

oil and gas industry is already building structures using the new standard. Therefore, this regulation's impact on the entire industry is minor. The addition of API RP 14FZ will give the industry a choice in designing and installing electrical systems on offshore facilities.

Regulatory Planning and Review
(Executive Order 12866)

This document is not a significant rule and is not subject to review by the Office of Management and Budget (OMB) under Executive Order 12866.

(1) This rule will not have an effect of \$100 million or more on the economy. It will not adversely affect in a material way the economy, productivity, competition, jobs, the environment, public health or safety, or State, local, or tribal governments or communities.

The rule may have a positive economic impact because of the cost savings from using shielded cables in lieu of sealed conduits. Otherwise, the documents do not contain any significant revisions that will cause lessees or operators to change their business practices. The documents will not require the retrofiting of any facilities.

(2) This rule will not create a serious inconsistency or otherwise interfere with an action taken or planned by another agency.

(3) This rule does not alter the budgetary effects or entitlements, grants, user fees, or loan programs or the rights or obligations of their recipients.

(4) This rule does not raise novel legal or policy issues.

Regulatory Flexibility (RF) Act

The Department of the Interior (DOI) certifies that this proposed rule will not have a significant economic effect on a substantial number of small entities as defined under the RF Act (5 U.S.C. 601 *et seq.*). The provisions of this rule will not have a significant economic effect on offshore lessees and operators, including those that are classified as small businesses. The Small Business Administration (SBA) defines small business as having:

- Annual revenues of \$5 million or less for exploration service and field service companies.
- Fewer than 500 employees for drilling companies and for companies that extract oil, gas, or natural gas liquids.

The API documents proposed for incorporation into MMS regulations cover electrical installations on offshore structures. The documents to be incorporated by this rule have been used by the industry for many years,

and the latest editions represent state-of-the-art industry equipment and practices. The structures currently being built are being constructed according to the requirements in either API RP 14F (Fourth Edition) or API RP 14FZ.

The proposed rule's purpose is to update one document that is currently incorporated by reference in the regulations, and to incorporate by reference a new nearly identical document into the regulations. The differences between the newer document and the older document are very minor. The updated document consolidates several subsections in a new subsection covering protection techniques. In addition, cable shielding considerations were added to the updated document. This allows for the installation of metal clad cables in lieu of sealed conduits. The use of metal clad cables could result in savings to industry of up to 40% over the use of sealed conduits and conventional wiring practices. Other subsections have been added to the updated document to cover advances in technology. New subsections cover equipment that is now in standard use on OCS facilities, but that was not in use in the early 1990's when the older Third Edition was completed, and incorporated into the regulations. These new subsections should not impose any additional costs to industry, since operators are already using this new equipment and technology. By incorporating both 14F and 14FZ, which are nearly identical, but utilize different classification systems, we are giving the industry a choice in electrical classification methods.

Under the North American Industry Classification System Code 211111, Crude Petroleum and Natural Gas Extraction, MMS estimates that a total of 1,380 firms drill oil and gas wells onshore and offshore. The group affected by this rule is the approximately 130 companies that are offshore lessees/operators. According to SBA criteria, approximately 90 companies are small business (70 percent). As discussed above, this rule imposes no new operational requirements, reporting burdens, or other measures that would increase costs to lessees/operators, large or small. Therefore, this rule has no significant economic impact on small entities.

Comments from the public are important to us. The Small Business and Agriculture Regulatory Enforcement Ombudsman and 10 Regional Fairness Boards were established to receive comments from small businesses about Federal agency enforcement actions. The Ombudsman will annually evaluate

the enforcement activities and rate each agency's responsiveness to small business. If you wish to comment on the enforcement actions of MMS, call toll-free (888) 734-3247. You may comment to the Small Business Administration without fear of retaliation. Disciplinary action for retaliation by an MMS employee may include suspension or termination from employment with the Department of the Interior.

Small Business Regulatory Enforcement Fairness Act (SBREFA)

This rule is not a major rule under 5 U.S.C. 804(2), SBREFA. This rule:

(a) Does not have an annual effect on the economy of \$100 million or more. The proposed rule will not cause any significant costs to lessees or operators. The only costs will be the purchase of the new documents and minor revisions to some operating and maintenance procedures. The minor revisions to operating and maintenance procedures may result in some minor costs or may actually result in minor cost savings.

(b) Will not cause a major increase in costs or prices for consumers, individual industries, federal, state, or local government agencies, or geographic regions.

(c) Does not have significant adverse effect on competition, employment, investment, productivity, innovation, or the ability of United States-based enterprises to compete with foreign-based enterprises.

Paperwork Reduction Act (PRA) of 1995

There are no information collection requirements associated with this rule. The DOI has determined that this regulation does not contain information collection requirements pursuant to the PRA (44 U.S.C. 3501 *et seq.*) We will not be submitting an information collection request to OMB.

Federalism (Executive Order 13132)

According to Executive Order 13132, the rule does not have significant Federalism effects. This rule will not substantially and directly affect the relationship between the federal and state governments. This rule will simply update one document and add one document incorporated by reference to ensure that the industry uses the best and safest technologies. This rule does not impose costs on states or localities. Any costs incurred affect only the oil industry and will be minor.

Takings Implication Assessment
(Executive Order 12630)

According to Executive Order 12630, this rule does not have significant