

Supporting Statement
30 CFR Part 1243
Suspensions Pending Appeal and Bonding—
Office of Natural Resources Revenue
(Forms ONRR-4435, ONRR-4436, and ONRR-4437)
OMB Control Number 1012-0006
Current Expiration Date: November 30, 2011

Terms of clearance: None.

General Instructions

A Supporting Statement, including the text of the notice to the public required by 5 CFR 1320.5(a)(i)(iv) and its actual or estimated date of publication in the *Federal Register*, 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 in Section A below. If an item is not applicable, provide a brief explanation. When statistical methods are employed, Section B of the Supporting Statement must be completed. The Office of Management and Budget (OMB) reserves the right to require the submission of additional information with respect to any request for approval.

Specific Instructions

1. Explain the circumstances that make the collection of information necessary. Identify any legal or administrative requirements that necessitate the collection.

The Secretary of the U.S. Department of the Interior is responsible for collecting royalties from lessees who produce minerals from leased Federal and Indian lands. The Secretary is required by various laws (see below) to manage mineral resources production on Federal and Indian lands, collect the royalties due, and distribute the funds in accordance with those laws. The Secretary also has a trust responsibility to manage Indian lands and seek advice and information from Indian beneficiaries. The Office of Natural Resources Revenue (ONRR), formerly the Minerals Revenue Management (MRM), a program of the former Minerals Management Service (MMS), performs the minerals revenue management functions for the Secretary and assists the Secretary in carrying out the Department's trust responsibility for Indian lands.

Applicable citations of the laws pertaining to mineral leases include the following:

- Mineral Leasing Act of 1920 (30 U.S.C. 1923)
- Outer Continental Shelf Lands Act (43 U.S.C. 1353)
- Federal Oil and Gas Royalty Management Act of 1982 (FOGRMA) (Pub. L. 97-451—Jan. 12, 1983)
- Federal Oil and Gas Royalty Simplification and Fairness Act of 1996 (RSFA) (Pub. L. 104-185—Aug. 13, 1996, as corrected by Pub. L. 104-200—Sept. 22, 1996)
- Indian Mineral Development Act of 1982 (Pub. L. 97-382—Dec. 22, 1982)

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.

Stay of Payment Pending Appeal

Section 4(l), “Stay of Payment Obligation Pending Review,” of RSFA requires ONRR to evaluate any person, ordered by the Secretary or a delegated state to pay any obligation (other than an assessment) subject to RSFA, to determine whether that person is entitled to a stay of the order without bond or other surety instrument, pending an administrative or judicial proceeding, based on the financial solvency of that person.

Implementing regulations at 30 CFR part 1243 govern the suspension of orders or decisions pending administrative appeal for Federal leases. These regulations require an appellant to submit information demonstrating financial solvency in lieu of providing a surety. For those appellants who are not financially solvent or for appeals involving Indian leases, ONRR requires appellants to post a surety instrument to secure the financial interest of the public and Indian lessors during the entire administrative or judicial appeal process. This information collection request (ICR) covers the burden hours appellants incur when submitting the financial statements or surety instruments subject to annual audit that are required to stay an ONRR order.

Appellants may refer to the Surety Instrument Posting Instructions for each of the five surety types to submit the respective information. These instructions for the five surety types discussed below also are found at <http://www.onrr.gov/FM/PDFDocs/SuretyInst.pdf>.

Forms and Other Surety Types

Under Title 30 CFR part 1243, ONRR suspends the payment requirement if the appellant submits a formal agreement of payment in case of default, such as a bond or other surety, or demonstrates financial solvency while the appeal is pending. We accept five surety types.

Form ONRR-4435, Administrative Appeal Bond

A Form ONRR-4435, Administrative Appeal Bond, is issued by a qualified surety company that is approved by the Department of the Treasury [see Department of the Treasury Circular No. 570, as revised periodically in the *Federal Register*].

Form ONRR-4436, Letter of Credit

A Form ONRR-4436, Letter of Credit (LOC), is notarized and issued for an appellant by a bank with a minimum Fitch rating of “C” for a LOC of less than \$1 million; “B/C” for a LOC between \$1 million and \$10 million; or “B” for a LOC over \$10 million. A Fitch rating is a bank rating provided by Fitch, Inc., and is available at <http://www.fitchratings.com>. The LOC must have a minimum coverage period of 1 year and be automatically renewable for up to 5 years.

Form ONRR-4437, Assignment of Certificate of Deposit

A Form ONRR-4437, Assignment of Certificate of Deposit, is issued by a bank with a minimum required Fitch rating or is confirmed by a bank with an acceptable rating. The acceptable ratings for a CD are the same as for a LOC. An appellant must file a request with ONRR prior to the invoice due date. We will accept only a book-entry CD that explicitly assigns the CD to the Director.

Self-bonding

For Federal oil and gas leases, RSFA Section 4(l), as codified at 30 CFR 1243.201, provides that no surety instrument is required when a person representing the appellant periodically demonstrates, to the satisfaction of ONRR, that the guarantor or appellant is financially solvent or otherwise able to pay the obligation. Appellants must submit a written request to “self-bond” every time a new appeal is filed. To evaluate the financial solvency and exemption from requirements of appellants to maintain a surety related to an appeal, ONRR requires appellants to submit a consolidated balance sheet, subject to annual audit. In some cases, ONRR also requires copies of the most recent tax returns (up to 3 years) filed by appellants.

In addition, appellants must submit annually financial statements, subject to annual audit, to support their net worth. We use the consolidated balance sheet or business information supplied to evaluate the financial solvency of a lessee, designee, or payor seeking a stay of payment obligation pending review. If appellants do not have a consolidated balance sheet documenting their net worth or if they do not meet the \$300 million net worth requirement, ONRR selects a business information or credit reporting service to provide information concerning an appellant’s financial solvency. We charge the appellant a \$50 fee each time we need to review data from a business information or credit reporting service. The fee covers our costs to determine an appellant’s financial solvency.

U.S. Treasury Securities

Appellants may choose to secure their debts by requesting to use a U.S. Treasury Security (TS). Appellants must file the letter of request with ONRR prior to the invoice due date. The TS must be a U.S. Treasury note or bond with maturity equal to or greater than 1 year. The TS must equal 120 percent of the appealed amount plus 1 year of estimated interest (necessary to protect ONRR against interest rate fluctuations). We accept only a book-entry TS. Book-entry securities are securities that are recorded in electronic records rather than as paper certificates.

When an appellant selects one of the surety types and puts it in place, the appellant must maintain the surety until completion of the appeal. If the appeal is decided in favor of the appellant, ONRR returns the surety to the appellant. If the appeal is decided in favor of ONRR, then ONRR may take action to collect full royalty payment or draw down on the surety. We draw down on a surety if the appellant fails to pay or fails to comply with requirements relating to amount due, time frame, or surety submission or resubmission. Whenever ONRR must draw down on a surety, we must draw down the total amount due, which is defined as unpaid principal plus the interest accrued to the projected receipt date of the surety payment.

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.

Our Government Paperwork Elimination Act plan indicates that electronic transmission of this information is not practical because the bonding and banking industry requires submission of original signature documents if draw-down is necessary. For the same reason (original signature requirements), an electronic or telefax copy of Forms ONRR-4435, ONRR-4436, and ONRR-4437 is not acceptable. For self-bonding, we accept a letter of request and the consolidated balance statements from appellants by electronic means or telefax copy. We expect approximately 5 percent of the appellants for self-bonding will use the electronic means or telefax. We offer an electronic copy of these forms on our website at <http://www.onrr.gov/FM/Forms/default.htm>, which lessees may print and complete.

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.

The minimum required surety for Federal leases is \$10,000, and the minimum required surety for Indian leases is \$1,000. For sureties at or below the minimums, ONRR uses existing ONRR, Bureau of Land Management, and Bureau of Indian Affairs lease bonds to secure the debts during appeal; therefore, there is no duplication.

For appealed amounts above the minimums, ONRR requires one of the five surety types listed in Item 2 to be in place. The information we collect for those surety types is unique to each appellant and is necessary for ONRR to properly secure the disputed debt. No other agency collects similar information from lessees, designees, payors, appellants, or guarantors.

5. If the collection of information impacts small businesses or other small entities, describe any methods used to minimize burden.

Small businesses that do not have consolidated balance statements may request exemption from requirements to maintain a surety bond related to their appeal under the self-bonding option. Under this option, their credit information is accessed through a business information or credit reporting service selected by ONRR. We charge a processing fee of \$50 for this review. If these small businesses do not wish their credit information to be accessed, they have the option to post any of the other surety types listed in Item 2, or pay the appealed bill under protest in lieu of self-bonding. We provide a variety of options for small businesses to secure the public's interests when appeals are made. The impact is minimal for any option a small business might choose.

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 ONRR does not collect the information needed for self-bonding and other surety types, the appellants cannot obtain the surety or self-bond as allowed under RSFA section 4(l). Without self-bonding, ONRR then would require sureties for each appeal, and appellants would incur the expense of supplying and maintaining sureties for every appeal. Without other surety types, ONRR would require an appellant to pay the royalty amounts due pending appeals. We cannot reduce the burden below an annual filing for surety relief because the financial status of appellants changes from year to year. We must be able to monitor an appellant's ability to pay disputed amounts in order to protect the public's interest in the minerals removed from Federal and Indian land.

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.

There is no requirement to report more often than quarterly for self-bonding and other surety types. Title 30 CFR part 1243 requires that the respondent/appellant must submit annually information needed to determine financial solvency, or submit on occasion an ONRR-specified surety instrument within a time period ONRR prescribes in an order. In addition, we require the appellant to renew annually the ONRR-specified surety instrument for continuation of pending an appeal.

(b) requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it.

Not applicable in this collection.

(c) requiring respondents to submit more than an original and two copies of any document.

Not applicable in this collection.

(d) requiring respondents to retain records, other than health, medical, government contract, grant-in-aid, or tax records, for more than 3 years.

Under 30 U.S.C. 1713(b), lessees must maintain Indian oil and gas records for 6 years after the records are generated unless the Secretary notifies the record holder that such records must be maintained for a longer period due to an ongoing audit or investigation. Under 30 CFR 1212.200 an appellant must maintain records for 6 years or for longer periods if notified in writing. When an audit or investigation is underway, an appellant must maintain records until released by written notice.

For Federal records, RSFA section 4(f) requires that Federal lessees maintain records for 7 years after the obligation becomes due.

(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.

There are no special circumstances with respect to 5 CFR 1320.5(d)(2)(v) through (viii), as the collection is not a statistical survey and does not use statistical data classification.

(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.

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.

Appellants are required to provide confidential/proprietary information to us to bond using the surety types listed in Item 2. Standard agency procedures provide strict security measures to control the use, storage, and access to such information. We protect the information in accordance with standards identified in Item 10 below.

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 three 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 1320.8(d), ONRR published a 60-day review and comment notice in the *Federal Register*. We did not receive any comments in response to this notice, published on May 4, 2011 (76 FR 25367).

We also contacted three producers (listed below) regarding the burden hour estimates and the clarity of the regulations requiring this collection of information. Program staff reported the following:

Contacts made / comments received:

Gregory Steele
Chesapeake Operating
PO Box 18496
Oklahoma City OK 73154-0496
405-935-8493

Mr. Steele feels that our regulations are very clear and the forms and instructions are very easy to understand. He also mentioned that he appreciates the notification that he receives regarding required increases for continued compliance during the appeals process.

Kathy Zievert
Chevron USA Inc
4800 Fournace Place
Bellaire Office Building
Bellaire TX 77401
713-432-6412

Had no suggestions for improvements. Feels that the burden hours are fairly represented. Feels that our instructions and regulations are clear.

From Mary Holman, ExxonMobil: mary.j.holman@exxonmobil.com:

The forms and regs are clear and easy enough to understand but sometimes, ONRR does not include bonding instructions with all Notices of Demands, interest bills. RIK Cashout requests etc with which we disagree. I would suggest that ONRR begin include bonding instructions and appeal instructions too with these types of communications.

Because our increasing controls at ExxonMobil, it does take more time to submit both a surety and a request to self-bond.

Previously, any member of the Audit Coordination group was able to submit a request to self-bond which basically was a letter request to you to allow us to self-bond for a demand. We have added additional controls internally at ExxonMobil requiring a manager with a higher approval level to sign the letter. With preparation time, required review with management, mailing prep, etc. the time to submit a request to self-bond has increased to an estimated 2 hours.

Requesting a 3rd party bond has and will continue to take more time than a self-bond request. We have to fill out form to the surety company, request the bond (either by email or US mail letter), follow-up on the bond request, receive the bond and obtain the correct manager signature on the bond form, prepare a letter to you submitting the bond. With mailing etc. the time for these is estimated 4 hours. (Luckily, we have few Indians leases left.)

Mr. James L. Connor III
Senior Counsel
El Paso Exploration & Production Company
Jim.Connor@EIPaso.com

No comments received from Mr. James Connor.

Mr. Dave Lomax
Exxon Mobil Corporation
dave.w.lomax@exxonmobil.com

No comments received from Mr. Dave Lomax.

Ms. Stevia M. Walther
Senior Counsel
Negotiations and Legal
Chevron North America Exploration and Production Company,
a Division of Chevron U.S.A. Inc.
WNST@chevron.com

No comments received from Ms. Stevia Walther.

We accept comments at any time on the information collection and the burden hour estimates, as explained in the PRA statement at the bottom of each form. We have not received any comments on the forms. Based on ExxonMobile comments from Mary Holman, we are revising our burden hour estimates. The ONRR also maintains regular, ongoing contact with appellants. We provide toll-free telephone assistance and encourage customer feedback as we respond to questions regarding requirements. We address issues as they come up and continually improve our processes.

9. Explain any decision to provide any payment or gift to respondents, other than remuneration of contractors or grantees.

The ONRR will not provide any payment or gift to respondents.

10. Describe any assurance of confidentiality provided to respondents and the basis for the assurance in statute, regulation, or agency policy.

This information collection contains confidential information. Information obtained through a third-party business information or credit reporting service, or through surety providers is considered proprietary and, therefore, will not be released.

Commercial or financial information provided to ONRR relative to minerals removed from Federal and Indian leases may be proprietary. Trade secrets and proprietary and other information are protected in accordance with standards established by FOGRMA, as amended (30 U.S.C. 1733), and the Freedom of Information Act [5 U.S.C. 552(b)(4)] and Department regulations (43 CFR 2).

In addition, the Indian Mineral Development Act of 1982 (25 U.S.C. 2103) provides that all information related to any Indian minerals agreement covered by the Act in the possession of the Department shall be held as privileged proprietary information.

Storage of proprietary information and access to it are controlled by strict security measures. ONRR stores security instruments in a Government-approved safe with access limited to the ONRR bond-approving officer.

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.

This information collection does not include sensitive or private questions.

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.

(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 in Item 14.

There are approximately 105 appellants (Federal/Indian lessees) annually. We receive responses annually and throughout the calendar year as appeals are filed. We estimate that there will be

40 surety instruments and 65 self-bonding submissions each year. We estimate the total annual burden is 210 reporting hours, based on 2 hours per response.

Summary of Information Collections

Information Collections (and CFR Reference)	Requirement to Respond	Frequency of Response	Number of Annual Responses	Annual Burden Hours
Securities <ul style="list-style-type: none"> • Form ONRR-4435 • Form ONRR-4436 • Form ONRR-4437 • Treasury Securities 30 CFR 1243.4(a)(1)	Required to obtain a benefit	On occasion	40	80
Self Bonding 30 CFR 1243.200(a) and (b)	Required to obtain a benefit	Annually	65	130
TOTAL			105	210

We based our cost estimates for industry on the expectation that a lawyer will perform all requirements. We estimate the total annual reporting burden is 210 hours. We estimated the labor cost based on Bureau of Labor Statistics National Occupational Employment and Wage Estimates for industry lawyers. We used a multiplier of 1.4 for benefits. The estimated labor cost per hour is \$87 (\$62.23 [mean hourly wage] x 1.4 [benefits cost factor]).

Additionally, for approximately five of the self-bonding appellants, ONRR must obtain data from a business information or credit reporting service at a cost of \$50 each to these appellants. The total cost for obtaining this data is \$250.

The total estimated cost to industry is \$18,520 (\$87 [labor cost] x 210 [burden hours] = \$18,270 + \$250 [credit reporting service] = \$18,520).

There are no additional recordkeeping costs associated with this information collection. We have not included in our estimates certain requirements performed in the normal course of business and considered usual and customary. The following table shows the estimated burden hours by CFR section and paragraph.

BURDEN BREAKDOWN

Citation 30 CFR Part 1243	Reporting and Recordkeeping Requirement	Hour Burden	Average Number of Annual Responses	Annual Burden Hours
1243.4(a)(1)	<p>How do I suspend compliance with an order? (a) If you timely appeal an order, and if that order or portion of that order: (1) Requires you to make a payment, and you want to suspend compliance with that order, you must post a bond or other surety instrument or demonstrate financial solvency * * *.</p>	2 hours	40 (Forms ONRR-4435, ONRR-4436, ONRR-4437, or TS)	80
1243.6	<p>When must I or another person meet the bonding or financial solvency requirements under this part? If you must meet the bonding or financial solvency requirements under §1243.4(a)(1), or if another person is meeting your bonding or financial solvency requirements, then either you or the other person must post a bond or other surety instrument or demonstrate financial solvency within 60 days after you receive the order or the Notice of Order.</p>	Burden hours covered under §1243.4(a)(1).		
1243.7(a)	<p>What must a person do when posting a bond or other surety instrument or demonstrating financial solvency on behalf of an appellant? If you assume an appellant's responsibility to post a bond or other surety instrument or demonstrate financial solvency * * * (a) Must notify ONRR in writing * * * that you are assuming the appellant's responsibility * * *.</p>	Burden hours covered under §1243.4(a)(1).		
1243.8(a)(2) and (b)(2)	<p>When will ONRR suspend my obligation to comply with an order? (a) <i>Federal leases.</i> * * * (2) If the amount under appeal is \$10,000 or more, ONRR will suspend your obligation to comply with that order if you: (i) Submit an ONRR-specified surety instrument under subpart B of this part within a time period ONRR prescribes; or (ii) Demonstrate financial solvency under subpart C. (b) <i>Indian leases.</i> * * * (2) If the amount under appeal is \$1,000 or more, ONRR will suspend your obligation to comply with that order if you submit an ONRR-specified surety instrument under subpart B of this part within a time period ONRR prescribes.</p>	Burden hours covered under §1243.4(a)(1).		

Citation 30 CFR Part 1243	Reporting and Recordkeeping Requirement	Hour Burden	Average Number of Annual Responses	Annual Burden Hours
1243.101(b)	<p>How will ONRR determine the amount of my bond or other surety instrument? * * * (b) If your appeal is not decided within 1 year from the filing date, you must increase the surety amount to cover additional estimated interest for another 1-year period. You must continue to do this annually * * *.</p>	Burden hours covered under §1243.4(a)(1).		
1243.200(a) and (b)	<p>How do I demonstrate financial solvency? (a) To demonstrate financial solvency under this part, you must submit an audited consolidated balance sheet, and, if requested by the ONRR bond-approving officer, up to 3 years of tax returns to the ONRR, * * *. (b) You must submit an audited consolidated balance sheet annually, and, if requested, additional annual tax returns on the date ONRR first determined that you demonstrated financial solvency as long as you have active appeals, or whenever ONRR requests. * * *</p>	2 hours	65 (self-bonding submissions)	130
1243.201 (c)(1), (c)(2)(i) and (c)(2)(ii) and (d)(2)	<p>How will ONRR determine if I am financially solvent? * * * (c) If your net worth, minus the amount we would require as surety under subpart B for all orders you have appealed is less than \$300 million, you must submit * * *: (1) A written request asking us to consult a business-information, or credit-reporting service or program to determine your financial solvency; and (2) A nonrefundable \$50 processing fee: (i) You must pay the processing fee * * *; (ii) You must submit the fee with your request * * * and then annually on the date we first determined that you demonstrated financial solvency, as long as you are not able to demonstrate financial solvency * * * and you have active appeals. (d) * * * (2) For us to consider you financially solvent, the business-information or credit-reporting service or program must demonstrate your degree of risk as low to moderate: * * *</p>	Burden hours covered under §§1243.4(a)(1) and 1243.200(a) and (b).		

Citation 30 CFR Part 1243	Reporting and Recordkeeping Requirement	Hour Burden	Average Number of Annual Responses	Annual Burden Hours
1243.202(c)	When will ONRR monitor my financial solvency? * * * (c) If our bond-approving officer determines that you are no longer financially solvent, you must post a bond or other ONRR-specified surety instrument under subpart B.	Burden hours covered under §1243.4(a)(1).		
TOTAL BURDEN			105	210

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 shown in Items 12 and 14).

(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]. 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.

(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.

(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 collect a processing fee of \$50 each time we must consult a business information or credit reporting service for appellants who cannot comply with the consolidated balance sheet requirement, or for a publicly traded company that does not meet our established net worth of \$300 million. We estimate that five of the self-bonding appellants will file this fee of \$50. Therefore, the total estimated “non-hour” cost to these five appellants for payment of fees is \$250 (5 x \$50 = \$250).

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.

Our estimate of the time required by a Federal employee to analyze and review the information has not changed. The Federal Government spends an average of 1 hour for each type of surety instrument (approximately 1 hour per instrument). In addition, the Federal Government spends 1 hour reviewing data inquiries from a business information or credit reporting service for appellants. The Federal Government also consults a business information or credit reporting service for all small entities or non-publicly traded companies that cannot comply with the consolidated balance sheet requirement, or for a publicly traded company that does not meet our requirement of an established net worth of \$300 million. These tasks are currently performed by an employee paid at the United States 2011 General Schedule, Grade 13/Step 4 pay-scale level. The 2011 salary tables for the Denver, Colorado, area are located at http://www.opm.gov/oca/11tables/html/den_h.asp. The GS 13/4 pay-scale level at \$46.28 per hour times the 1.5 multiplier for benefits equals \$69.42, rounded to \$69 per hour.

The estimated annual cost to the Federal Government is \$7,590 (105 surety requests x 1 hour per surety = 105 hours x \$69 per hour [GS-13/4] = \$7,245 + 5 data inquiries x 1 hour = 5 hours x \$69 = \$345).

15. Explain the reasons for any program changes or adjustments in hour or cost burden.

(a) Annual Hour Burden

Currently Approved OMB Burden Hour Inventory	Program Change Estimated Burden Hours	Adjustment Change Estimated Burden Hours	Total Estimated Burden Hours
140	0	70	210

We are requesting an adjustment increase of 70 hours. Examination of our files showed an annual average of 35 fewer responses, but we increased the burden hours per response, based on customer feedback.

(b) Annual Cost Burden

There is an estimated cost burden of \$250 to recover our costs in determining the financial solvency of an estimated five appellants. We charge the appellant a \$50 fee each time we need to review data from a business information or credit reporting service. This fee has not changed.

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.

The ONRR will not publish the data.

17. If seeking approval not to display the expiration date for OMB approval of the information collection, explain the reasons that display would be inappropriate.

The ONRR will display the OMB approval expiration date on Forms ONRR-4435, ONRR-4436, and ONRR-4437. The remainder of this collection concerns regulatory requirements.

18. Explain each exception to the topics of the certification statement identified in "Certification for Paperwork Reduction Act Submissions."

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."