

**Supporting Statement for Paperwork Reduction Act Submissions  
(Final Rulemaking)  
30 CFR 250, Subpart K, Oil and Gas Production Requirements  
Forms MMS-126, MMS-127, MMS-128 and MMS-140  
OMB Control Number 1010-0041  
Current Expiration Date: November 30, 2011**

**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 (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.

Section 5(a) of the OCS Lands Act requires the Secretary to prescribe rules and regulations "to provide for the prevention of waste, and conservation of the natural resources of the Outer Continental Shelf, and the protection of correlative rights therein" and to include provisions "for the prompt and efficient exploration and development of a lease area."

Section 1334(g)(2) states ". . . the lessee shall produce such oil or gas, or both, at rates . . . to assure the maximum rate of production which may be sustained without loss of ultimate recovery of oil or gas, or both, under sound engineering and economic principles, and which is safe for the duration of the activity covered by the approved plan."

The Independent Offices Appropriations Act (31 U.S.C. 9701), the Omnibus Appropriations Bill (P.L. 104-133, 110 Stat. 1321, April 26, 1996), and Office of Management and Budget (OMB) Circular A-25, authorize Federal agencies to recover the full cost of services that confer special benefits. Under the

Department of the Interior's (DOI) implementing policy, the Minerals Management Service (MMS) is required to charge the full cost for services that provide special benefits or privileges to an identifiable non-Federal recipient above and beyond those which accrue to the public at large. Several requests for approval required in subpart K are subject to cost recovery, and MMS regulations specify service fees for these requests.

This information collection request addresses a Final Rulemaking to update our current regulations governing oil and gas production at 30 CFR 250, subpart K, and related Notices to Lessees (NTLs) and Operators. The MMS issued several NTLs to clarify and provide additional guidance on some aspects of the current subpart K regulations. The final regulations re-title subpart K, are a complete rewrite using plain language, and incorporate the pertinent NTLs. Those NTLs are rescinded when the final regulations take effect. This collection of information will revise the approved information collection for the current subpart K regulations (1010-0041).

***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 collected under subpart K is used in our efforts to conserve natural resources, prevent waste, and protect correlative rights, including the Government's royalty interest. Specifically, MMS uses the information to:

- evaluate requests to burn liquid hydrocarbons and vent and flare gas to ensure that these requests are appropriate;
- to determine if a maximum production or efficient rate is required; and,
- to review applications for downhole commingling to ensure that action does not result in harm to ultimate recovery.

Forms MMS-126, Well Potential Test Report; MMS-127, Sensitive Reservoir Information Report, MMS-128, Semiannual Well Test Report, and MMS-140, Bottomhole Pressure Survey Report have previously been submitted and approved by OMB. The OMB approved these forms as part of the 1010-0041 collection of information. This rulemaking does not change any data elements on the OMB approved forms.

#### Form MMS-126, Well Potential Test Report

The MMS uses this information for reservoir, reserves, and conservation analyses, including the determination of maximum production rates (MPRs) when necessary for certain oil and gas completions. This requirement implements the conservation provisions of the OCS Lands Act and 30 CFR 250. The information obtained from the well potential test is essential to determine if an MPR is necessary for a well and to establish the appropriate rate. It is not possible to specify an MPR in the absence of information about the production rate capability (potential) of the well. The form asks for, in either fill in the blanks or check marks:

- general information about the well and the company;
- pertinent information relating to the well test; and
- 24-hour rates pertaining to test production.

#### Form MMS-127, Sensitive Reservoir Information Report

The MMS uses this information to determine whether a rate-sensitive reservoir is being prudently developed. This represents an essential control mechanism that MMS may use to regulate production rates from sensitive reservoirs. Occasionally, the information available on a reservoir, early in its producing life, may indicate it to be non-sensitive, while later and more complete information would establish the reservoir as being sensitive. Production from a well completed in the gas cap of a sensitive reservoir requires approval from the Regional Supervisor. The information submitted on this form provides reservoir parameters that are revised at least annually or sooner if reservoir development results in a change in reservoir interpretation. The engineers and geologists use the information for rate control and reservoir studies. The form requests, in either fill in the blanks or check marks:

- general information about the reservoir and the company;
- volumetric data;
- fluid analysis data; and
- production data.

#### Form MMS-128, Semiannual Well Test Report

The MMS uses this information to evaluate the results of well tests to determine if reservoirs are being depleted in a manner that will lead to the greatest ultimate recovery of hydrocarbons. This information is collected to determine the capability of hydrocarbon wells and to evaluate and verify an operator's approved maximum production rate if assigned. The form was designed to present current well data on a semiannual basis to permit the updating of permissible producing rates, and to provide the basis for estimates of currently remaining recoverable gas reserves. The form asks, for in either fill in the blanks or check marks:

- general information about the well;
- volumes;
- choke size;
- pressures;
- production method;
- API oil/condensate gravity; and
- date of test.

#### Form MMS-140, Bottomhole Pressure Survey Report

The MMS uses the information to effectively manage reservoirs in our efforts to conserve natural resources, prevent waste, and protect correlative rights, including the Government's royalty interest. Specifically, MMS uses the information in reservoir evaluations to determine maximum production and efficient rates; and to review applications for downhole commingling to ensure that action does not result in harm to ultimate recovery or undervalued royalties. The form requests such information as:

- general information relating to the well and operator;
- test data information such as shut-in time, bottomhole temperature, KB elevation; and,
- bottomhole pressure points that consist of measured depth(s), true vertical depth(s), pressure(s), and pressure gradient(s).

***3. Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, e.g., permitting electronic submission of responses, and the basis for the decision for adopting this means of collection. Also describe any consideration of using information technology to reduce burden [and specifically how this collection meets GPEA requirements].***

The MMS encourages respondents to use forms available on the website and submit certain data electronically. Currently, an estimated 25 percent of all Semiannual Well Test Reports in the Gulf of Mexico Region (GOMR) are submitted electronically by using computerized well files; information can be taken directly from that file to the MMS database. Benefits include preparation time reduction, increased accuracy of submitted completion and test data, and overall cost reductions. Currently, respondents in the Pacific OCS Region (POCSR) and the Alaska Region (AKOCSR) have not opted to submit reports 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 Department of the Interior has a Memorandum of Understanding (MOU) with the Department of Transportation that defines the responsibilities of each agency with respect to activities in the OCS. This MOU is effective in avoiding duplication of regulations and reporting requirements. In most cases, the information collected is unique and site specific to each operation and not available from other sources. Some respondents are under the control of local authorities, which require respondents to submit similar air-pollution information. When this is applicable, MMS will not require such reporting from those respondents, thereby avoiding duplication.

**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. However, approximately 70 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. The hour burden on any small entity subject to these 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 we did not collect the information, MMS could not carry out the mandate of the OCS Lands Act. Information collection is generally required upon occasion or as a result of certain events with no specific frequency. With respect to the subpart K forms:

Form MMS-126 - the result could be a waste of energy resources in the OCS by production at imprudent rates, jeopardizing the ultimate full recovery of hydrocarbons. If MMS did not require this information, respondents would still conduct initial potential tests for new completions to assess their producing capabilities and characteristics for use in well completion design evaluation, reservoir management, production equipment design, production allocation calculations, and other technical reviews and analyses. However, they might not report the results to MMS unless required to do so. Reports are submitted as a result of situations encountered. They are not submitted at any set frequency; therefore, the frequency is not applicable.

Form MMS-127 - we could not assure maximum rate of production that may be sustained without loss of ultimate recovery of oil or gas (43 U.S.C. 1334(g)(2)) together with the waste prevention, natural resource conservation, and correlative rights protection provisions of the OCS Lands Act. Reports are submitted initially, and then annually or sooner at the option of the lessee. Reporting on less than an

annual basis is not feasible and would not provide MMS with the current information to review the classification of producing reservoirs.

Form MMS-128 - the result could be a waste of energy resources in the OCS by production at imprudent rates, jeopardizing the ultimate full recovery of hydrocarbons. Reports are submitted on a semiannual basis. Less frequent reporting would not identify changes that can occur in the oil and gas reservoirs over a prolonged reporting period. This frequency of collection also conforms to the requirements of State regulatory agencies in the gulf coast producing areas.

Form MMS-140 - MMS would not have information for reservoir engineering calculations to use in the conservation of natural resources, prevention of waste, and protection of correlative rights, including Federal royalty interests. Respondents generally submit reports 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.***

When required by the Regional Supervisor, monthly reporting is used to keep track of H<sub>2</sub>S concentrations and look for any abnormal spikes or changes that could exceed the safety and environmental limits. The increased frequency of reporting is used to be able to respond to any changes that could be harmful to personnel or the environment in a timely matter.

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

Form MMS-126 must be submitted to MMS within 15 days after the end of the test period. This gives operators 15 to 45 days to provide the written response, depending on when they run the test. This submission period has been in effect for many years without significant burden on respondents. Section 250.1160(a)(3) requires respondents to report gas flaring/venting information within 72 hours after the blow down of transportation pipelines downstream of the royalty meter. This benefit is an exception to requesting advance approval to flare/vent gas.

***(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.***

The proposed rule retains the requirements for respondents to compile, retain and make available to MMS for 6 years, the records detailing gas flaring or venting; the records detailing liquid hydrocarbon burning; and meter records. For the first 2 years of the 6 years, the records must be kept on the facility and available for inspection by MMS representatives. After the initial 2 years, records do not have to be kept at the facility, but must be maintained and made available upon request over the next 4 years. Retaining this information for 6 years is critical because these records are needed to demonstrate that payments of royalties are in compliance with lease terms, regulations, and orders.

***(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 provided the 60-day review and comment process in the preamble of the proposed rulemaking (72 FR 9884). We received eight sets of comments regarding the rulemaking, but only two comments affected the information collection burden. All the comments received are addressed in the preamble of the final rulemaking.

Based on a public comment, we removed the requirements published in proposed § 250.1164(b)(1) to request Regional Supervisor approval for emitting more than 15 pounds of SO<sub>2</sub>, and § 250.1164(b)(2), submit to the Regional Supervisor air quality modeling analysis. The commenter stated that 30 CFR 250, subpart C, was sufficient to regulate pollution issues and MMS agreed.

We also added two IC requirements and burdens to the final rulemaking that were not in the proposed rulemaking.

(a) First, operators/lessees must provide notice to operator(s) of adjacent property(ies) of their request for MMS approval to produce within 500 feet of a unit or lease line or to commingle hydrocarbons. Sections 250.1156(b) and 250.1158(b) allow the notified party(ies) to submit letters of

acceptance or objection to MMS. This provision was in the proposed rule, but was inadvertently omitted from the IC table in the preamble to the proposed rule.

(b) Second, is a new paragraph (1) under § 250.1163(a) that requires a notice to MMS when a facility begins to process more than an average of 2,000 BOPD per month. This change was made in response to a commenter's concern that the current Oil and Gas Operations Report (OGOR)-B form does not allow for multiple facility submissions.

The respondents who submitted comments to the rulemaking were: Offshore Operators Committee, a trade organization that represents numerous oil and gas companies, The State of Alaska, BP, Chevron USA, Marathon Oil Company, Maritech, Shell Offshore and WT Offshore.

**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), and 30 CFR 250.197, Data and information to be made available to the public or for limited inspection, 30 CFR part 252, OCS Oil and Gas Information Program, and the Freedom of Information Act (5 U.S.C. 552) and its implementing regulations (43 CFR 2). Proprietary information concerning geological and geophysical data will be protected according to 43 U.S.C. 1352.

**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**

No, the collection does not include sensitive 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.**

Primary respondents are Federal oil and gas and sulphur lessees. It should be noted that not all of the potential respondents will submit information in any given year and some may submit multiple times. Responses to this collection are mandatory or are required to obtain or retain a benefit. The frequency

of response is on occasion, monthly, semi-annually, annually, and as a result of situations encountered depending upon the requirement. The information collection requirements, including subpart K forms, and hour burden estimates are provided in the following table representing an estimated total of 43,396 hours.

30 CFR Part 250 Subpart K	Reporting & Recordkeeping Requirement	Hour Burden	Average No. of Annual Responses	Annual Burden Hours
		Non-Hour Cost Burdens		
<b>WELL TESTS/SURVEYS and CLASSIFYING RESERVOIRS</b>				
1151(a)(1), (c); 1167	Conduct well production test; submit Form MMS-126 (Well Potential Test Report) and supporting information (within 15 days after end of test period).	3	1,325 forms	3,975
1151(a)(2), (c); 1167	Conduct well production test; submit Form MMS-128 (Semiannual Well Test Report) and supporting information (within 45 days after end of calendar half-year).	0.1 to 3*	13,000 GOM forms 600 POCS forms	3,100
1151(b)	Request extension of time to submit results of semi-annual well test.	0.5	37 requests	19
1152(b), (c);	Request approval to conduct well testing using alternative procedures.	0.5	37 requests	19
1152(d)	Provide advance notice of time and date of well tests.	0.5	10 notices	5
1153	Conduct static bottomhole pressure survey; submit Form MMS-140 (Bottomhole Pressure Survey Report) (within 60 days after survey).	14	1,270 surveys	17,780
1153(d)	Submit a letter, along with Form MMS-140, to request a departure from requirement to run a static bottomhole survey.	1	120 survey departures	120
1154; 1167	Request approval, along with supporting information, to reclassify reservoir.	6	20 requests	120
1155; 1165(b); 1166(c); 1167	Submit Form MMS-127 (Sensitive Reservoir Information Report) and supporting information (within 45 days after certain events or at least annually).	2.2	2,189 forms	4,816
<b>Subtotal</b>			<b>18,608 responses</b>	<b>29,954 hours</b>
<b>APPROVALS PRIOR TO PRODUCTION</b>				
1156; 1167	Request approval to produce within 500 feet of a unit or lease line; submit supporting information; pay service fee and include pay.gov payment confirmation with request; notify adjacent operators and provide MMS proof of notice date.	5	33 requests	165
		\$3,608 x 33 requests = \$119,064		
1156(b); 1158(b)	Notify adjacent operators submit letters of acceptance or objection to MMS within 30 days after notice.	.5	33 letters	17 (rounded)
1157; 1167	Request approval to produce gas-cap gas in an oil reservoir with an associated gas cap, or to continue producing an oil well showing characteristics of a gas well with an associated gas cap; submit producing an oil well showing characteristics of a gas well with an associated gas cap; submit supporting information; pay service fee and include pay.gov payment confirmation with request.	12	51 requests	612
		\$4,592 x 51 requests = \$234,192		



30 CFR Part 250 Subpart K	Reporting & Recordkeeping Requirement	Hour Burden	Average No. of Annual Responses	Annual Burden Hours
		Non-Hour Cost Burdens		
1158; 1167	Request approval to downhole commingle hydrocarbons; submit supporting information; pay service fee and include pay.gov payment confirmation with request; notify operators and provide proof of notice date.	6	48 applications	288
		\$5,357 x 48 applications = \$257,136		
<b>Subtotal</b>			<b>165 responses</b>	<b>1,082 hours</b>
			<b>\$610,392 non-hour costs</b>	
<b>FLARING, VENTING, and BURNING HYDROCARBONS</b>				
1160; 1161; 1163(e)	Request approval to flare or vent natural gas or exceed specified volumes; submit documentation; report flare/vent information due to blow down of transportation pipelines within 72 hours after incident.	0.5	1,007 requests/reports	504
1162; 1163(e)	Request approval to burn produced liquid hydrocarbons; submit documentation.	0.5	60 requests/reports	30
1163(a)	One-time initial purchase and installation of gas meters to measure and record the amount of gas flared or vented. This is a non-hour cost burden required to comply with revised regulations with relatively small or no burden in subsequent years.	112 meters x \$77,000 ea = \$8,624,000 subsequent years		
1163(a)(1)	Notify MMS when facility begins to process more than an average of 2,000 bopd per month.	0.833	112 notices	93 (rounded)
1163(b); 1164(c)	Report to MRM hydrocarbons produced, including measured gas flared/vented and liquid hydrocarbon burned—burden covered under 1010-0139.	0		
1163(c), (d)	Maintain records for 6 years detailing gas flaring/venting, liquid hydrocarbon burning; and flare/vent meter recordings; make available for inspection or provide copies upon request.	13	869 platforms (gas flare/vent)	11,297
		.5	60 liquid hydrocarbon	30
1164(c)	Submit monthly reports of flared or vented gas containing H <sub>2</sub> S.	2	3 operators x 12 mos. = 36	72
1160(b); 1164(b)(1), (2)	H <sub>2</sub> S Contingency, Exploration, or Development and Production Plans and, Development Operations Coordination Documents—burdens covered under 1010-0141 and 1010-0151. Monitor air quality and report – burdens covered under 1010-0057.	0		
<b>Subtotal</b>			<b>2,084 responses</b>	<b>12,026 hours</b>
			<b>\$8,624,000 non-hour costs</b>	
<b>OTHER REQUIREMENTS</b>				
1165	Submit proposed plan and supporting information for enhanced recovery operations; including Form MMS-127.	12	14 plans	168
1165(c)	Submit periodic reports of volumes of oil, gas, or other substances injected, produced, or produced for a second time--burden covered under OMB approval 1010-0139.	0		
1166	Alaska Region only: submit annual reservoir management report and supporting information, including Form MMS-127.	1	1 (req'd by State, MMS gets copy)	1
		100	1 new development not State lands.	100
		20	3 annual revisions	60
1150-1167	General departure or alternative compliance requests not specifically covered elsewhere in subpart K.	1	5 submissions	5

30 CFR Part 250 Subpart K	Reporting & Recordkeeping Requirement	Hour Burden	Average No. of Annual Responses	Annual Burden Hours
		Non-Hour Cost Burdens		
		Subtotal	24 responses	334 hours
TOTAL BURDEN			20,881 responses	43,396 hours
			\$9,234,392 non-hour cost burdens	

\* Reporting burden for this form is estimated to average 0.1 to 3 hours per form depending on the number of well tests reported, including the time for reviewing instructions, gathering and maintaining data, and completing and reviewing the form.

***(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 \$79/hour. 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)
General Office Clerk	7	\$20	\$28	5%	\$1
Petroleum Engineer	12	\$55	\$77	60%	\$46
Supv. Petroleum Engineer	15	\$66	\$92	35%	\$32
<b>Weighted Average (\$/hour)</b>					<b>\$79</b>

\* Please 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.

Based on a cost factor of \$79 per hour, we estimate the total annual cost to industry is \$3,428,284 (\$79 x 43,396 hours = \$3,428,284).

***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.*

The subpart K regulations require four non-hour cost burdens, for a total of \$9,234,392. Three are service fees required to recover the Federal Government’s processing costs of certain submissions. The fourth cost is an information collection equipment expenditure. The details are as follows:

§ 250.1156 requires a service fee when submitting a request for approval to produce within 500 feet of a unit or lease line.	33 fees x \$3,608 ea = \$119,064
§ 250.1157 requires a service fee when submitting a request for approval before producing gas-cap gas from each completion in an oil reservoir known to have an associated gas cap, or to continue producing if an oil reservoir is not initially known to have an associated gas cap, but begins to show characteristics of a gas well.	51 fees x \$4,592 ea = \$234,192
§ 250.1158 requires a service fee for submitting a request for approval to downhole commingle hydrocarbons.	48 fees x \$5,357 ea = \$257,136
§ 250.1163 requires respondents to purchase and install gas meters to measure the amount of gas flared or vented. The initial expenditure is significant, but we expect the cost to be minimal in future years since the expense will only affect new facilities, and/or facilities that increase production more than 2,000 BOPD.	112 gas meters x \$77,000 ea = \$8,624,000

**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.**

The average Federal cost is \$63/hour. This cost is broken out in the below table using the current Office of Personnel Management pay schedule for The REST OF THE UNITED STATES.

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-7/5	\$21	\$32	5%	\$2
Petroleum Engineer	GS-12/5	\$37	\$56	76%	\$43
Supv. Petroleum Engineer	GS-15/5	\$61	\$92	18%	\$17
Executive	SES (\$148K)	\$71	\$107	1%	\$1
<b>Weighted Average (\$/hour)</b>					<b>\$63</b>

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

To analyze and review the information, the Government spends an average of 1 hour for each hour spent by respondents for a total of 43,396 hours. Based on a cost factor of \$63 per hour, the total annual estimated burden on the Government is \$2,733,948 (43,396 hours x 1 hour = 43,396 hours x \$63 = \$2,733,948).

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

Between the proposed rule and final rule, as well as currently approved requirements, there were several adjustment increases and decreases, as well as program changes. The net results are as follows:

a. The currently approved annual hour burden is 41,511 hours. This submission requests, 43,396 burden hours. This submission requests a net program increase of 121 burden hours due to new regulatory requirements, and an adjustment increase of 1,764 burden hours due to a mathematical recalculation.

b. The currently approved annual reporting and recordkeeping non-hour cost burden is \$558,300. This submission requests \$9,234,392 of which \$8,624,000 is a one-time non-hour cost burden program change, and an adjustment increase of \$52,092 due to the increase in fees (August 25, 2008, 73 FR 49943).

***16. For collections of information whose results will be published, outline plans for tabulation and publication. Address any complex analytical techniques that will be used. Provide the time schedule for the entire project, including beginning and ending dates of the collection of information, completion of report, publication dates, and other actions.***

The MMS will not tabulate or publish the data.

***17. If seeking approval to not display the expiration date for OMB approval of the information collection, explain the reasons that display would be inappropriate.***

The MMS displays the OMB approval expiration date on Forms MMS-126, MMS-127, MMS-128, and MMS-140. The remainder of this collection concerns regulatory requirements and the required information is displayed in § 250.199 for all of the 30 CFR 250 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.”