

Supporting Statement A

30 CFR Part 1243, 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 United States Department of the Interior is responsible for mineral resource development on federal and Indian lands and the Outer Continental Shelf (OCS). Under various laws, the Secretary's responsibility is to carry out a comprehensive inspection, collection, and fiscal and production accounting and auditing system that provides the capability to: (1) accurately determine mineral royalties, interest, and other payments owed, (2) collect and account for such amounts in a timely manner, and (3) disburse the funds collected.

When a company or an individual enters into a lease to explore, develop, produce, and dispose of minerals from federal or Indian lands, that company or individual agrees to pay the lessor a share in an amount or value of production from the leased lands. The lessee or its designee must report various kinds of information to the lessor relative to the disposition of the leased minerals. Such information is generally available within the records of the lessee or others involved in developing, transporting, processing, purchasing, or selling such minerals.

If ONRR determines that a lessee did not properly report or pay, it may issue orders, notices of noncompliance, and civil penalty notices to compel corrective reporting, payment, or both. Lessees have a right to appeal ONRR's determinations.

ONRR has 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:

- Outer Continental Shelf Lands Act (43 U.S.C. 1331 et seq.)
- Indian Mineral Development Act of 1982 (25 U.S.C. 2101 et seq.)

- Federal Oil and Gas Royalty Management Act of 1982 (FOGRMA, 30 U.S.C.1701 et seq.)
- Federal Oil and Gas Royalty Simplification and Fairness Act of 1996 (RSFA, 30 U.S.C. 1701 et seq.)
- Mineral Leasing Act of 1920 (30 U.S.C. 181 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 the Federal Oil and Gas Royalty Simplification and Fairness Act of 1996 (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.

Regulations under 30 CFR part 1243 govern the suspension of orders or decisions pending administrative appeal for federal leases. 30 CFR part 1243 require an appellant to submit information demonstrating financial solvency in lieu of providing a surety. For 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 to submit financial statements or surety instruments. This is required to stay an ONRR order and is subject to audit.

Appellants may refer to the following Surety Instrument Posting Instructions for each of the five surety types described below in order to submit the appropriate information. The instructions are also available at <http://www.onrr.gov/ReportPay/Forms/default.htm>

Forms and Other Surety Types: Under 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. ONRR accepts the following five surety types:

(a) 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*).

(b) 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.

(c) 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.

(d) 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. An appellant 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 an appellant to maintain a surety related to an appeal, ONRR requires the appellant to submit a consolidated balance sheet which may be subject to an annual audit. In some cases, ONRR also requires copies of the appellant’s most recent tax returns (up to 3 years).

In addition, an appellant must submit financial statements annually, subject to audit, to support its net worth. ONRR uses 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 an appellant does not have a consolidated balance sheet documenting its net worth or if it does 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. ONRR charges the appellant a \$50 fee each time there is a need to review data from a business information or credit reporting service. The fee covers our costs in determining an appellant’s financial solvency.

(e) U.S. Treasury Securities

An appellant may choose to secure its debts by requesting to use a U.S. Treasury Security (TS). The appellant 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). ONRR accepts 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 the appeal's completion. If the appeal is decided in favor of the appellant, ONRR will return the surety to the appellant. If the appeal is decided in favor of ONRR, then ONRR will take action to collect the total amount due or draw down on the surety. ONRR will draw down on a surety if the appellant fails to comply with requirements relating to amount due, timeframe, or surety submission or resubmission. Whenever ONRR draws down on a surety, it reduces the total amount due, which is defined as the 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.

The 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, ONRR accepts a letter of request and the consolidated balance statements from appellants by electronic means or telefax copy. ONRR expects approximately 5 percent of the appellants for self-bonding will use the electronic means or telefax. ONRR also offers printable electronic copies of these forms at <http://www.onrr.gov/ReportPay/Forms/default.htm>.

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, Bureau of Indian Affairs, and Bureau of Ocean Energy Management 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 collected for the five 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, credit information is accessed through business information or a credit reporting service ONRR selects. ONRR charges a processing fee of \$50 for this review. If a small business does not wish for its 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. ONRR provides 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. 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. ONRR cannot reduce the burden below an annual filing for surety relief because the financial status of appellants changes from year to year. ONRR 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. This includes occasionally submitting a specified surety instrument within a time period that ONRR prescribes in an order. In addition, ONRR requires the appellant to renew annually the 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 he has initiated an audit or investigation involving such records and that the records must be maintained for a longer period.” 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, ONRR protects 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 under 5 CFR 1320.8(d), ONRR published a 60-day notice in the *Federal Register* on March 25, 2020 (85 FR 16954). ONRR did not receive any comments in response to the *Federal Register* notice available at www.regulations.gov.

ONRR reached out to members of industry soliciting comments for our information collection request renewal. Four members of industry provided comments as follows:

Contacts made / comments received:

1. *Company:* Merit Energy Company

Comment: “Yes, we think that it takes about two hours for us to post a surety bond for an appeal.”

ONRR Response: Thank you for taking the time to read and provide your feedback to ONRR’s Information Collection Request - *Suspensions Pending Appeal and Bonding*.

2. *Company:* Chevron

Comment: “Two hours is sufficient time to post for a surety for an appeal.”

ONRR Response: Thank you for taking the time to read and provide your feedback to ONRR’s Information Collection Request - *Suspensions Pending Appeal and Bonding*.

3. *Company:* BTA Oil Producers

Comment: “My experience with securing the bond was probably closer to 3-4 hours total in terms of understanding what was needed, and then moving to implementation. The easiest surety was a letter of credit with our bank. We had this in place and then found they did not have a

Fitch rating—it took some effort for them to determine this as well. I guess we were surprised since they are a large regional bank with assets around \$10B. We then moved to the surety bond which was not that difficult for us to get since we have other surety bonds in place for oil and gas operations. Between learning, working on two different surety documents, and confirming the correct address for FedEx, sending and confirmation of receipt, we were probably closer to 4 hours spent for all involved. The surety renewal will obviously require much less time since we have been through this once now.”

ONRR Response: Thank you for your feedback. After a closer look at the proposed burden hours and having received feedback from other companies, ONRR still estimates that the overall time per response takes two hours per response.

4. *Company:* EnerPlus Resources

Comment: “Resources (USA) Corporation is a payer to ONRR. We have a number of appeals of ONRR Orders to Report and Pay and have posted a surety bond. We thank you for considering our comments to ICR 1012–0006. It requires approximately 2 hours of Enerplus employee time and 2 hours of extern service provider to post an ONRR surety. One additional comment for your consideration is a mechanism for to provide confirmation that a payer has posted a bond to ONRR and for ONRR to reply back that it has received the bond. Thank you for this opportunity to provide comments.”

ONRR Response: Thank you for your response. ONRR has passed your additional comment to the financial management staff for further consideration.

ONRR accepts 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. ONRR did not receive any comments on the forms. ONRR also maintains regular, ongoing contact with appellants and encourage customer feedback as ONRR responds to questions regarding requirements. ONRR addresses any 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, credit reporting service, or through surety providers is considered proprietary information and 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 agreements as privileged proprietary information. ONRR has strict security measures in place for storage and access of proprietary information. Security instruments are stored 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 105 federal/Indian lessees appellants annually. Based on current data, ONRR estimates that there are 40 surety instruments and 65 self-bonding submissions each year for a total estimate of 105 annual responses. The total number of annual burden hours is 210 based on 2 hours per response. ONRR did not include estimates for certain requirements performed in the normal course of business and considered usual and customary. 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)	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

ONRR based the cost estimates for industry on the expectation that a lawyer will perform all requirements. ONRR used tables from the Bureau of Labor Statistics (BLS) to estimate the hourly cost for industry lawyers in the Denver metropolitan area. These statistics are located at <https://data.bls.gov/oes/#/occGeo/One%20occupation%20for%20multiple%20geographical%20areas>. ONRR estimates that the hourly cost factor would be \$105 [\$75 [mean hourly wage] x 1.4 benefit cost factor = \$105]. ONRR added a multiplier of 1.4 for benefits based on BLS News Release USDL 20-0451, dated March 19, 2020, at <http://www.bls.gov/news.release/pdf/ecec.pdf>.

ONRR estimates the total annual reporting burden are 210 hours. Based on a cost factor of \$105 per hour for industry lawyers, ONRR estimates the total annual cost to industry is \$22,050 [\$105 x 210 hours = \$22,050]. The respondents submit their responses annually, monthly, and on occasion.

There are no additional recordkeeping costs associated with this information collection. ONRR did not include in the estimates certain requirements that it considers to be performed in the normal course of business as 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).

- **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.**

ONRR collects a processing fee of \$50 each time there is a need to consult a business information or credit reporting service for appellants who cannot comply with the audited consolidated balance sheet requirement. This also includes publicly traded companies that do not meet ONRR’s established net worth of \$300 million. ONRR estimates 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.

ONRR estimates 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 appellants that do 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 2020 General Schedule, Grade 13/Step 10 pay-scale level. The 2020 salary tables for the Denver, Colorado, area are located at https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/pdf/2020/DEN_h.pdf. The GS-13/10 pay-scale level at \$62.31 per hour times the 1.5 multiplier for benefits equals to \$93.46 (rounded to \$93). The estimated annual cost to the Federal Government is \$9,765 [105 surety requests x 1 hour per surety = 105 hours x \$93 per hour [GS-13/10] = \$9,765]

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."