour estimate)	Hourly rate including benefits (1.5* x \$/hour)	Percent of time spent on collection	Weighted Average (\$/hour)
Clerical	GS-5/5	\$15	\$23	4%	\$1
Technician(s)	GS-11/5	\$27	\$41	65%	\$27
Engineer(s)	GS-13/5	\$38	\$57	25%	\$14
Supervisory	GS-14/5	\$45	\$68	6%	\$4
Weighted Average (\$/hour)					\$46

*A multiplier of 1.5 (as implied by BLS news release USDL 08-1802, December 10, 2008) was added for benefits.

Based on a cost factor of \$46 per hours, the cost to the government would be \$893,520 (3,120 hours x \$46 per hour = \$143,520 + \$750,000 = \$893,520).

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

The current OMB inventory includes 15,000 burden hours for this collection of information. This submission requests 11,250 hours. The difference is an adjustment decrease of 3,750 hours due to the reduction in the number of wells yet to be reported.

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”.