

of the Interior has determined that the rule will not cause a taking of private property.

The information collection requirements contained in part 2720 have been approved by the Office of Management and Budget under 44 U.S.C. 3501 *et seq.* and assigned clearance number 1004-0153.

The Department has certified to the Office of Management and Budget that this rule meets the applicable standards provided in Sections 2(a) and 2(b)(2) of Executive Order 12778.

List of Subjects in 43 CFR Part 2720

Administrative practice and procedure, Public lands-mineral resources, Public lands-sale.

Dated: March 2, 1995.

Bob Armstrong,

Assistant Secretary of the Interior.

For the reasons stated in the preamble, and under the authorities stated below, part 2720 of Group 2700, Subchapter B, Chapter II, Title 43 of the Code of Federal Regulations is amended as follows:

PART 2720—CONVEYANCE OF FEDERALLY-OWNED MINERAL INTERESTS

Subpart 2720—Conveyance of Federally-Owned Mineral Interests

1. The authority citation for part 2720 is revised to read as follows:

Authority: 43 U.S.C. 1719 and 1740.

2. Section 2720.0-5(b) is revised to read as follows:

§ 2720.0-5 Definitions.

* * * * *

(b) *Known mineral values* means mineral rights in lands containing geologic formations that are valuable in the monetary sense for exploring, developing, or producing natural mineral deposits. The presence of such mineral deposits with potential for mineral development may be known because of previous exploration, or may be inferred based on geologic information.

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3. Section 2720.0-6 is amended by revising the first sentence thereof to read as follows:

§ 2720.0-6 Policy.

As required by the Federal Land Policy and Management Act, the Bureau of Land Management may convey a federally owned mineral interest only when the authorized officer determines that it has no known mineral value, or that the mineral reservation is

interfering with or precluding appropriate nonmineral development of the lands and that nonmineral development is a more beneficial use than mineral development. * * *

4. Section 2720.0-9 is added to read as follows:

§ 2720.0-9 Information collection.

(a) The Office of Management and Budget has approved under 44 U.S.C. 3507 the information collection requirements contained in part 2720 and assigned clearance number 1004-0153. The Bureau of Land Management is collecting the information to permit the authorized officer to determine whether the Bureau of Land Management should dispose of Federally-owned mineral interests. The Bureau of Land Management will use the information collected to make these determinations. A response is required to obtain a benefit.

(b) The Bureau of Land Management estimates the public reporting burden for this information to average 8 hours per response, including the time for reviewing regulations, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing the burden, to the Information Collection Clearance Officer (783), Bureau of Land Management, Washington, D.C. 20240, and the Office of Management and Budget, Paperwork Reduction Project, 1004-0153, Washington, D.C. 20503.

5. Section 2720.1-3 is amended by revising the concluding text of paragraph (b) to read as follows:

§ 2720.1-3 Action on application.

* * * * *

(b) * * *

The authorized officer, in reaching a determination as to whether there are any known mineral values in the land and, if so, the estimated costs of an exploratory program, if one is needed, will rely upon reports on minerals prepared by or reviewed and approved by the Bureau of Land Management.

* * * * *

6. Section 2720.2 is amended by revising paragraph (b) and adding paragraph (c) to read as follows:

§ 2720.2 Determination that an exploratory program is not required.

(a) * * *

(b) The authorized officer will not require an exploratory program to ascertain the presence of mineral values

where the authorized officer determines that a reasonable person would not make exploration expenditures with expectations of deriving economic gain from the mineral production.

(c) The authorized officer will not require an exploratory program if the authorized officer determines that, for the mineral interests covered by the application, sufficient information is available to determine their fair market value.

7. Section 2720.3 is amended by revising the fourth sentence of paragraph (a), and paragraph (b) in its entirety, to read as follows:

§ 2720.3 Action upon determination of the fair market value of the mineral interests.

(a) * * * The notice must require the applicant to pay both the fair market value of the Federal mineral interests and the remaining administrative costs owed within 90 days after the date the authorized officer mails the notice.

* * * * *

(b) The Bureau of Land Management will convey mineral rights on lands for which this part does not require an exploratory program upon payment by the applicant of fair market value for those mineral interests and all administrative costs of processing the application to acquire the mineral rights.

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OFFICE OF MANAGEMENT AND BUDGET

Office of Federal Procurement Policy

48 CFR Chapter 99

Cost Accounting Standards Board; Interim Interpretation 95-01, Allocation of Contractor Restructuring Costs Under Defense Contracts

AGENCY: Cost Accounting Standards Board, Office of Federal Procurement Policy, OMB.

ACTION: Interpretation.

SUMMARY: The Cost Accounting Standards Board is issuing an interim interpretation designed to address period cost assignment and allocability criteria for restructuring costs incurred under certain national defense contracts.

DATES: *Effective Date:* August 15, 1994. Comments on this interim interpretation must be in writing and must be received by May 8, 1995.

ADDRESSES: Comments upon this interim interpretation should be

addressed to Richard C. Loeb, Executive Secretary, Cost Accounting Standards Board, Office of Federal Procurement Policy, 725 17th Street, NW., Room 9001, Washington, DC 20503. ATTN: CASB Interpretation 95-01.

FOR FURTHER INFORMATION CONTACT: Richard C. Loeb, Executive Secretary, Cost Accounting Standards Board (telephone: 202-395-3254).

SUPPLEMENTARY INFORMATION:

A. Background

Section 818 of the National Defense Authorization Act for Fiscal Year 1995, Pub. L. 103-337, restricts the Department of Defense from reimbursing contractor restructuring costs associated with a business combination unless certain "net savings" provisions are met. Questions have arisen as to the methods to be used in measuring, assigning and allocating such restructuring costs. This interim interpretation is designed to address these questions. The Board would appreciate receiving comments concerning this interpretation.

B. Authority to Issue an Interpretation

Authority for issuance of this interpretation is provided by 41 U.S.C. 422(f)(1) and 48 CFR 9901.302(b).

Richard C. Loeb,

Executive Secretary, Cost Accounting Standards Board.

**Cost Accounting Standards Board
Interim Interpretation 95-01,
"Allocation of Contractor Restructuring
Costs Under Defense Contracts"**

(a) Questions have arisen as to the appropriate methodologies to be used for the allocation and period cost assignment of contract costs categorized or classified as "restructuring costs" under certain defense contracts. This Interpretation applies to the provisions of several Cost Accounting Standards, including, but not limited to CAS 9904.403, 9904.404, 9904.406, 9904.409 and 9904.418, as they relate to "restructuring costs" associated with CAS-covered contracts.

(b) "Restructuring costs" are incurred after an entity decides to make a significant nonrecurring change in its business operations or structure in order to reduce overall cost levels in future periods through work force reductions, the elimination of selected activities, and/or the combination of ongoing operations, including plant relocations. Restructuring activities do not include ongoing routine changes an entity makes in its business operations or organizational structure. Restructuring costs are comprised both of direct and

indirect costs associated with contractor restructuring activities taken after a business combination is effected or after an internal corporate restructuring decision is made. Typical categories of costs that have been included as restructuring charges include severance pay, early retirement incentive, retraining, employee relocation, lease cancellation, asset disposition and write-offs, and relocation and rearrangement of plant and equipment. Restructuring costs do not include the cost of such activities when they do not relate either to business combinations or significant nonrecurring internal corporate restructuring decisions. Generally, activities giving rise to restructuring charges should normally be completed within one year.

(c) The costs of betterments or improvements of capital assets that result from restructuring activities shall be capitalized and depreciated in accordance with the provisions of CAS 9904.404 and 9904.409.

(d) When a procuring agency imposes a net savings requirement for the payment of restructuring costs, the contractor shall submit data specifying (1) restructuring costs by period, (2) restructuring savings by period (if applicable), and (3) the methods by which such costs shall be allocated.

(e) Under normal circumstances, most categories of costs that qualify as restructuring costs are recognized as current period cost in the period in which the cost is incurred. However, for contractor restructuring costs defined pursuant to this Interpretation, such costs may be deferred, and subsequently amortized, over a period during which the benefits are expected to accrue. A proposal to expense restructuring costs in the current period is acceptable when the Contracting Officer agrees that such treatment will result in a more equitable assignment of costs in the circumstances.

(f) If a contractor incurs restructuring costs but does not have an established or disclosed cost accounting practice covering such costs, the deferral of such restructuring costs may be treated as the initial adoption of a cost accounting practice (see 9903.302-2(a)). If a contractor incurs restructuring costs but has an existing established or disclosed cost accounting practice that does not provide for deferring such costs, any resulting change in cost accounting practice to defer such costs may be presumed to be desirable and not detrimental to the interests of the Government (see 9903.201-6). Changes in cost accounting practices for restructuring costs shall be subject to disclosure statement revision

requirements (see CAS 9903.202-3), if applicable.

(g) Measurement of cost impact on existing CAS-covered contracts, shall be the difference between an estimate to complete before giving effect to the restructuring, and, an estimate to complete considering restructuring. The estimates to complete shall be based on the contractor's compliant cost accounting practices for the affected cost accounting periods, from the applicability date of the restructuring plan through the end of the period designated as the benefiting period.

(h) The amortization period for deferred restructuring costs shall not exceed five years. Straight line amortization should normally be used, unless another method results in a more appropriate matching of cost to expected benefits.

(i) Restructuring costs that are deferred shall not be included in the allocation based for cost of money purposes (see CAS 9904.414). Deferred charges are not tangible or intangible capital assets and therefore are excluded from the base for computation of facilities capital cost of money.

(j) Restructuring costs incurred at a home office level shall be treated in accordance with the provisions of CAS 9904.403. Restructuring costs incurred at the segment level that benefit more than one segment should be allocated to the home office and treated as home office expense pursuant to CAS 9904.403. Restructuring costs incurred at the segment level that benefit only that segment shall be treated in accordance with the provisions of CAS 9904.418. Restructuring costs that are not considered to meet the homogeneity requirements of CAS 9904.418 shall be grouped in indirect cost pools that are distinct from the contractor's current indirect cost pools.

(k) This Interpretation is applicable to contractor "restructuring costs" paid or approved on or after August 15, 1994.

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**ENVIRONMENTAL PROTECTION
AGENCY**

48 CFR Part 1517

[FRL-5168-6]

Acquisition Regulation

AGENCY: Environmental Protection Agency (EPA).

ACTION: Final rule.

SUMMARY: This document amends the EPA Acquisition Regulation (EPAAR)