acceptance from the eligible educational institution (on official letterhead) to the dependent, accepting the applicant into an educational program.

(2) The applicant also shall submit to the Bureau, when it is available, the schedule of classes in which the applicant is enrolled, and which must be consistent with the educational, professional, or vocational objectives stated in the application.

(e) An applicant may be represented in any proceeding before the Bureau by an attorney or other person authorized to act on behalf of the applicant pursuant to §§ 32.19 and 32.22.

§ 32.35 Retroactive benefits.

(a) Each dependent of a Federal law enforcement officer killed in the line of duty on or after May 1, 1992, shall be eligible for assistance, on the same basis and subject to the limitations of this subpart, for each month in which the dependent had pursued a program of education at an eligible educational institution.

(b) To be eligible for retroactive benefits, the applicant must submit a certified copy of transcripts from the educational institution covering the relevant time period. Absent compelling justification, no application will be accepted more than five years from the last date the applicant pursued such program of education.

(c) Subject to applicable limitations, retroactive benefits shall be in addition to prospective assistance provided under this subpart. A dependent eligible for retroactive benefits may choose to waive such assistance and apply only for prospective assistance under the provisions of this subpart.

§ 32.36 Action on applications for assistance

(a) After examining the application for prospective or retroactive assistance under the provisions and limitations of this subpart, and any additional relevant information, the Bureau shall notify the dependent in writing of the approval or disapproval of the application.

(b) If the application is denied, in whole or part, the Bureau shall explain the reasons for the denial. A copy of the decision, together with information as to the right to an appeal, shall be mailed to the applicant's last known address.

§ 32.37 Determination of benefits.

(a)(1) Financial assistance under this subpart shall consist of direct payments to an eligible dependent and shall be computed on the basis set forth in 38 U.S.C. 3532.

(2) The dependent's status as a full-time, three-quarter-time, half-time, or less-than-half-time student will be determined in accordance with the requirements of, and must be certified by, the eligible educational institution.

(b) In applying the limitations under this subpart with respect to prospective assistance, the Bureau shall consider any retroactive benefits provided to the dependent pursuant to § 32.35.

(c) Benefits payable under this subpart shall be in addition to any other benefit that may be due from any other source, except that, if the FLEDA assistance in combination with other benefits would exceed the total approved costs for the applicant's program of education, the assistance under this subpart will be reduced by the amount of such excess.

§ 32.38 Denial of benefits.

(a) No benefit shall be paid under this subpart if the Bureau determines that the dependent is not eligible for, is no longer eligible for, or is not entitled to the assistance for which application is made. Without limitation, this will include circumstances in which—

(1) The benefits would exceed the applicable durational limits;

(2) A dependent child has exceeded the age limit for benefits;

(3) The dependent has failed to maintain satisfactory progress in the selected program of education as defined in § 32.32(i);

(4) The dependent is in default on federally guaranteed student loans, unless the assistance under this subpart is used for repayment of the defaulted federal student loan and the applicant provides evidence of this fact to the Bureau in the form of an approved repayment plan; or

(5) The dependent is subject to a denial of federal benefits under 21 U.S.C. 862.

(b) The Bureau shall deny benefits under this subpart if—

(1) The educational institution attended by the dependent fails to meet a requirement for eligibility described in § 32.32(h);

(2) The dependent's enrollment in or pursuit of the selected program of education would fail to meet the criteria established in § 32.32(g); or

(3) The dependent already is qualified by previous education or training for the educational, professional or vocational objective for which the program of education is offered.

§ 32.39 Appeals.

An applicant may, within 30 days after notification of denial, submit a written appeal request to the Bureau. Appeals will be handled consistent with § 32.24 and the Appendix to this part, except that such appeals shall not be handled by oral hearing but will be conducted through a record review by an administrative hearing officer. Provisions in § 32.24 and the Appendix to this part relating to oral hearings shall not be applicable to appeals under this subpart.

§ 32.40 Repayment.

In the event that the recipient of financial assistance under this subpart fails to maintain satisfactory progress, as defined in § 32.32(i), or otherwise become ineligible for assistance (other than as a result of age or the expiration of the time limit for assistance), the dependent is liable for repayment of funds awarded for prospective assistance. The Director of the Bureau may waive all or part of such repayment, based on a consideration of the circumstances and the hardship that would result from such repayment.

Richard H. Ward III,

Deputy Director, Bureau of Justice Assistance.

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DEPARTMENT OF THE INTERIOR

Minerals Management Service

30 CFR Chapter II

Review of Existing Regulations

AGENCY: Minerals Management Service (MMS), Interior.

ACTION: Review of regulations; request for comment.

SUMMARY: Since 1994, MMS has been performing annual reviews of its significant regulations and asking the public to participate in these reviews. The purpose of the reviews is to identify and eliminate regulations that are obsolete, ineffective or burdensome. In addition, the reviews are meant to identify essential regulations that should be revised because they are either unclear, inefficient or interfere with normal market conditions.

The purpose of this document is to: Provide the public an opportunity to comment on MMS regulations that should be eliminated or revised, and provide a status update of the actions MMS has taken on comments previously received from the public in response to documents published March 1, 1994 (59 FR 9718), March 28, 1995 (60 FR 15888), and May 20, 1996 (61 FR 25160).

DATES: Written comments must be received by June 23, 1997.

ADDRESSES: Mail written comments to Department of the Interior; Minerals Management Service; Mail Stop 4230; 1849 C Street NW., Washington, DC 20240; Attention: Bettine Montgomery, MMS Regulatory Coordinator, Policy and Management Improvement.

FOR FURTHER INFORMATION CONTACT: Bettine Montgomery, Policy and Management Improvement, telephone (202) 208–3976; Fax (202) 208–4891.

SUPPLEMENTARY INFORMATION: MMS began a review of its regulations in early 1994 under the directives contained in the President's Executive Order 12866. The Executive Order calls for periodic regulatory reviews to ensure that all significant regulations are efficient and effective, impose the least possible burden upon the public, and are tailored no broader than necessary to meet the agency's objectives and Presidential priorities.

We invited the public to participate in the regulatory review. The invitation was sent out via different media, namely a **Federal Register** document dated March 1, 1994 (59 FR 9718), MMS and independent publications, and public speeches by MMS officials during that time.

MMS received approximately 40 public comments which were almost equally divided between its Royalty Management and Offshore Minerals Management Programs. We acknowledged the comments in a July 15, 1994, document (59 FR 36108) and set forth our planned actions to address the comments, along with an estimated timetable for these actions.

In the March 28, 1995, document (60 FR 15888) and May 20, 1996, document (61 FR 25160), MMS: (a) asked for further public comments on its regulations, and (b) provided a status update of actions it had taken on the major public comments received to date. We received 10 responses from the March 28, 1995, document and 5 responses from the May 20, 1996, document. A number of the commentators expressed appreciation for our streamlining efforts and responsiveness to suggestions from our regulated customers.

This document updates the MMS planned actions and related timetables on the major comments received to date. It also solicits additional comments from the public concerning regulations that should be either eliminated or revised. Since some of the public responses received in response to prior documents contained comments on very specific and detailed parts of the regulations, this document does not address every one received. For information on any comment submitted which is not addressed in this document, please contact Mrs. Montgomery at the number and location stated in the forward sections of this document.

MMS regulations are found at Title 30 in the Code of Federal Regulations. Parts 201 through 243 contain regulations applicable to MMS' Royalty Management Program; Parts 250 through 282 are applicable to MMS' Offshore Minerals Management; and Part 290 is applicable to Administrative Appeals.

Status Report

The following is a status report by program area on the comments MMS has received, to date, on its regulations.

A. Offshore Minerals Management (OMM) Program

OMM is currently reviewing the following 15 sections of OMM regulations, and also revising a lease document.

1. Regulations Applicable to Production in Deepwater (30 CFR Part 250, Subpart H, Production)

Comments Received—(a) ''Revise current regulations to provide for approval of extended flaring periods under certain situations (e.g., deepwater prospects, well tests, etc.) and clarify criteria for flaring or venting small amounts of gas,''

(b) ''Revise requirements associated with subsea installations * * *,'' etc.

Action Taken or Planned—MMS' workgroup on deepwater development issued a final report which was approved by management in May 1995. The report recommended that MMS evaluate and regulate deepwater production activities through a ''total systems'' approach. Under this recommendation, MMS issued a Notice to Lessees on August 9, 1996, requiring lessees to submit a Deepwater Operations Plan for all deepwater development projects, and projects using subsea production technology. This plan will provide information demonstrating that the lessee will develop a deepwater project in an acceptable manner. The guidelines for these plans were developed by MMS in conjunction with industry. This requirement was effective August 19, 1996.

As a followup issue, MMS and industry also worked together on a Notice to Lessees on resource conservation. This notice provided guidance on the information that the lessee must submit regarding resource conservation for deepwater or subsea development projects. The effective date of the notice was October 1, 1996.

Timetable—Completed.

2. Regulations Applicable to Blowout Preventer (BOP) Testing and Maintenance Requirements (30 CFR 250.56 and 57)

Comments Received—''Revise BOP testing regulations to allow for less frequent and shorter tests. Allow 14 day BOP test interval vs. current 7 day * * *.''

Action Taken or Planned—On January 31, 1997, MMS issued a Notice to Lessees allowing lessees to begin testing BOP equipment on intervals up to 14 days. This action revised the longstanding requirement for weekly testing of BOP's. MMS made the decision to allow the extended testing timeframe based on a recently completed study of BOP performance by an engineering consulting firm. The study concluded that no statistical difference in failure rates existed between BOP's tested every 7 days and those tested between the 8- to 14-day interval. The new testing timeframe applies to drilling, sidetrack, and completion activities, but not to workover activities since they were not examined in the performance study.

Timetable—MMS has already begun the rulemaking process to promulgate the testing timeframe requirements into the regulations and plans to publish a proposed rule by mid-1997.

3. Regulations Governing Safety and Pollution Prevention Equipment (SPPE) (30 CFR Subpart H)

Comments Received—(a) ''Reduce associated administrative burden on lessees and operators by eliminating unnecessary recordkeeping requirements (i.e., inventory lists, paperwork notifications, etc.).'' (b) ''Revise regulations governing Safety Valves to increase time between test and allowable leakage rates.''

Action Taken or Planned—(a) On December 18, 1996 (61 FR 66639), we published a proposed rule to revise the regulations governing SPPE. This proposed rule addressed the concerns raised regarding recordkeeping. The rule establishes the requirement for all lessees to install quality assurance certified SPPE in wells after April 1, 1998. For wells that have noncertified SPPE, the lessee must replace it with certified SPPE when the equipment: (1) Fails during normal operations or testing; or (2) is removed from service for any other reason.

(b) We are planning a research study in cooperation with industry on the surface safety valves and subsurface

safety valves. This study will address the comment regarding safety valves.

Timetable—(a) MMS will publish the final rule in the **Federal Register** by December 1997. (b) The research study on the safety valves will begin in the summer of 1997.

4. Regulations Governing Conservation of Resources and Diligence (30 CFR 250 Subpart A, General, and Subpart K, Oil and Gas Production Rates)

Comments Received—(a) ''Revise Suspension of Production approval/ lease holding criteria * * *,'' (b) ''Revise Determination of Well Producibility to make wireline testing and/or mud logging analysis optional * * *,'' (c) ''revise current regulations to provide for approval of extended flaring periods * * *,'' (d) ''Relax restrictions on commingling reservoirs in a common wellbore * * *,'' (e) ''Allow flexibility in the methods of testing subsea wells. * * *,'' (f) ''MMS [should] determine and specify allowable volumes of liquid hydrocarbons that lessees could burn without requesting approval.'' (g) ''consider comments from the 11/30/95 MMS sponsored workshop to formulate policy for granting SOP (suspension of production) approvals based on host capacity delays, non-contiguous unitization, and market conditions/ economic viability.'' (h) ''Expand definition of lease holding activity to include 3D seismic work.''

Action Taken or Planned—For (a) above, MMS published a final rule on October 30, 1996 (61 FR 55885), to extend the period for holding a lease beyond its primary term from 90 to 180 days. For (b), and (g) above, MMS is currently rewriting Subpart A and Subpart K in plain English. This effort will also include any changes needed to the regulations. We will take into consideration industry's ideas on changes, including the comments from the 11/30/95 workshop. For (d) above, we issued a Notice to Lessees on April 24, 1995, that allowed greater flexibility in dealing with commingling issues. For (e) above, MMS will not change the regulations. Current regulations allow operators to request that different testing methods be allowed when conventional testing is impractical. For (c) and (f) above, MMS addressed the flaring of gas and burning of liquid hydrocarbons in a final rule that was published on May 20, 1996 (61 FR 25147). For (h) above, MMS sent a Letter to Lessees on July 25, 1996, which addressed this comment.

Timetable—Proposed rules rewriting Subparts A and K will be published by December 1997.

5. Regulations Regarding Construction and Removal of Platforms and Structures (30 CFR 250 Subpart I, Platforms and Structures)

Comments Received—(a) ''Modify platform design wave return period calculation by placing a cap of 100 years on the field life calculation * * *,'' (b) ''Adopt API RP2A (20th edition) Section 14, Surveys, in its entirety * * *,'' (c) ''Revise site clearance requirements * * *,'' (d) ''Revise requirements for placing protective domes over well stubs * * *,'' etc.

Action Taken or Planned—For (a), (c), and (d) above, MMS is reviewing the draft proceedings for the International Workshop on Offshore Lease Abandonment and Platform Disposal: Technology, Regulation, and Environmental Effects, held on April 14–17, 1996. There is a varying amount of research in progress at present to be followed by rulemaking. For (b) above, we have adopted API RP2A (19th edition) and are working with industry and the American Petroleum Institute (API) on changes to the 20th edition. After the document is revised, we will decide whether to incorporate it into our rules.

Timetable—For (a), (c), and (d) above, the Proceedings will be published by summer 1997. For (b) above, Ongoing.

6. Regulations Applicable to Directional Surveys (30 CFR 250.51)

Comments Received—''Revise directional survey requirements to allow a composite measurement-while-drilling directional survey to be acceptable * * *.''

Action Taken or Planned—MMS is rewriting the regulations governing Oil and Gas Drilling Operations, found in Subpart D, in plain English. The rule is also being rewritten to keep pace with current technology.

Timetable—We plan to publish a proposed rule by December 1997.

7. Regulations Applicable to Daily Pollution Inspection Requirements (30 CFR 250.41)

Comments Received—''Revise current requirements for daily pollution inspection of unmanned production facilities * * *.''

Action Taken or Planned—On February 15, 1996, MMS issued a Notice to Lessees regarding the pollution inspection frequency for unmanned facilities. The current regulations allow operators to request a waiver from the daily inspection of unmanned facilities. The Notice to Lessees reviewed the criteria MMS uses in determining whether or not to grant the waiver.

Timetable—MMS has no plans to change the regulations in this area.

8. Regulations Applicable to Production Safety System Training (30 CFR 250.214)

Comments Received —(a) ''Revise training regulations to reduce the associated burden on operators by modifying requirements (e.g., frequency, refresher requirements, structure, etc.) and allow expanded training delivery modes.'' (b) ''* * * training regulations (well-control) are not clearly stated and often not relevant * * *.''

Action Taken or Planned—MMS rewrote the entire section (subpart O) of training regulations in a plain English format and published a final rule in the **Federal Register** on February 5, 1997 (62 FR 5320). This revised rule addresses the concerns in comments (a) and (b) above. In addition, we are considering developing a performance based training program which would rely on industry to design its training needs. We would monitor the program through tests and audits.

Timetable—Completed. Performance based training program still in discussion stage.

9. Regulations Applicable to Pipelines and Pipeline Rights-of-Way (30 CFR 250 Subpart J)

Comments Received—Revise regulations to avoid duplication of requirements between the Department of the Interior and the Department of Transportation.

Action Taken or Planned—MMS has worked with the Department of Transportation and other interested parties to develop a new memorandum of understanding between the Department of the Interior and Department of Transportation. The memorandum of understanding became effective on December 10, 1996, and was published on February 14, 1997 (62 FR 7037). MMS will clarify rules and remove redundant requirements.

Timetable—The agencies will begin new rulemaking to devise compatible regulations during 1997.

10. Safety System Design and Installation (30 CFR 250.122)

Comments Received—''Revise approval process associated with production safety system installations and routine modifications to allow periodic updates recognizing compliance with API RP 75 (1st Edition) * * *.''

Action Taken or Planned—We believe this comment was made in connection with the Safety and Environmental Program (SEMP) initiative. On July 18, 1996 (61 FR 37493), MMS published a notice recognizing the efforts of many

offshore operators to adopt the SEMP initiative, as embodied in API RP 75 (1st Edition). In this notice we noted, however, that a lack of strong evidence showing implementation of the SEMP plans prevented us from declaring the industry's voluntary efforts to be successful at that point. We are continuing to promote widespread adoption of SEMP and are cooperating in an industrywide survey on SEMP implementation.

Timetable—Ongoing. The survey results will be available by summer 1997.

11. Model Unit Agreement (30 CFR 250.194)

Comments Received—''In several instances within the Model Unit Agreement language, the defined terms are not used when it seems appropriate. We recommend that the defined terms be used to avoid confusion when reviewing the agreements.''

Action Taken or Planned—On July 3, 1996 (61 FR 28525), MMS published a final rule which removed the Model Unit Agreement from the Code of Federal Regulations. We have no plans to revise the Agreement at this time. If there are any problems with the Agreement, send specific comments for us to consider.

Timetable—Will consider specific comments when received.

12. Revision of the Process for Incorporating Codes and Standards by Reference (30 CFR 250.1)

Comments Received—''* * * review individual documents when changed and recommend adoption or rejection to reduce confusion as to the standard that should be used.''

Action Taken or Planned—We agree with the intent of this suggestion. We will investigate it from a legal and administrative standpoint to see if it can be done.

Timetable—Ongoing.

13. Shallow Hazards Requirements (NTL No. 83–3)

Comments Received—''* * * revise NTL No. 83–3 which relates to shallow hazards requirements. Industry has requested that MMS allow use of navigational positioning equipment in lieu of buoying pipelines.''

Action Taken or Planned—We are revising NTL No. 83–3 and are in the process of developing guidance for navigational positioning equipment technology. MMS realizes the problem that this Navigational Positioning equipment is not accurate unless it is calibrated frequently.

Timetable—Ongoing.

14. Allocation Meter Facility Requirements (30 CFR 250.180(e))

Comments Received—''We suggest that the regulations be revised to recognize the use of liquid turbine meters and the inability to physically make adjustments to these types of meters, and to clarify that samples should be taken proportional to flow to reflect present industry practice.''

Action Taken or Planned—MMS published a proposed rule, ''Oil and Gas Production Measurement, Surface Commingling, and Security,'' on February 26, 1997 (62 FR 8665), that addresses this comment.

Timetable—The comment period on this proposed rule closes May 27.

15. Approval and Reporting Processes for Well-Completion Operations (30 CFR 250.83)

Comments Received—''* * * a recompletion operation requires that a Well Summary report MMS–125 be filed within 30 days. Much of this data is repetitious of data previously submitted on the Sundry Notice MMS–124. The process could be changed to provide only data that has changed.''

Action Taken or Planned—We will study this process to decide whether or not to change reporting requirements through rulemaking.

Timetable—Ongoing.

16. Other MMS/Offshore Minerals Management Actions

MMS plans to review its Offshore lease document (MMS–2005) which has not been revised since 1986. In addition to revising the language into ''plain English,'' we will consider changes to the lease provisions to reflect current policies and to address any issues that may arise during this review. We welcome any comments on specific changes that we should consider.

B. Royalty Management Program (RMP)

RMP is reviewing regulations in the following 11 subject areas.

1. Statute of Limitations and Record Retention

Comments Received

—''Statute of limitations is unclear.''

—''Establish a reciprocal 5-year statute of limitations from the date an obligation becomes due.''

—''Absence of a record retention program creates some confusion. Regulations should require record retention to coincide with the 5-year statute of limitations.''

Action Taken or Planned—The Federal Oil and Gas Royalty Simplification and Fairness Act (Act) was signed into law on August 13, 1996. The Act contains language to implement a 7-year statute of limitations for MMS processes. We are determining what changes to make to current accounting, compliance, and enforcement processes to comply with the new requirements. After our review, we will be changing processes, developing implementation plans, and making regulatory changes.

Timetable—Ongoing.

2. Interest on Overpayments

Comment Received—''Interest accrual should be equitable between the Agency and industry.''

Action Taken or Planned—The Act provides for the payment of interest on overpayments for oil and gas leases on Federal lands. MMS is designing system changes to implement the requirements of the Act and preparing regulations to be published as proposed rules.

Timetable—Ongoing.

3. Gas Valuation

Comments Received

—(a) ''Define gross proceeds more equitably and clearly in this ever changing gas marketing environment.''

—(b) ''It is important that the Federal Gas Valuation Rule final rule not discriminate against producers which are affiliated with marketing companies and are party to non-arms-length contracts.''

—(c) ''Extend the elimination of processing and transportation allowance forms to oil.''

—(d) ''* * * commends the MMS on their use of negotiated rulemaking process to address the valuation of gas. Rule should result in administrative cost savings for all parties.''

—(e) ''If the Takes vs. Entitlements policy stays in effect, MMS should strictly enforce reporting on actual quantities taken for all industry participants.''

—(f) ''Eliminate Transportation and Processing Allowance Forms for Indians.''

Action Taken or Planned—For (c) above, Revisions of the Valuation Regulations Governing Allowances was published in the **Federal Register** as a final rule on February 12, 1996 (61 FR 5448). This rule eliminated most allowance forms filing requirements for oil, gas, and coal produced from Federal leases.

For (a) above, on July 31, 1996 (61 FR 39931), MMS published a proposed rule clarifying what deductions may be taken from gross proceeds for the costs of transportation under Federal Energy Regulatory Commission (FERC) Order

No. 636. We plan to publish the final rule by fall 1997.

For (a), (b), (d), and (e) above, the Federal Gas Valuation proposed rule was published in the **Federal Register** on November 6, 1995 (60 FR 56007), and the comment period closed on February 5, 1996. The proposed rule represents the consensus of the Federal Gas Valuation Negotiated Rulemaking Committee with representation from MMS, industry, and the States. The proposed rule would provide alternatives to using gross proceeds as a basis for gas valuation, such as published natural gas index prices.

MMS decided to reopen the public comment period and announced this in a document published on May 21, 1996 (61 FR 25421). In this document, we requested comments on five options which were developed after evaluating the comments received on the proposed rule. MMS is presently reviewing the comments on the options and determining how to proceed.

For (f) above, a proposed rule developed by the Indian Gas Valuation Negotiated Rulemaking Committee was published on September 23, 1996 (61 FR 49894). This rule addressed the valuation for royalty purposes of natural gas produced from Indian leases. The rule proposes to eliminate the transportation and allowance reporting forms for gas from Indian leases. The proposed rule would add a methodology to calculate the major portion value and an alternative methodology for dual accounting as required by Indian lease terms. The proposed rulemaking would simplify and add certainty to the valuation of production from Indian leases.

On March 6, 1997 (62 FR 10247), MMS published a document reopening the public comment period until April 4, 1997, and reconvening the Indian Gas Valuation Negotiated Rulemaking Committee on March 26, 1997.

Timetable—Ongoing.

4. Reporting Procedures and Threshold

Comments Received

—''Eliminate or streamline MMS Form 2014 reporting.''

—''Report prior period adjustments on a 'net' basis.''

—''Change estimated payment from lease level to payor level.''

—''Assess interest at the payor level—for the Indian leases on the basis of each Indian Tribe.''

—''Eliminate Payor Information Form (PIF) Filings. This is an unnecessary and costly reporting requirement.''

—''MMS should modify the regulations and system tolerances/thresholds so that only those exceptions that are cost beneficial for MMS to pursue are generated.''

—''Set thresholds or tolerances for regulations to save costs to both MMS and industry. (Example: Invoices are sent for less than $1.00.)''

—''MMS should not implement regulations until its systems are programmed to handle the new regulations.''

—''* * * the prompt implementation of the recommendations of the Royalty Policy Committee Audit and Royalty Reporting and Production Accounting Subcommittees will achieve those simplification and streamlining goals * * *.''

Action Taken or Planned—MMS has revised its billing thresholds and assessments policy to reduce administrative costs, and we continue to review these issues through the Royalty Policy Committee, an advisory group to the Secretary of the Interior, which was formed in September 1995. The Committee's membership includes representatives from States, tribes, allottee associations, industry trade groups, and other agencies. At their initial meeting, a Royalty Reporting and Production Accounting Subcommittee was established.

The Subcommittee had its first meeting in November 1995 and agreed to review all royalty and production reporting forms and policies. To assure all areas were addressed, four workgroups were formed to review the Payor Information Form, royalty reporting, oil and gas production reporting, and solids production reporting.

The preliminary recommendations from the workgroups cover streamlining of all reporting forms; reducing or eliminating redundant data collection; changing estimates; and reviewing thresholds for allowance and interest billings.

Timetable—The Subcommittee recommendations were finalized and forwarded to the full committee for their review and approval in June 1996. The recommendations are under review for possible implementation by MMS. In particular, we will pursue recommendations that can be implemented in the short term without significant cost.

5. Refunds Due to Industry Which Are Controlled by Section 10 of the Outer Continental Shelf Lands Act

Comments Received—''Section 10 refund requirements should be eliminated. The refund process used for onshore properties should be established for offshore properties.''

—''* * * we would urge the MMS to facilitate elimination of the Section 10 recoupment procedures in its entirety. The current practice is administratively burdensome and not cost effective for the industry or MMS.''

—''Eliminate documentation requirements for refund requests over $250 M and/or increase this threshold to $500 M; raise the refund request limit to $5 M. Exempt pure accounting adjustments for items such as production date adjustments and incorrect AID (Accounting Identification) numbers; exempt unit revisions because these revisions are often made more than 2 years after the date of production; establish a time limit on MMS for review of a refund request to expedite the process; and overpayments on OCS properties should be allowed to be offset against any OCS underpayment.''

Action Taken or Planned—The Act repeals the Section 10 refund procedures of the Outer Continental Shelf Lands Act. On November 25, 1996, we mailed a Dear Payor letter with guidelines on refund procedures. We are presently developing a proposed rule implementing the new refund procedures.

Timetable—We plan to publish a proposed rule by summer of 1997.

6. Interest Assessments

Comments Received—''A de minimis provision should be established for the assessment of interest.''

—''* * * MMS should enhance their existing interest assessment system to allow for the offsetting of prior period adjustments made on the MMS Form 2014 before calculating applicable interest.''

Action Taken or Planned—The Act not only provides for the payment of interest on overpayments for oil and gas leases on Federal lands, but allows industry to calculate the correct interest assessment. Also, the Act allows interest that has accrued on overpayments to be applied to reduce underpayments. MMS is designing system changes to implement the requirements of the Act and preparing regulations to be published as proposed rules.

Timetable—Ongoing.

7. Electronic Data Exchange

Comments Received—''* * * MMS (should) continue their ongoing effort to exchange data by electronic means rather than hard copy thereby enabling the industry to adjust the data elements to integrate with each company's systems.''

Action Taken or Planned—We continue to encourage the exchange of data electronically. Our Reporter and Payor Training sessions stress the benefits of electronic reporting and provide reporters and payors with options for reporting by electronic data interchange, diskette, or magnetic tape. We also publicize electronic reporting on the MMS/Royalty Management Program internet website.

Timetable—Reporter and Payor Training sessions are planned for the summer of 1997, and Royalty Management Program's redesigned website went online in March 1997.

8. Parameters for Identifying Improper MMS Form 2014 Adjustments

Comments Received—''The MMS currently inquires as to any variances between any Form 2014 adjustments and its original Form 2014 entry that exceed $1.00, which is an insignificant amount. It is suggested that the MMS's review should be relevant to the amount of the adjustment such as a given percentage.''

Action Taken or Planned—At this time, MMS does not plan to make changes in this procedure. We need to ensure accuracy and integrity in the accounting systems, and retain precise records for the auditors.

9. Publish Final Rules Expeditiously

Comments Received—''* * * primary recommendation is the expeditious completion and publication of pending final rules, for example, the proposed rules on administrative offset and limitations on credit adjustments, and the proposed rule on payor liability. * * * Certainly, publication of the final federal (and Indian) gas valuation rule should be facilitated to the maximum extent possible.''

—''* * * it would be extremely beneficial for MMS to publish its proposed rule implementing the Federal Energy Regulatory Commission's (FERC) Order 636 as soon as possible because of its impact on and relationship to the federal gas valuation rule.''

Action Taken or Planned—We are in the process of reviewing the comments and determining how to proceed on the two valuation rules—Gas Valuation of Production from Federal Leases and Gas Valuation of Production from Indian Leases.

We are also in the process of reviewing the comments and preparing a final rule to implement FERC Order 636.

New language in the Act will cause a number of changes in the Payor Liability rule and the Administrative Offset and Limitations on Credit Adjustments rule. We are in the process of studying the effects of the Act on these rules before we publish them as final rules.

Timetable—We plan to come to a decision on the two valuation rules by the end of 1997. The FERC Order 636 rule will be published as a final rule by fall of 1997. Work on the other two rules is ongoing.

10. The Appeals Process

Comments Received—''Current appeals process is too long.''

Action Taken or Planned—The Act imposed a 33-month time frame for the Department of the Interior to decide appeals involving royalties on Federal oil and gas leases. This deadline does not apply to appeals on royalties involving Indian leases and Federal leases for minerals other than oil and gas.

On October 28, 1996 (61 FR 55607), MMS published a proposed rule establishing a 16-month deadline for MMS to decide all appeals to the Director, including Indian leases and appeals for royalties on minerals other than oil and gas. After MMS' decision, the appellants can further appeal to the Interior Board of Land Appeals. The comment period for this proposed rule ended on March 27.

The Royalty Policy Committee established a subcommittee to study the appeals process. The report they presented to the Committee on March 21 was accepted with only minor changes. This report proposes even further changes to the appeals process. The Department and MMS will be studying the proposals to determine what areas we will incorporate in our final rulemaking.

Timetable—We plan to finalize the Administrative Appeals Process rule by early 1998.

11. Other MMS/Royalty Management Program Regulatory Actions

The Act expanded the authorities and responsibilities that the Secretary of the Interior may delegate to the States. To implement this, we are planning to publish a proposed rule in April 1997 on Delegation of Royalty Management Functions to the States.

We invite you to comment on our existing regulations and also the actions we have taken in response to comments and recently enacted legislation. And, we invite you stay further informed on many of the topics discussed in this status report by visiting the MMS Internet Website at www.mms.gov.

Dated: April 17, 1997.

Cynthia Quarterman,

Director.

[FR Doc. 97–10667 Filed 4–23–97; 8:45 am]

BILLING CODE 4310–MR–P

DEPARTMENT OF THE INTERIOR

Minerals Management Service

30 CFR Parts 206 and 208

RIN 1010–AC09

Establishing Oil Value for Royalty Due on Federal Leases, and on Sale of Federal Royalty Oil

AGENCY: Minerals Management Service, Interior.

ACTION: Proposed rule; notice of extension of public comment period.

SUMMARY: The Minerals Management Service (MMS) hereby gives notice that it is extending the public comment period on a Notice of proposed rule, which was published in the **Federal Register** on January 24, 1997, (62 FR 3742). The proposed rule would amend the regulations governing the valuation for royalty purposes of oil produced from Federal leases. In response to requests for additional time, MMS will extend the comment period from April 28, 1997, to May 28, 1997.

DATES: Comments must be submitted on or before May 28, 1997.

ADDRESSES: Written comments, suggestions, or objections regarding this proposed amendment should be sent to the following addresses.

For comments sent via the U.S. Postal Service use: Minerals Management Service, Royalty Management Program, Rules and Publications Staff, P.O. Box 25165, MS 3101, Denver, Colorado 80225–0165.

For comments via courier or overnight delivery service use: Minerals Management Service, Royalty Management Program, Rules and Publications Staff, MS 3101, Building 85, Denver Federal Center, Room A–212, Denver, Colorado 80225–0165.

FOR FURTHER INFORMATION CONTACT: David S. Guzy, Chief, Rules and Publications Staff, phone (303) 231–3432, FAX (303) 231–3194, e-Mail David__Guzy@smtp.mms.gov.

SUPPLEMENTARY INFORMATION: By mail and at the recent public meetings in Denver and Houston, MMS received many requests to extend the comment period. This time extension is in response to these requests in order to provide commentors with adequate time to provide detailed comments that MMS