date the issue or issues were discussed for the record; and,

5. A concise statement explaining why the State Director's proposed decision is believed to be wrong.

Action by the Director on any protest is the final action by the Department of the Interior.

Dated: August 6, 1996.

Thomas F. Zale,

Acting Area Manager.

[FR Doc. 96–20493 Filed 8–15–96; 8:45 am]

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Minerals Management Service

Outer Continental Shelf, Beaufort Sea; Notice of Leasing Systems, Sale 144

Section 8(a)(8) (43 U.S.C. 1337(a)(8)) of the Outer Continental Shelf Lands Act (OCSLA) requires that, at least 30 days before any lease sale, a Notice be submitted to the Congress and published in the Federal Register:

1. Identifying the bidding systems to be used and the reasons for such use; and

2. Designating the tracts to be offered under each bidding system and the reasons for such designation.

This Notice is published pursuant to these requirements.

1. *Bidding systems to be used.* In the Outer Continental Shelf (OCS) Sale 144, blocks will be offered under the following bidding system as authorized by section 8(a)(1) (43 U.S.C. 1337(a)(1)), as amended: bonus bidding with a fixed 12½-percent royalty.

a. *Bonus Bidding with a 12½-Percent Royalty.* This system is authorized by section (8)(a)(1)(A) of the OCSLA, as amended. This system has been chosen for all blocks proposed for Sale 144 because these blocks are expected to have high exploration, development, and production costs.

The Department of the Interior analyses indicate that the minimum economically developable discovery on a block in such high-cost areas under a 12½-percent royalty system would be less than for the same block under a 16⅔-percent royalty system. As a result, more blocks may be explored and developed. In addition, the lower royalty rate system is expected to encourage more rapid production and higher economic profits. It is not anticipated, however, that the larger cash bonus bid associated with a lower royalty rate will significantly reduce competition, as the higher costs for exploration and development are the primary constraints to competition.

2. *Designation of Blocks.* All blocks in this lease sale will be offered under a 12½-percent royalty system because that system is most appropriate to the resource levels and costs expected in this sale area.

Cynthia Quarterman,

Director, Minerals Management Service.

Approved:

Dated: August 9, 1996.

Sylvia V. Baca,

Acting Assistant Secretary, Land and Minerals Management.

[FR Doc. 96–20864 Filed 8–15–96; 8:45 am]

BILLING CODE 4310–MR–M

Outer Continental Shelf, Western Gulf of Mexico, Notice of Leasing Systems, Sale 161

Section 8(a)(8) (43 U.S.C. 1337(a)(8)) of the Outer Continental Shelf Lands Act (OCSLA) requires that, at least 30 days before any lease sale, a Notice be submitted to the Congress and published in the Federal Register:

1. Identifying the bidding systems to be used and the reasons for such use; and

2. Designating the tracts to be offered under each bidding system and the reasons for such designation.

This Notice is published pursuant to these requirements.

1. *Bidding systems to be used.* In the Outer Continental Shelf (OCS) Sale 161, blocks will be offered under the following two bidding systems as authorized by section 8(a)(1) (43 U.S.C. 1337(a)(1)), as amended: (a) bonus bidding with a fixed 16⅔-percent royalty on all unleased blocks in less than 200 meters of water; and (b)(i) bonus bidding with a fixed 16⅔-percent royalty on all unleased blocks in 200 meters of water or more, with a royalty suspension volume of up to 17.5 million barrels of oil equivalent on all unleased blocks in 200 to 400 meters of water; (ii) bonus bidding with a fixed 12½=percent royalty on all unleased blocks in 400 to 800 meters of water with a royalty suspension volume of up to 52.5 million barrels of oil equivalent; and (iii) bonus bidding with a fixed 12½-percent royalty on all unleased blocks in water depths of 800 meters or more with a royalty suspension volume of up to 87.5 million barrels of oil equivalent.

For bidding systems (b) (i), (ii), and (iii), the royalty suspension allocation rules are described in the Interim Rule (30 CFR Part 260) addressing royalty relief for new leases that was published in the Federal Register on March 25, 1996 (61 FR 12022).

a. *Bonus Bidding with a 16⅔-Percent Royalty.* This system is authorized by section (8)(a)(1)(A) of the OCSLA. This system has been used extensively since the passage of the OCSLA in 1953 and imposes greater risks on the lessee than systems with higher contingency payments but may yield more rewards if a commercial field is discovered. The relatively high front-end bonus payments may encourage rapid exploration.

b.(i) *Bonus Bidding with a 16⅔-Percent Royalty and a Royalty Suspension Volume (17.5 million barrels of oil equivalent).* This system is authorized by section (8)(a)(1)(H) of the OCSLA, as amended. This system complies with Sec. 304 of the Outer Continental Shelf Deep Water Royalty Relief Act (DWRRA). An incentive for development and production in water depths of 200 to 400 meters is provided through allocating royalty suspension volumes of 17.5 million barrels of oil equivalent to eligible fields.

b.(ii) *Bonus Bidding with a 12½-Percent Royalty and a Royalty Suspension Volume (52.5 million barrels of oil equivalent).* This system is authorized by section (8)(a)(1)(H) of the OCSLA, as amended. It has been chosen for blocks in water depths of 400 to 800 meters proposed for the Western Gulf of Mexico (Sale 161) to comply with Sec. 304 of the DWRRA. The 12½-percent royalty rate is used in deeper water because these blocks are expected to require substantially higher exploration, development, and production costs, as well as longer times before initial production, in comparison to shallow-water blocks. The use of a royalty suspension volume of 52.5 million barrels of oil equivalent for eligible fields provides an incentive for development and production appropriate for this water depth category.

b.(iii) *Bonus Bidding with a 12½-Percent Royalty and a Royalty Suspension Volume (87.5 million barrels of oil equivalent).* This system is authorized by section (8)(a)(1)(H) of the OCSLA, as amended. It has been chosen for blocks in water depths of 800 meters or more proposed for the Western Gulf of Mexico (Sale 161) to comply with Sec. 304 of the DWRRA. The use of a royalty suspension volume of 87.5 million barrels of oil equivalent for eligible fields provides an incentive for development and production appropriate for these deep-water depths.

2. *Designation of Blocks.* The selection of blocks to be offered under the four systems was based on the following factors:

a. Royalty rates on adjacent, previously leased tracts were considered