

Supporting Statement A

Approval of Operations (43 CFR Part 3160)

OMB Control Number 1004-XXXX

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 ICR contain surveys, censuses, or employ statistical methods?" is checked "Yes," then a Supporting Statement B must be completed. 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 Bureau of Land Management (BLM) is proposing a rule that contains information-collection requirements that are subject to review by OMB under the PRA. Those requirements would revise existing Onshore Oil and Gas Order Number 1 (Onshore Order 1) to require the electronic filing (or e-filing) of all Applications for Permit to Drill (APD) and Notices of Staking (NOS). In addition, the proposed rule would add a provision to Onshore Order 1 to authorize oil and gas operators to request a waiver of the e-filing requirement.

OMB has approved the existing collection of information associated with onshore oil and gas operations under control number 1004-0137 (expiration date: January 31, 2018). In accordance with the PRA, the BLM has asked OMB for a new control number for the information-collection provisions in this proposed rule and is inviting public comment on that request. When this proposed rule is finalized and becomes effective, the BLM intends to ask OMB to combine the requirements and burdens of this rule with existing control number 1004-0137. The current burdens for control number 1004-0137 (920,464 hours and \$32.5 million in non-hour costs) can be viewed at <http://www.reginfo.gov/public/>.

The Secretary of the Interior has the authority and responsibility under various Federal and Indian mineral leasing laws to manage oil and gas operations on Federal and Indian (except Osage Tribe) lands, including:

- The Mineral Leasing Act, 30 U.S.C. 181 et seq.;
- The Mineral Leasing Act for Acquired Lands, 30 U.S.C. 351 et seq.;
- The Indian Mineral Leasing Act, 25 U.S.C. 396a et seq.;
- The Act of March 3, 1909, 25 U.S.C. 396; and
- The Indian Mineral Development Act, 25 U.S.C. 2101 et seq.

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.

Application for Permit to Drill or Re-Enter (Section III.A.)

As revised in the proposed rule, section III.A. of Onshore Order 1 would require an operator to file an APD and associated documents using the BLM's electronic commerce application for oil and gas permitting and reporting. In addition to revising Onshore Order 1, this provision would have the effect of revising OMB control number 1004-0137.

Except for the new e-filing requirement, the APD (Form 3160-3) is currently authorized under OMB control number 1004-0137 to enable the BLM to obtain information to determine whether or not to allow drilling on, or re-entry of, public lands for purposes of producing oil and gas.

Notice of Staking (Section III.C.)

As revised in the proposed rule, section III.C. of Onshore Order 1 would continue to provide that a Notice of Staking (NOS) may be submitted voluntarily, require an operator who chooses to file an NOS to use the BLM's electronic commerce application for oil and gas permitting and reporting.

Except for the new e-filing requirement, this is an existing collection in use without a control number. The purpose of an NOS is to provide an operator an opportunity to gather information and better address site-specific resource concerns associated with a project while preparing their APD package.

Waiver Request (Section III.I.)

Proposed section III.I. is a new section that would allow operators to request a waiver from the e-filing requirements in proposed sections III.A. and III.C. Submission of that request could be electronic or via hard copy. The request would have to be supported by an explanation of why the operator is not able to use the e-permitting system. In those exceptional cases, the BLM would review the operator's request and determine whether a waiver allowing the operator to submit hard copies is warranted.

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.

An increasing number of oil and gas operators have been using the BLM's Well Information System (WIS) to submit permit applications and other types of information electronically over the Internet. The WIS was the BLM's e-permitting platform for NOSs and APDs, and is an extension of the BLM's current Automated Fluid Minerals Support System (AFMSS). As of 2014, approximately 411 operators had used WIS to e-file NOSs, APDs, well completion reports, sundry notices, and other application materials. Those operators represent an estimated 85 percent of the operators that conduct drilling and completion operations on Federal and Indian leases nationwide.

The BLM has developed and is deploying an update to its Automated Fluid Minerals Support System (AFMSS II). The AFMSS II system was developed in response to recommendations of the Government Accountability Office (GAO) and the Department of the Interior Office of the Inspector General's (OIG) in GAO report (GAO-13-572) and OIG report (Report No. CR-EV-MOA-0003-2013). Both reports recommended that the BLM ensure that all key dates associated with the processing of APDs are completely and accurately entered and retained in AFMSS, and in any new system that replaces AFMSS, to help assess compliance with deadlines and identify ways to improve the efficiency of the APD review process. Additionally, the OIG report recommends that the BLM: (1) Develop, implement, enforce, and report performance timelines for APD processing; (2) Develop outcome-based performance measures for the APD process that help enable management to improve productivity; and (3) Ensure that the modifications to AFMSS enable accurate and consistent data entry, effective workflow management, efficient APD processing, and APD tracking at the BLM Field Office level. The APD module of AFMSS II addresses these recommendations from the OIG and the GAO.

In December 2015, the BLM began phasing in the APD module and conducting training for staff and operators for use of the AFMSS II system. The voluntary use of the BLM's e-permitting system for APDs and NOSs is now common and broad-based among operators. The BLM has replaced the WIS system with a module within AFMSS II. This proposed rule would require operators to use that module for submitting NOSs and APDs, unless the BLM has granted a request for waiver of that e-filing requirement.

The goal of the AFMSS II system and the proposed rule is to improve operational efficiency in processing APDs and NOSs by requiring the use of the updated e-permitting system. Although data show that voluntary use of the e-permitting system has increased over time, the rule is necessary to move towards an electronic APD submission rate of 100 percent. The new AFMSS II system is expected to streamline the current application process and will expedite the current application process and enhance transparency resulting in savings to both the operators and the U.S. Government by:

- Reducing the number of applications with deficiencies by providing users the ability to identify and correct errors through error notifications during the submission process;

- Utilizing the auto-fill function to automatically populate data fields based on users' previously submitted information;
 - Allowing operators to track the progress of their application throughout the BLM review process;
 - Facilitating the use of pre-approved plans, such as Master Development Plans and Master Leasing Plans; and
 - Allowing users to directly interface with BLM applications.
- 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.**

No duplication of information occurs in the information we collect. The requested information is unique to the operator/operating rights owner and the lease and is not available from any other data source. No similar information is available or able to be modified.

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

The respondents are very likely to be small businesses or other small entities. Over 95 percent of firms in the crude petroleum and natural gas extraction industry and 91 percent of the natural gas liquid extraction industry have fewer than 100 employees and therefore meet the criteria of the Small Business Administration for small businesses or other small entities. The information we require from all respondents, including small businesses, is limited to the minimum necessary to authorize and regulate oil and gas operations on public lands.

- 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 the BLM did not conduct the collection or conducted it less frequently, it would not be able to implement competitive procedures for solar and wind energy development and other large-scale projects.

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

- * **requiring respondents to report information to the agency more often than quarterly;**
- * **requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it;**
- * **requiring respondents to submit more than an original and two copies of any document;**
- * **requiring respondents to retain records, other than health, medical, government contract, grant-in-aid, or tax records, for more than three years;**
- * **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;**

- * **requiring the use of a statistical data classification that has not been reviewed and approved by OMB;**
- * **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**
- * **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.**

There are no special circumstances requiring the collection to be conducted in a manner described above.

- 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 three 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 three 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.

The BLM will invite public comments in the proposed rule.

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

Respondents would not receive any payment or gift.

- 10. Describe any assurance of confidentiality provided to respondents and the basis for the assurance in statute, regulation, or agency policy.**

There are no assurances of confidentiality.

- 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.

Respondents would not be required to answer questions of a sensitive nature.

12. Provide estimates of the hour burden of the collection of information. The statement should:

- * 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.**
- * If this request for approval covers more than one form, provide separate hour burden estimates for each form and aggregate the hour burdens.**
- * 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 BLM estimates 3,450 responses, 29,400 hours, and \$1,897,182 in hour burdens annually.

Table 12-1 shows the BLM's estimate of the hourly cost burdens for respondents. The mean hourly wages were determined using national Bureau of Labor Statistics data at http://www.bls.gov/oes/current/oes_nat.htm. The benefits multiplier of 1.4 is supported by information at <http://www.bls.gov/news.release/ecec.nr0.htm>.

**Table 12-1
Estimated Weighted Average Hourly Costs**

A. Position and Occupation Code	B. Mean Hourly Pay Rate	C. Hourly Rate with Benefits (Column B x 1.4)	D. Percent of Collection Time Completed by Each Occupation	E. Weighted Average Hourly Costs (Column C x Column D)
General Office Clerk (43-9061)	\$15.33	\$21.46	10%	\$2.15
Engineer (17-2199)	\$47.19	\$66.07	80%	\$52.85
Engineering Manager (11-9041)	\$68.10	\$95.34	10%	\$9.53
Totals			100%	\$64.53

Hour and cost burdens to respondents include time spent for researching, preparing, and submitting information. The frequency of response for each of the information collections is “on occasion.”

Table 12-2 itemizes the estimated hour and cost burdens for the proposed information collection activities. When this proposed rule is finalized and becomes effective, the BLM intends to ask OMB to combine the requirements and burdens of this rule with existing control number 1004-0137, which currently authorizes the BLM to collect information on APDs. The burdens estimated below for APDs will result from the shift to the new requirement for electronic filing. The portion of the burdens attributed to APDs in the table below would not add to the current burden for control number 1004-0137, but would replace the existing burden. After a transitional period, the BLM anticipates that this rule will result in reduced burdens to both operators and the Federal government.

**Table 12-2
Estimated Hour Burdens**

A. Type of Response	B. Number of Responses	C. Hours Per Response	D. Total Hours	E. Dollar Equivalent (Column D x \$64.53)
Application to Drill or Re-Enter 43 CFR 3162.3-1 and Section III.A. of Onshore Order 1 Form 3160-3	3,000 ¹	8	24,000	\$1,548,720
Notice of Staking Section III.C. of Onshore Order 1	300 ²	16	4,800	\$309,744
Waiver Request Section III.I. of Onshore Order 1	150 ³	4	600	\$38,718
Totals	3,450	28	29,400	\$1,897,182

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.)

- * **The cost estimate should be split into two components: (a) a total capital and start-up cost component (annualized over its expected useful life) and (b) 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,**

¹ The estimated number of APDs submitted in a given year, based on recent data.

² Estimated as 10 percent of the roughly 3,000 APDs filed annually.

³ Estimated as 10 percent of the 1,500 APDs likely to be impacted by the rule. BLM data show that half of APDs were already e-filed through the legacy WIS.

sampling, drilling and testing equipment; and record storage facilities.

- * **If cost estimates are expected to vary widely, agencies should present ranges of cost burdens 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.**
- * **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.**

As discussed above, the BLM intends to ask OMB to merge the requirements and burdens of this rule with control number 1004-0137 after this proposed rule is finalized and becomes effective. The request for revision may either precede or be concurrent with our next request to renew control number 1004-0137. Upon revision or renewal of control no. 1004-0137, we anticipate that the non-hour estimates will change. The revised estimate will replace the estimated non-hour burden for control no. 1004-0137, and not be in addition to the current estimated non-hour burden of \$32.5 million.

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.

Table 14-1 shows the BLM's estimate of the hourly cost burdens to the Federal government. The hourly pay rates (Column B) are based on U.S. Office of Personnel Management data for:

- The "Rest of the U.S." at http://www.opm.gov/policy-data-oversight/pay-leave/salries-wages/salary-wages/salary-tables/pdf/2016/RUS_h.pdf.; and
- Metropolitan areas (for example, Denver and Las Vegas) where BLM employees will process information collected in accordance with this rule.

The resulting adjusted hourly pay rates reflect an average (i.e., 15.79 percent) of two upward adjustments to the base pay rate for Federal employees – 14.35 percent for the "Rest of the U.S." and 17.23 percent for Federal employees in certain metropolitan areas.

The benefits multiplier of 1.6 is implied by information at <http://www.bls.gov/news.release/ecec.nr0.htm>.

Table 14-1
Estimated Weighted Average Federal Hourly Costs

A. Position and Pay Grade	B. Hourly Pay Rate	C. Hourly Rate with Benefits (Column B x 1.6)	D. Percent of the Information Collection Completed by Each Occupation	F. Weighted Average Hourly Costs (Column C x Column D)
Clerical GS-5, step 5	\$17.77	\$28.44	10%	\$2.84
Professional GS-9, step 5	\$26.92	\$43.07	80%	\$34.46
Managerial GS-13, step 5	\$46.43	\$74.29	10%	\$7.43
Totals			100%	\$44.73

Table 14-2, below, shows the estimated Federal hours and costs for each component of this information collection. As discussed above, the BLM intends to ask OMB to merge the requirements and burdens of this rule with control number 1004-0137 after this proposed rule is finalized and becomes effective. The portion of the Federal cost attributed to APDs would not add to the existing burden for control number 1004-0137, but would replace the existing burden.

**Table 14-2
Estimated Federal Hour Burdens**

A. Type of Response	B. Number of Responses	C. Hours Per Response	D. Total Hours	E. Dollar Equivalent (Column D x \$44.73)
Application to Drill or Re-Enter 43 CFR 3162.3-1 and Section III.A. of Onshore Order 1 Form 3160-3	3,000 ⁴	2	6,000	\$268,380
Notice of Staking Section III.C. of Onshore Order 1	300 ⁵	3	900	\$40,257

⁴ The estimated number of APDs submitted in a given year, based on recent data.

⁵ Estimated as 10 percent of the roughly 3,000 APDs filed annually.

A. Type of Response	B. Number of Responses	C. Hours Per Response	D. Total Hours	E. Dollar Equivalent (Column D x \$44.73)
Waiver Request Section III.I. of Onshore Order 1	150 ⁶	1	150	\$6,710
Totals	3,450	6	7,050	\$315,347

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

When this proposed rule is finalized and becomes effective, the BLM intends to ask OMB to combine the requirements and burdens of this rule with existing control number 1004-0137, which currently authorizes the BLM to collect information on APDs. Upon revision or renewal of control number 1004-0137, the burdens for APDs as a result of this rule will be adjustments to control number 1004-0137.

The increased burden hours for APDs are in order to account for the learning curve for operators to learn the new system being used for electronic submissions. Over time we expect respondents to scale this learning curve and we expect the burden to again be reduced in future ICR renewals.

The burdens for NOSs would be program changes to control number 1004-0137 because they constitute an existing collection of information that is not currently authorized by any control number.

The burdens for waiver requests would be program changes to control number 1004-0137 because they constitute a new collection of information.

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 revisions to Onshore Order 1 in this proposed rule would include section III.E.1., which would require the BLM to post APDs and NOSs on the Internet. At present Onshore Order 1 requires the BLM to make hard copies of APDs and NOSs available at local BLM Field Offices. This proposed rule continues to require this posting of hard copies.

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.

⁶ Estimated as 10 percent of the 1,500 APDs likely to be impacted by the rule. BLM data show that half of APDs were already e-filed through the legacy WIS.

Displaying the expiration date for this control number would be inappropriate because the information collection activities will be consolidated with control number 1004-0137. The expiration date for control number 1004-0137 is displayed on the form for APDs. The control number is displayed at 43 CFR 3160.0-9.

18. Explain each exception to the topics of the certification statement identified in "Certification for Paperwork Reduction Act Submissions."

There are no exceptions to the certification statement.