

**Supporting Statement A**  
**30 CFR 250, Subpart M, Unitization**  
**OMB Control Number 1014-0015**  
**Current Expiration Date: November 30, 2014**

**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**

**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 (Secretary) to prescribe rules and regulations to administer leasing of the OCS. Section 1334(a) specifies that the Secretary "provide for the prevention of waste and conservation of the natural resources of the [O]uter Continental Shelf, and the protection of correlative rights therein" and include provisions for "unitization, pooling, and drilling agreements."

In addition to the general rulemaking authority of the OCS Lands Act 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 the Bureau of Safety and Environmental Enforcement (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 the 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's) implementing policy, 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. Voluntary or revised unitization requests are required in Subpart M and are subject to cost recovery; BSEE regulations specify service fees for these requests.

This authority and responsibility are among those delegated to BSEE. The regulations at 30 CFR 250, Subpart M, concern the regulatory requirements relating to unitization on the OCS and are the subject of this collection.

***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 must approve any lessee's proposal to enter an agreement to unitize operations under two or more leases and for modifications when warranted. We use the information to ensure that operations under the proposed unit agreement will result in preventing waste, conserving natural resources, and protecting correlative rights including the government's interests.

***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, no respondents submit information using electronic technology. Unitization submittals are legal documents requiring original signatures. Also, some of the information submitted under Subpart M is proprietary data and would not, at this time, be secure if 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.***

Each unit proposal is unique to two or more specific leases, and there is no duplication. Other Federal departments/agencies are not involved with the unitization of operations on OCS leases.

***5. If the collection of information impacts small businesses or other small, 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. It should be noted, that BSEE approval of voluntary unitization applications for business - small or large - results in various benefits. These can include holding the lease in effect without having to drill unnecessary wells, as well as other financial benefits during continued activities.

***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.***

The number of reservoirs that are susceptible to exploration, development, and production under a unit

agreement determines frequency of submission. If we did not collect the information, we could not ensure maximum ultimate recovery of resources and ensuring taxpayer royalty collection, and that unitization proposals will achieve the desired purpose. We could not monitor operations without lessees submitting annual updated operating plans.

**7. Explain any special circumstances that would cause an information collection to be conducted in a manner:**

**(a) requiring respondents to report information to the agency more often than quarterly;**

The BSEE must be able to approve all types of modification(s)/revisions to Unit Agreement(s), Unit Operating Agreement(s), plan(s) of operation, change of unit operator(s) etc., when changes in circumstances warrant, so frequency is on occasion.

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

**(c) requiring respondents to submit more than an original and two copies of any document;**

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

**(f) requiring the use of statistical data classification that has been reviewed and approved by OMB;**

**(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**

**(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 the required 60-day notice in the **Federal Register**

(79 FR 28758, May 19, 2014). Also, 30 CFR 250.199 explains that BSEE will accept comments at any time on the information collection burden of our 30 CFR 250 regulations. We display the OMB control number where appropriate and provide the address for sending comments to BSEE. We received no comments in response to the notice or unsolicited comments covered under these regulations.

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 Corporation – Susan Hathcock, Regulatory Affairs Manager,  
(832) 636-8758 – P.O. Box 1330, Houston, Texas 77251-1330

LLOG Exploration Offshore, L.L.C., Michael Altobelli, Vice President, Land,  
(281) 752-1105 - 11700 Katy Freeway, Suite 295, Houston, Texas 77079

Shell Exploration & Production, Company, Rian S. Riche, Regulatory Affairs,  
(504) 728-6012 – P.O. Box 61933, New Orleans, La 70161-1933

Chevron USA Inc., Keith Herrington, Senior Staff Land Rep.,  
(832) 854-4449 - 1500 Louisiana Street, Room 17067, Houston, Texas 77002

Venoco, Inc., Pat Moran, Senior Land Negotiator,  
(805) 745-2100 – 6267 Carpinteria Avenue, Suite 200, Carpinteria, CA 93013

DCOR, LLC, Jeffrey H. Warren, Vice President, Land and Legal,  
(805) 535-2036 - 290 Maple Court, suite 2909, Ventura, CA 93003

All the different reporting and recordkeeping requirements that are listed in the following Subpart M burden table (Section A.12) were thoroughly reviewed by the company representatives listed. These representatives had no concerns regarding the availability of data, frequency of collection, clarity of instructions, and elements being collected at this time. 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.***

We protect proprietary information according to the Freedom of Information Act (5 U.S.C. 552) and DOI's regulations (43 CFR 2), and under regulations at 30 CFR Part 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*.

***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 information discussions with the respondents listed in Section A.8. Submissions are generally on occasion. Responses are voluntary, mandatory, and required to obtain or retain benefits. We estimate the total annual burden is 5,772 hours. Refer to the following table for a breakdown of the burdens.

**BURDEN BREAKDOWN**

Citation 30 CFR 250 Subpart M	Recordkeeping and Reporting Requirement	Hour Burden	Average No. Annual Responses	Annual Burden Hours
		Non-Hour Cost Burdens*		
<b>Requests</b>				
1301	Description of requirements.	Burden included in the following sections.		0
1301(d), (f) (3), (g)(1), (g)(2) (ii)	Request suspension of production or operations.	Burden covered under Subpart A [1014-0022].		0
1302(b)	Request preliminary determination on competitive reservoir.	116	1 request	116
1304(b)	Request compulsory unitization, including submitting unit agreement, unit operating agreement, initial plan of operation, obtain approval of Regional Supervisor if required, and supporting data; serving non-consenting lessees with documents.	234	1 request	234
1304(d)	Request hearing on required unitization.	1	1 request	1

Citation 30 CFR 250 Subpart M	Recordkeeping and Reporting Requirement	Hour Burden	Average No. Annual Responses	Annual Burden Hours
		Non-Hour Cost Burdens*		
<b>Subtotal</b>			<b>3 responses</b>	<b>351 hours</b>
<b>Submittals</b>				
1302(b)	Submit concurrence or objection on competitiveness with supporting evidence.	47	1 request	47
1302(c), (d)	Submit joint plan of operations, supplemental plans, or a separate plan if agreement cannot be reached.	68	1 plan	68
1303; 1304	*Submit revisions or modifications to unit agreement, unit operating agreement, plan of operation, change of unit operator, etc.	15	41 revs/mods	615
			\$896 fees x 41 revisions/modifications = \$36,736	
1303; 1304	*Submit initial, and revisions to, participating area.	76	9 submissions	684
1304(d)	Submit statement at hearing on compulsory unitization.	5	1 statement	5
1304(e)	Pay for and submit three copies of verbatim transcript of hearing.	1	1 submission	1
			Court reporter and 3 transcript copies for 1 hearing = \$500	
<b>Subtotal</b>			<b>54 responses</b>	<b>1,420 hours</b>
			<b>\$37,236 non-hour cost burdens</b>	
<b>General</b>				
1303	Apply for voluntary unitization, including submitting unit agreement, unit operating agreement, initial plan of operation, obtain approval of Regional Supervisor if required, and supporting data; request for variance from model agreement and other related requirements.	500	8 apps / plans	4,000
			\$12,619 fee x 8 applications/plans = \$100,952	
1304(f)	Appeal final order of compulsory unitization.	Exempt as defined in 5 CFR 1320.4(a)(2), (c).		0
1300- 1304	General departure and alternative compliance requests not specifically covered elsewhere in subpart M regulations.	1	1 requests	1
<b>Subtotal</b>			<b>9 responses</b>	<b>4,001 hours</b>
			<b>\$100,952 non-hour cost burdens</b>	
<b>Total Burden</b>			<b>66 Responses</b>	<b>5,772 Hours</b>
			<b>\$138,188 Non-Hour Cost Burdens</b>	

\* These requirements are specified in each Unit Agreement.

*(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 under “annual Cost to the Federal Government.”*

The average respondent cost is \$120/hour. This cost is broken out in the following table using the Society of Petroleum Engineers (SPE) data dated September 2013. See SPE document/website: <http://www.spe.org/career/docs/13SalarySurveyHighlights.pdf>.

Position	Hourly Pay rate (\$/hour estimate)	Hourly rate including benefits (1.4* x \$/hour)	Percent of time spent on collection	Weighted Average (\$/hour/rounded)
Administrative	\$50	\$70	12%	\$8
Earth Science/Geology	\$95	\$133	25%	\$33
Production Engineer	\$89	\$125	63%	\$79
<b>Weighted Average (\$/hour)</b>				<b>\$120</b>

\*A multiplier of 1.4 (as implied by BLS news release USDL 14-1075, June 11, 2014 (see <http://www.bls.gov/news.release/ecec.nr0.htm>)) was added for benefits.

Based on a cost factor of \$120 per hour, we estimate the total annual cost to industry is \$692,640 (\$120 x 5,772 hours = \$692,640).

**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 have identified three non-hour cost burdens associated with this information collection. Section 250.1303 requires respondents to pay filing fees when (1) applying for a voluntary unitization proposal or unit expansion (\$12,619), as well as a (2) unitization revision (\$896). The filing fees are required to recover the Federal Government's processing costs. Section 250.1304(d) provides an opportunity for

parties notified of compulsory unitization to request a hearing; therefore § 250.1304(e) requires the party seeking the compulsory unitization to (3) pay for the court reporter and three copies of the verbatim transcript of the hearing (approximately \$500).

It should be noted there have been no such hearings in the recent past, and none are expected in the near future. We have not identified any other non-hour cost burdens associated with this collection of information. We estimate a total reporting non-hour cost burden of \$138,188. Refer to the chart in Section A.12 of this supporting statement for the specific breakdown.

**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 \$72/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/>).

<b>Position</b>	<b>Grade</b>	<b>Hourly Pay rate (\$/hour estimate)</b>	<b>Hourly rate including benefits (1.5* x \$/hour)</b>	<b>Percent of time spent on collection</b>	<b>Weighted Average (\$/hour)</b>
Clerical	GS-7/5	\$21	\$32	5%	\$2
Petroleum Engineer/Geologist/Geophysicist	GS-13/5	\$45	\$68	75%	\$51
Supv. Petroleum Engineer/Geologist/Geophysicist	GS-15/5	\$62	\$93	20%	\$19
<b>Weighted Average (\$/hour)</b>					<b>\$72</b>

\*\*A multiplier of 1.5 (as implied by BLS news release USDL 14-1075, June 11, 2014 (see <http://www.bls.gov/news.release/ecec.nr0.htm>)) was added for benefits.

To analyze and review the information required by 30 CFR 250, Subpart M, Unitization, we estimate the government will spend an average of 1 hour for each hour spent by respondents for a total of 5,772 burden hours. The average Federal cost is \$72 per hour.

Based on a cost factor of \$72 per hour, we estimate the total gross annualized cost to the Government is \$415,584 (5,772 hours x 1 hour = 5,772 hours x \$72 = \$415,584).

**15. Explain the reasons for any program changes or adjustment in hour or cost burdens.**

The currently approved OMB inventory is 3,348 burden hours for this collection of information. This submission requests 5,772 burden hours. The adjustment increase of 2,424 hours is due the industry representatives, listed in A.8, informing us of the amount of time (hour burden) needed in fulfilling the regulatory requirement.

The currently approved OMB non-hour cost burden is \$170,728. This submission requests \$138,188. The net amount results in a decrease of \$32,540. This is due to re-estimating the number of annual responses received from industry. The decrease is actually twofold: even though cost recovery fees



were increased due to rulemaking (78 FR 60213, October 1, 2013), we received fewer applications from what was submitted to OMB since the last collection.

***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.***

The BSEE will display the OMB control number and approval expiration date.

***18. Explain each exception to the topics of the certification statement identified in, "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."