

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 <https://www.onrr.gov/references/statutes>:

- 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 <https://www.onrr.gov/document/SuretyInst.pdf>.

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. ONRR expects approximately 5 percent of the appellants for self-bonding will use the electronic means. ONRR also offers printable electronic copies of these forms at www.onrr.gov/references/forms.

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 January 19, 2023 (88 FR 3430). 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: Continental Resources

Comment: “I understand the contents of the information collection request and agree with no further comment.”

ONRR response: Thank you for taking the time to read and provide your feedback.

2. Company: RIM Operating, Inc.

Comment: “We are good with the document. We do agree that that 2 hours is sufficient amount of time.”

ONRR response: Thank you for taking the time to read and provide your feedback.

3. Company: EOG Resources

Comment: “EOG works with a Broker to handle our surety needs. When EOG needs a surety bond, I notify the broker and they source it out to one of 3 surety companies we mainly use. Now fortunately for EOG, our Broker is close by our office AND they have power of attorney to

write these bonds up to certain amounts for each surety company instead of waiting for the surety company to produce them. This helps streamline the process for EOG acquiring it's bonds. The two hours to get a bond, in my opinion, is fairly unreasonable.

Now, once I physically have the bond in my hand from the broker, I can process it in house in literally an hour.(signatures, seals, notarized, & have it signed off by our legal team.) I can then have it out the door that afternoon – so 24 hours for delivery the next day to the obligee. However, I would say this isn't the case for every operator/company. Most have to contact their broker/surety company, and if they aren't close, have them overnight the bond to them, secure signatures etc. and then get out the door. I would say a much more realistic time frame would be 48 hours to 72 hours for a company to successfully turn around getting a bond to you from the time it's requested. I always usually scan a copy to the agency before overnighting so they can notate the bond number and see it's in route....so they can input that bond number into their system until the originals arrive.”

ONRR response: Thank you for taking the time to read and provide your feedback.

4. Company: XTO Energy, Inc.

Comment: “I've been asked to fill out the following information as I handle the Unconventional bonds for ExxonMobil. Please see response in red below:
For example, do you feel that two hours is about the amount of time it takes your company to post a surety for an appeal? I would say about two hours or more is correct. I have to follow up with requester to verify that the bonds are still needed and to proceed with contacting our surety company. Or do you feel that this amount of time is not adequate? I feel there might be more time needed as I have to wait for the surety company to send me the documents and get required signatures and seals of the company and mail off the required documents.
Please provide the amount of time that it would typically take your company to post a surety for an appeal. Do you feel that the burden hours are accurately represented? I believe it's pretty fair but it does take about 2-3 days to get the bond posted for appeal. This includes the mailing time and scanning a copy.”

ONRR response: Thank you for taking the time to read and provide your feedback.

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 | 84 |
| 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 the latest tables published on May 2022 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/#/occInd/One%20occupation%20for%20multiple%20industries>. ONRR estimates that the hourly cost factor would be \$163.53 [\$116.81 [mean hourly wage] x 1.4 benefit cost factor = \$163.53]. 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 \$163.53 per hour for industry lawyers, ONRR estimates the total annual cost to industry is \$34,341 [\$163.53 x 210 hours = \$34,341]. 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 2023 General Schedule, Grade 13/Step 10 pay-scale level. The 2023 salary tables for the Denver, Colorado, area are located at https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/pdf/2023/DEN_h.pdf. The GS-13/10 pay-scale level at \$67.96 per hour times the 1.5 multiplier for benefits equals to \$101.94 (rounded to \$102). The estimated annual cost to the Federal Government is \$10,710 [105 surety requests x 1 hour per surety = 105 hours x \$102 per hour [GS-13/10] = \$10,710].

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

There are no program changes in this renewal submission.

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."