

Supporting Statement A
30 CFR 250, Subpart L, Oil and Gas Production Measurement,
Surface Commingling, and Security
OMB Control Number 1014-0002
OMB Expiration Date: September 30, 2013

Terms of Clearance: None

General Instructions

A completed Supporting Statement A 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 below. If an item is not applicable, provide a brief explanation. When the question, "Does this information collection request (ICR) contain surveys, censuses, or employ statistical methods?" is checked "Yes," then a Supporting Statement B 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.

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 mineral resources on the OCS. Such rules and regulations will apply to all operations conducted under a lease, right-of-way, or a right-of-use and easement. 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.

In addition to the general rulemaking authority of the OCSLA at 43 U.S.C. 1334, section 301(a) of the Federal Oil and Gas Royalty Management Act (FOGRMA), 30 U.S.C. 1751(a), grants authority to the Secretary to prescribe such rules and regulations as are reasonably necessary to carry out FOGRMA's provisions. While the majority of FOGRMA is directed to royalty collection and enforcement, some provisions apply to offshore operations. For example, section 108 of FOGRMA, 30 U.S.C. 1718, grants the Secretary broad authority to inspect lease sites for the purpose of determining whether there is compliance with the mineral leasing laws. Section 109(c)(2) and (d)(1), 30 U.S.C. 1719(c)(2) and (d)(1), impose substantial civil penalties for failure to permit lawful inspections and for knowing or willful preparation or submission of false, inaccurate, or misleading reports, records, or other information. Because the Secretary has delegated some of the authority under FOGRMA to BSEE, 30 U.S.C. 1751 is included as additional authority for these requirements.

The Independent Offices Appropriations Act (31 U.S.C. 9701), the Omnibus Appropriations Bill (Pub. L. 104-133, 110 Stat. 1321, April 26, 1996), and 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 Bureau of Safety and Environmental Enforcement (BSEE) is required to charge fees 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. Applications for surface commingling and measurement are subject to cost recovery and BSEE regulations specify service fees for these requests.

These authorities and responsibilities are among those delegated to BSEE. The regulations at 30 CFR 250, subpart L, Oil and Gas Production Measurement, Surface Commingling, and Security, are the subject of this collection. This request also covers the related Notices to Lessees and Operators (NTLs) that BSEE issues to clarify, supplement, or provide additional guidance on some aspects of our regulations.

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 BSEE uses the information collected under subpart L to ensure that the volumes of hydrocarbons produced are measured accurately, and royalties are paid on the proper volumes. Specifically, BSEE needs the information to:

- Determine if measurement equipment is properly installed, provides accurate measurement of production on which royalty is due, and is operating properly;
- Obtain rates of production measured at royalty meters, which can be examined during field inspections;
- Ascertain if all removals of oil and condensate from the lease are reported;
- Ensure that the sales location is secure and production cannot be removed without the volumes being recorded;
- Review proving reports to verify that data on run tickets are calculated and reported accurately;
- Review gas volume statements and compare them with the Oil and Gas Operations Reports to verify accuracy.

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.

Currently, BSEE receives 80 percent of all information pertaining to this collection electronically. This includes 85 percent of run tickets, proving reports, and gas volume statements reported electronically and 25 percent of commingling applications submitted 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 each lease, and similar information is not available from other sources. The DOI and the US Coast Guard have a Memorandum of Understanding that defines 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 could have a significant economic effect on a substantial number of small entities. Any direct effects primarily impact the OCS lessees and operators. However, many 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 without sacrificing accurate production measurement and royalty reporting.

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 BSEE did not collect the information, we could not carry out the mandates of the OCS Lands Act and the FOGRMA. Specifically, BSEE could not review applications for commingling and measurement to ensure that production is properly measured; review reports of meter malfunctions to ensure that proper corrective action is being taken; review meter proving reports to verify the accuracy of measurements; verify wire-seal numbers, as necessary, to ensure security of hydrocarbons; review reports of theft or mishandling to determine corrective action to be taken; and maintain Liquid and Gas Verification Programs to ensure royalties paid are the appropriate volumes. If BSEE collected the information less frequently, it would not provide sufficient checks on the accuracy of production measurement and royalty reporting.

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;

Respondents are required to submit copies of some data on a monthly basis (refer to Section A.12). If respondents submitted the information less frequently, it would not provide sufficient checks on the accuracy of production measurement and royalty reporting. The burden is minimal as respondents submit copies of readily available data.

(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;

Respondents must retain certain records for more than 3 years. Under § 250.1202(1)(3), respondents must retain calibration charts for inventory tanks for as long as the tanks are in use. The history of calibration is necessary for BSEE to ensure that tanks are properly calibrated and measure the oil volumes accurately. The tanks are calibrated when they are new and whenever changes are made. Under § 250.1203(f)(4), respondents must retain documentation on measuring or estimating the volume of gas lost or used on a lease for a minimum of 7 years. The extended document retention period is necessary because those documents may be required during audit and the audit cycle is 7 years.

(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;

Not applicable in this collection.

(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; or

Not applicable in this collection.

(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.

Not applicable in this collection.

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.

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), BSEE published a 60-day notice in the *Federal Register* on November 15, 2012 (77 FR 68144). Also, 30 CFR 250.199 explains that BSEE 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 BSEE. We received one comment that was not germane in response to the *Federal Register* notice.

To prepare this information collection renewal request, companies were contacted to determine the estimated burden this subpart places on respondents: The following company representatives that commented were:

Anadarko Petroleum Corp., Gaylene Reier, Regulatory Specialist, 1201 Lake Robbins Drive, Houston, TX 77380, (832) 636-3096

Apache Corporation, Erin Rachal, Regulatory Advisor, 2000 Post Oak Blvd, Suite 100, Houston, TX 77056-4400, (713) 296-6848

ExxonMobil, Carol Pullen, Regulatory Specialist, P. O. Box 4358, Houston, TX 77210-4721,
(281) 654-2928

Beta Offshore, Rick Armstrong, Pipeline Superintendent, 111 W. Ocean Blvd., Ste. 1240, Long Beach
CA 90802, (562) 628-1534

DCOR, LLC, Teresa Savi, Production Tech, 290 Maple Ct., Ste. 290, Ventura, CA 93003, (805) 535-
2015

Venoco, Inc., Iren Hodge, Meter Specialist, 6267 Carpinteria Ave., Ste. 100, Carpinteria, CA 93013,
(805) 455-9675

The respondents had no concerns regarding the availability of data, frequency of collection, clarity of instructions, and elements being collected. The companies that replied provided the burden estimates that are reflected in Section A.12.

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

The BSEE 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 BSEE will 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 include Federal OCS oil, gas, and sulphur lessees and holders of pipeline rights-of-way. It should be noted that not all of the potential respondents will submit information in any given year and some may submit multiple times. The burden estimates include the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information and are based on informal discussions with the listed respondents in Section A.8. Submissions are generally on occasion, monthly, and varies by section. We estimate the total annual burden is 30,856 hours. Refer to the following table for a breakdown of the burdens.

BURDEN BREAKDOWN

Citation 30 CFR 250 Subpart L	Reporting or Recordkeeping Requirement	Hour Burden	Average No. of Annual Responses	Annual Burden Hours (rounded)
		Non-Hour Cost Burdens		
Liquid Hydrocarbon Measurement				
1202(a)(1), (b) (1); 1203(b)(1); 1204(a)(1)	Submit application for liquid hydrocarbon or gas measurement procedures or changes; or for commingling of production or changes.	Simple: 7	49 Simple Applications	343
		\$1,271 simple fee x 49 applications = \$62,279		
		Complex: 26	75 Complex Applications	1,950
		\$3,760 complex fee x 75 applications = \$282,000		
No fee	Submit meter status and replacement notifications.	2	385 notifications	770
1202(a)(4)	Copy & send pipeline (retrograde) condensate volumes upon request.	1	4 volumes.	4
1202(c)(1), (2); 1202(e)(4); 1202(h)(1), (2), (3), (4); 1202(i) (1)(iv), (2)(iii); 1202(j)	Record observed data, correction factors & net standard volume on royalty meter and tank run tickets. Record master meter calibration runs. Record mechanical-displacement prover, master meter, or tank prover proof runs. Record liquid hydrocarbon royalty meter malfunction and repair or adjustment on proving report; record unregistered production on run ticket. List Cpl and Ctl factors on run tickets.	Respondents record these items as part of normal business records & practices to verify accuracy of production measured for sale purposes.		0
1202(c)(4)*	Copy & send all liquid hydrocarbon run tickets monthly.	20 minutes	20,282 tickets.	6,761
1202(d)(4); 1204(b)(1)	Request approval for proving on a schedule other than monthly; request approval for well testing on a schedule other than every 60 days.	2	581 proving requests	1,162
		2	44 well test requests	88
1202(d)(5)*	Copy & submit liquid hydrocarbon royalty meter proving reports monthly & request waiver as needed.	20 minutes	8,793 reports	2,931
1202(f)(2)*	Copy & submit mechanical-displacement prover & tank prover calibration reports.	20 minutes	77 reports.	26
1202(l)(2)*	Copy & submit royalty tank calibration charts before using for royalty measurement.	45 minutes	2 charts.	2

Citation 30 CFR 250 Subpart L	Reporting or Recordkeeping Requirement	Hour Burden	Average No. of Annual Responses	Annual Burden Hours (rounded)
		Non-Hour Cost Burdens		
1202(l)(3)*	Copy & submit inventory tank calibration charts upon request; retain charts for as long as tanks are in use.	45 minutes 10 minutes	5 charts. 126 charts.	4 21
Subtotal			30,423 responses	14,062 hours
			344,279 non-hour cost burdens	
Gas Measurement				
1203(b)(6), (8), (9)*	Copy & submit gas quality and volume statements monthly or as requested.	20 minutes	13,239 Statements	4,413
1203(c)(1)	Request approval for gas calibration on a schedule other than monthly.	1.2 hrs	529 requests.	635
1203(c)(4)*	Copy & submit gas meter calibration reports upon request; retain for 2 years.	13 minutes 7.5 minutes	10 reports. 19,431 reports.	2 2,429
1203(e)(1)*	Copy & submit gas processing plant records upon request.	1.2 hrs	1 record.	1
1203(f)(5)	Copy & submit measuring records of gas lost or used on lease upon request.	42 minutes	3 records.	2
Subtotal			33,213 responses	7,482 hours
Surface Commingling				
1204(a)(2)	Provide state production volumetric and/or fractional analysis data upon request.	6 hrs	1 report.	6
1205(a)(2)	Post signs at royalty or inventory tank used in royalty determination process.	2 hrs	1 sign.	2
1205(a)(4)	Report security problems (telephone).	18 minutes	2 calls.	1
Subtotal			4 responses	9 hours
Miscellaneous and Recordkeeping				
1200 thru 1205	General departure and alternative compliance requests not specifically covered elsewhere in subpart L.	1.3 hrs	5 requests.	7
1202(e)(6)	Retain master meter calibration reports for 2 years.	23 minutes	1,200	460
1202(k)(5)	Retain liquid hydrocarbon allocation meter proving reports for 2 years.	10 minutes	12,120	2,020
1203(f)(4)	Document & retain measurement records on gas lost or used on lease for 2 years at field location and minimum 7 years at location of respondent's choice.	15 minutes	3,540	885
1204(b)(3)	Retain well test data for 2 years.	6.7 minutes	45,168	5,044
1205(b)(3), (4)	Retain seal number lists for 2 years.	5 minutes	10,644	887
Subtotal			72,677 responses	9,303 hours
Total Burden			136,317 responses	30,856 hours
			\$344,279 Non-Hour Cost Burdens	

*Respondents gather this information as part of their normal business practices. The BSEE only requires copies of readily available documents. There is no burden for testing, meter reading, etc.

(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.

The average respondent cost is \$56/hour. This cost is broken out in the below table using actual position titles, levels, and hourly pay rates from the companies who supplied the information in A.8.

Position	Level	Hourly Pay rate (\$/hour estimate)	Hourly rate including benefits (1.4* x \$/hour)	Percent of time spent on collection	Weighted Average (\$/hour)
Platform Operator	III	\$37	\$52	5%	\$3
Platform Team Lead	N/A	\$45	\$63	8%	\$5
Engineer	II	\$47	\$66	34%	\$22
Production Accountant	II	\$32	\$45	38%	\$17
Regulatory Analyst	N/A	\$43	\$60	15%	\$9
Weighted Average (\$/hour)					\$56

* A multiplier of 1.4 (as implied by BLS news release USDL 13-1140, June 12, 2013 (see <http://www.bls.gov/news.release/ecec.nr0.htm>)) was added for benefits.

Based on a cost factor of \$56 per hour, we estimate the hour burden as a dollar equivalent is \$1,727,936 (\$56 x 30,856 hours = \$1,727,936).

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 already reflected in Item 12).

(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 for form processing). 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 estimate that the non-hour cost burden for this information collection is \$344,279 (see table in A.12).

These cost burdens are for filing fees associated with submitting requests for approval of:

- simple applications (applications to temporarily reroute production for a duration not to exceed 6 months; production tests prior to pipeline construction; departures related to meter proving, well testing, or sampling frequency (\$1,271 per application)).
- complex applications (creation of new facility measurement points (FMPs); association of leases or units with existing FMPs; inclusion of production from additional structures; meter updates which add buyback gas meters or pigging meters; other applications which request deviations from the approved allocation procedures (\$3,760 per application)).

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.

The average government cost is \$54/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/policy-data-oversight/pay-leave/salaries-wages/#url=2013>.

Position	Grade	Hourly Pay rate (\$/hour estimate)	Hourly rate including benefits (1.5* x \$/hour)	Percent of time spent on collection	Weighted Average (\$/hour)
Petroleum Engineer	GS-14/5	\$53	\$80	18%	\$14
Petroleum Engineer	GS-13/5	\$44	\$66	29%	\$19
Petroleum Engineer	GS-12/5	\$37	\$56	17%	\$10
Petroleum Engr Technician	GS-9/5	\$26	\$39	6%	\$2
Petroleum Engr Technician	GS-8/5	\$23	\$35	18%	\$6
Petroleum Engr Technician	GS-5/2	\$16	\$24	12%	\$3
Weighted Average (\$/hour)					\$54

* A multiplier of 1.5 (as implied by BLS news release USDL 13-1140, June 12, 2013 (see <http://www.bls.gov/news.release/ecec.nr0.htm>)) was added for benefits.

To analyze and review the information respondents submit for subpart L, the Government spends an average of 1 hour for each hour spent by respondents. The total estimated Government time is 30,856 hours. Based on a cost factor of \$54 per hour, the total annual estimated burden on the Government is \$1,666,224 (30,856 hours x 1 hour = 30,856 hours x \$54 = \$1,666,224).

15. Explain the reasons for any program changes or adjustments in hour or cost burden.

The currently approved hour burden is 32,957. This submission requests 30,856 burden hours. The adjustment decrease of 2,101 hours is due to re-estimating the average number of annual responses and the amount of time required to respond based on consultations. It needs to be noted that due to the nature of the operator’s and/or lessee’s oil production and number of wells involved in production, reported hour burdens for some requirements can vary from 7 hours to 26 hours; from 20 minutes to 2 hours for the same requirement. The 30,856 burden hours represents industry’s averaged input.

Currently approved non-hour cost burdens are \$600,065. This submission requests \$344,279; the adjustment decrease of \$255,786 is due to re-estimating the average number of annual responses that have associated cost recovery fees. Applications, which are associated with the fees, have been down during the last 3-year period.

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 BSEE 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 topics of the certification statement identified in, "Certification for Paperwork Reduction Act Submission."

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 Submission.