

Supporting Statement A
30 CFR part 250, subpart Q, Decommissioning Costs for Pipelines
OMB Control Number 1014-NEW
OMB Expiration Date: NEW

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. 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 at 43 U.S.C. 1334 authorizes the Secretary of the Interior to prescribe rules and regulations necessary for the administration of the leasing provisions of that Act related to 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 FOGPMA to BSEE, 30 U.S.C. 1751 is included as additional authority for these requirements.

This authority and responsibility are among those delegated to BSEE. The regulations at 30 CFR 250, Subpart Q, concern decommissioning of platforms, wells, and pipelines, as well as site clearance and platform removal. This request covers the proposed rulemaking that will require submittals of a summary of actual decommissioning expenditures incurred for each pipeline decommissioning activity. Once the requirements of this rulemaking have been codified, BSEE will consolidate these additional burden hours into the primary collection for 30 CFR 250, Subpart Q, under OMB Control Number 1014-0010 (expiration 10/31/16; 15,524 burden hours and \$1,686,396 non-hour cost burdens).

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.

BSEE will use the information to better estimate future decommissioning costs for OCS leases, rights-of-way, and rights of use and easements (see A.12 for what information is being collected). BSEE's future decommissioning cost estimates may then be used by BOEM to set necessary financial assurance levels to minimize or eliminate the possibility that the government will incur abandonment liability. The information will assist BSEE and BOEM in meeting their stewardship responsibilities and in their roles as regulators.

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 60 percent of all information pertaining to this collection electronically via e-mail and eWell--a secure web application.

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 other Government agencies have Memoranda 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. The information collected for decommissioning cost estimates will be shared with BOEM to set necessary financial assurance levels to minimize or eliminate the possibility that the government will incur abandonment liability.

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

This collection of information would not 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. With respect to decommissioning costs, if these activities were not performed, Federal agencies would not be able to set accurate financial assurance levels to the operator to minimize or eliminate the possibility of the government incurring such costs.

6. *Describe the consequence to Federal program or policy activities if the collection is not conducted or is conducted less frequently, as well as any technical or legal obstacles to reducing burden.*

If we did not collect the information, BSEE would not be able to determine accurate decommissioning cost data to analyze and estimate future decommissioning costs which BOEM will use to set the amount of required bonds and other forms of financial security.

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; or*

Items (a) – (g) are 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.

BSEE will protect any confidential commercial or proprietary information according to the Freedom of Information Act (5 U.S.C. 552) and DOI's implementing regulations (43 CFR 2); section 26 of OCSLA (43 U.S.C. 1352); 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

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 1320.11(d), BSEE provided the 60-day review and comment process through the preamble of the proposed rulemaking dated August 12, 2016 (81 FR 53348). In response to the proposed rule, BSEE received one comment, which was submitted by a trade association representing producing companies and service providers to the offshore oil and natural gas industry.

The commenter asserted that the phrase “actually incurred” in proposed § 250.1704(i) is ambiguous, since operators may develop a figure for value of work done (VOWD) prior to receiving an invoice from the vendor, and the VOWD may differ from the vendor invoice that, in some cases, may not be received until more than 120 days after the decommissioning work is completed. The commenter further stated that, while the 120-day deadline for submitting a summary of expenditures may be practicable if a summary based on the VOWD is acceptable, 120 days may be insufficient if the summary is required to be based on actual invoices for services received.

Regarding the commenter's assertion that 120 days may not be enough time to submit a certified summary based on actual invoice data, BSEE expects to apply the same guidance under this new rule as that contained in NTL No. 2016-N03, i.e.:

“BSEE appreciates that there could be situations where it may take longer than the 120-day reporting period allowed by regulation for lessees to receive and process all decommissioning related invoices. In such cases, BSEE will consider granting an extension when timely requested and sufficiently justified. BSEE would rather receive a single complete submission with a reporting period extension than a preliminary summary followed by some number of revisions/supplements. However, failure to submit decommissioning cost summaries in the

timeframe required by the regulation, or as extended by BSEE, may result in BSEE's issuance of an Incident of Noncompliance."

BSEE expects to address any special situations that may warrant an extension of the deadline for submitting a summary of pipeline decommissioning expenditures in the same manner as requests to extend the deadline for summaries of other decommissioning costs.

Based on the comment received, we are increasing the burden to reflect requests for extension to the 120-day reporting period (+ 19 hours).

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

BSEE 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.

BSEE will protect any confidential commercial or proprietary information according to the Freedom of Information Act (5 U.S.C. 552) and DOI's implementing regulations (43 CFR 2); section 26 of OCSLA (43 U.S.C. 1352); 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 questions of a sensitive nature.

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 OCS lessees, owners of operating rights, and right-of-way holders. 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. Submissions are on occasion. Responses are mandatory; as well as to obtain or retain a benefit. We estimate the total annual burden is 519 hours. Refer to the following table for a breakdown of the burdens.

Burden Breakdown

| Citation 30 CFR 250 | Reporting and Recordkeeping Requirements | Hour Burden | Average No. of Annual Responses | Annual Burden Hours |
|------------------------------------|---|---|--|------------------------------------|
| 1704(i), (j) | Submit to the Regional Supervisor a complete summary of expenditures incurred within 120 days after completion of each decommissioning activity (including permanently plugging any well, removal of any platform or facility, decommissioning of pipelines, etc.); any additional information that will support and/or verify the summary. | 1 hour | 500 pipeline summaries | 500 |
| 1704(i); NTL | Request and obtain approval for extension of 120-day reporting period; including justification. | 15 min. | 75 requests | 19 |
| 1704(i) | Submit certified statement attesting to accuracy of the summary for expenditures incurred. | Exempt from the PRA under 5 CFR 1320.3(i)(1). | | 0 |
| TOTAL | | | 575 Responses | 519 Hours |

In addition, BSEE does not expect that any information that may be required on a case-by-case basis under § 250.1704(j) will result in any significant additional burden on any respondent given that (a) BSEE expects such request to be made infrequently; and (b) the additional information that would be requested would consist of copies of documents already in the possession of operators and readily available.

(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 \$136/hour. This cost is broken out in the following table using the Society of Petroleum Engineers (SPE) data updated 2015. See SPE document/website: <http://www.spe.org/industry/docs/15SalarySurveyHighlights.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) |
|---------------------------|---|--|--|--|
| Non-Engineering Technical | \$80.54 | \$112.75 | 12% | \$13.53 |

| | | | | |
|---|----------|----------|-----|--------------|
| Engineering Civil/ Construction/Facilities | \$97.74 | \$136.84 | 63% | \$86.21 |
| Engineering - Other | \$104.23 | \$145.92 | 25% | \$36.48 |
| Weighted Average (\$/hour) | | | | \$136 |

*A multiplier of 1.4 (as implied by BLS news release USDL 16-1150 June 9, 2016 (see <http://www.bls.gov/news.release/ecec.nr0.htm>)) was added for benefits.

Based on a cost factor of \$136 per hour, we estimate the hour burden as a dollar equivalent is \$70,584 (\$136 x 519 hours = \$70,584).

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 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.

BSEE has identified no non-hour cost burdens associated with this collection.

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 \$77/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/>).

| Position | Grade | Hourly Pay rate (\$/hour estimate) | Hourly rate including benefits (1.6* x \$/hour) | Percent of time spent on collection | Weighted Average (\$/hour) |
|-----------------------------------|---------|------------------------------------|---|-------------------------------------|----------------------------|
| Clerical | GS-7/5 | \$21.74 | \$34.78 | 5% | \$1.74 |
| Petroleum Engineer | GS-13/5 | \$45.86 | \$73.38 | 75% | \$55.04 |
| Supv. Petroleum Engineer | GS-15/5 | \$63.74 | \$101.98 | 20% | \$20.40 |
| Weighted Average (\$/hour) | | | | | \$77 |

*A multiplier of 1.6 (as implied by BLS news release USDL 16-1150 June 9, 2016, (see <http://www.bls.gov/news.release/eccec.nr0.htm>)) was added for benefits.

To analyze and review the information required by 30 CFR 250, Subpart Q, we estimate the government will spend an average of 0.5 hour for each hour spent by respondents for a total of 260 burden hours.

Based on a cost factor of \$77 per hour, we estimate the total gross annualized cost to the Government is \$20,020 (519 hours x 0.5 hour = 260 hours x \$77 = \$20,020).

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

This is a new collection of information; therefore, represents a program increase of 519 burden hours. There are no non-hour cost burdens associated with this collection.

Once the requirements of this rulemaking have been codified, BSEE will consolidate these additional burden hours into the primary collection for 30 CFR 250, Subpart Q, under OMB Control Number 1014-0010 (expiration 10/31/16; 15,524 burden hours and \$1,686,396 non-hour cost burdens).

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.

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.

There are no forms in this information collection request; however, BSEE displays the OMB control number at § 250.199.

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

We are not making any exceptions to the “Certification for Paperwork Reduction Act Submissions.”