to $64 and $16, respectively, of X’s earnings and profits. Finally, because B1 owns stock in X meeting the requirements of section 1504(a)(2) without regard to §1.1502–34, under paragraph (g)(2), B1 is required to continue to depreciate the equipment using the straight-line method of depreciation.

Example 2. Liquidation—no 80% distributee.

(i) Facts. The facts are the same as in Example 1 except that B1 and B2 own 60% and 40%, respectively, of X’s stock.

Therefore, under section 334(a), B1 is required to apply to transactions occurring after the date these regulations are published as final regulations in the Federal Register.

(ii) Succession to items described in section 381(c). (A) Losses and credits. Under paragraph (g)(1) of this section, B1 and B2 each succeeds to X’s items that could be used to offset the income or tax liability of the group or any member to the extent that such items would have been reflected in investment basis adjustments to the stock of X it owned under the principles of §1.1502–32(c) if, immediately prior to the liquidation, such items had been taken account. Accordingly, B1 and B2 succeed to $60 and $40, respectively, of X’s net operating loss. In addition, under paragraph (g)(1) of this section, because, immediately prior to the liquidation 60% of the items of gain, income, loss, or deduction attributable to the activities that gave rise to the business credits of $40 would have been reflected in investment basis adjustments to the stock of X owned by B1 under the principles of §1.1502–32(c) and 40% of those items would have been reflected in the investment basis adjustments to the stock of X owned by B2 under those same principles, B1 and B2 succeed to $24 and $16, respectively, of X’s business credits.

(B) Earnings and profits. Under paragraph (g)(1) of this section, because B1’s and B2’s earnings and profits do not reflect X’s earnings and profits, X’s earnings and profits are allocated to B1 and B2 under the principles of §1.1502–32(c). Therefore, B1 and B2 succeed to $48 and $32, respectively, of X’s earnings and profits.

(C) Depreciation of equipment’s basis. By reason of section 168(i)(7), to the extent that B1’s basis in the equipment does not exceed X’s basis in the equipment, B1 will be required to continue to depreciate the equipment using the straight-line method of depreciation.

(D) Method of accounting for long-term contract. Under paragraph (g)(3) of this section, B1 does not succeed to X’s method of accounting for the contract. Rather, under §1.460–4(k)(2), B1 is treated as having entered into a new contract on the date of the liquidation. Under §1.460–4(k)(2)(iii), B1 must evaluate whether the new contract should be classified as a long-term contract within the meaning of §1.460–1(b) and account for the contract under a permissible method of accounting.

(5) Effective date. Paragraph (g) applies to transactions occurring after the date these regulations are published as final regulations in the Federal Register.

Mark E. Matthews,
Deputy Commissioner for Services and Enforcement.

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DEPARTMENT OF THE INTERIOR

Minerals Management Service

30 CFR Part 206

RIN 1010–AD00

Public Workshop on Proposed Rule—Establishing Oil Value for Royalty Due on Indian Leases

AGENCY: Minerals Management Service, Interior.

ACTION: Notice of public workshops.

SUMMARY: The Minerals Management Service (MMS) is giving notice of public workshops concerning the valuation of crude oil produced from Indian oil and gas leases.

DATES: The public workshop dates are:

Workshop 1: Oklahoma City, Oklahoma, on March 8, 2005, beginning at 8:30 a.m. and ending at 2 p.m., central time.

Workshop 2: Albuquerque, New Mexico, on March 9, 2005, beginning at 8:30 a.m. and ending at 2 p.m., mountain time.

Workshop 3: Billings, Montana, on March 16, 2005, beginning at 8:30 a.m. and ending at 2 p.m., mountain time.

ADDRESSES: Public workshop locations:

Workshop 1 will be held at the Sheraton Downtown in the Frontier Room, One North Broadway, Oklahoma City, Oklahoma 73102 (telephone number (405) 231–2780).

Workshop 2 will be held at the Wyndham Albuquerque in the Bernalillo Room, 2910 Yale Boulevard SE., Albuquerque, New Mexico 87106 (telephone number (505) 434–7000).

Workshop 3 will be held at the Sherraton Billings Hotel in the Avalanche Room, 27 North 27th Street, Billings, Montana 59101 (telephone number (406) 252–7400).

FOR FURTHER INFORMATION CONTACT: Mr. John Barder, Supervisory Mineral Revenue Specialist, Minerals Management Service, Minerals Revenue Management, Indian Oil and Gas Compliance and Asset Management, telephone (303) 231–3702, Fax (303) 231–3755, e-mail to John.Barder@mms.gov, P.O. Box 25165, MS 396B2, Denver, Colorado 80225–0165.

SUPPLEMENTARY INFORMATION: On February 12, 1998, MMS published a notice of proposed rulemaking regarding the value for royalty purposes of crude oil produced from Indian tribal and allotted leases. 63 FR 7089. On January 5, 2000, MMS published a supplementary proposed Indian oil valuation rule, 65 FR 403. Because of the substantial amount of time that has passed since the last proposal, and because of changes that have occurred since then in the market for crude oil, MMS has decided not to promulgate a final rule based on the previous proposed rules and comments received. Therefore, MMS is withdrawing both the proposed rule and the supplementary proposed rule, and is starting a new rulemaking process regarding the royalty valuation of crude oil produced from Indian leases.

The record compiled for the February 1998 proposed rule and the January 2000 supplementary proposed rule, including comments submitted on those proposals, will not be part of the record of the new rulemaking. At this time, MMS has made no decisions regarding the content of a future proposed rule or any future final rule that may result from this process. A new proposed rule may or may not include provisions similar to prior proposals.

The MMS has decided to gather preliminary comments and conduct preliminary consultation in anticipation of publishing a new proposed rule regarding Indian oil royalty valuation. The MMS is conducting the series of public workshops identified above for that purpose.

Among other things, MMS specifically seeks public comment on the following issues:

1. The MMS published amendments to the Federal crude oil valuation rule on May 5, 2004 (69 FR 24959). Should MMS adopt any of those same changes in the Indian oil valuation rule (e.g., using NYMEX prices adjusted for location and quality and for transportation costs for oil that is not sold at arm’s length, and using 1.3 times the Standard & Poor’s BBB bond rate as the rate of return on undeveloped capitol investment in calculating non-arm’s-length transportation costs)?

2. The current Indian oil valuation rule provides that a major portion...
This document contains information about public comment opportunities for workshops and meetings on the Antelope Valley Air Quality Management District and the California State Implementation Plan (SIP). The workshops are intended to allow for increased participation by the Indian community, and public attendance may be limited to the space available. In addition, MMS will send out letters to various leaders in the community, and encourage them to participate, and by regular mail to P.O. Box 25165, MS 396B2, Denver, Colorado 80225–0165, or e-mail to Manny Aquitania, Permits Office (AIR 3), U.S. Environmental Protection Agency, Region IX, 75 Hawthorne Street, San Francisco, CA 94105, or e-mail to R9airpermits@epa.gov, or submit comments at http://www.regulations.gov.

**ENVIRONMENTAL PROTECTION AGENCY**

**40 CFR Part 52**

[CA 207–0435b; FRL–7870–9]

Revisions to the California State Implementation Plan, Antelope Valley Air Quality Management District

**AGENCY:** Environmental Protection Agency (EPA).

**SUMMARY:** EPA is proposing to approve revisions to the Antelope Valley Air Quality Management District (AVAQMD) portion of the California State Implementation Plan (SIP). These revisions concern the permitting of air pollution sources. We are proposing to approve local rules under the Clean Air Act as amended in 1990 (CAA or the Act).

**DATES:** Any comments on this proposal must arrive by March 24, 2005.

**ADDRESSES:** Send comments to Gerardo Rios, Permits Office Chief (AIR 3), U.S. Environmental Protection Agency, Region IX, 75 Hawthorne Street, San Francisco, CA 94105, or e-mail to R9airpermits@epa.gov, or submit comments at http://www.regulations.gov.

You may inspect a copy of the submitted SIP revisions and EPA’s technical support document (TSD) at our Region IX office during normal business hours. You may also see copies of the submitted SIP revisions and TSD at the following locations:

- Environmental Protection Agency, Air Docket (6102), Ariel Rios Building, 1200 Pennsylvania Avenue, NW., Washington DC 20460, California Air Resources Board, Stationary Source Division, Rule Evaluation Section, 1001 ‘T’ Street, Sacramento, CA 95814.
- Antelope Valley Air Quality Management District, 43301 Division Street, #206, Lancaster, CA 93535.
- A copy of the rule may also be available via the Internet at http://www.arb.ca.gov/drdb/drdbltxt.htm.

Please be advised that this is not an EPA proposed rule. You may submit written comments to EMS following the workshops by regular mail to P.O. Box 25165, MS 396B2, Denver, Colorado 80225–0165, or e-mail to John.Border@mms.gov, or through our Internet public comment system at http://ocsconnect.mms.gov.

Dated: February 9, 2005.

Lucy Querques Denett,
Associate Director for Minerals Revenue Management.
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