

Proposed section	OOC comments	OOC rationale	MMS response
250.465(a)(1)	Receive written or oral approval from the District Supervisor before you begin the intended operation. If you get an oral approval, you must submit form MMS-124 [within 72 hours] <i>no later than the end of the 3rd business day following the oral approval.</i> In all cases, you must meet the additional requirements in paragraph (b) of this section.	With weekends and holidays, it is often difficult to meet the 72-hour limitation.	We made the suggested change.
250.466(g)	(g) All other information required by the District Supervisor <i>in order to evaluate resource evaluation, waste prevention, conservation of natural resources, protection of correlative rights, safety or protection of the environment.</i>	Proposed language is very broad. The recommended language clarifies under what circumstances will additional information be requested.	We made the suggested changes.
250.467	Delete section	As written, this section appears to be for informational purposes, rather than a requirement. Furthermore, the proposed language is vague. Line (a) discusses an NTL; Line (b) Specifies requirements for GOMR, but is silent on requirements for other regions. Line (c) as written appears that this is not mandatory, but at the discretion of the District Supervisor, and Line (d) eliminates the prescriptive requirements for legible, exact copies of service company records.	We renumbered this section to 250.469. The purpose of this section is to inform you what records the District Supervisor may require you to submit. The paragraphs identify the following: (a) well records, (b) paleontological reports and states that the Regional Supervisor may issue a Notice to Lessees that prescribes the manner, time-frame, and format for submitting this information, and (c) service company reports. We moved the requirements to submit form MMS-133, Well Activity Report, and daily drilling reports to the mandatory §§250.468(b) and (c).
250.515 (b) and 250.615 (b).	Delete this requirement	Please refer to rationale previously discussed in Section 250.441 of this document.	MMS did not make the suggested change. See our response to comments for §250.441.

Procedural Matters

Regulatory Planning and Review (Executive Order 12866)

The Office of Management and Budget (OMB) has designated this a significant rule for OMB review under Executive Order 12866.

(1) The 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 major purpose of this rule is the restructuring of the rule and simplifying the regulatory language. The restructuring and plain language revisions will not result in any economic effects to small or large entities. Some of the technical revisions will have a minor economic effect on lessees and drilling contractors.

Specifically, given the existing industry structure (*i.e.*, the number and size of affected regulated entities remain constant), MMS estimates the cost to implement the rule at \$1 million annually.

In addition to the annual costs, the rule requires the installation of blind-shear rams in surface BOP stacks that will result in a one-time cost of \$14,175,000. This rule allows a 3-year period for the installation of the new rams. The most significant benefits of preventing or minimizing some blowouts will be the reduced risk of injury or fatality to personnel and of environmental damage. Property damages (including lost productivity) resulting from blowouts will also be reduced by this final rule. Property and financial damages from a blowout or near blowout can range from minimal damage to a facility and the loss of a day's activity to the total loss of the drilling rig and production facility.

MMS believes that the installation of blind-shear rams in surface BOP stacks could prevent or minimize approximately one blowout every 2 years. This estimate comes from the 5 incidents that MMS identified where a blind-shear ram had helped or could have helped prevent or minimize a blowout over the past 10-year period (1992 to present). Considering that a single blowout could cause multiple

fatalities, injuries, and tens of millions of dollars in property damage and financial losses, MMS believes that the benefits of this requirement will more than offset the cost of this new requirement.

(2) This rule will not create a serious inconsistency or otherwise interfere with an action taken or planned by another agency. The rule does not affect how lessees or operators interact with other agencies. Nor does this rule affect how MMS will interact with other agencies.

(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. The rule only addresses the regulatory requirements for obtaining permission to drill on the OCS and the safety of drilling operations.

(4) OMB has determined that this rule raises novel legal or policy issues. The rule has some new policy issues, such as requiring minimum BOP maintenance requirements. OMB has determined that these issues make this rule a significant rule as defined in Executive Order 12866.