

Supporting Statement A

ONSHORE OIL AND GAS LEASING AND DRAINAGE PROTECTION (43 CFR PARTS 3100, 3120, 3150, AND SUBPART 3162)

OMB Control Number 1004-0185

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.

In accordance with the following statutes and regulations, the Bureau of Land Management (BLM) collects information to monitor and enforce compliance with drainage protection and other requirements pertaining to Federal and Indian oil and gas leasing and operations (except on the Osage Reservation).

- (a) Mineral Leasing Act of 1920, as amended (30 U.S.C. 181 *et seq.*);
- (b) Mineral Leasing Act for Acquired Lands of 1947, as amended (30 U.S.C. 351-359);
- (c) Various Indian leasing acts;
- (d) Section 1008 of the Alaska National Interest Lands Conservation Act (16 U.S.C. 3148);
- (e) National Environmental Policy Act of 1969, as amended (42 U.S.C. 4321 *et seq.*);
- (f) Federal Oil and Gas Royalty Management Act (30 U.S.C. 1701-1758); and
- (g) Regulations under 43 CFR parts 3100, 3120, and 3150, and subpart 3162.

The statutes of primary importance to this request are the Mineral Leasing Act (MLA) (30 U.S.C. 181 *et seq.*) and the Federal Oil and Gas Royalty Management Act (FOGRMA) (30 U.S.C. 1701 *et seq.*). The MLA gives the Secretary of the Interior responsibility for oil and gas leasing on approximately 700 million acres of Federal mineral estate, including lands where the surface may be managed by other Federal agencies, and private lands where the mineral rights are reserved by the United States. In order to fulfill the Secretary's responsibilities under the MLA, the BLM collects certain information from onshore Federal and Indian oil and gas lessees (except on the Osage Reservation), operators, and operating rights owners. The information covered by this request enables the BLM to monitor and enforce compliance with requirements pertaining to various aspects of Federal and Indian oil and gas leasing and operations (except on the Osage Reservation).

The FOGRMA requires the Secretary to implement and maintain a royalty management system for oil and gas leases on Federal lands, Indian lands, and the Outer Continental Shelf. Information collections covered in this request enable the BLM to prevent drainage that could result in reduced Federal royalties from onshore Federal and Indian oil and gas lessees (except on the Osage Reservation). To the extent provided by law, regulation, secretarial order, and written agreement with the Bureau of Indian Affairs (BIA), the BLM will apply the above principles to the management of mineral resources and operations on Indian Trust lands in order to comply with its Trust Responsibilities. The BLM is responsible for leasing and oil and gas operations on Federal lands and the BIA is responsible for leasing on Indian lands; however, the BLM performs the inspection and enforcement on Indian lands, including the review and approval of Applications for Permit to Drill.

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 BLM uses the information in this request to monitor and enforce compliance with requirements pertaining to the following aspects of Federal leases:

- Statutory acreage limitations;
- Acreage chargeability;
- Relinquishments and terminations of a lease; and
- Drainage protection.

The BLM also uses the information in this request to decide whether or not to approve proposals to:

- Waive, suspend, or reduce rental or royalty payments;
- Enter into various types of agreements, contracts, consolidations, and combinations;

- Store oil and gas underground on Federal lands;
- Transfer a lease interest to an heir or devisee;
- Renew a lease;
- Reinstate a lease;
- Obtain an oil and gas lease under railroads and certain other rights-of-way;
- Make lands available for competitive leasing; and
- Protest or appeal a BLM decision to offer lands for competitive leasing.

The information collection activities in this request are as follows:

43 CFR Subpart 3100 — Oil and Gas Leasing: General

With some exceptions, the MLA, at 30 U.S.C. 184(d), limits the number of aggregate number of acres of Federal oil or gas leases any person, association, or corporation may take, hold, own, or control in any one State. This provision imposes similar limits on options to acquire interests in Federal oil or gas leases. The MLA provides for two collection activities that enable the BLM to enforce the acreage limitations with respect to options. Regulations of the BLM add detail to these two collections at 43 CFR Subpart 3100, in accordance with the MLA.

A. 3100.3-1(b) — Option Enforceability

In accordance with the MLA (at 30 U.S.C. 184(d)(2)), options to acquire any interest in a Federal oil and gas lease are not enforceable until a signed copy or notice of option has been filed in the proper BLM office. Each such signed copy or notice must include:

- The names and addresses of the parties to the option;
- The serial number of the lease or application for a lease to which the option is applicable;
- A statement of the number of acres covered and of the interests and obligations of the parties; and
- The interest to be conveyed and retained in exercise of the option.

The information submitted to the BLM must be signed by all parties to the option or their duly authorized agents. The signed notice shall contain or be accompanied by a signed statement by the holder of the option that he/she is the sole party in interest in the option; if not, he/she shall set forth the names and provide a description of the interest of the other parties, and provide a description of the agreement between them, if oral, and a copy of such agreement, if written.

B. 3100.3-3 — Option Statement

When a suspect situation arises, to assure that the statutory acreage limitations are not violated, the BLM will request information to show evidence of compliance:

- Any changes to the statement submitted under 43 CFR 3100.3-1(b)
- The number of acres covered by each such option; and

- The total acreage in each State to which such options are applicable.

43 CFR Subpart 3101 — Issuance of Leases

This subpart includes four collection activities.

The first three pertain to statutory acreage limitations. The fourth pertains to applications for leases for lands within an approved unit.

A. 3101.2-4(a) — Proof of Acreage Reduction

This collection is associated with situations in which a party holds excess accountable acreage as a result of:

1. The termination or contraction of a unit or cooperative plan;
2. The elimination of a lease from an operating, drilling, or development plan; or
3. A merger or the purchase of the controlling interest in a corporation.

Within 90 days of acquiring excess accountable acreage under the first or second scenario, the acquiring party must reduce the holdings to the prescribed limitation and must file proof of the reduction with the BLM. The deadline for reducing excess acreage and filing proof is 180 under the third scenario.

B. 3101.2-4(a) — Excess Acreage Petition

A party faced with the third scenario listed above may file a petition with the BLM for extra time to comply with the 180-day deadline. The BLM uses the information to determine whether or not to grant the party additional time to come into compliance with statutory acreage limitations.

C. 3101.2-6 - Ad Hoc Acreage Statement

At any time the BLM may require a lessee or operator to file a statement showing as of the specified date, the serial number and the date of each lease in which he/she has any interest, in the particular State, setting forth the acreage covered thereby. The BLM uses the information to determine whether or not a lessee is in compliance with the law with respect to statutory acreage limitations.

D. 3101.3-1 - Joinder Evidence Required

When a lease or a portion of a lease cannot be independently developed and operated in conformity with an established well-spacing or well-development program, the BLM may approve a communitization or drilling agreement for such lands with other lands, whether or not owned by the United States, upon a determination that such an agreement is in the public interest. Before issuance of a lease for land within an approved unit, the BLM requires a

statement as to whether or not a prospective oil and gas lessee has joined in a unit agreement and unit operating agreement or a statement giving satisfactory reasons for the failure to enter into such agreement.

Note: As discussed below, the BLM collects communitization and drilling agreements under 43 CFR Subpart 3105.

43 CFR Subpart 3103 — Fees, Rentals, and Royalty

3103.4-1 - Waiver, Suspension, or Reduction of Rental or Royalty

The BLM may waive, suspend, or reduce the rental or minimum royalty, or reduce the royalty, on a leasehold or portion thereof if an operator/payor files an application that enables the BLM to determine that: (1) such action is necessary to promote development of oil or gas resources, or (2) the relevant lease or leases cannot be successfully operated under the terms provided therein.

Each application must include:

- The serial number of the leases;
- The names of the record title holders, operating rights owners (sublessees), and operators;
- The description of lands by legal subdivision;
- A description of the relief requested;
- The number, location, and status of each well drilled;
- A tabulated statement for each month, covering a period of not less than 6 months prior to the date of filing the application, showing the aggregate amount of oil or gas subject to royalty, the number of wells counted as producing each month, and the average production per well per day;
- A detailed statement of expenses and costs of operating the entire lease, the income from the sale of any production, and all facts tending to show whether the wells can be successfully operated upon the fixed royalty or rental;

Where the application is for a reduction in royalty, the applicant must also furnish:

- Full information as to whether overriding royalty payments out of production, or similar interests, are paid to payees other than the United States; the amounts so paid; and efforts that have been made to reduce them; and
- Agreements of the holders to a reduction of all non-Federal royalties or similar payments from the leasehold to an aggregate not in excess of one-half the royalties due to the United States.

43 CFR Subpart 3105 — Cooperative Conservation

The information collection activities in this subpart enable the BLM to manage situations in which owners of any right, title, or interest in a Federal oil and gas lease wish to adopt and operate under a joint plan for the development of oil and gas resources.

A. 3105.2 - Communitization or Drilling Agreements

These types of agreements must be submitted to and approved by the BLM before they may be effective as to Federal leases. The BLM uses the information to determine whether or not the lease may be subject to drainage by an off-lease well, and whether or not it is in the public interest to combine operation efforts.

A minimum of three signed agreements must be submitted, and an additional agreement must be submitted if State lands are involved. Each agreement must include the following information:

- A description of the separate tracts comprising the drilling or spacing unit;
- The apportionment of the production or royalties to the several parties;
- The name of the operator;
- Adequate provisions for the protection of the interests of the United States;
- Signatures by or on behalf of all necessary parties.

B. 3105.3 - Operating, Drilling or Development Contracts

The BLM requires a statement showing any interest held by a contractor, and a copy of the contract. Operators must submit copies of contracts to obtain approval to enter into contracts with a number of lessees sufficient to justify operations on a large scale.

The BLM uses the information to determine whether or not the contracts involve a number of lessees sufficient to justify operations on a scale large enough to justify the discovery, development, production, or transportation of oil or gas and to finance the same.

C. 3105.4 - Application to Combine Interests for Joint Refining or Transportation of Oil

Lessees or operators must file an application in order to seek approval to combine their interests in leases for the purpose of:

- Constructing and carrying on the business of a refinery; or
- Establishing and constructing as a common carrier a pipeline or railroad to be operated and used by them jointly in the transportation of oil or gas from their wells or from the wells of other lessees.

The applicant must provide sufficient copies of the application to permit retention of five copies by the Department after approval.

The BLM uses the information to determine whether or not:

- There is a reasonable need for the combination;
- The combination will result in any concentration of control over the production or sale of oil and gas which would be inconsistent with the anti-monopoly provisions of law.

D. 3105.5 - Subsurface Storage of Oil and Gas

Any interested party who wants to obtain authorization to store oil and gas underground on Federal lands must file an application for a gas storage agreement. The applicant must submit enough copies of the final agreement signed by all the parties in interest to permit the retention of five copies by the Department after approval. The BLM uses the information to authorize subsurface storage that will avoid waste and promote conservation of the natural resources.

E. 3105.6 – Consolidation of Leases

Each application for a consolidation of leases must include sufficient justification and a showing that consolidation is in the public interest.

43 CFR Subpart 3106 — Transfers by Assignment, Sublease, or Otherwise

A. 3106.8-1 - Heirs and Devisees Statement

In case of the death of an offeror, applicant, lessee, or transferee, the BLM requires a statement that heirs and devisees are qualified to hold a lease interest in accordance with Subpart 3102.

B. 3106.8-2 - Change of Name

A change of name of the lessee must be reported to the BLM. The notice of name change must include a list of serial numbers of the affected leases. This information is necessary to update the appropriate lease(s) and agreement(s).

C. 3106.8-3 - Corporate Merger Notice

Where a corporate merger affects leases situated in a State where the transfer of property of the dissolving corporation to the surviving corporation is accomplished by operation of law, no transfer of any affected lease interest is required. However, the BLM requires a notification of such merger, along with a list, by serial number, of all lease interests affected. The BLM uses the list to update the appropriate lease(s) and agreement(s).

43 CFR Subpart 3107 — Continuation, Extension, or Renewal

3107.8 – Lease Renewal Application

Prior to an amendment to the MLA in 1990 (codified at 30 U.S.C. 188(g)(4)), a 20-year lease could be renewed for successive periods of 10 years. The language of 43 CFR 3107.8 (which was promulgated in 1983) reflects the MLA before 1990.

As amended in 1990, the MLA provides that any oil and gas lease shall, upon its next renewal on or after November 15, 1990, continue for 20 years and for so long thereafter as oil or gas is produced in paying quantities. Accordingly, any 20-year lease or renewal lease that has an expiration date after November 15, 1990, is eligible for one last renewal only under the provisions of the new law, i.e., for 20 years and so long thereafter as oil and gas is produced in paying quantities. An application from the lessee is required before the BLM will consider renewing an expiring lease. The operator may join in or consent to the application.

The application must show whether all monies due the United States have been paid, and whether operations under the lease have been conducted in compliance with the applicable regulations. If the applicant has not already done so, the applicant must also furnish three copies of each agreement providing for overriding royalties or other payments out of production from the lease.

43 CFR Subpart 3108 — Relinquishment, Termination, or Cancellation

There are four collections in this subpart:

A. 3108.1 – Relinquishment

A lessee may relinquish a lease only after filing a written relinquishment. All lessees holding record title interests in the lease must sign the relinquishment.

B. 3108.2-2 - Class I Reinstatement Petition

In accordance with the MLA, at 30 U.S.C. 188, and 43 CFR 3108.2-2, the BLM may reinstate a lease at existing rental and royalty rates (i.e., grant a Class I Reinstatement), provided that the lessee:

- Has paid the full amount of rental due within 20 days after the anniversary date;
- Shows to the BLM's satisfaction that the failure to timely submit the full amount of the rental due was either justified or not due to a lack of reasonable diligence on the part of the lessee (e.g., a rental payment was postmarked by the U.S. Postal Service on or before the lease anniversary date); and
- Submits to the BLM a petition for reinstatement, together with a nonrefundable filing fee (specified in 43 CFR 3000.12) and the required rental within 60 days after receipt of Notice of Termination of lease due to late payment of rental.

The BLM uses the information in the petition to determine whether or not to grant a Class I Reinstatement.

C. 3108.2-3 - Class II Reinstatement Petition

In accordance with the MLA, at 30 U.S.C. 188, and 43 CFR 3108.2-3, the BLM may reinstate a lease at higher rental and royalty rates (i.e., grant a Class II Reinstatement), when the holder of a terminated lease:

- Has not paid or tendered back rental within 20 days of the termination date; and
- Has shown to the BLM's satisfaction that such failure was justified, was not due to a lack of reasonable diligence, or was inadvertent.

Leases terminated on or before August 8, 2005 may be reinstated if the required back rental and royalty at the increased rates accruing from the date of termination, together with a petition for reinstatement, are submitted on or before the earlier of 60 days after the receipt of the Notice of Termination, or 15 months after termination of the lease.

Leases terminated after August 8, 2005 may be reinstated if the required back rental and royalty at the increased rates accruing from the date of termination, together with a petition for reinstatement, are submitted on or before the earlier of 60 days after the last date that any lessee of record received the Notice of Termination by certified mail, or 24 months after termination.

D. 3108.2-4 - Class III Reinstatement Petition

In accordance with the MLA (at 30 U.S.C. 188) and 43 CFR 3108.2-4, the BLM may issue a noncompetitive oil and gas lease (i.e., grant a Class III reinstatement petition) where an unpatented oil placer mining claim:

- Has been validly located before February 24, 1920;
- Has been abandoned (or has been deemed abandoned) for failure to file timely the required instruments required by Section 314 of the Federal Land Policy and Management Act (43 U.S.C. 1744); and
- The respondent has shown to the satisfaction of the BLM that such failure was inadvertent, justifiable, or not due to lack of reasonable diligence on the part of the owner.

43 CFR Subpart 3109 — Leasing under Rights-of-Way

3109.1 – Application for Lease under Right-of-Way

We require an application, but no specific form, to lease certain lands within of rights-of-way for the underlying oil and gas. The BLM needs the information under the Act of May 21, 1930, which authorizes the leasing of, or the entering into a compensatory royalty agreement for, oil and gas deposits under railroads and certain other types of rights-of-way.

43 CFR Subpart 3120 — Competitive Leases

A. 3120.1-1(e) - Lands Available for Competitive Leasing

We collect information from parties that ask the BLM to offer specific lands for competitive oil and gas lease sale. Such a request must describe the lands with enough specificity so that the BLM can determine what the entity is requesting.

B. 3120.1-3 - Protests and Appeals

Before the BLM holds a competitive lease sale, it identifies eligible parcels in a Notice of Competitive Oil and Gas Lease Sale. The notice provides for a public protest period and instructions for challenging any BLM decision to offer certain lands.

A recent notice required protests to be filed at least 60 days before the proposed lease sale, and required each protest to include a statement of reasons to support the protest. It also required that the protest state the interest of the protesting party, be signed, and reference the parcel number identified in the sale notice. It also provided that protests may be filed either by mail in hardcopy form or by telefax, but not by electronic mail.

43 CFR Subpart 3162 — Drainage

3162.2-9 — Drainage Protection Reports — Preliminary, Detailed, and Additional

Drainage occurs when a well is drilled close enough to the boundary of an adjacent parcel that oil or gas migrates from that parcel to the well. The information collected from this section enables the BLM in meeting its responsibility to prevent drainage that could result in reduced royalties for their oil and gas resources.

While the lessee has the primary responsibility to protect the lease from drainage, the BLM routinely monitors drilling activities to determine whether appropriate steps are being taken to ensure that Federal and Indian leases are not being drained. The BLM conducts an administrative review of leases each year to identify drainage situations. The BLM sends the affected lessees/operating rights owners an initial contact letter, and in response, they are required to submit a detailed drainage protection report. The content of the report varies depending on the circumstances. The usual response indicates that a review of each drainage situation has been completed, and action is being taken that will sufficiently protect the BLM-administered lease from drainage.

The BLM may send a demand letter that requires an additional drainage protection report from lessees/operating rights owners. Demand letters are sent when the BLM believes that lessees and operating rights owners did not gather sufficient data to determine whether drainage is occurring or has not occurred, or did not analyze the data properly to determine that a protective well would be uneconomic. In the response, the lessee or operating rights owner notifies the BLM of plans for drainage protection and analysis and, if requested by the BLM, discloses the drainage

area of the ultimate recovery of the offending well, the amount of oil and gas resources drained from the lease, and whether a protective well would be economic to drill.

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.

No forms are associated with this control number. Respondents may compile the required nonform data, and may choose to submit the information electronically by emailing it to the appropriate BLM office, unless filing fees are associated with the collection of information. However, virtually all respondents prepare petitions, requests, applications, etc., in letter form on official company letterhead, and choose to send them by regular mail; this facilitates BLM's review and collection of fees and publication costs. Also, drainage determination information correspondence has no official or legal standing unless it is transmitted by mail or by certified mail.

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 on the information we collect. The requested information is nonrecurring, occasional, and unique to each applicant/operator and to each specific oil and gas activity and is not available from any other data source. No similar information is available or able to be modified. The information is supplied by the respondents, which are entities conducting oil and gas exploration and leasing activities. The information is required to receive a benefit. Each BLM State Office has jurisdiction over specific lands, so no duplication occurs with respect to processing a respondent's application or information.

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

There is no significant impact on small businesses or other small entities from the information we request. To the BLM's knowledge, none of the respondents are small businesses or other small entities. The required information is the minimum necessary to allow the BLM to process an applicant's application or statement about oil and gas activities and drainage protection and to comply with provisions of the applicable laws and regulations.

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.

A respondent uses applications and statements to submit information regarding oil and gas offers and leases on public domain and acquired lands. When the required information is not provided, lands cannot be leased, explored or developed, which would prevent the individual or entity from obtaining or retaining the benefit of an oil and gas lease.

Failure to collect the requested information would mean that the BLM would lack the information necessary to:

- Approve proposed oil and gas leasing, exploration, or operations;
- Monitor compliance with the terms and conditions of Federal oil and gas leases and with applicable laws; and
- Determine whether or not lessees/operating rights owners are fulfilling their obligation to protect their Federal oil and gas leases from drainage.

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.**

The information collection activity titled, “3105.2 - Communitization or Drilling Agreements” requires a minimum of three signed copies of such agreements to be submitted, and one additional copy if State lands are involved.

The information collection activity titled, “3105.4 - Application to Combine Interests for Joint Refining or Transportation of Oil” requires submission of sufficient copies to permit retention of five copies by the Department after approval.

The information collection activity titled, “3105.5 - Subsurface Storage of Oil and Gas” requires submission of sufficient copies of the final agreement signed by all the parties to permit retention of five copies by the Department after approval.

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.

On April 24, 2018, the BLM published the required 60-day notice in the Federal Register (83 FR 17840), and the comment period ended on June 25, 2018. The BLM received no comments.

On May 11, 2018, the BLM consulted with the following respondents to obtain their views on the need for the collection of information for the performance of the functions of the agency; the accuracy of the agency’s burden estimates; ways to enhance the quality, utility and clarity of the information collection; and ways to minimize the information collection burden on respondents, such as use of automated means of collection of the information.

Attorney at Law, Kensington, MD

Landman, Meridian, MS

Certified Professional Landman, Energy Land Services, Weems, VA

The only comment pertaining to the collection of information was that this process on soliciting comments on the information collection was “another government waste of time and our tax

dollars.”

The BLM will not revise the collection of information in response to the consultations.

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

We do not provide payments or gifts to respondents.

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

We protect the respondent’s confidentiality to the extent consistent with the Freedom of Information Act (5 U.S.C. 552). This information collection is subject to a System of Records Notice, BLM-32, “Minerals Authorization Tracking System.”

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.

We do not ask respondents 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 estimated annual hour burdens are 19,712 responses, 42,936 hours, and \$2,996,932.80

Table 12-1, below, shows our estimate of the hourly cost burdens for respondents. The mean hourly wages for Table 12-1 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 Hourly Cost Calculation

A. Occupational Category	B. Mean Hourly Wage	C. Total Mean Hourly Wage (Column B x 1.4)
Mining and Geological Engineers, Including Mining Safety Engineers 17-2151	\$49.86	\$69.80

The estimated annual reporting burdens for this collection are shown below in Table 12-2. The estimated hourly wage is shown at Table 12-1, above.

Table 12-2 Estimates of Hour and Hour-Related Cost Burdens

A. Type of Response	B. Number of Responses	C. Hours Per Response	D. Total Hours (Column B x Column C)	E. Dollar Equivalent (Column D x \$69.80)
Notice of option holdings 43 CFR 3100.3-1(b)	1	1	1	\$69.80
Option statement 43 CFR 3100.3-3	2	1	2	\$139.60
Proof of acreage reduction 43 CFR 3101.2-4(a)	1	1	1	\$69.80
Excess acreage petition 43 CFR 3101.2-4(a)	1	1	1	\$69.80
Ad hoc acreage statement 43 CFR 3101.2-6	1	1	1	\$69.80
Joinder evidence statement 43 CFR 3101.3-1	50	1	50	\$3,490
Waiver, suspension, or reduction of rental or royalty 43 CFR 3103.4-1	453	2	906	\$63,238.80

A. Type of Response	B. Number of Responses	C. Hours Per Response	D. Total Hours (Column B x Column C)	E. Dollar Equivalent (Column D x \$69.80)
Communitization or drilling agreements 43 CFR 3105.2	178	2	356	\$24,848.80
Operating, drilling, or development contracts 43 CFR 3105.3	1	1	1	\$69.80
Application to combine interests for joint refining or transportation of oil 43 CFR 3105.4	1	1	1	\$69.80
Subsurface storage application 43 CFR 3105.5	1	1	1	\$69.80
Consolidation of leases 43 CFR 3105.6	12	1	12	\$837.60
Heirs and devisees 43 CFR 3106.8-1	86	1	86	\$6,002.80
Change of name 43 CFR 3106.8-2	10,668	1	10,668	\$744,626.40
Corporate merger notice 43 CFR 3106.8-3	4,184	1	4,184	\$292,043.20
Lease renewal application 43 CFR 3107.8	1	1	1	\$69.80
Relinquishment 43 CFR 3108.1	176	1	176	\$12,284.80
Class I reinstatement petition 43 CFR 3108.2-2	11	3	33	\$2,303.40
Class II reinstatement petition 43 CFR 3108.2-3	66	3	198	\$13,820.40
Class III reinstatement petition 43 CFR 3108.2-4	1	1	1	\$69.80
Application for lease under right-of-way 43 CFR 3109.1	38	8	304	\$21,219.20
Lands available for competitive leasing 43 CFR 3120.1-1(e)	1,380	8	11,040	\$770,592.00
Protests and appeals 43 CFR 3120.1-3	1,289	8	10,312	\$719,777.60

A. Type of Response	B. Number of Responses	C. Hours Per Response	D. Total Hours (Column B x Column C)	E. Dollar Equivalent (Column D x \$69.80)
Preliminary drainage protection report 43 CFR 3162.2-9	1,000	2	2,000	\$139,600.00
Detailed drainage protection report 43 CFR 3162.2-9	100	24	2,400	\$167,520.00
Additional drainage protection report 43 CFR 3162.2-9	10	20	200	\$13,960.00
Totals	19,712	—	42,936	\$2,996,932.80

The frequency of response for each of the information collection activities is “on occasion,” except for the activity titled “Option statement,” which is required twice a year.

Responses are necessary to obtain or retain a benefit (i.e., a Federal oil and gas lease). Hour and cost burdens to respondents include time spent for researching, preparing, and submitting information.

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, 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.

The estimated annual nonhour costs are \$3,278,348. That total includes processing fees and publication costs that are itemized in Tables 13-1 and 13-2, respectively.

There are no capital or startup costs involved because the information requested is either available in the BLM public reading rooms or maintained by the lessees, applicants, and operators for their own use (for example, maps, reports, and lease files). Respondents are businesses which are familiar with oil and gas regulatory requirements.

Various fees are associated with this collection. Except for Class II and III petitions for reinstatement, the fees are listed at 43 CFR 3000.12, and should be updated annually in accordance with a method explained at 70 FR 58853 (October 7, 2005). The most recent update is at 81 FR 65558 (September 23, 2016).

Class II and III petitions for reinstatement are subject to an administrative fee of \$500 per response. This fee is in accordance with, respectively, 43 CFR 3108.2-3(b)(3)(vi) and 3108.2-4(h).

In addition, petitioners for Class II and Class III reinstatements are required to reimburse the BLM for the cost of publishing a notice of reinstatement in the Federal Register. 43 CFR 3108.2-3(b)(v) and 3108.2-4(g). At present, the Office of the Federal Register charges \$159 per column, which is the length of almost all reinstatement notices. The annual publication cost burdens are shown in Table 13-2.

Table 13-1 Estimated Annual Non-Hour Costs: Fixed Processing Fees

A. Type of Response	B. Number of Responses	C. Fixed Processing Fee per Response	D. Annual Cost Burden of Fixed Processing Fees (Column B x Column C)
Notice of option holdings 43 CFR 3100.3-1(b)	1	N/A	N/A
Option statement 43 CFR 3100.3-3	2	N/A	N/A

A. Type of Response	B. Number of Responses	C. Fixed Processing Fee per Response	D. Annual Cost Burden of Fixed Processing Fees (Column B x Column C)
Proof of acreage reduction 43 CFR 3101.2-4(a)	1	N/A	N/A
Excess acreage petition 43 CFR 3101.2-4(a)	1	N/A	N/A
Ad hoc acreage statement 43 CFR 3101.2-6	1	N/A	N/A
Joinder evidence statement 43 CFR 3101.3-1	50	N/A	N/A
Waiver, suspension, or reduction of rental or royalty 43 CFR 3103.4-1	453	N/A	N/A
Communitization or drilling agreement 43 CFR 3105.2	178	N/A	N/A
Operating, drilling, or development contracts 43 CFR 3105.3	1	N/A	N/A
Application to combine interests for joint refining or transportation of oil 43 CFR 3105.4	1	N/A	N/A
Subsurface storage application 43 CFR 3105.5	1	N/A	N/A
Consolidation of leases 43 CFR 3105.6	12	\$455	\$5,460
Heirs and devisees 43 CFR 3106.8-1	86	\$215	\$18,490
Change of name 43 CFR 3106.8-2	10,668	\$215	\$2,293,620
Corporate merger notice 43 CFR 3106.8-3	4,184	\$215	\$899,560
Lease renewal application 43 CFR 3107.8	1	\$415	\$415
Relinquishment 43 CFR 3108.1	176	N/A	N/A
Class I reinstatement petition 43 CFR 3108.2-2	11	\$80	\$880

A. Type of Response	B. Number of Responses	C. Fixed Processing Fee per Response	D. Annual Cost Burden of Fixed Processing Fees (Column B x Column C)
Class II reinstatement petition 43 CFR 3108.2-3	66	\$500	\$33,000
Class III reinstatement petition 43 CFR 3108.2-4	1	\$500	\$500
Application for lease under right- of-way 43 CFR 3109.1	38	\$415	\$15,770
Lands available for competitive leasing 43 CFR 3120.1-1(e)	1,380	N/A	N/A
Protests and appeals 43 CFR 3120.1-3	1,289	N/A	N/A
Preliminary drainage protection report 43 CFR 3162.2-9	1,000	N/A	N/A
Detailed drainage protection report 43 CFR 3162.2-9	100	N/A	N/A
Additional drainage protection report 43 CFR 3162.2-9	10	N/A	N/A
Totals	19,712	—	\$3,267,695

Table 13-2 Estimated Annual Non-Hour Costs: Publication

A. Type of Response	B. Number of Responses	C. Publication Cost for Each Federal Register Notice	D. Annual Publication Cost Burden (Column B x Column C)
Class II reinstatement petition 43 CFR 3108.2-3	66	\$159	\$10,494
Class III reinstatement petition 43 CFR 3108.2-4	1	\$159	\$159
Totals	31	—	\$10,653

Table 13-3 Total Estimated Non-Hour Costs

A. Type of Costs	B. Amounts
Fixed Processing Fees	\$3,267,695
Publication Costs	\$10,653
Total	\$3,278,348

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 estimated annual Federal cost is \$6,971,445.40.

The hourly cost to the Federal Government is based on data at <http://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/2018/general-schedule/>.

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

Table 14 -1 Hourly Cost Calculation

A. Position	B. Pay Grade	C. Hourly Pay Rate (\$/hour)	D. Hourly Rate with Benefits (Column C x 1.6)	E. Percent of the Information Collection Completed by Each Occupation	F. Weighted Avg. (\$/hour) (Column D x Column E)
Supervisor, Petroleum Engineer, Geologist and / or Natural Resource Specialist	GS-13, Step 1	\$41.81	\$66.90	50	\$33.45
Land Law Examiner and/or Legal Instruments Examiner	GS-9, Step 1	\$24.24	\$38.78	50	\$19.39
Total Weighted Average: \$52.84					

The Table below shows the estimated annual Federal costs for each aspect of the collection. The weighted average hourly wage is shown at Table 14-1, above.

Table 14-2 Estimated Annual Cost to the Government

A. Type of Response	B. Number of Responses	C. Hours Per Response	D. Total Hours (Column B x Column C)	E. Dollar Equivalent (Column D x \$52.84)
Notice of option holdings 43 CFR 3100.3-1(b)	1	1	1	\$52.84
Option statement 43 CFR 3100.3-3	2	2	2	\$105.68
Proof of acreage reduction 43 CFR 3101.2-4(a)	1	1	1	\$52.84
Excess acreage petition 43 CFR 3101.2-4(a)	1	1	1	\$52.84
Ad hoc acreage statement 43 CFR 3101.2-6	1	1	1	\$52.84
Joinder evidence statement 43 CFR 3101.3-1	50	1	50	\$2,642
Waiver, suspension, or reduction of rental or royalty 43 CFR 3103.4-1	453	4	1,812	\$95,746.08
Communitization or drilling agreement 43 CFR 3105.2	178	4	712	\$37,622.08
Operating, drilling, or development contracts 43 CFR 3105.3	1	1	1	\$52.84
Application to combine interests for joint refining or transportation of oil 43 CFR 3105.4	1	1	1	\$52.84
Subsurface storage application 43 CFR 3105.5	1	1	1	\$52.84
Consolidation of leases 43 CFR 3105.6	12	3	36	\$1,902.24
Heirs and devisees 43 CFR 3106.8-1	86	1	86	\$4,544.24

A. Type of Response	B. Number of Responses	C. Hours Per Response	D. Total Hours (Column B x Column C)	E. Dollar Equivalent (Column D x \$52.84)
Change of name 43 CFR 3106.8-2	10,668	1	10,668	\$563,697.12
Corporate merger notice 43 CFR 3106.8-3	4,184	1	4,184	\$221,082.56
Lease renewal application 43 CFR 3107.8	1	1	1	\$52.84
Relinquishment 43 CFR 3108.1	176	1	176	\$9,299.84
Class I reinstatement petition 43 CFR 3108.2-2	11	40	440	\$23,249.60
Class II reinstatement petition 43 CFR 3108.2-3	66	40	2,600	\$137,384
Class III reinstatement petition 43 CFR 3108.2-4	1	1	1	\$52.84
Application for lease under right-of-way 43 CFR 3109.1	38	40	1,520	\$80,316.80
Lands available for leasing 43 CFR 3120.1-1(e)	1,380	40	55,200	\$2,916,768
Protests and appeals 43 CFR 3120.1-3	1,289	40	51,560	\$2,724,430.40
Preliminary drainage protection report 43 CFR 3162.2-9	1,000	2	2,000	\$105,680.00
Detailed drainage protection report 43 CFR 3162.2-9	100	8	800	\$42,272.00
Additional drainage protection report 43 CFR 3162.2-9	10	8	80	\$4,227.20
Totals	19,712		131,935	\$6,971,445.40

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

Our previous estimate of annual non-hour costs was \$472,514. Our current estimate is \$3,278,348 — an increase of \$2,805,834.

The primary reason for that increase is a dramatic increase in the number of responses for some of the information collection activities. The big picture is that the total number of responses increased from 6,165 to 19,712 annually, an increase of 13,547. However, the impact on non-hour costs becomes clearest by considering four activities:

1. Change of name (43 CFR 3106.8-2). The estimated number of responses is 10,668, compared to 160 previously — an increase of 10,508 responses. The previous fee per response (\$215) had not changed at the time of this renewal request. The increased number of responses accounts for the increased non-hour cost, from \$34,400 to \$2,293,620 (a difference of \$2,259,220).
2. Corporate merger notice (43 CFR 3106.8-3). The estimated number of responses is 4,184, compared to 1,755 previously — an increase of 2,429 responses. The previous fee per response (\$215) had not changed at the time of this renewal request. The increased number of responses accounts for the increased non-hour cost, from \$377,325 to \$899,560 (a difference of \$522,235).
3. Class II reinstatement petition (43 CFR 3108.2-3). The estimated number of responses is 66, compared to 30 previously — an increase of 36 responses. The previous fee per response (\$500) has not changed. The increased number of responses accounts for the increased non-hour costs, from \$19,770 to \$43,494 (a difference of \$23,724).
4. Application for lease under right-of-way (43 CFR 3109.1). The estimated number of responses is 38, compared to five previously — an increase of 33 responses. The previous fee per response was \$410, and increased to \$415 at the time of the renewal request. Together, the increase in responses and the \$5 increase in the fee account for the increased non-hour costs, from \$2,050 to \$15,770 (a difference of \$13,720).

There are no program changes. The number of responses has been adjusted from 6,165 to 19,712 annually, an increase of 13,547. The hours per response are unchanged, but the hour burden has been adjusted from 25,395 to 42,936 annually, an increase of 17,541, because of changes in the number of responses. All but one of these adjustments are due to the BLM's recent experience with this control number. One adjustment was due to an error in the previously estimated hour burdens for the activity labeled "Option statement." That activity is required twice a year, and we previously estimated only one response annually. We have corrected that estimate here.

As described in detail above: The nonhour cost burden has been adjusted from \$472,514 to \$3,278,348, an increase of \$2,805,834 annually. This adjustment is due in part to adjustments in the number of responses, and in part due to adjustments in filing fees that are described under Item # 13 of this supporting statement.

These adjustments are itemized in Tables 15-1 and 15-2

Table 15-1
Adjustments in Responses

A. Type of Response	B. Number of Requested Responses	C. Number of Previously- Approved Responses	D. Difference Between Requested and Approved Responses (Column B minus Column C)
Notice of option holdings 43 CFR 3100.3-1(b)	1	1	No change
Option statement 43 CFR 3100.3-3	2	1	+1
Proof of acreage reduction 43 CFR 3101.2-4(a)	1	1	No change
Excess acreage petition 43 CFR 3101.2-4(a)	1	1	No change
Ad hoc acreage statement 43 CFR 3101.2-6	1	1	No change
Joinder evidence statement 43 CFR 3101.3-1	50	50	No change
Waiver, suspension, or reduction of rental or royalty 43 CFR 3103.4-1	453	130	+323
Communitization or drilling agreements 43 CFR 3105.2	178	535	-357
Operating, drilling, or development contracts 43 CFR 3105.3	1	1	No change
Application to combine interests for joint refining or transportation of oil 43 CFR 3105.4	1	1	No change
Subsurface storage application 43 CFR 3105.5	1	1	No change
Consolidation of leases 43 CFR 3105.6	12	35	-23
Heirs and devisees 43 CFR 3106.8-1	86	90	-4
Change of name 43 CFR 3106.8-2	10,668	160	+10,508
Corporate merger notice 43 CFR 3106.8-3	4,184	1,755	+2,429

A. Type of Response	B. Number of Requested Responses	C. Number of Previously- Approved Responses	D. Difference Between Requested and Approved Responses (Column B minus Column C)
Lease renewal application 43 CFR 3107.8	1	1	No change
Relinquishment 43 CFR 3108.1	176	90	+86
Class I reinstatement petition 43 CFR 3108.2-2	11	35	-24
Class II reinstatement petition 43 CFR 3108.2-3	66	30	+36
Class III reinstatement petition 43 CFR 3108.2-4	1	1	No change
Application for lease under right-of-way 43 CFR 3109.1	38	5	+33
Lands available for competitive leasing 43 CFR 3120.1-1(e)	1,380	1,750	-370
Protests and appeals 43 CFR 3120.1-3	1,289	380	+909
Preliminary drainage protection report 43 CFR 3162.2-9	1,000	1,000	No change
Detailed drainage protection report 43 CFR 3162.2-9	100	100	No change
Additional drainage protection report 43 CFR 3162.2-9	10	10	No change
Totals	19,712	6,165	+13,547

**Table 15-2
Adjustments in Nonhour Costs**

A. Type of Response	B. Requested Nonhour Costs	C. Previously- Approved Nonhour Costs	D. Difference Between Requested and Previously- Approved Nonhour Costs (Column B minus Column C)
Notice of option holdings 43 CFR 3100.3-1(b)	N/A	N/A	No change
Option statement 43 CFR 3100.3-3	N/A	N/A	No change
Proof of acreage reduction 43 CFR 3101.2-4(a)	N/A	N/A	No change
Excess acreage petition 43 CFR 3101.2-4(a)	N/A	N/A	No change
Ad hoc acreage statement 43 CFR 3101.2-6	N/A	N/A	No change
Joinder evidence statement 43 CFR 3101.3-1	N/A	N/A	No change
Waiver, suspension, or reduction of rental or royalty 43 CFR 3103.4-1	N/A	N/A	No change
Communitization or drilling agreements 43 CFR 3105.2	N/A	N/A	No change
Operating, drilling, or development contracts 43 CFR 3105.3	N/A	N/A	No change
Application to combine interests for joint refining or transportation of oil 43 CFR 3105.4	N/A	N/A	No change
Subsurface storage application 43 CFR 3105.5	N/A	N/A	No change
Consolidation of leases 43 CFR 3105.6	\$5,460	\$15,750	-\$10,290
Heirs and devisees 43 CFR 3106.8-1	\$18,490	\$19,350	-\$860
Change of name 43 CFR 3106.8-2	\$2,293,620	\$34,400	+\$ 2,259,220
Corporate merger notice 43 CFR 3106.8-3	\$899,560	\$377,325	+\$522,235

A. Type of Response	B. Requested Nonhour Costs	C. Previously- Approved Nonhour Costs	D. Difference Between Requested and Previously- Approved Nonhour Costs (Column B minus Column C)
Lease renewal application 43 CFR 3107.8	\$415	\$410	+\$5
Relinquishment 43 CFR 3108.1	N/A	N/A	No change
Class I reinstatement petition 43 CFR 3108.2-2	\$880	\$2,800	-\$1,920
Class II reinstatement petition 43 CFR 3108.2-3	\$43,494	\$19,770	+\$23,724
Class III reinstatement petition 43 CFR 3108.2-4	\$659	\$659	No change
Application for lease under right-of-way 43 CFR 3109.1	\$15,770	\$2,050	+\$13,720
Lands available for competitive leasing 43 CFR 3120.1-1(e)	N/A	N/A	No change
Protests and appeals 43 CFR 3120.1-3	N/A	N/A	No change
Preliminary drainage protection report 43 CFR 3162.2-9	N/A	N/A	No change
Detailed drainage protection report 43 CFR 3162.2-9	N/A	N/A	No change
Additional drainage protection report 43 CFR 3162.2-9	N/A	N/A	No change
Totals	\$3,278,348	\$472,514	+\$2,805,834

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.

We will not publish results of this information collection.

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 expiration date will not be displayed because this information collection does not include any forms.

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.