

SUMMARY OF COSTS AND ROYALTY IMPACTS

Description	Costs and royalty increases or royalty decreases	
	First year	Subsequent years
A. Industry		
(1) Royalty Increase based on using the revised NYMEX pricing.	Rocky Mtn Region: \$11,738 California: – \$2,120,650 to \$2,120,650 Alaska: – \$584,000 to \$584,000 Rest of Country: – \$4,303,913 to \$11,658,663	Rocky Mountain Region: \$11,738. California: – \$2,120,650 to \$2,120,650. Alaska: – \$584,000 to \$584,000. Rest of Country: – \$4,303,913 to \$11,658,663.
(2) Royalty Decrease—Increased Allowable Costs.	– \$5,222,817 to – \$11,163,977	– \$5,222,817 to – \$11,163,977.
(3) Net Expected Change in Royalty Payments from Industry.	– \$200,371	– \$200,371.
(4) Expected Range of Royalty Impact	– \$9,552,976 to \$9,152,234	– \$9,552,976 to \$9,152,234.
(5) Administrative Cost—reprogramming of systems and submitting location differential requests.	\$283,000	\$33,000.
B. State and Local Governments		
(1) Royalty Increase—increased royalty revenue in terms of the States' share of Federal royalties.	Rocky Mtn. Region: \$5,869 California: – \$578,009 to \$578,009 Alaska: – \$157,680 to \$157,680 Rest of Country: \$344,045 to \$388,801 8(g) States: – \$33,785 to – \$73,705 All Other States: – \$278,227 to – \$491,891 ...	Rocky Mtn. Region: \$5,869. California: – \$578,009 to \$578,009. Alaska: – \$157,680 to \$157,680. Rest of Country: \$344,045 to \$388,801. 8(g) States: – \$33,785 to – \$73,705. All Other States: – \$278,227 to – \$491,891.
(2) Royalty Decrease—Increased Allowable Costs in terms of the States' share of Federal royalties.	– \$66,512	– \$66,512.
(3) Net Expected Change to Royalty Payments to States.	– \$951,371 to \$818,347	– \$951,371 to \$818,347.
(4) Expected Range of Royalty Impact		
C. Federal Government		
(1) Royalty Increase—increased royalty revenues net of the States' share.	Rocky Mtn Region: \$5,869 California: – \$1,542,630 to \$1,542,630 Alaska: – \$426,320 to \$426,320 Rest of Country: \$3,959,868 to \$11,269,862 .. – \$4,910,805 to – \$10,598,381	Rocky Mtn Region: \$5,869. California: – \$1,542,630 to \$1,542,630. Alaska: – \$426,320 to \$426,320. Rest of Country: \$3,959,868 to \$11,269,862. – \$4,910,805 to – \$10,598,381.
(2) Royalty Decrease—Increased Allowable Costs net of the States' share.	– \$133,859	– \$133,859.
(3) Net Expected Change in Royalty Payment to the Federal Government.	– \$8,601,605 to \$8,333,887	– \$8,601,605 to \$8,333,887.
(4) Expected Range of Royalty Impacts	\$33,000	\$33,000.
(5) Cost of administrating location differential requests.		

3. Regulatory Planning and Review, Executive Order 12866

In accordance with the criteria in Executive Order 12866, this proposed rule is not an economically significant regulatory action as it does not exceed the \$100 million threshold. The Office of Management and Budget (OMB) has made the determination under Executive Order 12866 to review this proposed rule because it raises novel legal or policy issues.

1. This proposed rule will not have an annual effect of \$100 million or adversely affect an economic sector, productivity, jobs, the environment, or other units of Government. MMS has evaluated the costs of this rule, and estimates that industry would incur additional administrative costs of approximately \$283,000 in the first year of implementation, and \$33,000 in

additional administrative costs in subsequent years. The Federal Government would incur \$33,000 each year in additional administrative costs.

2. This proposed rule will not create inconsistencies with other agencies' actions.

3. This proposed rule will not materially affect entitlements, grants, user fees, loan programs, or the rights and obligations of their recipients.

4. This proposed rule will raise novel legal or policy issues. See proposed modifications in the *Provisions of This Proposed Rule* in the attached Threshold Analysis.

4. Regulatory Flexibility Act

I certify that this proposed rule will not have a significant economic effect on a substantial number of small entities as defined under the Regulatory

Flexibility Act (5 U.S.C. 601 *et seq.*). An initial Regulatory Flexibility Analysis is not required. Accordingly, a Small Entity Compliance Guide is not required. See the above Analysis titled "Summary of Costs and Royalty Impacts."

Your comments are important. The Small Business and Agricultural Regulatory Enforcement Ombudsman and 10 Regional Fairness Boards were established to receive comments from small businesses about Federal agency enforcement actions. The Ombudsman will annually evaluate the enforcement activities and rate each agency's responsiveness to small business. If you wish to comment on the enforcement actions in this rule, call 1–800–734–3247. You may comment to the Small Business Administration without fear of retaliation. Disciplinary action for