

U.S. branches or agencies through their offshore offices.

Paperwork Reduction Act

The proposed rule does not require any "collection of information," as that term is defined in the Paperwork Reduction Act (44 U.S.C. 3501 et seq.).

Regulatory Flexibility Act Analysis

Pursuant to section 605(b) of the Regulatory Flexibility Act (5 U.S.C. 601-612), the Board certifies that the proposed amendments will not have a significant economic impact on a substantial number of small entities.

List of Subjects in 12 CFR Part 211

Exports, Federal Reserve System, Foreign banking, Holding companies, Investments, Reporting and recordkeeping requirements.

For the reasons set out in the preamble, the Board of Governors proposes to amend 12 CFR Part 211 as set forth below.

PART 211—INTERNATIONAL BANKING OPERATIONS (REGULATION K)

1. The authority citation for 12 CFR Part 211 continues to read as follows:

Authority: 12 U.S.C. 221 et seq., 1818, 1841 et seq., 3101 et seq., 3901 et seq.

2. Section 211.20 is amended by removing "and" at the end of paragraph (b)(8), by removing the period at the end of paragraph (b)(9) and adding "; and" in its place, and by adding a new paragraph (b)(10) to read as follows:

§ 211.20 Authority, purpose, and scope.

* * * * *

(b) * * * (10) The management of shell branches (12 U.S.C. 3105(k)).

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3. Section 211.24 is amended by adding a new paragraph (g) to read as follows:

§ 211.24 Approval of offices of foreign banks; procedures for applications; standards for approval; representative office activities and standards for approval; preservation of existing authority.

* * * * *

(g) Management of shell branches. (1) A state-licensed branch or agency shall not manage, through an office of the foreign bank which is located outside the United States and is managed or controlled by such state-licensed branch or agency, any type of activity that a bank organized under the laws of the United States or any State is not permitted to manage at any branch or subsidiary of such bank which is located outside the United States.

(2) For purposes of this paragraph (g), an office of a foreign bank located outside the United States is "managed or controlled" by a state-licensed branch or agency if a majority of the responsibility for business decisions, including but not limited to decisions with regard to lending or asset management or funding or liability management, or the responsibility for recordkeeping in respect of assets or liabilities for that non-U.S. office, resides at the state-licensed branch or agency.

(3) The types of activities that a state-licensed branch or agency may manage through an office located outside the United States that it manages or controls include the types of activities authorized to a U.S. bank by state or federal charters, regulations issued by chartering or regulatory authorities, and other U.S. banking laws, including the Federal Reserve Act, and the implementing regulations, but U.S. procedural or quantitative requirements that may be applicable to the conduct of such activities by U.S. banks shall not apply.

By order of the Board of Governors of the Federal Reserve System, February 15, 1996. William W. Wiles, Secretary of the Board. [FR Doc. 96-3911 Filed 2-22-96; 8:45 am] BILLING CODE 6210-01-P

DEPARTMENT OF THE INTERIOR

Minerals Management Service

30 CFR Parts 203, 256, and 260

RIN 1010-AC13

Royalty Relief for Outer Continental Shelf Leases in the Gulf of Mexico

AGENCY: Minerals Management Service (MMS), Interior.

ACTION: Advance notice of proposed rulemaking.

SUMMARY: The Outer Continental Shelf Deep Water Royalty Relief Act (Act) authorizes the Secretary of the Interior (Secretary) to modify the terms of certain existing leases and to establish new terms for leases in water depths of 200 meters or greater in parts of the Central and Western Gulf of Mexico. This document solicits recommendations and comments on rules that would implement the new authority under the Act.

DATES: MMS will consider all comments we receive by April 8, 1996. We will begin reviewing comments at that time and may not fully consider comments

we receive after April 8, 1996. Please note, we expect that the 180-day time limit the Act imposes to issue regulations will preclude granting extensions of the 45-calendar-day comment period.

ADDRESSES: Mail or hand-carry comments to the Department of the Interior; Minerals Management Service; Mail Stop 4700; 381 Elden Street; Herndon, Virginia 22070-4817; Attention: Chief, Engineering and Standards Branch.

FOR FURTHER INFORMATION CONTACT: To obtain a copy of the Act or for other information regarding this notice, contact Walter Cruickshank, Chief, Offshore Minerals, Analysis Division, Minerals Management Service, at either Mail Stop 4013, 1849 C Street, NW; Washington, DC 20240, or telephone: (202) 208-3822. You may also access the text of the Act from the MMS homepage on the World Wide Web at http://www.mms.gov/whatsnew.html. Because of the Act's complexity, readers should have a copy of the Act available when reviewing this notice.

SUPPLEMENTARY INFORMATION: Summary of Legislative Provisions

On November 28, 1995, the President signed the Act (Pub. L. 104-58). The Act authorizes the Secretary to modify the royalty or net profit share terms of certain existing leases and to offer new leases subject to the Act's provisions for royalty suspension volumes in water depths of 200 meters or greater in parts of the Central and Western Gulf of Mexico. The Act directs the Secretary to promulgate implementing regulations within 180 days of enactment. MMS and the Secretary are making every effort to meet this deadline. Given the complexities of the Act and the time constraints for implementation, how should MMS best address the issues the Act raises in a timely fashion?

The purpose of this notification is to solicit recommendations and comments from the oil and natural gas industries, Federal agencies, State and local governments, environmental groups, academia, and the public on the general administrative and regulatory framework for fulfilling the Secretary's responsibilities under the Act.

(Special Note: Oil and natural gas industry trade associations are encouraged to act as coordinators for information responses from member companies pertaining to this notice.)

Recommendations and detailed comments are also solicited on certain issues or technical questions that are necessary to establish workable rules and regulations to implement the Act.

This notification focuses on those new responsibilities related to granting royalty relief for leases located in water depths of 200 meters or greater. Rules resulting from this rulemaking process may also include provisions clarifying existing authorities and policies for reducing royalty rates on existing leases in water depths of less than 200 meters. In addition to this written notice, MMS will conduct a 2-day public meeting in March 1996 to solicit additional written and oral comments pertaining to this topic. The meeting is tentatively scheduled to be held in New Orleans, Louisiana. MMS officials from the Gulf of Mexico Regional and Herndon, Virginia, Headquarters offices will conduct it. Further details will be made available in the near future in a Federal Register Notice as well as through the MMS Gulf of Mexico Regional Information Office at 1201 Elmwood Park Boulevard, New Orleans, Louisiana 70123-2394 telephone (504) 736-2595.

The MMS has scheduled a lease sale for April 24, 1996 for the Central Gulf of Mexico which includes tracts that are subject to the provisions of this Act. The MMS will publish an interim rule to implement the legislative requirements prior to the sale. Please send us your comments and recommendations on how we should implement the provisions of section 304 of the Act as soon as possible so that they may be considered as we develop the interim rule.

This advance notice of proposed rulemaking solicits comments, recommendations, and specific remarks on issues and topics. We will carefully evaluate all timely received responses as we develop a rule to implement the Act. The Act contains three major provisions with respect to new and existing leases. New leases include tracts leased as the result of a sale held after the legislation's enactment on November 28, 1995. Existing leases are defined as all other leases.

(1) Section 302 clarifies the Secretary's pre-existing authority to reduce royalty rates on existing leases to promote development, increase production, and encourage production of marginal resources on producing and non-producing leases. This provision applies only to leases in the Gulf of Mexico, west of 87 degrees, 30 minutes West longitude.

(2) Also, Section 302 provides that "new production" from existing leases in water depths of 200 meters or greater qualifies for royalty suspensions if the Secretary determines that the new production would not be economic in the absence of royalty relief. The Secretary must then determine the

appropriate royalty suspension volume on a case-by-case basis, subject to specified minimums for non-producing leases. This provision applies only to leases in the Gulf of Mexico, west of 87 degrees, 30 minutes West longitude.

(3) Section 303 establishes a new bidding system that allows the Secretary to offer tracts with royalty suspensions for a period, volume or value determined by the Secretary. All tracts offered within 5 years of the date of enactment in water depths of 200 meters or greater in the Gulf of Mexico, west of 87 degrees, 30 minutes West longitude, must be offered under the new bidding system (Section 304).

Regulatory Objectives

In implementing the Act's provisions related to existing and new oil and natural gas leases in water depths of 200 meters or greater in certain areas of the Gulf of Mexico, MMS seeks to establish a regulatory program that:

- (1) promotes development or increased production, including marginal resources, on producing or non-producing leases;
- (2) fulfills the purposes of the Outer Continental Shelf Lands Act, as amended, including its requirement to insure the public a fair and equitable return on the resources of the Outer Continental Shelf (OCS);
- (3) establishes a set of objective criteria to render fair and forthright decisions to individual lessees;
- (4) establishes a simple and concise application process requiring only the data and information necessary to evaluate properly the specific circumstances addressed by the application and to ensure compliance with payment obligations;
- (5) uses procedures for the submission and review of applications similar to those MMS used in consideration of royalty relief for all leases regardless of water depth; and
- (6) minimizes the personnel required for both lessees and MMS to carry out the Act's activities.

Issues and Informational Needs

The specific circumstances associated with existing and future OCS oil and natural gas exploration, development, and production activities require the MMS to make several critical determinations in formulating the regulations to implement royalty relief for deep-water leases. Some of the determinations MMS must make affect all circumstances addressed under the legislation, while others apply only to specific lease circumstances.

Hence, for the purpose of soliciting comments and recommendations, this

notice seeks input on all relevant issues and topics, including (I) Common Technical Issues, (II) Existing Deep-water Leases, and (III) New Leases (*i.e.*, leases resulting from sales conducted after November 28, 1995). The issues raised below will help MMS implement the Act but may not become part of future regulations.

I. Common Technical Issues

(1) The Act sets minimum suspension volumes based on the water depth of leases in a field eligible for royalty relief. What water depth data should MMS use for royalty relief classification purposes? The options range from prelease MMS-determined water depth boundaries based on published Gulfwide bathymetric data to postlease tract-specific data. Should MMS determine water depths for new and existing leases in the same way?

a. If you recommend that MMS use published bathymetric data, what are the best or most acceptable data sets available?

b. If you recommend that MMS use prelease data, how should MMS handle possible inconsistencies with postlease tract-specific water depth data that may become available on a block?

c. If you recommend that MMS use postlease data, what should be the nature and timing of the data?

d. What water depth on a block should MMS use to determine the royalty relief to be granted, *e.g.*, shallowest, deepest, average, or location of production facility?

e. How would MMS and bidders decide on the fair value of a tract if the tract's water depth isn't specified at the time of sale? How could MMS assure the receipt of fair market value if the royalty suspension volume could change after the lease award?

(2) Should MMS use a standard conversion factor *e.g.*, British Thermal Units (BTU), in computing barrels of oil equivalent for determining relief volumes, or should MMS make the calculations on a case-by-case basis?

a. If you recommend one or more standard conversion factors, specify the factor(s) and rationale for its/their use.

b. If you recommend case-by-case analyses, how should MMS base specific decisions and how should MMS address production stream variances over time? How should MMS determine factors for new leases or existing leases that have never produced?

(3) Should MMS consider a fixed time period for evaluating economic viability of proposals, or should MMS use specific case-by-case projections of the productive life of the field? If you

recommend a stipulated time limit, what should that limit be and why?

(4) What specific criteria should MMS consider in determining whether existing leases or units are economically viable?

a. Should MMS base such criteria upon case-by-case circumstances or more generic industry standards?

b. If you recommend case-by-case analyses, what publicly available economic analysis models might MMS employ in making such determinations in a manner that would yield results acceptable to the diverse companies operating leases on the OCS?

c. If you recommend industry standards, identify specific criteria (e.g., return on investment, return on equity, etc.) and the basis for specific levels of acceptability.

(5) For existing leases, the Act states that royalty relief determinations can be on a lease or unit basis.

a. How should MMS treat applications for an individual lease that comprises only a portion of a geologic structure common to several leases or unleased tracts?

b. Should MMS require joint applications where such leases are not unitized?

c. Should MMS change its regulations addressing unitization in these circumstances?

d. When a lease is added to a unit that already has a royalty suspension, how should MMS modify the approved royalty relief to recognize the water depth, production projections, and/or other data relating to the added lease?

(6) How should MMS treat nonlease costs (e.g., pipelines, shared production systems, etc.) in determining economic viability?

(7) How should MMS determine gas/oil ratios for non-producing leases for determining economic viability? Similarly, how should MMS determine gas/oil ratios for "new production" from producing leases?

II. Existing Deep-Water Leases

(1) The Act requires the Secretary to define clearly the information required for a complete application.

a. What information should MMS require for an application to be considered complete?

b. What minimum amount and types of information do you think MMS needs to make a determination of economic viability?

c. How should MMS establish the reasonableness of the amount and timing of projected production, costs, and revenues?

(2) The Act states that, in determining the need for and amount of royalty

relief, the Secretary must consider the increased technological and financial risk of deep-water development.

a. Identify specific "technological and financial risks" of deep-water development that MMS should consider in determining economic viability of leases or units addressed by the legislation.

b. Are such risks tract-specific or industry-wide?

c. How do such risks vary with water depth?

d. What means are available for quantifying such risks?

e. How should MMS account for such risks in the application and decision process?

f. How should MMS differentiate between the "technological and financial risks" of non-producing leases with approved Development Operations Coordination Documents (DOCD) and those of leases without approved DOCD's?

(3) Similarly, the Act requires the Secretary to consider all costs associated with exploring, developing, and producing the lease when determining economic viability.

a. What costs should be included and how should they be "considered"? Please provide the rationale for your answer.

b. Should such costs be tract-specific or industry-wide?

c. What means are available for quantifying such costs?

d. At what point should such costs be considered "sunk costs" for determining allowable costs in the application and decision process?

(4) For existing leases, the suspensions cease when oil or natural gas prices exceed specified ceilings. When leases produce both oil and natural gas or related products, and only one of the ceiling prices is reached, should the MMS lift the suspension for the entire production or just the product for which the price ceiling is reached? For tracts offered in upcoming sales, should price ceilings affect suspension volumes in the same ways as for existing leases and units?

(5) The Secretary must redetermine the need for or the volume of relief when the lessee applies prior to the commencement of the "new production" and a significant change occurs in the factors upon which the original determination was made.

a. Identify specific factors and what should constitute "significant" changes that would require reconsideration of the original determination the Secretary made.

b. Should MMS establish a limit on the number of redetermination

applications or a minimum time stipulation between redeterminations?

c. Are there any circumstances in which the Secretary should redetermine the suspension volume without an applicant's request?

(6) The second part of the definition of new production includes any production resulting from lease activities pursuant to a supplement to an approved DOCD that would "expand production significantly beyond the level anticipated" in a prior approved DOCD.

a. How should MMS determine the amount of "any production . . . that would expand production significantly beyond the level anticipated" in the prior DOCD?

b. Should MMS make this determination on anticipated reserves or production levels?

c. How should MMS determine the "start date" for "new production" from this category of existing leases?

d. How should MMS quantify the level of "significant" expanded production for purposes of royalty relief determinations for this category of leases? Assuming MMS grants royalty relief, how should MMS allocate production between the baseline production level and the "expanded" production level?

e. What costs, if any, incurred prior to November 28, 1995, or prior to the date of an application for royalty relief, should MMS include in determining economic viability?

f. How should MMS consider production quantities and revenues for past production?

g. For leases with approved DOCD's, how should MMS determine the "level of anticipated production" if not specifically stated in the DOCD? Should MMS make this determination on anticipated reserves or production levels (e.g., barrels of oil per day, annual production, etc.)?

h. Should MMS require that all future DOCD's include the level of anticipated production?

III. New Leases Issued as the Result of Lease Sales Conducted After November 28, 1995

Provisions included in the legislation require that MMS employ a bidding system for any lease sale within five years of November 28, 1995, which provides for suspensions of royalty payments in water depths of 200 meters or greater for stipulated minimum volumes of production. The suspension volumes in section 304 of the Act were based on MMS analyses of fields at various water depths, consistent with the way in which investment decisions

on deep water development projects are made.

(1) The provisions of the Act dealing with existing leases allow the Secretary to grant suspensions on an individual lease or unit basis. However, section 304 of the Act (Lease Sales) refers to "tracts" and "leases" (plural). How should MMS apply the royalty suspension volumes to tracts offered for sale?

(2) Is there any basis for MMS to offer suspension volumes larger than the minimums specified in the Act?

Dated: February 20, 1996.

Bob Armstrong,

Assistant Secretary for Land and Minerals Management.

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DEPARTMENT OF TRANSPORTATION

Coast Guard

46 CFR Chapter I

[CGD 85-080]

RIN 2115-AC22

Small Passenger Vessel Inspection and Certification

AGENCY: Coast Guard, DOT.

ACTION: Notice of meetings.

SUMMARY: On January 10, 1996, the Coast Guard published on Interim Final Rule (IFR) containing a complete revision to the regulations governing small passenger vessels. As discussed below, the Coast Guard will hold four public meetings on the dates and at the locations specified below in order to give the public an opportunity for oral presentations.

DATES: The meetings will be held on the following dates from 10:00 a.m. to 4:00 p.m.:

- March 19, 1996; St. Louis, Missouri.
- April 10, 1996; Oakland, California.
- April 23, 1996; Mobile Alabama.
- April 30, 1996; New Haven, Connecticut.

ADDRESSES: The meetings will be held on the dates and at the locations identified below:

- St. Louis, Missouri, Tuesday, March 19, 1996. Robert A. Young Federal Building, Second Floor Auditorium, 1222 Spruce St., St. Louis, MO 63103. Telephone No. (314) 539-3091.
- Oakland, California; Wednesday, April 10, 1996. Oakland Federal Building, Third Floor Conference Center, 1301 Clay Street, Oakland, CA 94612. Telephone No. (510) 238-4800.

—Mobile, Alabama; Tuesday, April 23, 1996. Mobile Civic Center, Meeting Room 16, 401 Civic Center Drive, Mobile AL 36602. Telephone No. (334) 434-7261.

—New Haven, Connecticut; Tuesday, April 30, 1996. Navy/Marine Corps Reserve Center, Classroom #4, 30 Woodward Ave, New Haven, CT 06512. Telephone No. (203) 467-5322.

FOR FURTHER INFORMATION CONTACT:

LT Eric Christensen, Project Manager, Office of Marine Safety, Security and Environmental Protection, (G-MOS-2), phone (202) 267-1181, telefax (202) 267-4570.

SUPPLEMENTARY INFORMATION: The IFR published on January 10, 1996, was in response to numerous comments received to a Notice of Proposed Rulemaking (NPRM) published in the Federal Register [54 FR 4412] on January 30, 1989, and Supplemental Notice of Proposed Rulemaking (SNPRM) published in the Federal Register [59 FR 1994] on January 13, 1994. The IFR stated that the Coast Guard planned to hold at least one public meeting on this rulemaking, in addition to receiving written comments, and solicited recommendations for dates and meeting sites. In response to the public comments received, the Coast Guard will hold a total of four public meetings.

In the preamble of the IFR (page 882), the Coast Guard solicited public comment on several requirements established in the IFR. Specifically, the Coast Guard would like more input on the following parts of 46 CFR:

- Part 179: Construction equivalency for wooden hull vessels, p. 971.
- Sections 119.530 and 182.530: Spaces requiring a bilge high level alarm, pp. 927 and 995.
- Sections 122.420 and 185.420: Documentation of crew training, pp. 938 and 1007-1008.
- Sections 122.520 and 185.520: Documentation of abandon ship and man overboard drills and training, pp. 940-941 and 1009-1010.
- Sections 122.524 and 185.524: Documentation of fire fighting drills and training, pp. 941 and 1010.
- Sections 122.728 and 185.728: Documentation of EPIRB testing, pp. 943 and 1012.

In addition, the Coast Guard is soliciting input on open hatch protection and non-skid surfaces for stairways discussed in the preamble under §§ 116.900 and 177.900 "Guards for exposed hazards", p. 875.

Attendance is open to the public. With advanced notice, and as time

permits, members of the public may make oral presentations during the meeting. Persons wishing to make oral presentations should notify the person listed above under **FOR FURTHER INFORMATION CONTACT** no later than the day before the meeting. Written material may be submitted prior to, during, or after the meeting. If time permits, the Coast Guard intends to hold a question and answer period following the oral presentations. As stated in the IFR (page 864), the Coast Guard will receive written comments through June 10, 1996.

Dated: February 15, 1996.

Joseph J. Angelo,

Director for Standards, Office of Marine Safety, Security and Environmental Protection.

[FR Doc. 96-3893 Filed 2-22-96; 8:45 am]

BILLING CODE 4910-14-M

FEDERAL COMMUNICATIONS COMMISSION

47 CFR Part 1

[CC Docket No. 95-185; CC Docket No. 94-54; FCC 96-61]

Interconnection Between Local Exchange Carriers and Commercial Mobile Radio Service Providers and Equal Access and Interconnection Obligation Pertaining to Commercial Mobile Radio Service Providers

AGENCY: Federal Communications Commission.

ACTION: Supplemental Notice of Proposed Rulemaking.

SUMMARY: In this *Supplemental Notice of Proposed Rulemaking*, the Commission requests comments on the implications of the Telecommunications Act of 1996 on the proposals and topics for comment regarding interconnection between local exchange carriers and commercial mobile radio service providers as identified in the Notice of Proposed Rulemaking (*Notice*), CC Docket Nos. 95-185 and 94-54, 61 FR 03644 (Feb. 1, 1996). The Commission requests the parties to address the extent to which the recent legislation may affect the jurisdictional discussion in the *Notice*. The intended effect of the Commission's action is to receive input on the implications of the Telecommunications Act of 1996 on these issues.

DATES: Comments are due on or before March 4, 1996, reply comments are due on or before March 25, 1996.