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Supporting Statement A
Risk Management, Financial Assurance and Loss Prevention
(Proposed Rulemaking 1082-AA02)

30 CFR Part 556, Leasing of Sulfur or Oil and Gas in the OCS
30 CFR 550, Subpart J, Pipelines and Pipeline Rights-of-Way
30 CFR Part 560, OCS Oil and Gas Leasing

OMB Control Number 1010-0006

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.

Introduction

The Bureau of Ocean Energy Management (BOEM) and Bureau of Safety and Environmental Enforcement (BSEE) prepared a notice of proposed rulemaking, entitled Risk Management, Financial Assurance and Loss Prevention. BOEM is submitting this information collection clearance package to request OMB approval for revision of OMB control number 1010-0006. The information collection activities related to this rulemaking for 30 CFR parts 550 and 556 were approved under OMB control number 1010-0006 (expiration January 31, 2023), Leasing of Sulfur or Oil and Gas in the Outer Continental Shelf (30 CFR 550, 556 and 560); and OMB control number 1010-0114 (expiration February 28, 2023), 30 CFR 550, Subpart A, General, and Subpart K, Oil and Gas Production Requirements.

BOEM has recognized the need to develop a comprehensive program to help identify, prioritize, and manage the financial risks associated with oil and gas activities on the OCS. BOEM's goal for this program is to protect American taxpayers from exposure to financial or environmental risks from nonperformance of obligations associated with OCS leases and grants while also assuring that its financial assurance program does not negatively impact offshore investment or operations.

By moving forward with the proposed regulations for the financial assurance program, BOEM would be able to more effectively address a number of complex financial issues. The proposed regulations would establish new criteria that will reduce regulatory burdens and compliance costs on Federal OCS oil, gas, and sulfur lessees, and right-of-use and easement grant and pipeline right-of-way grant holders, would be required to provide bonds or other security to ensure compliance with their Outer Continental Shelf (OCS) obligations to BOEM. This proposed rule would streamline its evaluation criteria for determining whether oil, gas and sulfur lessees, right-of-use and easement grant holders, and pipeline right-of-way holders may be required to provide additional bonds or other security, above the prescribed amounts for base bonds, to ensure compliance with their Outer Continental Shelf Obligations. BOEM's

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portion of the proposed rule would also remove restrictive provisions for third-party guarantees and decommissioning accounts, and would add new criteria under which BOEM could cancel additional bonds and third-party guarantees.

Specific Instructions

A. Justification

1. *Explain the circumstances that make the collection of information necessary. Identify any legal or administrative requirements that necessitate the collection.*

The Outer Continental Shelf (OCS) Lands Act, as amended (43 U.S.C. 1331 *et seq.* and 43 U.S.C. 1801 *et seq.*), authorizes the Secretary of the Interior (Secretary) to prescribe rules and regulations to administer leasing of the OCS. Such rules and regulations will apply to all operations conducted under a lease. 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; and to preserve and maintain free enterprise competition. Also, the Energy Policy and Conservation Act of 1975 (EPCA) prohibits certain lease bidding arrangements (42 U.S.C. 6213(c)).

The Independent Offices Appropriations Act (31 U.S.C. 9701), the Omnibus Appropriations Bill (P.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 provide special benefits. Under the Department of the Interior's policy implementing this Act, BOEM is required to charge the full cost for services that provide special benefits or privileges to an identifiable non-Federal recipient above and beyond those that accrue to the public at large.

In order to administer OCS leasing, BOEM's regulations require bonds or other forms of financial assurance from OCS lessees and grant holders. This financial assurance is to protect the public from nonperformance by lessees, right-of-use and easement grant holders and pipeline right-of-way grant holders.

Executive Order 13795 of April 28, 2017, and Secretarial Order 3350 of May 1, 2017, mandated that BOEM review NTL No. 2016-N01 and provide to the Assistant Secretary – Land and Mineral Management, the Deputy Secretary and the Counselor to the Secretary for Energy Policy, a report describing the results of the review and options for revising or rescinding the NTL. These orders require BOEM to determine whether modifications are necessary, and if so, to what extent, to ensure operator compliance with lease terms while minimizing unnecessary regulatory burdens. They also required BOEM to review its financial assurance regulatory policy to determine the extent to which additional regulation is necessary.

The Deputy Secretary recommended that BOEM develop a rulemaking to address the issue. BOEM provided the Deputy Secretary with rulemaking options, including recommended revisions of 30 CFR Part 556, Subpart I—Bonding or Other Financial Assurance, as well as the corresponding sections of 30 CFR Part 550, Subparts A and J, pertaining to bonding and other security requirements for right-of-use and easement grants and pipeline right-of-way grants. In 2018, the Deputy Secretary requested BOEM

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to carry out this rulemaking.

This information collection request (ICR) addresses the regulations at 30 CFR 556, Leasing of Sulphur or Oil and Gas and Bonding Requirements in the OCS; 30 CFR 550, Subpart J, Pipelines and Pipelines Rights-of-Way; and 30 CFR 560, Outer Continental Shelf Oil and Gas Leasing; and the associated supplementary Notices to Lessees and Operators (NTLs) intended to provide clarification, description, or explanation of these 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.

BOEM's goal for its financial assurance program continues to be the protection of the American taxpayers from exposure to financial loss associated with OCS development, while ensuring that the financial assurance program does not detrimentally affect offshore investment or position the American offshore exploration and production companies at a competitive disadvantage. The following is a brief explanation of how the proposed regulatory changes would affect the various subparts' hours and non-hour cost burdens:

30 CFR 550, Subpart J:

BOEM uses the information collected under this subpart to ensure compliance of Federal regulations by the surety and Right-of-Way (ROW) holder guaranteeing that funds be made available to complete existing and future obligations.

- Proposed §550.1011(d)(1) relates to BOEM's determination of whether additional security is necessary to ensure compliance with the obligations under a pipeline right-of-way grant. This determination would be based on whether a pipeline right-of-way grant holder has the ability to carry out present and future financial obligations. The criteria proposed for the financial determination include an issuer credit rating or a proxy credit rating. The issuer credit rating and the audited financial information on which BOEM determines a proxy credit rating already exist. The burden of determining a proxy credit rating falls on BOEM. The annual burdens placed on the grant holder would be minimal and would be included in the burden estimates for 30 CFR 556.901(d).
- Proposed § 550.1011(d)(2)(i) would allow BOEM to consider the issuer credit rating or proxy credit rating of a co-grant holder. This is a new provision that may slightly increase annual burden hours. Burden change would be reflected in the burden estimates for 30 CFR 556.901(d)(2).
- Proposed § 550.1011(d)(2)(ii) would allow BOEM to consider the issuer credit rating or proxy credit rating of a predecessor pipeline right-of-way grant holder. This is a new provision that may slightly increase annual burden hours. Burden change would be reflected in the burden estimates for 30 CFR 556.901(d)(2).

30 CFR 556:

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BOEM uses the information required by 30 CFR 556 to determine if applicants are qualified to hold leases in the OCS. Specifically, BOEM uses the information to:

- Verify the qualifications of a bidder on an OCS lease sale. Once the required information is filed with BOEM, a qualification number is assigned to the bidder so that duplicate information is not required on subsequent filings.
- Develop the semiannual List of Restricted Joint Bidders. This identifies parties ineligible to bid jointly with each other on OCS lease sales, under limitations established by the Energy Policy and Conservation Act.
- Ensure the qualification of assignees and track operators on leaseholds. Once a lease is awarded, the transfer of a lessee's interest to another qualified party must be approved by a BOEM Regional Director or Regional Supervisor. Also, a lessee may designate an operator to act on the lessee's behalf. This designation must be approved by BOEM before the designated operator may begin operations.
- Document that a leasehold or geographical subdivision has been surrendered by the record title holder.
- Update the corporate database to determine what leases are available for a lease sale and the ownership of all OCS leases. Non-proprietary information is also publicly available from BOEM corporate database via the internet.
- Track the ownership of leases as to record title, operating rights, and pipeline right-of-ways.

The notice of proposed rulemaking would change 30 CFR 556, Subpart I, as described below:

- Proposed § 556.901(d)(1) relates to BOEM's determination of whether additional security is necessary to ensure compliance with the obligations under a lease. This determination would be based on the lessee's ability to carry out present and future financial obligations as demonstrated by an issuer credit rating or a proxy credit rating determined by BOEM based on audited financial information.
- New § 556.901(d)(2)(i) would allow BOEM to consider the issuer credit rating or proxy credit rating of a co-lessee, and new § 556.901(d)(2)(ii) would allow BOEM to consider the net present value of proved oil and gas reserves on the lease. There would be no need to submit proved reserve information if the lessee is not required to provide additional bonding based on its issuer credit rating, or proxy credit rating, or those of its co-lessees or predecessors. Under the existing regulations, the Regional Director was to take this "financial strength" information into account in every case when determining whether additional security is necessary.
- New § 556.901(d)(2)(iii) would allow BOEM to consider the issuer credit rating or proxy credit rating of a predecessor lessee. This would not change existing burden hour estimates. This proposed requirement would likely increase the number of respondents due to additional companies' preparing and submitting an issuer credit rating or audited financials so that BOEM

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can determine proxy credit ratings.

The existing OMB approved hour burden for each respondent to prepare and submit the information for the existing evaluation criteria requirements is 3.5 hours. In this proposed rule, the evaluation criteria would be streamlined and would likely require less time for the respondents to prepare and submit the information, particularly for an issuer credit rating or audited financials. However, the time necessary for companies to prepare and submit information on the proved oil and gas reserves would likely be greater than 3.5 hours. Therefore, BOEM proposes to retain the 3.5 hour burden to reflect the decrease in time required to prepare and submit issuer credit ratings and audited financials and the increase in time required for preparing and submitting information on proved reserves. When the final rule becomes effective, the related burden hours for all respondents (a lessee, co-lessee, a co-grant holder, and/or a predecessor) would be included in OMB Control Number 1010-0006.

The OMB approved number of respondents who currently submit financial information under the existing provisions is 166 respondents. Recently, BOEM has seen the number of leases decrease in the Gulf of Mexico. Therefore, BOEM expects the overall number of respondents, even with the increase of new respondents related to § 556.901(d)(2), to be less than the current 166 respondents. BOEM estimates the new number of respondents would be approximately between 150 and 160 respondents. When the final rule becomes effective, BOEM will include the new number of respondents in OMB Control Number 1010-0006.

The existing OMB approved annual burden hours for § 556.901 related to demonstrating financial worth/ability to carry out present and future financial obligations is 581 hours. With the changes provided in the proposed rule and described above, BOEM estimates that the annual hour burden would decrease by approximately 21 annual burden hours. This decrease in annual burden hours would be reflected in OMB Control Number 1010-0006 when the final rule becomes effective.

- Proposed revisions to § 556.904 would allow the Regional Director to authorize a right-of-use and easement grant holder and a pipeline right-of-way grant holder, as well as a lessee, to establish a decommissioning account as additional security required under § 556.901(d), or § 550.166(d) or § 550.1011(d). BOEM also proposes to remove the requirement to provide instructions for the institution managing the account to purchase Treasury securities pledged to BOEM and to actually use such Treasuries to fund the account before the account equals the maximum insurable amount determined by the Federal Deposit Insurance Corporation, currently \$250,000. A new provision is proposed under § 556.904(a)(3), which would require immediate submission of a bond or other security in the amount equal to the remaining unsecured portion of the estimated decommissioning liability amount if the initial payment or any scheduled payment into the decommissioning account is not timely made. This provision may increase the annual burden hours slightly, and would be reflected in OMB Control Number 1010-0006.
- Proposed § 556.905(b)(2) would be revised to eliminate the requirement that, when a guarantor becomes unqualified, a lessee must cease production, until bond coverage requirements are met. The regulatory provision would be replaced with a requirement to immediately submit and maintain a substitute bond or other security. Both the existing and proposed provisions require the lessee to provide bond coverage; however, BOEM's current OMB Control Number 1010-

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0006 does not quantify the burdens associated with either situation. Therefore, BOEM would add approximately 8 annual burden hours to OMB Control Number 1010-0006 for any lessee whose guarantor became unqualified.

- Proposed § 556.905(c) relates to the guarantor's ability to carry out present and future financial obligations, which would be evaluated using an issuer credit rating, or a proxy credit rating based on audited financial information, both of which exist independent of the requirement for submitting them to BOEM. Since BOEM would evaluate the financial ability of the guarantor, the burden would fall on BOEM. The annual burdens placed on the guarantor would be minimal and would be included in the burden estimates for OMB Control Number 1010-0006.
- Proposed § 556.905(c) would remove the requirement that a guarantee ensure compliance with all lessees' or grant holders' obligations and the obligations of all operators on the lease or grant. This revision would allow a third-party guarantor to limit the obligations covered by the third-party guarantee. In some situations, this change could result in additional paperwork burden due to additional bonds or other security that must be provided to BOEM to cover obligations previously covered by a third-party guarantee. BOEM estimates these occurrences to be low and the annual burdens would be included in the burden estimates for OMB Control Number 1010-0006.
- Proposed § 556.905(d) also replaces the indemnity agreement with a third-party guarantee agreement with comparable provisions. This change would not impact annual burden hours.
- Proposed § 556.905(d)(4) would provide that a lessee or grant holder and the guarantor under a third-party guarantee may request BOEM to cancel a third-party guarantee. BOEM would cancel a third-party guarantee under the same terms and conditions provided for cancellation of additional bonds in proposed § 556.906(d)(2). The existing OMB burden under § 556.905 and § 556.906 would be expanded to include this new provision. The current burden for OMB Control Number 1010-0006 is overestimated at ½ hour time by 378 responses. Therefore, the burden added by the new provision for these types of requests would be included in the existing burden.
- Proposed § 556.906(d)(2) would be revised to add three additional circumstances when BOEM may cancel an additional bond or other security. Proposed paragraphs 556.906(d)(2)(ii)(A) through (C) would require a cancellation request from the lessee or grant holder, or the surety, based on assertions that one of these three circumstances is present. BOEM already receives these types of requests and has approved the requests, where warranted, on the basis of a departure from the regulations. Therefore, the existing OMB burden estimate for OMB Control Number 1010-0006 includes these requests.

Regulations under 30 CFR 560 describes the bidding systems BOEM uses to offer and sell Federal leases for the exploration, development, and production of oil and gas resources on the OCS. BOEM allows for submission of financial assurance data electronically, which contributes to streamlining the bonding process and facilitates a more efficient transfer of data and information. The notice of proposed rulemaking does not provide for any modification to this part.

BOEM also uses various forms relating to this subpart. The forms allow lessees to submit the required information in a standardized format that helps BOEM process the data in a more timely and efficient

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manner. The following forms are currently approved under OMB control number 1010-0006, and no changes will be made to them through the rulemaking.

- **Form BOEM-0150 – Assignment of Record Title Interest in Federal OCS Oil and Gas Lease**
- **Form BOEM-0151 – Assignment of Operating Rights Interest in Federal OCS Oil and Gas Lease**
- **Form BOEM-0152 – Relinquishment of Federal OCS Oil and Gas Lease Form**
- **Form BOEM-2028 – Outer Continental Shelf (OCS) Minerals Lessee’s and Operator’s Bond**
- **Form BOEM 2028A – Outer Continental Shelf (OCS) Mineral Lessee’s and Operator’s Supplemental Plugging and Abandonment Bond**
- **Form BOEM 2030 – Outer Continental Shelf (OCS) Pipeline Right-of-Way Grant Bond**

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.

We anticipate that most respondents will choose to comply with the information collection requirements electronically, although the regulations do not require them to do so.

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 similar information pertaining to leasing and bonding in the OCS is collected by the Department of the Interior or other Federal agencies. Qualification and application files are maintained in regional offices to avoid duplicative information collection from respondents who have already filed evidence of their qualifications.

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

This collection of information may have an economic effect on a number of small entities. In general, companies need large technical and financial resources and experience to conduct offshore activities safely. Any direct effects primarily impact the OCS lessees and operators. Many of these OCS lessees and operators have less than 500 employees and are considered small businesses as defined by the Small Business Administration. Regulations require adequate bonding and financial assurance coverage; therefore, the burden on any small entity subject to these regulations cannot be reduced to accommodate them, and the potential benefit of obtaining and retaining a lease outweighs the burden.

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

If BOEM did not collect the information, we could not carry out the mandates of the OCS Lands Act and the Energy Policy and Conservation Act. In the case of information regarding the individual sale proposals, the time lapse between actions is sufficient for circumstances to change and for new data to become applicable. We request qualification papers only in conjunction with a scheduled sale.

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Corporate information must be up-to-date for each action for BOEM to determine the qualification of bidders. Information is not available to use in lieu of that supplied for each action. Information pertaining to the initiation of sales is requested annually in the central and western Gulf of Mexico planning areas and every 2 to 5 years in the other regional planning areas. If BOEM collected the information less frequently, the OCS leasing program would not be able to adequately provide for the interests of potential lessees and of other users of the OCS.

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;

Section 556.516 requires bidders to respond within 15 days of BOEM's notification of tie bids to either agree to accept the lease jointly or determine the lessee. Section 556.520(c) requires the return of an executed lease, bond, and forms within 11 days of receipt of the lease document. BOEM needs this information within these timeframes to ensure the lease is properly awarded or, if not, to award the lease to the next higher bidder while the bid deposits are still being held by BOEM.

(c) requiring respondents to submit more than an original and two copies of any document;

Sections 556.701; 706-708; 801-804; and 1101 require 2-3 originals when transferring rights of lease interest because each contracting party and the agent involved in a legal transaction require an original of the transaction.

(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

(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.

This collection of information is consistent with the guidelines at 5 CFR 1320.5(d)(2). This collection does not require proprietary, trade secret, or other confidential information not protected by agency procedures.

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

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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, BOEM is providing for and has described the 60-day review and comment process in the preamble of the proposed rule. We will address comments received on the information collection in the final rulemaking.

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

BOEM will 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.

BOEM will protect proprietary information according to section 26 of the OCS Lands Act; the Freedom of Information Act (5 U.S.C. 552) and its implementing regulations (43 CFR part 2); 30 CFR 556.100(b); 30 CFR 560; and § 550.197, *Data and information to be made available to the public or for limited inspection*.

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.

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(b) If this request for approval covers more than one form, provide separate hour burden estimates for each form and aggregate the hour burdens.

(c) Provide estimates of annualized cost to respondents for the hour burdens for collections of information, identifying and using appropriate wage rate categories. The cost of contracting out or paying outside parties for information collection activities should not be included here. Instead, this cost should be included under “annual Cost to the Federal Government.”

Potential respondents comprise Federal oil and gas or sulphur lessees and/or operators, and right-of-use and easement grant and pipeline right-of-way grant holders. Responses to this collection of information are mandatory, or are required to obtain or retain a benefit. The frequency of response varies, but is primarily on occasion or per the requirement.

We estimate the total decrease in annual burden is 13 hours for this rulemaking. This decrease is explained in item 15 of this supporting statement. Refer to the table below for a breakdown of the burden.

| Citation | Existing OMB Approved Annual Burden Hours | Proposed Annual Burden Hours |
|-----------------------|---|------------------------------|
| 30 CFR 550, Subpart A | Reported under 30 CFR 556 | Reported under 30 CFR 556 |
| 30 CFR 550, Subpart J | 24 hours | 24 hours |
| 30 CFR 556, Subpart I | 19,054 hours | 19,041 hours |

Burden Breakdown Table

[Italics show expansion of existing requirements; bold indicates new requirements; regular font shows current requirements. Where applicable, updated estimates from the current collection are being used instead of those in the proposed rulemaking.]

| 30 CFR 556 and NTLs | Reporting Requirement* | Hour Burden | Average No. of Annual Responses | Annual Burden Hours |
|---------------------|--|--|---------------------------------|---------------------|
| | | Non-Hour Cost Burdens | | |
| Subpart A | | | | |
| 104(b) | Submit confidentiality agreement. | 0.25 | 500 | 125 |
| 106 | Cost recovery/service fees; confirmation receipt. | Cost recovery/service fees and associated documentation are covered under individual reqts. throughout part. | | 0 |
| 107 | Submit required documentation electronically through BOEM-approved system; comply with filing specifications, as directed by notice in the <i>Federal Register</i> in accordance with 560.500. | Burden covered in 560.500. | | 0 |
| 107 | File seals, documents, statements, signatures, etc., to establish legal status of all future submissions (paper and/or electronic). | 10 min. | 400 | 67 |
| | | Subtotal | 900 | 192 |
| Subpart B | | | | |
| 201-204 | Submit nominations, suggestions, comments, and information in response to Request for Information/Comments, draft and/or proposed 5-year leasing program, etc., including information from States/local governments, Federal agencies, industry, and others. | Not considered IC as defined in 5 CFR 1320.3(h)(4). | | 0 |
| 201-204 | Submit nominations & specific information requested in draft proposed 5-year leasing program, from States/local governments. | 4 | 69 | 276 |

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|--------------------------------|---|---|-------|--------|
| | | Subtotal | 69 | 276 |
| Subpart C | | | | |
| 301; 302 | Submit response & specific information requested in Requests for Industry Interest and Calls for Information and Nominations, etc., on areas proposed for leasing; including information from States/local governments. | Not considered IC as defined in 5 CFR 1320.3(h)(4) | | 0 |
| 302(d) | Request summary of interest (nonproprietary information) for Calls for Information/Requests for Interest, etc. | 1 | 5 | 5 |
| 305; 306 | States or local governments submit comments, recommendations, other responses on size, timing, or location of proposed lease sale. Request extension; enter agreement. | 4 | 25 | 100 |
| | | Subtotal | 30 | 105 |
| Subpart D | | | | |
| 400-402; 405 | Establish file for qualification; submit evidence/certification for lessee/bidder qualifications. Provide updates; obtain BOEM approval & qualification number. | 2 | 107 | 214 |
| 403(c) | Request hearing on disqualification. | Requirement not considered IC under 5 CFR 1320.3(h)(9). | | 0 |
| 403; 404 | Notify BOEM if you or your principals are excluded, disqualified, or convicted of a crime—Federal non-procurement debarment and suspension requirements; request exception; enter transaction. | 1.5 | 50 | 75 |
| 405 | Notify BOEM of all mergers, name changes, or change of business. | Requirement not considered IC under 5 CFR 1320.3(h)(1). | | 0 |
| | | Subtotal | 157 | 289 |
| Subpart E | | | | |
| 500; 501 | Submit bids, deposits, and required information, including GDIS & maps; in manner specified. Make data available to BOEM. | 5 | 2,000 | 10,000 |
| 500(e); 517 | Request reconsideration of bid decision. | Requirement not considered IC under 5 CFR 1320.3(h)(9). | | 0 |
| 501(e) | Apply for reimbursement. | Burden covered in 1010-0048, 30 CFR 551. | | 0 |
| 511(b); 517 | Submit appeal due to restricted joint bidders list; appeal bid decision. | Requirement not considered IC under 5 CFR 1320.3(h)(9). | | 0 |
| 513; 514 | File statement and detailed report of production. Make documents available to BOEM. | 2 | 100 | 200 |
| 515 | Request exemption from bidding restrictions; submit appropriate information. | Requirement not considered IC under 5 CFR 1320.3(h)(9). | | 0 |
| 516 | Notify BOEM of tie bid decision; file agreement on determination of lessee. | 3.5 | 2 | 7 |
| 520; 521; 600(c) | Execute lease (includes submission of evidence of authorized agent/completion and request effective date of lease); submit required data and rental. | 1 | 852 | 852 |
| 520(b) | Provide acceptable bond for payment of a deferred bonus. | 0.25 | 1 | 1 |
| | | Subtotal | 2,955 | 11,060 |
| Subparts F, G, H | | | | |
| Subpart F, G, H | References to requests of approval for various operations or submit plans or applications. Burden included with other approved collections for BOEM 30 CFR 550 (Subpart A 1010-0114; Subpart B 1010-0151) and for BSEE 30 CFR 250 (Subpart A 1014-0022; Subpart D 1014-0018). | | | 0 |
| 701(c); 716(b); 801(b); 810(b) | Submit new designation of operator (BOEM-1123). | Burden covered in 1010-0114. | | 0 |
| 700-716 | File application and required information for assignment/transfer of record title/lease interest (form BOEM-0150; form is 30 min.) (includes sell, sublease, sever, exchange, transfer); request effective date/confidentiality; provide notifications. | 1 | 1,414 | 1,414 |
| | | \$198 fee x 1,414 forms = \$279,972 | | |
| 800-810 | File application and required information for | 1 | 421 | 421 |

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| | | | | |
|---|---|---|--------------|-------|
| | assignment/transfer of operating interest (Form BOEM-0151) (includes sale, sublease, segregation exchange, severance, transfer); request effective date; provide notifications. | \$198 fee x 421 forms = \$83,358 | | |
| 715(a); 808(a) | File required instruments creating or transferring working interests, etc., for record purposes. | 1 | 2,369 | 2,369 |
| | | \$29 fee x 2,369 filings = \$68,701 | | |
| 715(b); 808(b) | Submit "non-required" documents, for record purposes that respondents want BOEM to file with the lease document. (Accepted on behalf of lessees as a service; BOEM does not require nor need them.) | \$29 fee x 11,518 filings = \$334,022 | | |
| Subtotal | | 4,204 | 4,204 | |
| | | \$766,053 | | |
| Subpart I | | | | |
| 900(a)-(e); 901; 902; 903(a); 905 | Submit OCS Mineral Lessee's and Operator's Bond (Form BOEM-2028); execute bond. | 0.33 | 135 | 45 |
| 900(c), (d), (f), (g); 901(c), NEW 901(d) , (f); 902; 904 (a) | Demonstrate financial worth/ability to carry out present and future financial obligations, request approval of another form of security, or request reduction in amount of supplemental bond required on BOEM-approved forms. Monitor and submit required information. Submit request to Regional Director for evaluation of co-lessee(s) or predecessor lessee(s). | 3.5 | 160 | 560 |
| 900(e); 901; 902; 903(a) | Submit OCS Mineral Lessee's and Operator's Supplemental Plugging & Abandonment Bond (Form BOEM-2028A); execute bond. | 0.25 | 141 | 35 |
| 900(f), (g) | Submit authority for Regional Director to sell Treasury or alternate type of securities. | 2 | 12 | 24 |
| 901 | Submit EP, DPP, DOCDs. | IC burden covered in 1010-0151, 30 CFR 550, Subpart B. | | 0 |
| 901(f) | Submit oral/written comment on adjusted bond amount and information. | Requirement not considered IC under 5 CFR 1320.3(h)(9). | | 0 |
| 903(b) | Notify BOEM of any lapse in bond coverage/action filed alleging lessee, surety, or guarantor is insolvent or bankrupt. | 1 | 4 | 4 |
| 904 | Provide plan/instructions to fund lease-specific abandonment account and related information; request approval to withdraw funds. | 12 | 2 | 24 |
| 905 | Provide third-party guarantee, agreement, financial and required information, related notices, reports, and annual update; notify BOEM if guarantor becomes unqualified. | 19 | 46 | 874 |
| 905 (b) NEW | Submit and maintain bond or other security | 2 | 4 | 8 |
| 905(d)(3); 906 | Provide notice of and request approval to terminate period of liability, cancel bond, or other security; provide required information. | 0.5 | 378 | 189 |
| 907(c)(2) | Provide information to demonstrate lease will be brought into compliance. | 16 | 5 | 80 |
| Subtotal | | 887 | 1,843 | |
| Subpart K | | | | |
| 1101 | Request relinquishment (form BOEM-0152) of lease; submit required information. | 1 | 247 | 247 |
| 1102 | Request additional time to bring lease into compliance. | 1 | 1 | 1 |
| 1102(c) | Comment on cancellation. | Requirement not considered IC under 5 CFR 1320.3(h)(9). | | 0 |
| Subtotal | | 248 | 248 | |
| 30 CFR 556 TOTAL | | 21,208 Responses | 18,617 Hours | |
| | | \$766,053 Non-Hour Cost | | |

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| | | | Burdens | |
|---------------------------------------|--|--|--|---------------------|
| 30 CFR 550 Subpart J | Reporting Requirement* | Hour Burden | Average No. of Annual Responses | Annual Burden Hours |
| 550.1011(a) | Provide surety bond (form BOEM-2030) and required information. | GOM 0.25 | 52 | 13 |
| | | Pacific 3.5 | 3 | 11 |
| 550.1011(d)(1) and (2) NEW | Demonstrate financial worth/ability to carry out present and future financial obligations on the right-of-way. Submit request to Regional Director for evaluation co-grantee, or predecessor grantee(s). | Burden covered under 30 CFR 556 (1010-0006). | | |
| 30 CFR 550, Subpart J, TOTAL | | | 55 Responses | 24 Hours |
| 30 CFR 560 | Reporting Requirement* | Hour Burden | Average No. of Annual Responses | Annual Burden Hours |
| 560.224(a) | Request BOEM to reconsider field assignment of a lease. | Requirement not considered IC under under 5 CFR 1320.3(h)(9) | | 0 |
| 560.500 | Submit required documentation electronically through BOEM-approved system; comply with filing specifications, as directed by notice in the <i>Federal Register</i> (e.g., bonding info.). | 1 | 800 | 800 |
| 30 CFR 560 TOTAL | | | 800 Responses | 800 Hours |
| TOTAL REPORTING FOR COLLECTION | | | 10,305 Responses | 19,041 Hours |
| | | | \$766,053 Non-Hour Cost Burdens | |

*In the future, BOEM may require electronic filing of certain submissions.

No changes to burdens or non-hour costs related to 30 CFR 556 Subpart A, B, C, D, E, F, G, H, or K. No changes to the burden hours for 30 CFR 560.

(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 included under “annual Cost to the Federal Government.”

The average respondent cost is \$80/hour (rounded). This cost is broken out in the below table using the Bureau of Labor Statistics data for the Houston, TX area; plus, the hourly pay rate obtained directly from the respondents. See BLS website: <http://www.bls.gov/bls/wages.htm>.

| Position | Hourly Pay rate (\$/hour * estimate/rounded) | Hourly rate including benefits (1.4** x \$/hour/rounded) | Percent of time spent on collection | Weighted Average (\$/hour) |
|-----------------------------------|--|--|-------------------------------------|----------------------------|
| Administrative 43-0000 | \$20 | \$28 | 5% | \$1 |
| Risk Analyst*** | \$45 | \$63 | 30% | \$19 |
| Lease Analyst*** | \$59 | \$83 | 50% | \$42 |
| Land/Risk Manager*** | \$70 | \$98 | 10% | \$10 |
| President/Vice President 11-1011 | \$120 | \$168 | 5% | \$8 |
| Weighted Average (\$/hour) | | | | \$80 |

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* Note that this BLS source reflects their last update from June 2020.

** A multiplier of 1.4 (as implied by BLS news release USDL 20-1232, June 18, 2020 (see <http://www.bls.gov/news.release/ecec.nr0.htm>)) was added for benefits.

*** Hourly pay rate/title obtained directly from respondents from OMB control number 1010-0006.

Based on a cost factor of \$80 per hour, we estimate the total annual cost to industry is \$1,523,280 (\$80 x 19,041 hours = \$1,523,280).

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.

No non-hour costs result from the information collection activities in the rule. Therefore, this proposed rulemaking makes no changes to the non-hour cost burdens already identified in approved OMB control numbers 1010-0006 (\$766,053) and 1010-0114 (\$165,492).

Sections 556.701; 715(b); and 801(b) require respondents to pay service fees when submitting a request for assignment of record title interest, assignment of operating rights interest, and to file non-required documents for record purposes. The service fees are required to recover the Federal Government's processing costs. The filing fee (§§ 556.715(a); 556.808(a)) for non-required documents (for record purposes) is \$29. This fee is adjusted for inflation; as have all the service fees effective February 2, 2013 (78 FR 5836, 1/28/13). We have not identified any other non-hour cost burdens associated with this collection of information, and we estimate a total reporting non-hour cost burden of \$766,053. Refer to the table in Section A.12 of this supporting statement for the specific fee breakdown. Note that fees are subject to modifications annually per inflation.

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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 total estimated cost to the Federal Government for the extra annual burden hours identified for 556.901(d) is \$1,306,416.

The average government cost is \$42/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 area. To analyze and review the information respondents submit for 30 CFR 556, Part 550 Subpart J, and Part 560, we estimate the Government will spend an average of approximately 1.4 hours for each hour spent by respondents. The total estimated Government time is 26,657 (rounded) (1.4 x 19,041 = 26,657) hours.

| Position | Grade | Hourly Pay rate (\$/hour estimate/rounded) | Hourly rate including benefits (1.6* x \$/hour/rounded) | Percent of time spent on collection | Weighted Average (\$/hour) |
|-----------------------------------|---------|---|---|-------------------------------------|----------------------------|
| Contact Representative | GS-6/5 | \$21 | \$34 | 10% | \$3 |
| Adjudication Asst(s) | GS-7/5 | \$23 | \$37 | 20% | \$7 |
| Program Specialist | GS-12/5 | \$42 | \$67 | 5% | \$3 |
| Mineral Leasing Asst(s) | GS-9/5 | \$29 | \$46 | 20% | \$9 |
| Land Law Examiner(s) | GS-11/5 | \$35 | \$56 | 40% | \$22 |
| Supervisor | GS-13/5 | \$50 | \$80 | 5% | \$4 |
| Weighted Average (\$/hour) | | | | | \$48 |

*A multiplier of 1.6 was added for benefits (as implied by BLS news release USDL-20-1232, June 18, 2020 (see <http://www.bls.gov/news.release/ecec.nr0.htm>)).

Based on a cost factor of \$48 per hour, the cost to the government would be \$1,279,536 (26,657 hours x \$48).

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

Overall, this proposed rule would result in the following adjustments in hour burden, which would lead to an overall reduction of 13 annual burden hours:

The hours per response for all respondents (i.e., a lessee, a co-lessee, a co-grant holder, and/or a predecessor) who demonstrate financial worth/ability to carry out present and future financial obligations, request approval of another form of security, or request reduction in amount of supplemental bond required, along with the monitoring and submission of required information, will remain at 3.5 hours as approved by OMB in OMB Control Number 1010-0006. The number of responses for the provisions related to §§ 550.160, 550.166, 550.1011, and 556.900-902 would decrease to 160 respondents from 166 respondents due to program changes as explained above. The related existing and new provisions would result in a decrease of 21 burden hours from 581 to 560 annual burden hours, which would be reflected in OMB Control Number 1010-0006.

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The hours per response for proposed § 556.905(b)(2) would be an increase from 0 to 2 hours. The number of responses for this provision would increase from 0 to 4. Therefore this new provision would add 8 annual burden hours to OMB Control Number 1010-0006.

Due to these modifications, OMB control number 1010-0006 would show a slight decrease of 13 annual burden hours overall.

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.

BOEM will not tabulate or publish the data.

17. If seeking approval to not display the expiration date for OMB approval of the information collection, explain the reasons that display would be inappropriate.

We will display the OMB control number and expiration date on the forms and other appropriate material.

18. Explain each exception to the topics of the certification statement identified in, “Certification for Paperwork Reduction Act Submission.”

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.”