

Supporting Statement A

Suspensions Pending Appeal and Bonding

OMB Control Number 1012-0006

Terms of Clearance: None.

General Instructions

A completed Supporting Statement A 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 below. If an item is not applicable, provide a brief explanation. 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

A. Justification

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 (Secretary) is responsible for collecting royalties from lessees who produce minerals from leased Federal and Indian lands and the Outer Continental Shelf (OCS). Under various laws (see below), the Secretary's responsibility is to manage mineral resources production on Federal and Indian lands and the OCS, collect the royalties, and other mineral revenues due, and distribute the funds collected under those laws. The Secretary also has a trust responsibility to manage Indian lands and seek advice and input from Indian beneficiaries. The Office of Natural Resources Revenue (ONRR) performs the minerals revenue management functions for the Secretary and assists the Secretary in carrying out the Department's trust responsibility for Indian lands.

We have posted the following laws pertaining to mineral leases on Federal and Indian lands and the OCS at http://www.onrr.gov/Laws_R_D/PubLaws/default.htm

- Mineral Leasing Act of 1920 (30 U.S.C. 181 *et seq.*)
- Outer Continental Shelf Lands Act (43 U.S.C. 1331 *et seq.*)
- Federal Oil and Gas Royalty Management Act of 1982 (FOGRMA, as amended, 30 U.S.C. 1701 *et seq.*)
- Federal Oil and Gas Royalty Simplification and Fairness Act of 1996 (RSFA, as amended, 30 U.S.C. 1701 *et seq.*)
- Indian Mineral Development Act of 1982 (25 U.S.C. 2101 *et seq.*)

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.

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 and to stay the accrual of civil penalties (if the Office of Hearings and Appeals grants a lessee’s petition to stay accrual of civil penalties), 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 that appellants incur when submitting the financial statements or surety instruments, subject to annual audit, that are required to stay an ONRR order, decision, or accrual of civil penalties.

Appellants may refer to the following Surety Instrument Posting Instructions for each of the five surety types in order to submit the respective information, at <http://www.onrr.gov/ReportPay/Forms/default.htm>

Forms and Other Surety Types

Under title 30 CFR part 1243, ONRR may suspend the payment requirement if the appellant submits a formal agreement of payment in case of default such as a bond or other surety. For federal oil and gas leases, the appellant may demonstrate 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, that a qualified surety company issues 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) that appellants file.

In addition, appellants must submit financial statements annually, subject to 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 in determining 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 book-entry TS. Book-entry securities are securities that are recorded in electronic records rather than as paper certificates.

When an appellant selects and puts one of the surety types 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 we will take action to collect the total amount due or draw down on the surety. We draw down on a surety if the appellant 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/ReportPay/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 appellants to post one of the five surety types listed in Item 2. 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.

For Federal issues, 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 business information or a credit reporting service ONRR selects. 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 will 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:

- ***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.

- ***requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it.***

There are no special circumstances with respect to 5 CFR 1320.5(d)(2)(ii).

- ***requiring respondents to submit more than an original and two copies of any document.***

There are no special circumstances with respect to 5 CFR 1320.5(d)(2)(ii).

- ***requiring respondents to retain records, other than health, medical, government contract, grant-in-aid, or tax records, for more than three 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 oil and gas lessees maintain records for 7 years after the obligation becomes due.

- ***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.***

There are no special circumstances with respect to 5 CFR 1320.5(d)(2)(v).

- ***requiring the use of statistical data classification that OMB has not reviewed and approved.***

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

- ***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.***

There are no special circumstances with respect to 5 CFR 1320.5(d)(2)(vii) as this collection does not include a pledge of confidentiality not supported by statute or regulation.

- ***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. ONRR has strict security measures in place for storage and access to proprietary information. In addition, we protect this information under the 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 that we published on June 19, 2017 (82 FR 27868). This notice is available at www.regulations.gov.

We reached out to members of industry soliciting feedback in relation to the content of this ICR. Three respondents provided the following comments:

Contacts made / comments received

1. Title person: Vice President – Risk Management

Company name: Fieldwood Energy LLC

Location: Houston, Texas

Comment: We respectfully offer the following scenario on this process from start to finish:

1. Upon demand letter from the ONRR, Fieldwood Energy responds with correspondence requesting the ONRR accept Area-Wide Bonds currently filed with the BOEM for our various entities, which incidentally total excess of \$23 million, to secure the nominal Administrative Appeals in lieu of separate specific Appeal bonds. It should be noted that none of the monetary demands from ONRR have come close to exceeding \$1 million;
2. In the event, the use of and Area-Wide bond is rejected by ONRR, Fieldwood then must approach the commercial surety market to negotiate terms with prospective sureties for the amount required by ONRR – this may entail the production of recent financial information as well as operational plans on Fieldwood leading up to several calls and discussions with the surety. This may also requiring the establishment of new relationships with sureties who do not know our company – all of which is time consuming and not done overnight; and

3. Ultimately, Fieldwood obtains a surety bond and files it with your office. So, it is quite customary for this process to take days and not several hours of our staff's time.

ONRR Response: ONRR recognizes that the initial establishment of a relationship between industry and a surety company may take more than the two burden hours represented. However, with an existing relationship, ONRR believes that future sureties could easily be obtained within the two burden hours estimate provided.

2. Title person: Insurance Management Group

Company name: Devon Energy Corp.

Location: Oklahoma City, Oklahoma

Comment: The two burden hours for the majority of the typical requests received are adequate. On some occasions, we might have to have a little more internal dialogue or research if we do not have all the information for the appeal upfront. Generally, those requests fall in the 2-4 hour burden. For the most part, however, 2 hours is generally the amount of burden hours needed.

There again, for clarification, this is the internal burden time for our staff. It would take generally 48-72 hours for our surety to turn around the request.

ONRR Response: The burden hours are an estimate only. ONRR feels that the estimated hours will cover most surety submissions

3. Title person: Accounting Supervisor

Company name: WXP Energy

Location: Tulsa, Oklahoma

Comment: For WPX who has an existing surety bond line, 2 hours are probably sufficient labor hours. However, for companies that do not have bond line or have used up their capacity, the amount of time spent securing the security bond could take much longer.

ONRR Response: ONRR recognizes that the initial establishment of a relationship between industry and a surety company may take more than the two burden hours estimated. However, with an existing relationship, ONRR believes that the two hour estimate is an adequate amount of time for future surety submissions.

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. 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.

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.

Appellants may provide proprietary information, commercial, or financial information relating to minerals that they removed from Federal and Indian leases [FOGRMA, as amended (30 U.S.C. 1733), and the Freedom of Information Act [5 U.S.C. 552(b)(4)], and its implementing regulations establish standards to protect trade secrets and proprietary information.

In addition, the Indian Mineral Development Act of 1982 (25 U.S.C. 2103) provides and covers all Department possessed information related to any Indian minerals agreement as privileged proprietary information.

In addition, ONRR has strict security measures in place for storage and access of proprietary information. ONRR stores security instruments in a Federal 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:

- **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.**
- **If this request for approval covers more than one form, provide separate hour burden estimates for each form and aggregate the hour burdens.**
- **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 appellants file appeals. We estimate that there are 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. The burden estimates include the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

Summary of Information Collections

Information Collections (and CFR Reference)	Require- ment to Respond	Frequency of Response	Number of Annual Responses	Annual Burden Hours
Securities • 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 labor 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 (available at <https://www.bls.gov/oes/current/oes231011.htm>).

We used a multiplier of 1.4 for benefits. The estimated labor cost per hour is \$94 (\$67.25 [mean hourly wage] x 1.4 [benefits cost factor]). The total estimated labor cost to industry is \$19,740 (\$94 [labor cost] x 210 [burden hours] = \$19,740).

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)	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 * * *.	2 hours	40 (Forms ONRR-4435, ONRR-4436, ONRR-4437, or TS)	80
1243.6	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.	Burden hours covered under §1243.4(a)(1).		
1243.7(a)	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 * * *.	Burden hours covered under §1243.4(a)(1).		
1243.8(a)(2)	When will ONRR suspend my	Burden hours covered under		

Citation 30 CFR Part 1243	Reporting and Recordkeeping Requirement	Hour Burden	Average Number of Annual Responses	Annual Burden Hours
and (b)(2)	<p>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>	§1243.4(a)(1).		
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:</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
	(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: * * *			
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).

- 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.***
- 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.***

- **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 audited 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 approximately an average of 1 hour for each type of surety instrument—forms ONRR-4435, ONRR-4436, ONRR-4437, and TS. For self-bonding, the Federal government spends 1 hour reviewing business information or consolidated balance sheet from those appellants that meet our \$300 million net worth requirement. However, for those appellants that did not submit their business information or consolidated balance sheet, or if they do not meet our \$300 million net worth requirement, the Federal government will spend 1 hour reviewing financial solvency information from a business information or credit reporting service.

These tasks are currently performed by an employee paid at the United States 2017 General Schedule, Grade 13/Step 7 pay-scale level. The 2017 salary tables for the Denver, Colorado, area are located at <https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/2017/general-schedule/>. The GS-13/7 pay-scale level at \$53.46 per hour times the 1.5 multiplier for benefits equals \$80.19, rounded to \$80 per hour. The estimated annual cost to the Federal government is \$8,400 [105 surety requests x 1 hour per surety = 105 hours x \$80 per hour [GS-13/7] = \$8,400]

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

(a) Annual Hour Burden

There are no changes.

(b) Annual Cost Burden

There are no changes.

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.

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.

ONRR will display the OMB approval expiration date on forms ONRR-4435, ONRR-4436, and ONRR-4437.

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."