

Dated: February 24, 2005.

June Bailey,
Lewistown Field Manager.
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Dated: February 11, 2005.

Thomas A. Readinger,
Associate Director for Offshore Minerals
Management.
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DEPARTMENT OF THE INTERIOR

Minerals Management Service

Outer Continental Shelf, Pacific Region, Environmental Document Prepared for Plains Exploration and Production Company's Submarine Power Cable Repair Project

AGENCY: Minerals Management Service (MMS). Interior.

ACTION: Notice of availability of environmental assessment (EA) and finding of no significant impact (FONSI).

SUMMARY: The MMS prepared an EA for Plains Exploration and Production Company's Platform Hillhouse-to-Shore Submarine Power Cable Repair Project and issued a FONSI pursuant to the requirements of the National Environmental Policy Act (NEPA).

FOR FURTHER INFORMATION CONTACT:
Minerals Management Service, Pacific Region, 770 Paseo Camarillo, Camarillo, CA 93010, Mr. John Lane, telephone (805) 389-7820.

SUPPLEMENTARY INFORMATION: The MMS prepares EAs and FONSI for Outer Continental Shelf (OCS) oil and gas exploration and development activities and other operations on the Pacific OCS. Plains Exploration and Production Company's power cable repair project involves replacing up to 400 feet of failed power cable that links OCS Platform Hillhouse to shore in the County of Santa Barbara. The EA examines the potential environmental effects of the project and presents MMS's conclusions regarding the significance of those effects. The MMS prepares EAs to determine whether proposed projects constitute a major Federal action that significantly affects the quality of the human environment in the sense of NEPA 102(2)(C). A FONSI is prepared in those instances where the MMS finds that approval will not result in significant effects on the quality of the human environment. The FONSI briefly presents the basis for that finding and includes a summary or copy of the EA. The MMS completed the EA and issued the FONSI on January 31, 2005. This notice constitutes the public Notice of Availability of environmental documents required under the NEPA regulations.

DEPARTMENT OF THE INTERIOR

Minerals Management Service

Collection of Royalties, Rentals, Bonuses, and Other Monies Due the Federal Government

AGENCY: Minerals Management Service (MMS), Interior.

ACTION: Notice requesting comments on an increase in base rentals and the use of sliding scale rentals in the Gulf of Mexico (GOM) lease sales.

SUMMARY: MMS is considering an increase to the base level rentals and the use of sliding scale rentals in Gulf of Mexico lease sales. This notice explains the purpose of the change and what the sliding scale rentals might be. MMS requests comments on both the increase to the base amounts and on the structure of the sliding scale system and its potential effects.

DATES: MMS will consider all comments received by April 1, 2005, and may not fully consider comments received after April 1, 2005.

ADDRESSES: You may submit comments on the notice by any of the following methods listed below. Please use "Increasing Base Rentals and Sliding Scale Rentals" as an identifier in your message. See also Public Comment Policy at the end of this notice.

- MMS's Public Connect on-line commenting system, <http://ocsconnect.mms.gov>. Follow the instructions on the website for submitting comments.
- Email MMS at rules.comments@mms.gov. Use "Increasing Base Rentals and Sliding Scale Rentals" in the subject line.
- Fax: 703-787-1093. Identify as "Increasing Base Rentals and Sliding Scale Rentals".

• Mail or hand-carry comments to the Department of the Interior; Minerals Management Service; Attention: Rules Processing Team (RPT); 381 Elen Street, MS-4024; Herndon, Virginia 20170-4817. Please reference "Increasing Base Rentals and Sliding Scale Rentals" in your comments.

FOR FURTHER INFORMATION CONTACT:
Marshall Rose, Chief, Economics Division, at (703) 787-1536 or Marshall.Rose@mms.gov.

SUPPLEMENTARY INFORMATION:

Background

The increase in the pace of leasing since the introduction of the Deep Water Royalty Relief Act (DWRRA) has been about twice as high as the increase in the pace of exploration. In order to encourage exploration drilling in deepwater areas earlier in the lease term, MMS is considering the use of a sliding scale rental system in future GOM sales. Under this policy, annual rentals would escalate gradually beginning with the sixth year of the initial lease term period except under certain conditions. If a lease is drilled within the first 5 years of its initial period, escalating rentals can be avoided either through a discovery, at which time the rental rate would stay the same until the start of royalty-bearing production, or, as might occur in the case of unsuccessful exploration, through relinquishment. If a discovery is made after the first 5 years of the primary term of the lease, the rental rates would return to the level that prevailed during the first 5-year period.

Most deepwater blocks, *i.e.*, those located in water depths of 400 meters or greater, are issued with longer primary terms and lower royalty rates than shallow water blocks. MMS issues all deepwater blocks, *i.e.*, those located in water depths of 200 meters or greater, with provisions for royalty suspension or the possibility of royalty suspension, unlike shallow water blocks. Partly due to these lease terms, a \$7.50 per acre annual rental rate has been used in deeper water depths since the implementation of the DWRRA in 1996. In contrast, the annual rental rate for leases in shallow water has been set at \$5.00 per acre over this same time period. The authority for MMS to require payment of a rental, at a rate specified in the lease, exists under 43 U.S.C. 1337 (b)(6): An oil and gas lease issued pursuant to this section shall " * * * contain such rental and other provisions as the Secretary may prescribe at the time of offering the area for lease * * *."

The President's FY 2006 Budget submission includes language that MMS would increase the base level for rentals. The current base amounts are \$5.00 per acre or fraction thereof for blocks in water depths of less than 200 meters and \$7.50 per acre or fraction thereof for blocks in water depths of 200 meters or greater. These rates were last adjusted in 1993 for the shallow water depth and in 1996 for the deeper water depth. MMS is considering raising these base levels to approximately \$6.25 per acre or fraction thereof for blocks in water depths of less than 200 meters