

Supporting Statement for Paperwork Reduction Act Submissions
30 CFR 553, Oil Spill Financial Responsibility for Offshore Facilities
Forms BOEM-1016 through 1023 and 1025
OMB Control Number 1010-0106
Expiration Date: December 31, 2016

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.

Title I of the Oil Pollution Act of 1990 (OPA) (33 U.S.C. 2701 *et seq.*), as amended by the Coast Guard Authorization Act of 1996 (Pub. L. 104-324), provides at section 1016 that oil spill financial responsibility (OSFR) for offshore facilities be established and maintained according to methods determined acceptable to the President. Section 1016 of the Oil Pollution Act of 1990, as amended, (OPA) supersedes the offshore facility oil spill financial responsibility provisions of the Outer Continental Shelf (OCS) Lands Act Amendments of 1978. These authorities and responsibilities are among those delegated to the Bureau of Ocean Energy Management (BOEM) under which BOEM issues regulations governing oil and gas and sulphur operations in the OCS.

This information collection request addresses the regulations at 30 CFR 553, Oil Spill Financial Responsibility (OSFR) for Offshore Facilities, including any supplementary notices to lessees and operators that provide clarification, description, or explanation of these regulations, and forms BOEM-1016-1023 and BOEM-1025.

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 BOEM will use the information collected under 30 CFR 553 to verify compliance with section 1016 of OPA. The information is necessary to confirm that applicants can pay for cleanup and damages from oil-spill discharges from Covered Offshore Facilities (COFs). The information will be used routinely: (a) to establish approval and eligibility of applicants for an OSFR certification and (b) as a reference source for cleanup and damage claims associated with oil-spill discharges from COFs (the

names, addresses, and telephone numbers of owners, operators, and guarantors; designated U.S. agents for service of process; and persons to contact). BOEM uses forms to collect most of this information.

Below is a description of each form:

Cover Sheet: The forms are available in a package with a cover sheet that displays the required OMB Control Number, Expiration Date, and Paperwork Reduction Act (PRA) statement. This cover sheet will accompany the forms as part of a package, will be available on the web, or will be included with any copies of a particular form that respondents may request.

Form BOEM-1016, Designated Applicant Information Certification. The designated applicant uses this form to provide identifying information (company legal name, BOEM company number and region, address, contact name and title, telephone and fax numbers) and to summarize the OSFR evidence. This form is required for each new or renewed OSFR certification application.

Form BOEM-1017, Appointment of Designated Applicant. When there is more than one responsible party for a COF, they must select a designated applicant. Each responsible party, as defined in the regulations, must use this form to notify BOEM of the designated applicant. This form is also used to designate the U.S. agent for service of process for the responsible party(ies) should claims from an oil-spill discharge exceed the amount evidenced by the designated applicant; to identify and provide pertinent information about the responsible party(ies); and to list the COFs for which the responsible party is liable for OSFR certification. The form identifies each COF by State or OCS region; lease, permit, right of use and easement or pipeline number; aliquot section; area name; and block number. This form must be submitted with each new OSFR application or with an assignment involving a COF in which there is at least one responsible party who is not the designated applicant for a COF.

Form BOEM-1018, Self-Insurance Information. This form is used if the designated applicant is self-insuring. As appropriate, the designated applicant completes the form to indicate the amount of OSFR coverage as well as effective and expiration dates. The form also provides pertinent information about the self-insurer and is used to designate a U.S. agent for service of process for claims up to the evidenced amount. This form must be submitted each time new evidence of OSFR is submitted using self-insurance.

Form BOEM-1019, Insurance Certificate. The designated applicant (representing himself as a direct purchaser of insurance) or his insurance agent or broker and the named insurers complete this form to provide OSFR evidence using insurance. The number of forms to be submitted will depend upon the number of layers of insurance to evidence the total amount of OSFR required. One form is required for each layer of insurance. The form provides pertinent information about the insurer(s) and designates a U.S. agent for service of process. This form must be submitted at the beginning of the term of the insurance coverage for the designated applicant's COFs or at the time COFs are added, with the scheduled option selected, to OSFR coverage.

Form BOEM-1020, Surety Bond. Each bonding company that issues a surety bond for the designated applicant must complete this form indicating the amount of surety and effective dates. The form provides pertinent information about the bonding company and designates a U.S. agent for service of process for the amount evidenced by the surety bond. This form must be submitted at the beginning of the term of the surety bond for the named designated applicant.

Form BOEM-1021, Covered Offshore Facilities. The designated applicant submits this form to identify the COFs for which the OSFR evidence applies. The form identifies each COF by State or OCS region; lease, permit, right of use and easement or pipeline number; aliquot section; area name; block number; and potential worst case oil-spill discharge. This form is required to be submitted with each new or renewed OSFR certification application that includes COFs.

Form BOEM-1022, Covered Offshore Facility Changes. During the term of the issued OSFR certification, the designated applicant may submit changes to the current COF listings, including additions, deletions, or changes to the worst case oil-spill discharge for a COF. This form must be submitted when identified changes occur during the term of an OSFR Certification.

Form BOEM-1023, Financial Guarantee. This form provides a provision that an affiliated firm, such as a corporate parent, may promise to satisfy any claims against the responsible parties. It also adds an agreement to update/renew expiring or terminated instruments and a signature section.

Form BOEM-1025, Independent Designated Applicant Information Certification. This form allows a designated applicant, who is not also a responsible party, to continue to agree to be jointly and severally liable under OPA until BOEM promulgates regulations that will repeal this requirement.

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 BOEM encourages respondents to use the forms available on the website and submit them electronically. At present, about 5 percent of all information is submitted electronically. BOEM is working on an electronic submission/filing system that will make it easier for respondents to submit bonding financial information electronically in the future.

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 other agencies collect this information from respondents subject to these regulations. Respondents determine the worst case oil-spill discharge volume to meet regulatory requirements established under section 311 of the Federal Water Pollution Control Act. The BOEM requires that the volume be reported to establish the dollar amount of OSFR and to be included with the information collected. There is no duplication of effort to develop this information. The BOEM does not require previously submitted audited financial statements for current fiscal years when new COFs are added. The information is unique to each lease or right of use and easement, and similar information is not available from other sources. The Department of the Interior and other agencies have executed Memoranda of Understanding that effectively eliminate any duplication of responsibility.

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

In general, operations in the OCS and in State coastal waters are normally relatively large in scale, technically complex, and require a large source of financial resources. However, many of these OCS lessees and operators have less than 500 employees and are considered small businesses as defined by

the Small Business Administration. Regulations require safe work practices and protection of the environmental resources; therefore, we have determined that the impact will not be significant and there is no way to minimize the impact of the burden and carry out the mandate of OPA.

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 BOEM did not collect the information, we could not ensure compliance with the OCS Lands Act and Subchapter I of OPA and determine, among other things, the amount of OSFR necessary for a designated applicant to demonstrate whether a designated applicant possessed the required amounts of financial responsibility; the amount of non-compliance for which a civil penalty would apply if a designated applicant was not in compliance with OPA; and necessary OSFR information could not be provided to the oil-spill cleanup On-Scene Coordinator, the Federal Oil Spill Liability Trust Fund, affected States, and claimants. The information will normally be collected on an annual basis, except for changes to existing COF listings that could occur throughout the term of the OSFR Certification. If BOEM collected the information less frequently, we could not determine in a timely manner if a designated applicant's financial profile had changed to such a degree that it might not have the financial means to pay claims and damages resulting from an oil-spill discharge.

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.

(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.

(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.

Related to (a), the collection of information is consistent with this provision except for the possibility that changes to existing Covered Offshore Facilities listings could occur throughout the term of the OSFR Certification.

For all other items, there are no special circumstances that require the collection to be conducted in a manner inconsistent with the guidelines. We do not exceed guidelines in 5 CFR 1320.5.

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.

As required in 5 CFR 1320.8(d), BOEM published a 60-day review and comment notice in the *Federal Register* on August 15, 2016 (81 *FR* 54123) to ask for comments on revised forms. In addition, § 553.5 and the PRA statement on the cover sheet for the OSFR forms explain that BOEM will accept comments at any time on the information collection requirements and burdens of our 30 CFR 553 regulations and associated forms. Section 553.5 and the OSFR forms cover sheet also provide the OMB control number and the address to which to send comments.

During the comment period, BOEM requested input from six respondents (below) on the burden hour and cost estimates, availability of data, frequency of collection, and clarity of instructions. The respondents supported our estimates and did not see the need for any changes and did not recommend any improvements.

Regulatory Manager
R.E.M. Solutions, Inc.
16290 Katy Freeway, Suite 150
Houston, Texas 77094

Assistant Secretary
Chevron U.S.A. Inc.
100 Northpark Boulevard
Covington, Louisiana 70433

Regulatory Affairs Manager
Anadarko Petroleum Corporation
1201 Lake Robbins Drive
The Woodlands, Texas 77380

Regulatory Consultant
J. Connor Consulting
16225 Park Ten Place, Suite 500
Houston, Texas 77084

Regulatory Supervisor
W&T Offshore, Inc.
Nine E. Greenway Plaza, Suite 300
Houston, Texas 77046

Regulatory Manager
SandRidge Energy
1301 McKinney Street, Suite 900
Houston, Texas 77010

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

The BOEM will not provide payments 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.

Respondents are not required to submit confidential or proprietary information. All public requests for information about an applicant’s OSFR certification will be processed according to the Freedom of Information Act (5 U.S.C. 552) and its implementing regulations (43 CFR 2).

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.

Respondents are lessees, permittees, and holders of pipeline right-of way and right- of-use and easement grants in the OCS and in State coastal waters who will appoint designated applicants. Other respondents will be the designated applicants’ insurance agents and brokers, bonding companies, and guarantors. Some respondents may also be claimants. The frequency of submission will vary, but most will respond at least once per year. We estimate the total annual burden is 22,132 reporting hours.

BURDEN BREAKDOWN

Citation 30 CFR 553	Reporting Requirement*	Hour Burden	Average No. of Annual Reponses	Annual Burden Hours
Various sections.	The burdens for all references to submitting evidence of OSFR, as well as required or supporting information, are covered with the forms below.			0
Applicability and Amount of OSFR				
11(a)(1); 40; 41	Form BOEM-1016 – Designated Applicant Information Certification.	1	200	200
11(a)(1); 40; 41	Form BOEM-1017 – Appointment of Designated Applicant.	9	600	5,400
11(a)(2)	Form BOEM-1025 – Independent Designated Applicant Information Certification.	1	200	200
12	Request for determination of OSFR applicability. Provide	2	5	10

Citation 30 CFR 553	Reporting Requirement*	Hour Burden	Average No. of Annual Reponses	Annual Burden Hours
	required and supporting information.			
15	Notify BOEM of change in ability to comply.	1	1	1
15(f)	Provide claimant written explanation of denial.	1	15	15
Subtotal			1,021	5,826
Methods for Demonstrating OSFR				
21; 22; 23; 24; 26; 27; 30; 40; 41; 43	Form BOEM-1018 – Self-Insurance Information	1	50	50
	Form BOEM-1023 – Financial Guarantee.	1.5	25	38
29; 40; 41; 43	Form BOEM-1019 – Insurance Certificate.	120	120	14,400
31; 40; 41; 43	Form BOEM-1020 – Surety Bond.	24	4	96
32	Proposal and supporting information for alternative method to evidence OSFR (anticipate no proposals, but regulations provide the opportunity).	120	1	120
Subtotal			200	14,704
Requirements for Submitting OSFR Information				
40; 41; 43	Form BOEM-1021 – Covered Offshore Facilities.	6	200	1,200
40; 41; 42	Form BOEM-1022 – Covered Offshore Facility Changes.	1	400	400
Subtotal			600	1,600
Claims for Oil-Spill Removal Costs and Damages				
Subpart F	Claims: BOEM is not involved in the claims process. Assessment of burden for claims against the Oil Spill Liability Trust Fund (30 CFR parts 135, 136, 137) falls under the responsibility of the U.S. Coast Guard.			0
60(d)	Claimant request for BOEM assistance to determine whether a guarantor may be liable for a claim.	2	1	2
Subtotal			1	2
Total Burden			1,822 responses	22,132 hours

* In the future, BOEM may require specified electronic filing of financial/bonding submissions.

In the 2013 supporting statement, BOEM split the information collection, 553.12; 15; 15(f) – Applicability and Amount of OSFR, into three separate collections to more accurately show the burden hours for each of the requirements. However, ROCIS was not updated to match, and the information collection remained combined. In the 2016 renewal, BOEM would like to correct ROCIS. The reassigned collections include:

- 12 – Request for determination of OSFR applicability;
- 15 – Notify BOEM of change in ability to comply; and
- 15(f) – Provide claimant written explanation of denial.

This change in ROCIS shows an increase in collections from 12 ICs to 14 ICs; but does not change the annual responses or hour burdens.

(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 \$112*/hour (rounded). This cost is broken out in the below table using the Bureau of Labor Statistics data for the Houston, TX area. See BLS website: http://www.bls.gov/oes/current/oes_26420.htm#43-0000.

Position	Hourly Pay rate (\$/hour estimate)	Hourly rate including benefits (1.5** x \$/hour)	Percent of time spent on collection	Weighted Average (\$/hour)
Administrative Support 43-6014	\$17	\$26	15%	\$4
Petroleum Engineer(s) 17-2171	\$83	\$125	70%	\$88
Engineer Managers 11-9041	\$90	\$135	15%	\$20
Weighted Average (\$/hour)				\$112

A multiplier of 1.5 is supported by data at: <http://www.bls.gov/news.release/ecec.nr0.htm>.

Based on a cost factor of \$112 per hour, we estimate the hour burden as a dollar equivalent is \$2,478,784 (\$112 x 22,132 hours).

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 Item 12).

(a) 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, sampling, drilling and testing equipment; and record storage facilities.

(b) 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.

(c) Generally, estimates should not include purchases of equipment or services, or portions thereof, made: (1) prior to October 1, 1995, (2) to achieve regulatory compliance with requirements not associated with the information collection, (3) for reasons other than to provide information or keep records for the government, or (4) as part of customary and usual business or private practices.

We have identified no reporting and recordkeeping non-hour cost burdens for this collection of information.

14. Provide estimates of annualized cost to the Federal government. Also, provide a description of the method used to estimate cost, which should include quantification of hours, operational expenses (such as equipment, overhead, printing, and support staff), and any other expense that would not have been incurred without this collection of information.

To analyze and review the information required by 30 CFR 553, we estimate the Government will spend an average of 0.25 hour for each hour spent by respondents for a total of 5,533 (rounded) hours (22,132 hours x 0.25 = 5,533 hours).

The average government cost is \$75/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.

Position	Grade	Hourly Pay rate (\$/hour estimate)	Hourly rate including benefits (1.6* x \$/hour)	Percent of time spent on collection	Weighted Average (\$/hour)
Program Assistant	GS-12/5	\$39	\$62	45%	\$28
Program Specialist	GS-13/10	\$53	\$85	55%	\$47
Weighted Average (\$/hour)					\$75

* A multiplier of 1.6 as implied by BLS information at <http://www.bls.gov/news.release/ecec.nr0.htm> was added for benefits.

Based on a cost factor of \$75 per hour, the total annual estimated burden on the Government is \$414,975 (22,132 hours x 0.25 = 5,533 hours x \$75 = \$414,975).

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

There are no program changes or adjustments.

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 BOEM 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 BOEM will display the OMB approval number and OMB expiration date on all forms related to this OMB control number. The remainder of this collection concerns regulatory requirements.

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."