

The final rule also provides 2 years for industry to complete the retrofit. The 2-year period will allow industry to schedule the required retrofits in a systematic approach. Therefore, this regulation's impact on the entire OCS oil and gas industry is minor.

#### **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 annual economic effect of \$100 million or adversely affect an economic sector, productivity, jobs, the environment, or other units of government. A cost-benefit and economic analysis is not required. The major purpose of this final rule is to establish a minimum design standard for future cranes installed on fixed platforms on the OCS and to prevent accidents that can be prevented by equipping cranes with anti-two block safety devices. This rule requires lessees to equip all existing cranes installed on OCS fixed platforms with anti-two block safety devices by March 16, 2005. Since API Spec 2C has already been accepted as an industry standard by most of the offshore community, including the USCG, the impact of this regulation on the entire industry is minor. Therefore, the associated costs to equip the remaining cranes, not previously retrofitted with anti-two block safety devices, will be minor. Based on our experience and information in MMS's Technical Information Management System, we estimate that about 5 percent (or a total of not more than 200) of the estimated 4,000 cranes located on OCS fixed platforms will need to be retrofitted with the anti-two block safety device. We estimate that this will cost approximately \$4,000 per retrofit, for a total cost of not more than \$800,000.

(2) This final rule will not create inconsistencies with other agencies' actions. This rule will not affect how lessees or operators interact with other agencies.

(3) This final rule will not affect entitlements, grants, user fees, loan programs, or their recipients. The rule deals only with the action to incorporate by reference API Spec 2C into our regulations.

(4) This final rule will not raise novel legal or policy issues. The final rule does involve a new policy issue to require lessees to equip all new and existing cranes installed on OCS fixed platforms with anti-two block safety devices, but this new policy decision is not "novel." The final rule simply addresses recognized gaps in our safety

regulations. These minimum requirements are generally accepted industry practices.

#### **Regulatory Flexibility (RF) Act**

The Department certifies that this 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.*). An RF Analysis is not required. Accordingly, a Small Entity Compliance Guide is not required.

The provisions of this rule will not have a significant economic effect on lessees and operators, including those that are classified as small businesses. The Small Business Administration (SBA) defines a 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.

Offshore lessees/operators are classified under SBA's North American Industry Classification System (NAICS) code 211111 (Crude Petroleum and Natural Gas Extraction) and NAICS 213111 code (Drilling Oil and Gas Wells). We estimate approximately 130 companies will be affected by this rulemaking. According to SBA criteria, 39 companies are large firms, leaving approximately 91 companies (70 percent) that may qualify as small firms with fewer than 500 employees.

We estimate that about 5 percent of the 4,000 cranes (not more than 200) located on the OCS need to be retrofitted with anti-two block safety devices. Retrofitting an existing crane with an anti-two block system would cost approximately \$4,000. Since 70 percent of the businesses operating on the OCS are small business firms, a corresponding 70 percent of the 200 cranes to be retrofitted would most likely involve small entities. The cost to small entities to retrofit these 140 cranes with anti-two block safety devices to comply with this standard is estimated to be \$560,000 ( $140 \times \$4,000 = \$560,000$ ).

While MMS does not know how many cranes each small operator must retrofit, MMS expects that the typical small operator would need to retrofit one or two cranes during the 2-year period allowed by the final rule. The cost for the typical small operator would be between \$4,000 and \$8,000 over the 2-year period. This cost does not constitute a significant impact to the typical small operator. There may be a few small operators that will need to

retrofit several more cranes than the typical small operator. The costs for these few small operators could double or triple the costs incurred by the typical small operator. However, MMS believes that even these increased costs do not constitute a significant impact to these small operators. In addition, an operator can decide not to retrofit the crane with an anti-two block device. The operator has the option of taking the crane out of service or obtaining a rental crane to take its place. Therefore, this rule does not constitute a significant impact upon a substantial number of small entities.

This final rule applies to all lessees and operating companies that operate cranes on OCS fixed platforms. Incorporation of this new document into MMS regulations will:

- (1) Increase safety;
- (2) Provide the oil and gas industry with uniform guidelines and detailed requirements for design and construction of pedestal-mounted cranes for OCS fixed platforms; and
- (3) Provide for consistency with other regulatory agencies such as the USCG.

Your comments are important. 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:

(1) Does not have an annual effect on the economy of \$100 million or more. The final rule will not cause any significant costs to lessees or operators. The only costs will be the purchase of the API Spec 2C document, minor revisions to company operating procedures, and the installation of an anti-two block device on cranes installed on OCS fixed platforms that do not already have this safety device. These costs should be approximately \$800,000 for the entire industry.

(2) Will not cause a major increase in costs or prices for consumers, individual industries, Federal, State, or