

Supporting Statement A
Risk Management and Financial Assurance for OCS Lease and Grant Obligations
(Proposed Rulemaking 1010-AE14)

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 Department of the Interior (the Department or DOI), acting through BOEM, proposes to modify its criteria for determining whether oil, gas, and sulfur lessees, right-of-use and easement (RUE) grant holders, and pipeline right-of-way (ROW) grant holders may be required to provide bonds or other financial assurance above the regulatorily prescribed base bonds to ensure compliance with their Outer Continental Shelf Lands Act (OCSLA) obligations. This proposed rule would also remove existing restrictive provisions for third-party guarantees and decommissioning accounts and would add new criteria under which a bond or third-party guarantee that was provided as supplemental financial assurance may be cancelled. Additionally, this proposed rule would clarify bonding requirements for RUEs serving Federal leases.

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 March 31, 2026), 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 May 31, 2026), 30 CFR 550, Subpart A, General, and Subpart K, Oil and Gas Production Requirements.

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 DOI'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.

The overall goal of ensuring that U.S. taxpayers do not have to pay for liabilities related to lessees' and grant holders' noncompliance with OCS obligations, including the obligation to decommission OCS facilities. The proposed changes reflect an interest in improving the risk mitigation provided by BOEM's joint and several liability frameworks, while better aligning the evaluation criteria with banking and finance industry practices, providing greater flexibility for the use of decommissioning accounts and third-party guarantees, and continuing to protect taxpayers from exposure to financial liabilities associated with OCS exploration and development. The revised regulatory framework would provide BOEM with front-end risk management tools, improve business certainty, and leverage company strengths of OCS lessees and grant holders.

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.

This proposed rule would modify collections of information under 30 CFR part 550, subparts A and J, and 30 CFR part 556, subpart I, concerning financial assurance requirements (such as bonding) for leases, pipeline ROW grants, and RUE grants. OMB has reviewed and approved the information collection requirements associated with financial assurance regulations for leases (30 CFR 556.900-.907), pipeline ROW grants (30 CFR 550.1011), and RUE grants (30 CFR 550.160 and 550.166).

BOEM estimates that the number of information collection burden hours for the proposed rule overall are close to the same as for the existing regulatory framework.

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 A (OMB Control Number 1010-0114):

Right-of-Use and Easement

BOEM's existing regulations concerning RUE grants for an OCS lessee and a State lessee are found in 30 CFR 550.160 - 550.166. The burdens related to 30 CFR 550.160 and 550.166 are identified in OMB Control Number 1010-0114 but accounted for in OMB Control Number 1010-0006.

Section 550.160 provides that an applicant for a RUE that serves an OCS lease must meet bonding requirements, but the regulation does not prescribe a base surety bond amount. The proposed rule would replace this requirement with a cross-reference to the specific criteria governing financial assurance demands in proposed § 550.166. Therefore, BOEM is proposing to establish a Federal RUE base financial assurance requirement matching the existing base surety bond requirement for State RUEs. The annual burden hour likely would not change since RUEs that serve OCS leases are currently already meeting bonding requirements under BOEM's agreement-specific conditions of approval. The proposed regulations will be more specific and clarify the meaning of "meeting bonding requirements."

BOEM is proposing to establish a \$500,000 area-wide RUE financial assurance requirement for any RUE-holder that owns one or more RUEs, regardless of whether they serve a State or Federal lease. BOEM is also proposing to allow any lessee that has posted an area-wide lease surety bond to modify that lease surety bond to also cover any RUE(s) held by the same entity.

BOEM is also proposing to revise the RUE regulations to clarify that any RUE grant holder, whether the RUE serves a State or Federal lease, may be required to provide supplemental financial assurance for the RUE if the grant holders do not meet the credit rating or proxy credit rating criteria. The existing regulations authorized demands for supplemental financial assurance but specified no criteria. The annual burden hour would not change based on these clarifications.

30 CFR 550, Subpart J (OMB Control Number 1010-0006):

Pipelines and Pipeline Right-of-Way Grants

Proposed § 550.1011(d) relates to BOEM's determination of whether supplemental financial assurance is necessary to ensure compliance with the obligations under a pipeline ROW grant. This determination would be based on whether pipeline ROW grant holders have the ability to carry out present and future 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 (providing to BOEM information the grant holder already has) and would be included in the burden estimates for 30 CFR 556.901(d).

Proposed § 550.1011(d)(2) provides that BOEM would consider the issuer credit rating or proxy credit rating of a co-grant holder, because they are liable for accrued decommissioning obligations for facilities and pipelines on their ROW. The burden for determining credit rating falls mostly on BOEM. The annual burdens placed on the grant holder would be minimal (providing to BOEM information the grant holder already has) and would be included in the burden estimates for 30 CFR 556.901(d).

30 CFR 556, Subpart I (OMB Control Number 1010-0006):

Bond or Other Financial Assurance Requirements for Leases

Proposed § 556.900(a)(4) proposes to add that supplemental financial assurance required by the Regional Director must be provided before a new lease is issued or an assignment of a lease is approved. The burden increase for this requirement would be included in OMB Control Number 1010-0006. Supplemental financial assurance required by this provision would likely not significantly impact the burdens due to low occurrence, but BOEM would account for the change in the burden table.

Base Financial Assurance and Supplemental Financial Assurance

Proposed § 556.901(d) relates to BOEM's determination of whether supplemental financial assurance is necessary to ensure compliance with the obligations under a lease. New proposed § 556.901(d)(1) would base this determination on an issuer credit rating or a proxy credit rating determined by BOEM based on audited financial information.

New § 556.901(d)(2) provides that BOEM would consider the issuer credit rating or proxy credit rating of a co-lessee, and new § 556.901(d)(3) provides that BOEM would consider the net present value of proved oil and gas reserves on the lease. Lessees' submission of information on proved reserves would account for additional annual burden hours. The lessee would not need to submit proved reserve information if supplemental financial assurance is not required based on its issuer credit rating or proxy credit rating, or those of its co-lessees.

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 revision of the evaluation criteria would likely result in requiring less time for the respondents to prepare and submit the information, particularly for issuer credit rating. If companies choose to demonstrate that the net present value of proved oil and gas reserves on the lease exceeds three times the decommissioning cost associated with production of those reserve, then 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 average 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 (lessee, co-lessee, grant holder, and co-grant holder) would be included in OMB Control Number 1010-0006.

The OMB-approved number of respondents who currently submit financial information under the existing provision is 166 respondents. Recently, BOEM has seen the number of leases decrease in the Gulf of Mexico. BOEM estimates the new number of respondents would be between 150 and 160 respondents. For this request, BOEM will use the higher number of 160 respondents (-6 respondents). This number will be reviewed during the next IC renewal process. 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 (166 respondents x 3.5 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, and total annual burden hours would be 560 hours (160 respondents x 3.5 hours). This decrease in annual burden hours would be reflected in OMB Control Number 1010-0006 when the final rule becomes effective.*

BOEM proposes to add paragraph (h) to § 556.901 to establish the limited opportunity to provide the required supplemental financial assurance demanded in three installments during the first 3 years after the effective date of this regulation. This provision would establish the timing and proportions of phased supplemental financial assurance that would be required in each installment. The lessee would have the option to submit the supplemental financial assurance once or in installments. If the lessee chooses to provide supplemental financial assurance in installments, the number of submissions of supplemental financial assurance would likely increase, but only for the first 3 years after the effective date of this regulation. OMB has currently approved 45 annual burden hours for supplemental financial assurance submissions (135 submissions which take 20 minutes each to submit). *BOEM estimates the burden hours for the proposed installment submissions provision to be 135 annual burden hours (405 submissions x 20 minutes), which is an increase of 90 hours over existing OMB approval.*

General Requirements for Bonds and Other Financial Assurance

The scope of proposed § 556.902(a) would include “grant holder” and financial assurance posted under the requirements of 30 CFR part 550. This change would clarify that the same general requirements for financial assurance provided by lessees, operating rights owners, or operators also apply to financial assurance provided by RUE and pipeline ROW grant holders. BOEM proposes to keep the burdens the same as the existing OMB burdens.

Decommissioning Accounts

Proposed revisions to § 556.904 would allow the Regional Director to authorize a RUE grant holder and a pipeline ROW grant holder, as well as a lessee, to establish a decommissioning account as supplemental financial assurance required under § 556.901(d), or § 550.166(b) or § 550.1011(d). Because this change represents a new opportunity for grant holders, there are no existing burdens related to this provision under the current OMB approval. BOEM is capturing the requirement to establish decommissioning accounts in the burden table. BOEM estimates 24 annual burden hours for grant holders and/or lessees to establish their decommissioning account.

A new provision is proposed under § 556.904(a)(3), which would require immediate submission of a surety bond or other financial assurance in the amount equal to the remaining unsecured portion of the supplemental financial assurance demand if the initial payment or any scheduled payment into the decommissioning account is not timely made. In the context of paperwork-burden, this provision replaces the existing provision that requires submission of binding instructions. The annual burden hours will remain the same but will shift to the proposed requirement and would be reflected in OMB Control Number 1010-0006.

Third-party Guarantees

Proposed § 556.905(a) relates to the guarantor's ability to carry out present and future obligations. Proposed § 556.905(a)(2) would require the guarantor to submit a third-party guarantee agreement. Paragraph (d) would provide that the terms which the existing regulation requires for indemnity agreements must be included in a third-party guarantee agreement. This change is to avoid any inference that the government must incur the expenses of decommissioning before being indemnified by the guarantor. It is a change of the name of the agreement and does not change the associated burden.

Proposed § 556.905(c)(2) would eliminate the requirement that a lessee must cease production until supplemental financial assurance coverage requirements are met when a guarantor becomes unqualified. The regulatory provision would be replaced with a requirement to immediately submit and maintain a substitute surety bond or other financial assurance. Both the existing and proposed provisions require the lessee to provide replacement surety bond coverage; however, BOEM's current OMB Control Number 1010-0006 does not quantify all of the burdens. *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(b) 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 surety bonds or other financial assurance that must be provided to BOEM to cover obligations previously covered by a third-party guarantee. BOEM estimates the number of additional financial assurance demands resulting from this revision to be low and the annual burdens would be included in the existing burden estimates for OMB Control Number 1010-0006, and revised in future IC requests, if needed.

Proposed § 556.905 would replace the indemnity agreement with a third-party guarantee agreement with comparable provisions. This change would not impact annual burden hours. Proposed § 556.905(e) 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 surety bonds in proposed § 556.906(d)(2). The current OMB-approved burden under § 556.905(d) and § 556.906 is 189 annual burden hours. BOEM proposes to keep the burdens the same as the current OMB approved burdens at 189 annual burden hours.

Termination of the Period of Liability and Cancellation of Financial Assurance

Proposed § 556.906(d)(2) would be revised to add additional circumstances when BOEM may cancel supplemental financial assurance. Proposed paragraph 556.906(d)(2) would require a cancellation request from the lessee or grant holder, or the surety, based on assertions that one of the stated circumstances is present. BOEM already receives these types of requests and has approved the requests, where warranted, as a departure from the regulations. These burdens are already counted in the existing OMB burden estimate for OMB Control Number 1010-0006.

Proposed § 556.906(d)(2) would be revised to add three additional circumstances when BOEM may cancel an additional surety bond or other security. Proposed paragraph 556.906(d)(2) 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. These burdens would be counted in the existing OMB burden estimate for OMB Control Number 1010-0006.

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 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.

Currently, BOEM uses the Technical Information Management System (TIMS) hosted by the Bureau of Safety and Environmental Enforcement to allow energy industries to electronically submit information about company, qualification, financial assurance, and bonding to BOEM.

Electronic submittal of data provides a secure file transfer mechanism, eliminates data collection errors and inefficiencies, and allows TIMS to maintain current and most accurate data online.

30 CFR 560 allows for the eventual electronic submission of all financial assurance data, which will streamline data submission and further reduce burden in the future.

Because of the small number of responses the Pacific Region receives, the Region is currently able to collect about 85 percent of its information electronically. Because the Gulf of Mexico (GOM) Region receives the majority of responses, the electronic submission systems do and will reduce the burden for future renewals of this collection of information.

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.

BOEM manages the federal OCS leasing programs. No similar information pertaining to leasing and bonding in the OCS is collected by the Department of the Interior, other Federal agencies, States or state/local agencies. Qualification and application files are maintained in BOEM 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 impact 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 fewer than 500 employees and are considered small businesses as defined by the Small Business Administration. Regulations require adequate bonding coverage and protection of the environmental resources; therefore, the hour 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 far 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.

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;
Not applicable in this collection.

(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;
Not applicable in this collection.

(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;

Not applicable in this collection.

(f) requiring the use of statistical data classification that has been reviewed and approved by OMB;

Not applicable in this collection.

(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

This collection does not include a pledge of confidentiality not supported by statute or regulation.

(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 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 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 does 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 specific individual responses from disclosure as 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.

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

Potential respondents 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 increase in annual burden is 77 hours for this rulemaking. This increase is explained in item 15 of this supporting statement. Refer to the table below for a breakdown of the burden.

BURDEN BREAKDOWN

[Italics show revision 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.]

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.

30 CFR Part 550 Subpart J	Reporting Requirement*	Hour Burden	Average No. of Annual Responses	Annual Burden Hours (Rounded)
		Non-Hour Cost Burdens		
1011(a)	Provide <i>area-wide financial assurance</i> (form BOEM-2030)	Gulf of	52	13

	and if required, supplemental financial assurance, and required information.	Mexico 0.25		
		Pacific 3.5	3	11
		Alaska 1	1	1
1011(d)	Demonstrate financial worth/ability to carry out present and future financial obligations, request approval of another form of <i>financial assurance</i>, request reduction in amount of supplemental bond required on BOEM-approved forms, or requested phased financial assurance. Monitor and submit required information.	Burden included in 30 CFR 556.901(d).		
30 CFR 550, Subpart J, TOTAL			56 Responses	25 hours
30 CFR Part 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 and service fees; confirmation receipt.	Cost recovery and service fees and associated documentation are covered under individual requirements 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 30 CFR 560.500.	Burden covered in 30 CFR 560.500.		0
107	File seals, documents, statements, signatures, etc., to establish legal status of all future submissions (paper or electronic).	0.17	400	67
Subtotal			900	192
Subpart B				
201-204	Submit nominations, suggestions, comments, and information in response to requests for information or comments, draft or proposed 5-year leasing program, etc., including information from States and local governments, Federal agencies, industry, and others.	Not considered an information collection (IC) as defined in 5 CFR 1320.3(h)(4).		0
202-204	Submit nominations & specific information requested in draft proposed 5-year leasing program, from States and local governments.	4	69	276
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 and 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 and 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 and certification for lessee and bidder qualification. 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 OMB Control Number 1010-0048, 30 CFR 551.		0
511(b); 517	Submit appeal of listing on 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	File agreement on determination of lessee following BOEM's notice of tie bid.	3.5	2	7
520; 521; 600(c)	Execute lease (includes submission of evidence of authorized agent, completion of steps leading to lease execution, and request adjusted 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				
700-716	File application and required information for assignment or transfer of record title or any other lease interest (Form BOEM-0150) (includes sale, sublease, segregation exchange, transfer); request effective date and confidentiality; provide notifications.**	1	1,414	1,414
		\$198 fee x 1,414 forms = \$279,972		
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. <i>(Accepted on behalf of lessees as a service; BOEM does not require nor need them.)</i>	.25	11,518	2,880
		\$29 fee x 11,518 filings = \$334,022		
800-810	File application and required information for assignment or transfer of operating interest (Form BOEM- 0151) (includes sale, sublease, segregation exchange, severance, transfer); request effective date; provide notifications.**	1	421	421
		\$198 fee x 421 forms = \$83,358		
Subtotal			15,722	7,084
			\$766,053	
Subpart I				
900(a)-(e); 901;	Submit OCS Mineral Lessee's and Operator's Bond (Form BOEM-2028) and, if required, provide	0.33	405	135

902; 903(a); 905	<i>supplemental financial assurance</i> ; execute bond.			
900(c), (d), (f), (g); 901(c), (h), 901(d) , (f); 902; 904	Demonstrate financial worth/ability to carry out present and future financial obligations, request approval of another form of <i>financial assurance</i> , request reduction in amount of supplemental bond required on BOEM-approved forms, or <i>requested phased financial assurance</i> . Monitor and submit required information.	3.5	160	560
900(e); 901; 902; 903(a)	Submit form for 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 or <i>financial assurance</i> .	2	12	24
901	Submit exploration plan, development and production plan, development operations coordination document.	IC burden covered in separate approved collection for 1010-0151, 30 CFR part 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
902 (g), (h) NEW	Request informal resolution or file an appeal of supplemental financial assurance demand.	Requirement not considered IC under 5 CFR 1320.3(h)(9).		0
903 (a), (b); 905 (c)	Notify BOEM of any lapse in <i>financial assurance</i> coverage/action filed alleging lessee, surety, guarantor or financial institution is insolvent or bankrupt or had its charter or license suspended or revoked.	3	4	12
904	<i>Establish decommissioning account proportional to estimated decommissioning obligation.</i>	12	2	24
905	Provide third-party guarantee, indemnity agreement, financial and required information, related notices, reports, and annual update; notify BOEM if guarantor becomes unqualified.	19	46	874
905(d); 906	Provide notice of and request approval to terminate period of liability, cancel <i>financial assurance</i> ; provide required information.	0.5	378	189
907(c)(2)	Provide information to demonstrate lease will be brought into compliance.	16	5	80
Subtotal			1153	1,933
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			21,234 Responses	21,187 Hours
30 CFR 556 TOTAL			\$766,053 Non-Hour Cost Burdens	
30 CFR Part 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 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	22,090 Responses	22,012 Hours
	\$766,053 Non-Hour Cost Burdens	

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

** Cost recovery/service fees.

-For requests of approval for various operations or submission of plans or applications, the burdens are included with other OMB-approved collections: for BOEM, 30 CFR part 550 (subpart A, Control Number 1010- 0114; subpart B, Control Number 1010-0151); and for BSEE, 30 CFR part 250 (subpart A, Control Number 1014-0022; subpart D, Control Number 1014-0018).

-All submission for designation of operator (Form BOEM-1123) under 30 CFR parts 550, 556, and 560 are captured in OMB Control Number 1010-0114.

(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.”

Therefore, the average respondent cost is \$84/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: https://www.bls.gov/oes/current/oes_26420.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 (43-6011)	\$37	\$52	5%	\$3
Risk Analyst****	\$45	\$63	30%	\$19
Lease Analyst****	\$59	\$83	50%	\$42
Land/Risk Manager****	\$70	\$98	10%	\$10
President/Vice President (11-1011)	\$171	\$239	5%	\$10
Weighted Average (\$/hour)				\$84

* Note that this BLS source reflects their last update from May 2022.

** A multiplier of 1.4 (as implied by BLS news release USDL-23-1305, June 16, 2023. See <http://www.bls.gov/news.release/ecec.nr0.htm>) was added for benefits.

*** Hourly pay rate/title obtained directly from respondents.

Based on a cost factor of \$84 per hour, we estimate the total annual cost to industry is \$1,849,008 (\$84 x 22,012 hours = \$1,849,008).

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.

Described below and in the Section A.23 Table.

(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.

N/A.

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

We have not identified any other non-hour cost burdens associated with this collection of information, and we estimate a total reporting non-hour cost burden remains \$766,053.

The table in Section A.12 of this supporting statement shows the specific fee breakdown. Note that fees are subject to modifications annually per inflation.

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

The average government cost is \$97/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, 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 30,817 hours (rounded) (1.4 x 22,012 = 30,817).

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	\$23	\$37	10%	\$4
Adjudication Asst(s)	GS-7/5	\$25	\$40	20%	\$8
Program Specialist	GS-12/5	\$45	\$72	5%	\$4
Mineral Leasing Asst(s)	GS-9/5	\$31	\$50	20%	\$10
Land Law Examiner(s)	GS-11/5	\$38	\$61	40%	\$24
Leasing/Regulatory Specialists	GS-13/5	\$53	\$85	50%	\$43
Supervisor	GS-13/5	\$53	\$85	5%	\$4
Weighted Average (\$/hour)					\$97

*A multiplier of 1.6 (as implied by BLS news release USDL-23-1305, June 16, 2023, see <http://www.bls.gov/news.release/ecec.nr0.htm>) was added for benefits

Based on a cost factor of \$97 per hour, the cost to the Government is \$2,989,249 (\$97 x 30,817 hours).

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 increase of 77 annual burden hours:

Base Bonds and Supplemental Financial Assurance

The hours per response for all respondents (i.e., a lessee, grant holder, a co-lessee, and a co-grant holder) who show financial worth/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, will remain at 3.5 hours as approved by OMB. 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. The related existing and new provisions would result in a decrease of 21 burden hours from 581 to 560 annual burden hours (3.5 hours x -6 hours = -21 annual burden hours)

BOEM proposes to add paragraph (h) to § 556.901 to establish the limited opportunity to provide the required supplemental financial assurance demanded during the first 3 years after the effective date of this regulation in three installments. This provision would establish the timing and amounts of staggered supplemental financial assurance that would be demanded. This would likely increase the number of submissions for the 3 payments required for supplemental financial assurance, but only for the first 3 years after the effective date of this regulation. OMB has approved 135 submissions which take 20 minutes per submission (total existing annual burden hours is 45 hours. BOEM estimates the burden hours to be 135 annual burden hours (405 submissions x 20 minutes), which is an increase of 90 hours over existing OMB approval. (+90 hours).

Third-party Guarantees

Proposed § 556.905(b)(2) would be revised to eliminate the requirement that, when a guarantor becomes unqualified, a lessee must cease production, until supplemental financial assurance coverage requirements are met. The regulatory provision would be replaced with a requirement to immediately submit and maintain a substitute surety bond or other security. Both the existing and proposed provisions require the lessee to provide surety bond coverage; however, BOEM's current OMB Control Number 1010-0006 does not quantify all of 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 (+8 hours).

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.”