

Supporting Statement A
30 CFR 250, Subpart M, Unitization
OMB Control Number 1014-0015
Current Expiration Date: December 31, 2017

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

The Federal Water Pollution Control Act (33 U.S.C. 1331(j)(1)(C)) authorizes the President to adopt regulations that establish procedures, methods and equipment requirements to prevent oil spills and other hazardous substance discharges from offshore and other facilities. The regulatory authority for offshore facilities has been delegated to the Secretary and further delegated by the Secretary to BSEE.

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. This request also covers any related Notices to Lessees and Operators (NTLs) that BSEE issues to clarify, supplement, or provide additional guidance on some aspects of our regulations.

2. Indicate how, by whom, and for what purpose the information is to be used. Except for a new collection, indicate the actual use the agency has made of the information received from the current collection. Be specific. If this collection is a form or a questionnaire, every question needs to be justified.

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. However, once BSEE has the ePermitting program completed, we may be able to use electronic services for unitization items.

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

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 1320.8(d), BSEE published the required 60-day notice in the **Federal Register** (82 FR 41051) on August 29, 2017. 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 Federal Register notice or unsolicited comments from respondents 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 – Regulatory Affairs Manager, (832) 636-3018, 1201 Lake Robbins Drive, The Woodlands, Texas 77380

Hilcorp Alaska, LLC, Regulatory Compliance Specialist, (907) 777-8435, 3800 CenterPoint Drive, Suite 1400, Anchorage, AK 99503

Chevron USA Inc., Deepwater Land Rep., (985) 773-7697, 100 Northpark Blvd., N1170B, Covington, LA 70433

Eni US Operating Co. Inc., Manager, Public Relations & Alaska Rep., (907) 865-3350, 3800 CenterPoint Drive, Suite 300, Anchorage, AK 99503

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.

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 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 sulfur lessees and/or operators 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, and some are required to obtain or retain benefits. We estimate the total annual burden is 7,800 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*		
1301	Description of requirements.	Burden included in the following sections.		0
1300-1304	General departure and alternative compliance requests under subpart M regulations.	Burden covered under Subpart A [1014-0022].		0
1301(a), 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.	520	11 apps / plans	5,720
		\$12,619 fee x 11 applications/plans = \$138,809		
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
1302(b)	Submit concurrence or objection on competitiveness with supporting evidence.	47	1 request	47
1302(c), (d)	Submit joint competitive reservoir development program, 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.	10	63 revs/mods	630
		\$896 fees x 63 revisions/modifications = \$56,448		
1303; 1304	*Submit initial, and revisions to participating area.	76	12 submissions	912
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.	300	1 request	300
1304(d)	Request hearing on required unitization.	1	1 request	1
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		
1304(f)	Appeal final order of compulsory unitization.	Exempt as defined in 5 CFR 1320.4(a)(2), (c).		0
Total Burden			93 Responses	7,800 Hours
			\$195,757 Non-Hour Cost Burdens	

* 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 \$128/hour. This cost is broken out in the following table using the Society of Petroleum Engineers (SPE) data dated September 2016. See SPE document/website: <http://www.spe.org/industry/docs/2016-Salary-Survey-Highlight-Report.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/Non-Engineering Technical	\$59.38	\$83.13	12%	\$9.98
Earth Science/Geology	\$105.37	\$147.52	35%	\$51.63
Production Engineer	\$89.13	\$124.78	53%	\$66.13
Weighted Average (\$/hour)				\$128

*A multiplier of 1.4 (as implied by BLS news release USDL-17-1222, SEPTEMBER 8, 2017 (see <http://www.bls.gov/news.release/ecec.nr0.htm>)) was added for benefits.

Based on a cost factor of \$128 per hour, we estimate the hour burden as a dollar equivalent is \$998,400 (\$128 x 7,800 hours = \$998,400).

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 \$195,757. 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 \$79/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)
Administrative	GS-9/5	\$27.02	\$43.23	5%	\$2.17
Petroleum Engineer/Geologist/Geophysicist	GS-13/5	\$46.60	\$74.56	75%	\$55.92
Supv. Petroleum Engineer/Geologist/Geophysicist	GS-15/5	\$64.78	\$103.65	20%	\$20.73
Weighted Average (\$/hour)					\$79

* **A multiplier of 1.6 (as implied by BLS news release USDL-17-1222, SEPTEMBER 8, 2017 (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 7,800 burden hours. The average Federal cost is \$79 per hour.

Based on a cost factor of \$79 per hour, we estimate the total gross annualized cost to the Government is \$616,200 (7,800 hours x 1 hour = 7,800 hours x \$79 = \$616,200).

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

The currently approved OMB inventory is 5,772 burden hours for this collection of information. This submission requests 7,800 burden hours. The adjustment increase of 2,028 hours is due to re-estimating the average number of annual responses and the amount of time required to respond based on industry representatives' (listed in A.8) input pertaining to the paperwork requirements submitted for this

collection.

The currently approved OMB non-hour cost burden is \$138,188. This submission requests \$195,757. The net amount results in an increase of \$57,569. This is due to re-estimating the number of annual responses received from industry.

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.

BSEE will display the OMB control number and approved 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."