

with members of the public and affected agencies concerning each proposed collection of information * * *. Agencies must specifically solicit comments to: (a) Evaluate whether the proposed collection of information is necessary for the agency to perform its duties, including whether the information is useful; (b) evaluate the accuracy of the agency's estimate of the burden of the proposed collection of information; (c) enhance the quality, usefulness, and clarity of the information to be collected; and (d) minimize the burden on the respondents, including the use of automated collection techniques or other forms of information technology.

Agencies must also estimate the "non-hour cost" burdens to respondents or recordkeepers resulting from the collection of information. Therefore, if you have costs to generate, maintain, and disclose this information, you should comment and provide your total capital and startup cost components or annual operation, maintenance, and purchase of service components. You should describe the methods you use to estimate major cost factors, including system and technology acquisition, expected useful life of capital equipment, discount rate(s), and the period over which you incur costs. Capital and startup costs include, among other items, computers and software you purchase to prepare for collecting information, monitoring, and record storage facilities. You should not include estimates for equipment or services purchased: (i) Before October 1, 1995; (ii) to comply with requirements not associated with the information collection; (iii) for reasons other than to provide information or keep records for the Government; or (iv) as part of customary and usual business or private practices.

We will summarize written responses to this notice and address them in our submission for OMB approval. As a result of your comments, we will make any necessary adjustments to the burden in our submission to OMB.

Public Comment Procedures: MMS's practice is to make comments, including names and addresses of respondents, available for public review. If you wish your name and/or address to be withheld, you must state this prominently at the beginning of your comment. MMS will honor this request to the extent allowable by law; however, anonymous comments will not be considered. All submissions from organizations or businesses, and from individuals identifying themselves as representatives or officials of organizations or businesses, will be

made available for public inspection in their entirety.

MMS Information Collection Clearance Officer: Arlene Bajusz (202) 208-7744.

Dated: February 27, 2006.

E.P. Danenberger,
Chief, Office of Offshore Regulatory Programs.
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DEPARTMENT OF THE INTERIOR

Minerals Management Service

Agency Information Collection Activities: Submitted for Office of Management and Budget (OMB) Review; Comment Request

AGENCY: Minerals Management Service (MMS), Interior.

ACTION: Notice of a new information collection (1010-NEW).

SUMMARY: To comply with the Paperwork Reduction Act of 1995 (PRA), we are notifying the public that we have submitted to OMB an information collection request (ICR) for review and approval of the paperwork requirements in the regulations under "30 CFR 256, Subparts J and K, and 30 CFR 250, Subpart J," and related documents. This notice also provides the public a second opportunity to comment on the paperwork burden of these regulatory requirements.

DATES: Submit written comments by April 14, 2006.

ADDRESSES: You may submit comments on this information collection directly to the Office of Management and Budget (OMB), Office of Information and Regulatory Affairs, OMB, Attention: Desk Officer for the Department of the Interior via OMB e-mail: (OIRA-DOCKET@omb.eop.gov); or by fax (202) 395-6566; identify with (1010-NEW).

Submit a copy of your comments to the Department of the Interior, MMS, via:

- MMS's Public Connect on-line commenting system, <https://occonnect.mms.gov>. Follow the instructions on the Web site for submitting comments.
- E-mail MMS at rules.comments@mms.gov. Use Information Collection Number 1010-NEW in the subject line.
- Fax: 703-787-1093. Identify with Information Collection Number 1010-NEW.
- Mail or hand-carry comments to the Department of the Interior; Minerals Management Service; Attention: Rules

Processing Team (RPT); 381 Elden Street, MS-4024; Herndon, Virginia 20170-4817. Please reference "Information Collection 1010-NEW" in your comments.

FOR FURTHER INFORMATION CONTACT:

Cheryl Blundon, Rules Processing Team, (703) 787-1600. You may also contact Cheryl Blundon to obtain a copy, at no cost, of the regulations and forms that require the subject collection of information.

SUPPLEMENTARY INFORMATION:

Title: 30 CFR 256, Subparts J and K, and 30 CFR 250, Subpart J.

Forms: MMS-149, MMS-150, MMS-151, and MMS-152.

OMB Control Number: 1010-NEW.

Abstract: 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; to ensure the public a fair and equitable return on the resources of the OCS; 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)).

These authorities and responsibilities are among those delegated to the Minerals Management Service (MMS) under which MMS issues regulations governing oil and gas and sulphur operations in the OCS. This information collection request (ICR) addresses the regulations at 30 CFR part 250, Oil and Gas and Sulphur Operations in the Outer Continental Shelf, 30 CFR part 256, Leasing of Sulphur or Oil and Gas in the OCS, and the associated supplementary Notices to Lessees (NTLs) and operators intended to provide clarification, description, or explanation of these regulations. This ICR concerns the use of new forms to process the transfer of interest in lease and rights-of-way per 30 CFR part 250, subpart J, Pipelines and Pipeline Rights-of-Way, 30 CFR 256, subpart J, Assignments, Transfers and Extensions, and the filing of relinquishments per 30 CFR 256, subpart K, Termination of Leases.

We will protect information from respondents considered proprietary

under the Freedom of Information Act (5 U.S.C. 552) and its implementing regulations (43 CFR part 2) and under regulations at 30 CFR 250.196, "Data and information to be made available to the public," and 30 CFR part 252, "OCS Oil and Gas Information Program." No items of a sensitive nature are collected. Responses are mandatory.

The MMS uses the information required by 30 CFR part 250, subpart J, "Pipelines and Pipeline Rights-of-Way," and 30 CFR part 256, subpart J, "Assignments, Transfers and Extensions," to track the ownership of

leases as to record title, operating rights, and pipeline right-of-ways. MMS will use this information to update the corporate database which is used 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 the MMS corporate database via the internet.

Frequency: On occasion.

Estimated Number and Description of Respondents: Approximately 200 Federal oil and gas or sulphur OCS lessees.

Estimated Reporting and Recordkeeping "Hour" Burden: The estimated annual "hour" burden for this information collection is a total of 1,512 hours. The following chart details the individual components and estimated hour burdens. In calculating the burdens, we assumed that respondents perform certain requirements in the normal course of their activities. We consider these to be usual and customary and took that into account in estimating the burden.

30 CFR 256 Subparts J and K; 30 CFR 250, Subpart J and related NTLs	Reporting or recordkeeping requirement	Hour burden	Average number of annual responses	Annual burden hours
Subpart J: 256.62, 256.64, 256.65, 256.67.	File application and required information for assignment or transfer for approval/comment on filing fee (forms MMS-150 and MMS-151).	1/2	2,500 applications.	1,250
Subpart K: 256.76	File written request for relinquishment (form MMS-152)	1/2	323 relinquish- ments.	1162
Subpart J: 250.1018	File application and required information for assignment or transfer for approval/comment on filing fee (form MMS-149).	1/2	200 applications	100
Total Burden			3,023	1,512

¹ Rounded.

Estimated Reporting and Recordkeeping "Non-Hour Cost"

Burden: We have identified no paperwork "non-hour cost" burdens associated with the collection of information. The fees associated with the applications have been covered and approved under OMB Control Number 1010-0006, expiration 3/31/07.

Public Disclosure Statement: The PRA (44 U.S.C. 3501, *et seq.*) provides that an agency may not conduct or sponsor a collection of information unless it displays a currently valid OMB control number. Until OMB approves a collection of information, you are not obligated to respond.

Comments: Section 3506(c)(2)(A) of the PRA (44 U.S.C. 3501, *et seq.*) requires each agency " * * * to provide notice * * * and otherwise consult with members of the public and affected agencies concerning each proposed collection of information * * *". Agencies must specifically solicit comments to: (a) Evaluate whether the proposed collection of information is necessary for the agency to perform its duties, including whether the information is useful; (b) evaluate the accuracy of the agency's estimate of the burden of the proposed collection of information; (c) enhance the quality, usefulness, and clarity of the information to be collected; and (d) minimize the burden on the respondents, including the use of

automated collection techniques or other forms of information technology.

The regulations also inform the public that they may comment at any time on the collections of information and provides the address to which they should send comments. We received 14 different sets of comments from trade associations, as well as, oil and gas companies in response to the **Federal Register** notice from respondents covered under these regulations or who will be submitting these forms. Their names were: American Petroleum Institute, National Ocean Industries Association, Domestic Petroleum Council, Independent Petroleum Association of America (IPAA), U.S. Oil and Gas Association, Offshore Operators Committee, NCX Company, L.L.C., El Paso Production Company.

MMS's response to industry comments on the Assignment Forms were the following:

IPAA, et al. Letter: Respondents suggested that MMS develop a transmittal sheet to be attached to the assignment instrument. The transmittal sheet would include the information needed by MMS to monitor ownership in leases, but would not alter the rights and obligations being conveyed in the assignment documents prepared by industry.

MMS disagrees with this suggestion. The purpose of the proposed forms is to streamline and reduce the time necessary to adjudicate assignments,

which are requested by industry on a frequent basis. MMS's past experience indicates oversights in careful review and preparation by industry, thereby slowing the approval process and the return of documents unapproved for correction. All aspects of the approval letter have been incorporated into the assignment forms. When the forms are approved by MMS, they are signed by an authorized MMS representative and will be returned with a computer generated print-out of the ownership as it exists after the assignment has been approved.

MMS recognizes that industry assignments are unique. In order to accommodate this need, MMS has identified Exhibit A for this purpose (Exhibit A is later deleted based on another comment). The reason for this is to allow the companies to subject their assignments to other legal contracts for which MMS is not a participating party while providing pertinent information on the approved form in a format that can accommodate an electronic filing in the future, and provides information in the exact same format each time.

IPAA, et al. Letter: If MMS continues to use the proposed forms, Part A should define the term "record title" and "operating rights" interests, and the conveyance language should be revised to clearly state the conveyed right, title and interest.

The term "operating rights" is defined in 30 CFR 250.105. The term "record title" is well understood in the oil and gas industry to include all property interests in a lease that the lessee has not transferred to others. It is not the intent of the form to change these meanings and there is no reference in the forms to indicate otherwise. MMS agrees that the conveyance language in the proposed forms was not clear and did not follow standard legal protocol in its current form. Therefore, the language has been changed in the form.

IPAA, et al. Letter: Respondents conclude that the interest columns on the proposed forms are confusing and they have concern for the "Final Ownership" percentage when there are multiple transactions between the parties affecting the same properties that would cause a different ownership based on the time of the receipt of the assignment.

MMS processes assignments in the order of date received. Therefore, multiple transactions can be accepted and processed in order without affecting the final ownership of the assignment. MMS has reconsidered the necessity of the interest columns and has concluded that the columns can be confusing and has predicted that assignments would be rejected due to common errors and misunderstandings. Therefore, MMS has eliminated the columns and has provided a "blank" after the words "Assignor(s) does hereby sell, assign, transfer, and convey unto Assignee(s) the following undivided right, title, and interest." This blank will contain the decimal interest that is being conveyed and will always be a full 8/8ths number and will eliminate the guess work on fractions. MMS will continue to require that decimals be carried out to the fifth decimal place. Exhibit "A" has also been deleted. We have provided for two Assignors and two Assignees. If more than two are needed, industry may duplicate the signature block and attach to the assignment form.

IPAA, et al. Letter: Respondents argue that the assignment forms not provide that the assignees shall fully comply with all future regulations, but only those "for the prevention of waste and conservation of the natural resources of the Outer Continental Shelf, and the protection of correlative rights." Respondents argue that anything more exceeds MMS's statutory authority and constitutes an alteration of lease terms. But the same respondents suggest that only the first sentence of the acceptance of lease terms be required because "the Act and regulations apply without including reference to either in the assignment".

We agree that the regulations apply without recital in the assignment, but choose to retain the statement to avoid the type of confusion reflected in the former comment. All MMS regulations are binding on all lessees and operators, unless they are expressly inconsistent with the terms of the lease contract or the regulation itself limits its application.

IPAA, et al. Letter: Respondents argue that Part B of the proposed forms (all the forms) contain unnecessary certification, that further certifications constitute warranties and risk misapplication of the regulations and lease terms. In particular, the certification of ownership is a warranty that frequently is limited between the parties to a transaction. As a result the certification would often be inconsistent with Exhibit "B-1" which includes the additional assignment terms of the parties.

MMS does not agree. This statement is not a warranty, but a statement that you own the interest. The language used in the proposed forms does not say "Assignor hereby warrants its interest in the lease"; it simply states that the Assignor certifies that they own the interest conveyed by the assignment. MMS does not agree that this would be inconsistent with the provisions of Exhibit B-1.

IPAA, et al. Letter: The debarment language in the proposed forms is unnecessary, would require excessive due diligence, and is already maintained in MMS lease sale files. It was further recited that the recently published government-wide debarment regulations (68 FR 66534) suggesting that additional certifications are inappropriate. Reference is made to the preamble in those regulations calling for the elimination of assurances that are found to be unnecessary or where technology has eliminated the need by Federal agencies to obtain debarment certifications. Respondents further interpret this ruling to mean that further use of debarment certifications after an initial filing, are disfavored.

MMS has reviewed the recent debarment regulations and concludes that the proposed form language is burdensome. However, MMS feels the language is necessary and should be included in the approved forms. MMS has recently corresponded with industry in this regard for Sale Notice issues and has redrafted the language for use in the proposed forms. MMS feels that this reduced language is appropriate and eliminates the administrative burden on the parties.

IPAA, et al. Letter: The Equal Opportunity Clause is redundant

inasmuch as there are Equal Opportunity provisions in the lease.

MMS disagrees. Under Labor Department regulations at 41 CFR 60-1.4, a party who contracts with the United States, such as a lessee, must incorporate the Equal Opportunity Clause of section 202 of Executive Order 12146 in every subcontract.

Accordingly, the clause is required in subleases of operating rights and MMS is including it in these forms. It is not required for assignments in which the assignor retains no interest in the lease, but MMS does not believe that the fact warrants creating separate forms for two types of transfers.

IPAA, et al. Letter: Respondents suggest that only the first sentence of paragraph four (page two), Part B—Certification and Acceptance of the forms, be required. Respondents claim that additional language is a restatement of lease terms, to which the assignee is bound by the first sentence; and the Act and regulations apply without including reference to either assignment.

Respondents state that restating lease terms and regulations in an assignment inherently includes a risk of contractually modifying lease terms and regulations. Respondents state that reference to compliance with all applicable regulations now or in the future under the Act clearly exceeds the statutory authority granted to MMS, and this language should be removed from the proposed assignment forms.

The draft language restates without alteration the terms of the underlying lease. As noted above, all lessees and operators are subject to all MMS regulations, regardless of when the lease was issued, unless they are expressly inconsistent with the terms of the lease contract or the regulation itself limits its application. That section 5(a) of the Act makes some regulations expressly applicable to existing leases doesn't constitute a prohibition of other regulations which, as duly promulgated regulations under the Administrative Procedures Act, have the force and effect of law. For the very reason that some question MMS authority to enforce some regulations as to preexisting leases, it is important that the application for approval of the assignment of such leases includes the new lessee's agreement to comply with duly promulgated regulations to protect public safety and insure accountability for royalties. Based on this reasoning, the language remains in the forms.

IPAA, et al. Letter: The requirement that assignors and assignees comply with the qualification requirements of 30 CFR part 256 is covered by the regulations, independent of the

assignment. Respondents state that MMS monitors both compliance with the regulations and corporate authority to sign documents by requiring listings of corporate officers and filing powers of attorneys. Respondents claim that paragraph five, Part B—Certification and Acceptance of the forms, is unnecessary and should be removed.

MMS recognizes that the qualification requirements are covered in the regulations. However, MMS is considering the issue of self-certification to eliminate the need for updating of qualification files. If MMS were to approve such an action, then this statement will need to be incorporated on every existing and future form that MMS uses in administration of its programs. Therefore, the language will remain in the assignment forms as preparation for future utility.

IPAA, et al. Letter: Respondents claim, as a general comment, that standardization would help but not eliminate the need for some MMS analysis because of the necessary inclusion of Exhibit “B-1”, which includes the parties’ unique terms negotiated for each transaction.

MMS is not privy to the special terms and conditions between the parties and rarely reviews such language. MMS records are most impacted by the information on the forms. The format is structured to save time in reading the document seeking information that is transposed to the approval letter. Again, the form is designed to include all information that is on the approval letters as well as conveyance language to serve two purposes—streamlining of review and approval and the accommodation of electronic filing in the future. Exhibit B-1 has been changed to Exhibit “A” because we have eliminated multiple Assignors and Assignees, as stated above, which were identified on the original Exhibit “A”.

El Paso and NCX Letter: The relinquishment form is only executed by the record title interest owners, which could cause issues with any operating rights owners. The relinquishment form contains language to disallow relinquishments of record title where there are producing operating rights so as to preclude termination of producing operating rights. MMS’s policies of encouraging exploration and development and of increasing revenues, and the principle of respecting the integrity of property interests require refusal of relinquishment of record title where there are producing operating rights. Just as the assignment forms bind the assignee of operating rights to the lease terms and conditions, the integrity of

those rights conveyed should be respected by MMS.

While MMS recognizes the issue, MMS does not have a contract with the operating rights owners. This contractual right exists with the record title owners as they are the signatory parties to the lease instrument. Therefore, the proposed relinquishment form will remain as proposed and only need execution from the record title owners of the lease.

NCX Letter: The assignment forms do not contain conveyance language and are not in a form that is recordable in adjacent county/parish record; that there is not enough space at the top of the forms to be accepted for recordation; that so many elements would be required to be added in Exhibit “B-1” that the common practice will become to prepare a standard assignment and then attach the entire assignment as Exhibit B-1. This will lead to a duplication effort requiring Exhibit B-1 to be executed whether it is an exhibit or full assignment, along with the MMS form assignment, that “B-1” would be recorded in the adjacent county/parish records and the MMS form would not.

As stated above, MMS has reworded the language to make the instrument a formal conveyance. The comment on space for recordation on the front of the document is not valid. Most county/parish Clerk of Court offices stamp recording information on the back page of the document. However, in lieu of that, MMS feels there is ample space on the signature page for the recordation information of the county/parish.

Specific instructions are given for the completion of the assignment forms. Attaching the entire assignment as Exhibit “A” will be unacceptable to MMS and will be returned unapproved. Such an exercise will defeat the purpose of this streamlining effort for industry and Exhibit B-1 has been changed to Exhibit “A” as set forth above.

NCX Letter: The columns for interest decimals are confusing and should be clarified.

MMS concurs and, as mentioned above, deleted the columns and replaced same with standard conveyance language. Please see the above comments.

NCX Letter: Commenter was confused over the effective date of the assignment versus the effective date of the lease and the location of this information. Further, it was commented that the proposed forms do not take the place of the transmittal letter required by the MMS Adjudication Unit, which the commenter claims, contains much of the same information as the proposed forms.

The forms are clear in this regard and MMS feels the commenter did not thoroughly review the form before making this statement; therefore, the comment is invalid.

As to the transmittal letter issue, MMS disagrees. The transmittal letter does not contain the same information as the assignment form. Upon preparation of transmittal letters, industry should be careful not to repeat information contained in the assignment forms. Such transmittal letters should notify MMS of such issues as the submittal of Designation of Operator forms, Bonds, Oil Spill Financial Responsibility Forms, or any other information the submitter desires in assisting with the review process; and whether such information is included with the assignment or the reasons it is not included, which would facilitate the initial review process by MMS staff. Should this become a major issue, MMS will consider recommending to industry a standard format letter to utilize with the transmittal of the assignment.

If you wish to comment in response to this notice, you may send your comments to the offices listed under the **ADDRESSES** section of this notice. OMB has up to 60 days to approve or disapprove the information collection but may respond after 30 days. Therefore, to ensure maximum consideration, OMB should receive public comments by April 14, 2006.

Public Comment Procedures: MMS’s practice is to make comments, including names and addresses of respondents, available for public review. If you wish your name and/or address to be withheld, you must state this prominently at the beginning of your comment. MMS will honor the request to the extent allowable by the law; however, anonymous comments will not be considered. All submissions from organizations or businesses, and from individuals identifying themselves as representatives or officials of organizations or businesses, will be made available for public inspection in their entirety.

MMS Information Collection Clearance Officer: Arlene Bajusz (202) 208-7744.

Dated: December 9, 2005.

E.P. Danenberger,
Chief, Office of Offshore Regulatory Programs.
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