

Dated: March 12, 2008.

**Bernadette Dunham,**

*Director, Center for Veterinary Medicine.*

[FR Doc. E8-6063 Filed 3-25-08; 8:45 am]

BILLING CODE 4160-01-S

## DEPARTMENT OF STATE

### 22 CFR Part 123

[Public Notice: 6147]

#### Amendment to the International Traffic in Arms Regulations: North Atlantic Treaty Organization (NATO)

**AGENCY:** Department of State.

**ACTION:** Final rule.

**SUMMARY:** The Department of State is amending the International Traffic in Arms Regulations (ITAR), to clarify United States policy to allow for reexports or retransfers of U.S.-origin components incorporated into a foreign defense article to the North Atlantic Treaty Organization (NATO), and its agencies, as well as to NATO member governments.

**DATES:** *Effective Date:* This rule is effective March 26, 2008.

**ADDRESSES:** Interested parties may submit comments at any time by any of the following methods:

- *E-mail:*

*DDTCResponseTeam@state.gov* with an appropriate subject line.

- *Mail:* Department of State,

Directorate of Defense Trade Controls, Office of Defense Trade Controls Policy, ATTN: Regulatory Change, ITAR Part 123, SA-1, 12th Floor, Washington, DC 20522-0112.

Persons with access to the Internet may also view this notice by going to the regulations.gov Web site at <http://regulations.gov/index.cfm>.

**FOR FURTHER INFORMATION CONTACT:**

Director Ann Ganzer, Office of Defense Trade Controls Policy, Department of State, Telephone (202) 663-2792 or Fax (202) 261-8199; E-mail

*DDTCResponseTeam@state.gov*. ATTN: Regulatory Change, Part 123.

**SUPPLEMENTARY INFORMATION:** To clarify the current regulation, it is necessary to explicitly provide that NATO and its agencies, in addition to the government of a NATO country, or the governments of Australia or Japan, are authorized without the prior written approval of the Directorate of Defense Trade Controls, upon meeting certain conditions, to reexport or retransfer U.S.-origin components incorporated into a foreign defense article.

## Regulatory Analysis and Notices

### *Administrative Procedure Act*

This amendment involves a foreign affairs function of the United States and, therefore, is not subject to the procedures required by 5 U.S.C. 553 and 554.

### *Regulatory Flexibility Act*

Since this amendment involves a foreign affairs function of the United States, it does not require analysis under the Regulatory Flexibility Act.

### *Unfunded Mandates Reform Act of 1995*

This amendment does not involve a mandate that will result in the expenditure by State, local, and tribal governments, in the aggregate, or by the private sector, of \$100 million or more in any year, and it will not significantly or uniquely affect small governments. Therefore, no actions were deemed necessary under the provisions of the Unfunded Mandates Reform Act of 1995.

### *Small Business Regulatory Enforcement Fairness Act of 1996*

This amendment has been found not to be a major rule within the meaning of the Small Business Regulatory Enforcement Fairness Act of 1996.

### *Executive Orders 12372 and 13132*

This amendment will not have substantial direct effects on the States, on the relationship between the national government and the States, or on the distribution of power and responsibilities among the various levels of government. Therefore, in accordance with Executive Order 13132, it is determined that this amendment does not have sufficient federalism implications to require consultations or warrant the preparation of a federalism summary impact statement. The regulations implementing Executive Order 12372 regarding intergovernmental consultation on federal programs and activities do not apply to this amendment.

### *Executive Order 12866*

This amendment is exempt from review under Executive Order 12866, but has been reviewed internally by the Department of State to ensure consistency with the purposes thereof.

### *Paperwork Reduction Act*

This rule does not impose any new reporting or recordkeeping requirements subject to the Paperwork Reduction Act, 44 U.S.C. Chapter 35.

### List of Subjects in 22 CFR Part 123

Arms and munitions, Exports.

■ Accordingly, for the reasons set forth above, Title 22, Chapter I, Subchapter M, part 123 is amended as follows:

### PART 123—LICENSES FOR THE EXPORT OF DEFENSE ARTICLES

■ 1. The authority citation for part 123 continues to read as follows:

**Authority:** Secs. 2, 38, and 71, Pub. L. 90-629, 90 Stat. 744 (22 U.S.C. 2752, 2778, 2797); 22 U.S.C. 2753; E.O. 11958, 42 FR 4311; 3 CFR, 1977 Comp., p. 79; 22 U.S.C. 2651a; 22 U.S.C. 2776; Pub. L. 105-261, 112 Stat. 1920; Sec. 1205(a), Pub. L. 107-228.

■ 2. Section 123.9 is amended by revising paragraph (e) introductory text to read as follows:

#### § 123.9 Country of ultimate destination and approval of reexports or retransfers.

\* \* \* \* \*

(e) Reexports or retransfers of U.S.-origin components incorporated into a foreign defense article to NATO, NATO agencies, a government of a NATO country, or the governments of Australia or Japan, are authorized without the prior written approval of the Directorate of Defense Trade Controls, provided:

\* \* \* \* \*

Dated: March 10, 2008.

**John C. Rood,**

*Acting Under Secretary for Arms Control and International Security, Department of State.*

[FR Doc. E8-6019 Filed 3-25-08; 8:45 am]

BILLING CODE 4710-25-P

## DEPARTMENT OF THE INTERIOR

### Minerals Management Service

#### 30 CFR Parts 203, 206, 210, 216, 218, and 227

[Docket No. MMS-2008-MRM-0021]

RIN 1010-AD20

#### Reporting Amendments

**AGENCY:** Minerals Management Service (MMS), Interior.

**ACTION:** Final rule.

**SUMMARY:** The MMS is amending existing regulations for reporting production and royalties on oil, gas, coal and other solid minerals, and geothermal resources produced from Federal and Indian leases in order to align the regulations with current MMS business practices. These amendments reflect changes that were implemented as a result of major reengineering of MMS financial systems and other legal requirements.

**DATES:** Effective Date: April 25, 2008.

**FOR FURTHER INFORMATION CONTACT:** Hyla Hurst, Regulatory Specialist, Minerals Management Service, Minerals Revenue Management, P.O. Box 25165, MS 302B2, Denver, Colorado 80225; telephone (303) 231-3495; FAX (303) 231-3781; e-mail [Hyla.Hurst@mms.gov](mailto:Hyla.Hurst@mms.gov). The principal authors of this rule are Lorraine Corona, Louise Williams, Sarah Inderbitzin, Richard Adamski, and Paul Kneeven of Minerals Revenue Management, MMS, Department of the Interior.

**SUPPLEMENTARY INFORMATION:**

**I. Background**

The MMS implemented integrated reengineered systems on November 1, 2001. This process included a major reengineering of the Minerals Revenue Management (MRM) financial system. The new systems are the core systems support for MMS implementation of new royalty management business processes for the 21st century. The new systems were developed around new business processes and have been designed to be more effective and efficient. The reengineering, as well as other changes required by law, resulted in changes to, or elimination of, some forms and requirements. This final rule eliminates references to forms that are no longer used. However, elimination of these forms does not eliminate the requirements for record retention and making records available for audits and reviews of royalty payments.

This final rule amends the Code of Federal Regulations (CFR) in order to (1) align MMS regulations with the updated Form MMS-2014, Report of Sales and Royalty Remittance, which is approved by the Office of Management and Budget (OMB) under OMB Control Number 1010-0140; (2) eliminate references in the regulations to report forms, designations, systems, and codes that are no longer used; (3) update references to OMB-approved information collections; (4) revise the due date for production reports submitted electronically; (5) clarify the requirement for production reporting of inventory on leases and units until all production has ceased and all inventory has been disposed of; (6) eliminate references to Federal oil and gas late and incorrect (erroneous) reporting assessments and failure to report; (7) eliminate references to some electronic reporting options that no longer exist as a result of reengineering; and (8) clarify the reporting requirement for taxpayer identification numbers.

In the proposed rule published on July 7, 2006 (71 FR 38545), we overlooked a number of references in 30

CFR part 206 to the term *selling arrangement*, which was eliminated under revised reporting practices. As explained in the proposed rule, before October 1, 2001, MMS required payors to report at the selling arrangement level on Form MMS-2014, which entailed reporting one line for each sale under each type of contract. Effective October 1, 2001, the revised Form MMS-2014 allows payors to “roll up” all sales (including pooled sales) under a contract type—referred to as a “sales type code”—to one line per lease.

For transportation allowances, the existing rules prescribe a limit of 50 percent of the sales value on the basis of a “selling arrangement,” which is currently defined as the individual contractual arrangements under which production is sold or disposed of. Under the new regulations, a transportation allowance limit would apply to the collective sales of a specific sales type such as all of the lessee’s arm’s-length sales from a lease. For Indian leases in an index zone, this change will have no effect on gas valued based upon the index-based methodology in 30 CFR 206.172. We have not received any requests to exceed the 50-percent allowance limit for Indian leases, resulting in no effect on Indian lease revenue. We have, however, received requests to exceed the 50-percent allowance limit for Federal leases. However, the impact to Federal revenue due to this reporting change is insignificant.

Appropriate changes to the regulatory text are included in this final rule. In addition, several technical updates are made in parts 203 and 227 to align with the revised 30 CFR citations.

**II. Comments on the Proposed Rule**

The MMS received comments from one respondent on the proposed rule. The respondent represents a tribal organization.

*Comment 1:* The respondent states that the proposed rule applies the Federal Oil and Gas Royalty Simplification and Fairness Act of 1996 (RSFA) to Indian lands by applying the reengineered systems to Indian lease reporting in order to increase effectiveness and efficiency.

*MMS Response:* The MMS does not agree. The MMS is not applying RSFA to Indian lands. Rather, MMS is applying several laws dating back to the early part of the 20th century that are designed to ensure that all Federal agencies conduct operations in the most effective, efficient, and economical manner possible. The Budget and Accounting Act of 1921, 31 U.S.C. 702, established the Government

Accountability Office (then the General Accounting Office) (GAO) as an independent agency, with its current mission to help improve the performance and ensure the accountability of the Federal Government. The GAO accomplishes its mission by providing reliable information and informed analysis to Congress, Federal agencies, and the public. Furthermore, GAO recommends improvements through financial and other performance audits to determine whether public funds are being spent efficiently and effectively. The Inspector General Act of 1978, Public Law 95-452, established the Department of the Interior Office of Inspector General to provide leadership and coordination and to recommend policies for activities designed to promote economy, efficiency, and effectiveness. The goal of the Government Performance and Results Act of 1993, Public Law 103-62, is to improve public confidence in Federal agency performance by requiring that federally funded agencies develop and implement an accountability system based on performance measurement, including setting goals and objectives and measuring progress toward achieving them. The Paperwork Reduction Act of 1995 (PRA) requires Federal agencies to reduce, minimize, and control burdens and maximize the public benefit of information collections. Therefore, our information collections are independent of RSFA mandates. The MMS operates under all these mandates to ensure that our business practices are efficient, effective, and economical.

*Comment 2:* The respondent disagrees with the proposed changes to improve reporting requirements, saying they are unjustified when applied to Indian lease reporting. The respondent states that the proposed elimination of forms and the reduced information available to the Government appear to be a retrenchment to the “we’ll catch it on the audit” mentality. The respondent further states that the reengineering processes described in the proposed rulemaking might serve the purposes of increased automation and efficiency contemplated or mandated by RSFA, but those requirements to simplify royalty reporting “emphatically do not apply to Indian lands.”

*MMS Response:* The MMS does not agree. This final rule does not change current MMS reporting requirements, but simply aligns the regulations with our current business processes. Furthermore, as stated above, the MMS has a responsibility to ensure that all its operations are efficient, effective, and economical, which predates and is

independent of RSFA mandates. Furthermore, the reengineered reporting systems were developed with the full involvement of all MMS stakeholders, including the respondent. In 1995, the Department of the Interior established a Royalty Policy Committee (RPC) under the Minerals Management Advisory Board. The purpose of RPC is to provide advice on the Department's management of Federal and Indian mineral leases, revenues, and other minerals-related policies. The RPC included representatives from states, Indian tribes and allottee organizations, minerals industry associations, the general public, and Federal agencies. At its first meeting in September 1995, the RPC established eight subcommittees, including the Reporting and Production Accounting Subcommittee. This Subcommittee (whose membership included four Indian representatives) was established to focus on improving and streamlining reporting for production and royalties on Federal and Indian mineral leases. The Subcommittee published a report in July 1996 that was approved by RPC during the June 4, 1996, meeting. The record of that RPC meeting contains no objections to the Subcommittee's proposed improved processing of Indian lease reporting from either the respondent or any other Indian representative. Reengineered reporting was discussed at subsequent RPC meetings and other public meetings as MMS continued to accept stakeholder input.

The MMS does not agree with the respondent's statement that this rulemaking is a retrenchment to a "we'll catch it on the audit" mentality. The proposed rule addressed reporting, not compliance. The changes to MMS reporting and financial systems as a result of reengineering required a comprehensive review of our information collections to eliminate duplication and to ensure that all remaining collections are efficient, effective, and economical while fully supporting compliance activities. The elimination of some forms did not eliminate the requirement for the information, but consolidated the information on fewer forms. These changes resulted in a reduction of 44,501 industry reporting burden hours and are in compliance with the PRA. Using a rate of \$50 per hour, the reengineered reporting saved industry \$2.2 million per year (44,501 burden hours  $\times$  \$50 = \$2,225,050), without compromising MMS compliance and audit activities.

The elimination of the Report of Monthly Operations (Form MMS-3160) and reliance on the Oil and Gas

Operations Report (Form MMS-4054) enables an integrated, computerized comparison of production and royalty reports to verify that proper royalties are received for the minerals produced. This approach is more effective and efficient than a manually intensive comparison. The reengineering processes served the purposes of increased automation and efficiency as mandated by law. No MMS operation is exempt from those requirements.

### III. Procedural Matters

#### 1. Summary Cost and Royalty Impact Data

This rule does not impose any additional costs/savings or royalty impacts on any of the potentially affected groups. There will be no change in royalties or administrative burdens to industry, state and local governments, Indian tribes, individual Indian mineral owners, or the Federal Government.

This rule amends existing MMS regulations to align the CFR with current MMS business practices, which were implemented as a result of major reengineering of MMS financial systems. The net impact of reengineering resulted in an overall estimated annual savings in reporting costs (on a continuing basis) of \$2,225,050 (44,501-burden-hour reduction  $\times$  \$50). However, the reporting changes and reduced costs of reengineering have already been incorporated into 13 information collection requests (ICR), which have been published in the **Federal Register** and approved by OMB. The effects of the seven eliminated report forms were either incorporated into these ICRs or were associated with insignificant burden hour reduction. For a current listing of OMB-approved ICRs, see the chart in 30 CFR 210.10.

Under this rule, MMS no longer accepts social security numbers (SSNs) to meet the requirement to report using a taxpayer identification number (TIN). To protect an individual's privacy, MMS requires the use of an Employer Identification Number (EIN) as a TIN for reporting purposes. The one-time cost to obtain an EIN from the Internal Revenue Service (IRS) is covered under an IRS information collection request (OMB Control Number 1545-0003, expires August 31, 2008).

#### 2. Regulatory Planning and Review (E.O. 12866)

This document is not a significant rule, and OMB has not reviewed this rule under Executive Order 12866.

1. This rule will not have an effect of \$100 million or more on the economy.

It will not adversely affect in a material way the economy, productivity, competition, jobs, the environment, public health or safety, or state, local, or tribal governments or communities. This rule amends the CFR to align the regulations with current MMS business processes. It does not change current MMS reporting requirements in any material way.

2. This rule will not create a serious inconsistency or otherwise interfere with an action taken or planned by another agency. This rule amends the CFR to align the regulations with current MMS business processes. It does not change current MMS reporting requirements in any material way.

3. This rule does not alter the budgetary effects of entitlements, grants, user fees, or loan programs or the rights or obligations of their recipients. This rule amends the CFR to align the regulations with current MMS business processes. It does not change current MMS reporting requirements in any material way.

4. This rule does not raise novel legal or policy issues. This rule amends the CFR to align the regulations with current MMS business processes. It does not change current MMS reporting requirements in any material way.

#### 3. Regulatory Flexibility Act

The Department of the Interior certifies that this document will not have a significant economic effect on a substantial number of small entities under the Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*). This rule amends the CFR to align the regulations with current MMS business processes. It does not change current MMS reporting requirements in any material way.

#### 4. Small Business Regulatory Enforcement Fairness Act (SBREFA)

This rule is not a major rule under 5 U.S.C. 804(2), the Small Business Regulatory Enforcement Fairness Act. This rule:

1. Does not have an annual effect on the economy of \$100 million or more. This rule amends the CFR to align the regulations with current MMS business processes. It does not change current MMS reporting requirements in any material way. Small businesses were among those in industry affected by reengineering our business processes. New reporting requirements were covered in the appropriate ICRs, published for public comment in the **Federal Register**, and approved by OMB. The effects on small businesses included a reduction in reporting costs, as shown in the "Summary Cost and Royalty Impact Data" above.

2. Will not cause a major increase in costs or prices for consumers, individual industries, Federal, state, or local government agencies, or geographic regions. This rule amends the CFR to align the regulations with current MMS business processes. It does not change current MMS reporting requirements in any material way.

3. Does not have significant adverse effects on competition, employment, investment, productivity, innovation, or the ability of U.S.-based enterprises to compete with foreign-based enterprises. This rule amends the CFR to align the regulations with current MMS business processes. It does not change current MMS reporting requirements in any material way.

**5. Unfunded Mandates Reform Act**

This rule does not impose an unfunded mandate on state, local, or tribal governments or the private sector of more than \$100 million per year. The rule does not have a significant or unique effect on state, local, or tribal governments or the private sector. This rule amends the CFR to align the regulations with current MMS business processes. It does not change current MMS reporting requirements in any material way. A statement containing the information required by the Unfunded Mandates Reform Act (2 U.S.C. 1531 *et seq.*) is not required.

**6. Takings (E.O. 12630)**

Under the criteria in Executive Order 12630, this rule does not have significant takings implications. This rule amends the CFR to align the regulations with current MMS business processes. It does not change current MMS reporting requirements in any material way. A takings implication assessment is not required.

**7. Federalism (E.O. 13132)**

Under the criteria in Executive Order 13132, this rule does not have sufficient federalism implications to warrant the preparation of a Federalism Assessment. This rule amends the CFR to align the regulations with current MMS business processes. It does not change current MMS reporting requirements in any material way. A Federalism Assessment is not required.

**8. Civil Justice Reform (E.O. 12988)**

This rule complies with the requirements of Executive Order 12988. Specifically, this rule:

1. Meets the criteria of section 3(a) requiring that all regulations be reviewed to eliminate errors and ambiguity and be written to minimize litigation; and
2. Meets the criteria of section 3(b)(2) requiring that all regulations be written in clear language and contain clear legal standards.

**9. Consultation with Indian Tribes (E.O. 13175)**

Under the criteria in Executive Order 13175, we have evaluated this rule and determined that it has no potential effects on federally recognized Indian tribes. This rule amends the CFR to align the regulations with current MMS business processes. It does not change current MMS reporting requirements in any material way. This rule does not have tribal implications that impose substantial direct compliance costs on Indian tribal governments. This rule also has no significant impact on individual Indian mineral owners.

**10. Paperwork Reduction Act**

This rule does not contain new information collection requirements or significantly change existing information collections; therefore, a submission to OMB is not required. There was no change in the information collection from the proposed to the final rule. The MMS received one comment on the proposed rule concerning the reporting requirements for Indian lands; however, it did not pertain to the currently approved burden hours. The MMS response is explained in Section II of the Preamble.

The 13 information collections referenced in this rule and listed in the chart below are currently approved by OMB and include a total burden of 273,101 hours.

OMB control number, short title, and expiration date	Form or information collected	Annual burden hours
1010-0073, 30 CFR Part 220, Net Profit Share Payment—September 30, 2008.	No form for the following collection: • Net profit share payment information.	1,583
1010-0087, 30 CFR Parts 227, 228, and 229, Delegation to States and Cooperative Activities with States and Indian Tribes—August 31, 2009.	No forms for the following collections: • Written delegation proposal to perform auditing and investigative activities. • Request for cooperative agreement and subsequent requirements.	6,194
1010-0090, 30 CFR Part 216, Stripper Royalty Rate Reduction Notification—December 31, 2010.	Form MMS-4377, Stripper Royalty Rate Reduction Notification.	180
1010-0103, 30 CFR Parts 202 and 206, Indian Oil and Gas Valuation—June 30, 2009.	Form MMS-4109, Gas Processing Allowance Summary Report. Form MMS-4295, Gas Transportation Allowance Report. Form MMS-4110, Oil Transportation Allowance Report. Form MMS-4411, Safety Net Report. Form MMS-4410, Accounting for Comparison [Dual Accounting]. Form MMS-4393, Request to Exceed Regulatory Allowance Limitation <sup>1</sup> .	1,276
1010-0107, 30 CFR Part 218, Collection of Monies Due the Federal Government—August 31, 2008.	Form MMS-4425, Designation Form for Royalty Payment Responsibility. No forms for the following collections: • Cross-lease netting documentation. • Indian recoupment approval.	1,220
1010-0119, 30 CFR Part 208, Royalty in Kind (RIK) Oil and Gas—February 28, 2009.	Form MMS-4070, Application for the Purchase of Royalty Oil Form MMS-4071, Letter of Credit (RIK). Form MMS-4072, Royalty-in-Kind Contract Surety Bond. No form for the following collection: • Royalty oil sales to eligible refiners.	2,284

OMB control number, short title, and expiration date	Form or information collected	Annual burden hours
1010-0120, 30 CFR Parts 202, 206, 210, 212, 217, and 218, Solid Minerals and Geothermal Collections—December 31, 2010.	Form MMS 4430, Solid Minerals Production and Royalty Report. Form 4292, Coal Washing Allowance Report. Form 4293, Coal Transportation Allowance Report. No forms for the following collections: • Facility data-solid minerals. • Sales contracts-solid minerals. • Sales summaries-solid minerals.	3,670
1010-0122, 30 CFR Part 243, Suspensions Pending Appeal and Bonding—July 31, 2008.	Form MMS-4435, Administrative Appeal Bond ..... Form MMS-4436, Letter of Credit. Form MMS-4437, Assignment of Certificate of Deposit. No forms for the following collections: • Self bonding. • U.S. Treasury securities.	300
1010-0136, 30 CFR Parts 202 and 206, Federal Oil and Gas Valuation—June 30, 2009.	Form MMS-4393, Request to Exceed Regulatory Allowance Limitation <sup>1</sup> . No form for the following collection: • Federal oil valuation support information.	20,504
1010-0139, 30 CFR Parts 210 and 216, Production Accounting—October 31, 2009.	Form MMS-4054, Oil and Gas Operations Report ..... Form MMS-4058 (Parts A, B, and C), Production Allocation Schedule Report.	2 76,631
1010-0140, 30 CFR Part 210, Forms and Reports—November 30, 2009.	Form MMS-2014, Report of Sales and Royalty Remittance ....	158,821
1010-0155, 30 CFR Part 204, Alternatives for Marginal Properties—June 30, 2009.	No form for the following collection: ..... • Notification and relief request for accounting and auditing relief.	406
1010-0162, CFO Act of 1992, Accounts Receivable Confirmations—March 31, 2009.	No form for the following collection: ..... • Accounts receivable confirmations.	32
Total Burden Hours .....	.....	273,101

<sup>1</sup> Form MMS-4393 is used for both Federal and Indian oil and gas leases. The form resides with ICR 1010-0136, but the burden hours for Indian leases are included in ICR 1010-0103.  
<sup>2</sup> Nonhour cost: \$600,000.

The Paperwork Reduction Act provides that an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB Control Number.

**11. National Environmental Policy Act**

This rule does not constitute a major Federal action significantly affecting the quality of the human environment. A detailed statement under the National Environmental Policy Act of 1969 is not required. This rule deals with financial matters and has no direct effect on MMS decisions on environmental activities. Royalties and audits are considered to be routine financial transactions that are subject to categorical exclusion from the requirement to prepare a detailed statement or environmental assessment.

**12. Data Quality Act**

In developing this rule, we did not conduct or use a study, experiment, or survey requiring peer review under the Data Quality Act (Pub. L. 106-554).

**13. Effects on the Energy Supply (E.O. 13211)**

This rule is not a significant energy action under the definition in Executive Order 13211. A Statement of Energy Effects is not required.

**14. Government-to-Government Relationship With Tribes**

In accordance with the President's memorandum of April 29, 1994, "Government-to-Government Relations with Native American Tribal Governments" (59 FR 22951) and 512 DM 2, we have evaluated potential effects on federally recognized Indian tribes, and found no significant impacts. We also extended our review to individual Indian mineral owners and determined no significant impact on them.

**List of Subjects in 30 CFR Parts 203, 206, 210, 216, 218, and 227**

Coal, Solid minerals, Continental Shelf, Electronic funds transfers, Geothermal energy, Government contracts, Indian lands, Mineral royalties, Natural gas, Penalties, Petroleum, Oil and gas, Public lands—mineral resources, Reporting and recordkeeping requirements.

Dated: March 13, 2008.

**C. Stephen Allred,**  
*Assistant Secretary for Land and Minerals Management.*

■ For reasons stated in the preamble, MMS is amending 30 CFR parts 203, 206, 210, 216, 218, and 227 as follows:

**PART 203—RELIEF OR REDUCTION IN ROYALTY RATES**

■ 1. The authority citation for part 203 continues to read as follows:

**Authority:** 25 U.S.C. 396 *et seq.*, 396a *et seq.*, 2101 *et seq.*; 30 U.S.C. 181 *et seq.*, 351 *et seq.*, 1001 *et seq.*, 1701 *et seq.*; 31 U.S.C. 9701; 43 U.S.C. 1301 *et seq.*, 1331 *et seq.*, and 1801 *et seq.*

**Subpart B—OCS Oil, Gas, and Sulfur General**

■ 2. Amend § 203.41 by revising paragraphs (b) introductory text and (d) introductory text to read as follows:

**§ 203.41 If I have a qualified well, what royalty relief will my lease earn?**

\* \* \* \* \*

(b) We will suspend royalties on gas volumes produced on or after May 3, 2004, reported on the Oil and Gas Operations Report, Part A (OGOR-A) for your lease under 30 CFR part 210, Subpart C—Production Reports—Oil and Gas, as and to the extent prescribed in § 203.42.

\* \* \* \* \*

(d) We will suspend royalties on gas volumes produced on or after May 3, 2004, reported on the Oil and Gas Operations Report, Part A (OGOR-A) for your lease under 30 CFR part 210,

Subpart C—Production Reports—Oil and Gas, as and to the extent prescribed in § 203.42.

\* \* \* \* \*

■ 3. Amend § 203.44 by revising paragraph (b) introductory text to read as follows:

**§ 203.44 If I drill a certified unsuccessful well, what royalty relief will my lease earn?**

\* \* \* \* \*

(b) We will suspend royalties on oil and gas volumes produced on or after May 3, 2004, reported on the Oil and Gas Operations Report, Part A (OGOR—A) for your lease under 30 CFR part 210, Subpart C—Production Reports—Oil and Gas, as and to the extent prescribed in § 203.45.

\* \* \* \* \*

**PART 206—PRODUCT VALUATION**

■ 4. The authority citation for part 206 continues to read as follows:

**Authority:** 5 U.S.C. 301 *et seq.*; 25 U.S.C. 396 *et seq.*, 396a *et seq.*, 2101 *et seq.*; 30 U.S.C. 181 *et seq.*, 351 *et seq.*, 1001 *et seq.*, 1701 *et seq.*; 31 U.S.C. 9701; 43 U.S.C. 1301 *et seq.*, 1331 *et seq.*, and 1801 *et seq.*

**Subpart B—Indian Oil**

■ 5. Amend § 206.51 as follows:

■ A. Remove the definition of “selling arrangement.”

■ B. Add in alphabetical order the definition of “sales type code” to read as follows:

**§ 206.51 What definitions apply to this subpart?**

\* \* \* \* \*

*Sales type code* means the contract type or general disposition (e.g., arm’s-length or non-arm’s-length) of production from the lease. The sales type code applies to the sales contract, or other disposition, and not to the arm’s-length or non-arm’s-length nature of a transportation allowance.

\* \* \* \* \*

■ 6. Amend § 206.56 by revising paragraphs (b)(1), (b)(2), and (d) to read as follows:

**§ 206.56 Transportation allowances—general.**

\* \* \* \* \*

(b)(1) Except as provided in paragraph (b)(2) of this section, the transportation allowance deduction on the basis of a sales type code may not exceed 50 percent of the value of the oil at the point of sale as determined under § 206.52 of this subpart. Transportation costs cannot be transferred between sales type codes or to other products.

(2) Upon request of a lessee, MMS may approve a transportation allowance

deduction in excess of the limitation prescribed by paragraph (b)(1) of this section. The lessee must demonstrate that the transportation costs incurred in excess of the limitation prescribed in paragraph (b)(1) of this section were reasonable, actual, and necessary. An application for exception (using Form MMS–4393, Request to Exceed Regulatory Allowance Limitation) must contain all relevant and supporting documentation necessary for MMS to make a determination. Under no circumstances may the value, for royalty purposes, under any sales type code, be reduced to zero.

\* \* \* \* \*

(d) If, after a review or audit, MMS determines that a lessee has improperly determined a transportation allowance authorized by this subpart, then the lessee will pay any additional royalties, plus interest determined in accordance with 30 CFR 218.54, or will be entitled to a credit without interest.

■ 7. Amend § 206.57 by revising paragraphs (c)(4) and (e)(1) to read as follows:

**§ 206.57 Determination of transportation allowances.**

\* \* \* \* \*

(c) \* \* \*

(4) Transportation allowances must be reported as a separate entry on Form MMS–2014, unless MMS approves a different reporting procedure.

\* \* \* \* \*

(e) *Adjustments.* (1) If the actual transportation allowance is less than the amount the lessee has taken on Form MMS–2014 for each month during the allowance form reporting period, the lessee must pay additional royalties due plus interest computed under 30 CFR 218.54, retroactive to the first day of the first month the lessee is authorized to deduct a transportation allowance. If the actual transportation allowance is greater than the amount the lessee has taken on Form MMS–2014 for each month during the allowance form reporting period, the lessee will be entitled to a credit without interest.

\* \* \* \* \*

**Subpart C—Federal Oil**

■ 8. Revise § 206.116 to read as follows:

**§ 206.116 What interest applies if I improperly report a transportation allowance?**

(a) If you or your affiliate deducts a transportation allowance on Form MMS–2014 that exceeds 50 percent of the value of the oil transported without obtaining MMS’s prior approval under § 206.109, you must pay interest on the

excess allowance amount taken from the date that amount is taken to the date you or your affiliate files an exception request that MMS approves. If you do not file an exception request, or if MMS does not approve your request, you must pay interest on the excess allowance amount taken from the date that amount is taken until the date you pay the additional royalties owed.

(b) If you or your affiliate takes a deduction for transportation on Form MMS–2014 by improperly netting an allowance against the oil instead of reporting the allowance as a separate entry, MMS may assess a civil penalty under 30 CFR part 241.

**Subpart D—Federal Gas**

■ 9. Amend § 206.151 as follows:

■ A. Revise the definition of “netting.”

■ B. Add in alphabetical order the definition of “sales type code.”

■ C. Remove the definition of “selling arrangement.”

The revision and addition read as follows:

**§ 206.151 Definitions.**

\* \* \* \* \*

*Netting* means the deduction of an allowance from the sales value by reporting a net sales value, instead of correctly reporting the deduction as a separate entry on Form MMS–2014.

\* \* \* \* \*

*Sales type code* means the contract type or general disposition (e.g., arm’s-length or non-arm’s-length) of production from the lease. The sales type code applies to the sales contract, or other disposition, and not to the arm’s-length or non-arm’s-length nature of a transportation or processing allowance.

\* \* \* \* \*

■ 10. Amend § 206.156 by revising paragraphs (c) and (d) to read as follows:

**§ 206.156 Transportation allowances—general.**

\* \* \* \* \*

(c)(1) Except as provided in paragraph (c)(3) of this section, for unprocessed gas valued in accordance with § 206.152 of this subpart, the transportation allowance deduction on the basis of a sales type code may not exceed 50 percent of the value of the unprocessed gas determined under § 206.152 of this subpart.

(2) Except as provided in paragraph (c)(3) of this section, for gas production valued in accordance with § 206.153 of this subpart, the transportation allowance deduction on the basis of a sales type code may not exceed 50 percent of the value of the residue gas

or gas plant product determined under § 206.153 of this subpart. For purposes of this section, natural gas liquids will be considered one product.

(3) Upon request of a lessee, MMS may approve a transportation allowance deduction in excess of the limitations prescribed by paragraphs (c)(1) and (c)(2) of this section. The lessee must demonstrate that the transportation costs incurred in excess of the limitations prescribed in paragraphs (c)(1) and (c)(2) of this section were reasonable, actual, and necessary. An application for exception (using Form MMS-4393, Request to Exceed Regulatory Allowance Limitation) must contain all relevant and supporting documentation necessary for MMS to make a determination. Under no circumstances may the value for royalty purposes under any sales type code be reduced to zero.

(d) If, after a review or audit, MMS determines that a lessee has improperly determined a transportation allowance authorized by this subpart, then the lessee must pay any additional royalties, plus interest, determined in accordance with 30 CFR 218.54, or will be entitled to a credit, with interest. If the lessee takes a deduction for transportation on Form MMS-2014 by improperly netting the allowance against the sales value of the unprocessed gas, residue gas, and gas plant products instead of reporting the allowance as a separate entry, MMS may assess a civil penalty under 30 CFR part 241.

#### § 206.157 [Amended]

- 11. Amend § 206.157 as follows:
  - A. In the last sentence of paragraph (a)(1)(i), remove the word “line.”
  - B. In the third sentence of paragraph (b)(1), remove the word “line.”
  - C. Remove paragraph (d)(1) and redesignate paragraphs (d)(2) through (d)(4) as paragraphs (d)(1) through (d)(3), respectively.
- 12. Amend § 206.158 by revising paragraph (e) to read as follows:

#### § 206.158 Processing allowances—general.

\* \* \* \* \*

(e) If MMS determines that a lessee has improperly determined a processing allowance authorized by this subpart, then the lessee must pay any additional royalties, plus interest determined under 30 CFR 218.54, or will be entitled to a credit with interest. If the lessee takes a deduction for processing on Form MMS-2014 by improperly netting the allowance against the sales value of the gas plant products instead of reporting the allowance as a separate

entry, MMS may assess a civil penalty under 30 CFR part 241.

#### § 206.159 [Amended]

- 13. Amend § 206.159 as follows:
  - A. In the last sentence of paragraph (a)(1)(i), remove the word “line.”
  - B. In the third sentence of paragraph (b)(1), remove the word “line.”
  - C. In paragraph (c)(1)(i), remove the word “line.”
  - D. In paragraph (c)(2)(i), remove the word “line.”
  - E. In paragraph (d) heading, remove the words “and assessments”.
  - F. Remove paragraph (d)(1) and redesignate paragraphs (d)(2) through (d)(4) as paragraphs (d)(1) through (d)(3), respectively.
  - G. In the last sentence of paragraph (e)(1), remove the words “without interest” and add in their place “with interest.”

#### Subpart E—Indian Gas

- 14. Amend § 206.171 as follows:
  - A. Remove the definition of “selling arrangement.”
  - B. Add in alphabetical order the definition of “sales type code” to read as follows:

#### § 206.171 What definitions apply to this subpart?

\* \* \* \* \*

*Sales type code* means the contract type or general disposition (e.g., arm’s-length or non-arm’s-length) of production from the lease. The sales type code applies to the sales contract, or other disposition, and not to the arm’s-length or non-arm’s-length nature of a transportation or processing allowance.

\* \* \* \* \*

#### § 206.177 [Amended]

- 15. Amend § 206.177 as follows:
  - A. In the first sentence of paragraph (c)(1) remove the words “selling arrangement” and add in their place “sales type code.”
  - B. In the last sentence of paragraph (c)(2), remove the words “selling arrangement” and add in their place “sales type code.”

#### § 206.178 [Amended]

- 16. In § 206.178, in the first sentence of paragraph (d)(2), remove the words “line item” and add in their place the word “entry.”

#### § 206.180 [Amended]

- 17. In § 206.180, in the first sentence of paragraph (c)(2), remove the words “line item” and add in their place the word “entry.”

#### Subpart F—Federal Coal

- 18. Amend § 206.251 as follows:
  - A. Remove the definition of “selling arrangement.”
  - B. Add in alphabetical order the definition of “sales type code” to read as follows:

#### § 206.251 Definitions.

\* \* \* \* \*

*Sales type code* means the contract type or general disposition (e.g., arm’s-length or non-arm’s-length) of production from the lease. The sales type code applies to the sales contract, or other disposition, and not to the arm’s-length or non-arm’s-length nature of a transportation or washing allowance.

\* \* \* \* \*

- 19. Revise § 206.252 to read as follows:

#### § 206.252 Information collection.

The information collection requirements contained in this subpart have been approved by the Office of Management and Budget (OMB) under 44 U.S.C. 3501 *et seq.* The forms, filing date, and approved OMB control numbers are identified in 30 CFR 210—Forms and Reports.

- 20. Amend § 206.254 by revising the last sentence to read as follows:

#### § 206.254 Quality and quantity measurement standards for reporting and paying royalties.

\* \* \* Coal quantity information will be reported on appropriate forms required under 30 CFR part 210—Forms and Reports.

#### § 206.259 [Amended]

- 21. In § 206.259, in paragraph (d)(1), remove the words “selling arrangement” and add in their place the words “sales type code.”

#### § 206.262 [Amended]

- 22. In § 206.262, in paragraph (d)(1), remove the words “selling arrangement” and add in their place the words “sales type code.”

#### Subpart J—Indian Coal

- 25. Amend § 206.451 as follows:
  - A. Remove the definition of “selling arrangement.”
  - B. Add in alphabetical order the definition of “sales type code” to read as follows:

#### § 206.451 Definitions.

\* \* \* \* \*

*Sales type code* means the contract type or general disposition (e.g. arm’s-length or non-arm’s-length) of

production from the lease. The sales type code applies to the sales contract, or other disposition, and not to the arm's-length or non-arm's-length nature of a transportation or washing allowance.

\* \* \* \* \*

■ 26. Amend § 206.453 by revising the last sentence to read as follows:

**§ 206.453 Quality and quantity measurement standards for reporting and paying royalties.**

\* \* \* Coal quantity information will be reported on appropriate forms required under 30 CFR part 210—Forms and Reports.

**PART 210—FORMS AND REPORTS**

■ 27. The authority citation for part 210 continues to read as follows:

**Authority:** 5 U.S.C. 301 *et seq.*; 25 U.S.C. 396, 2107; 30 U.S.C. 189, 190, 359, 1023, 1751(a); 31 U.S.C. 3716, 9701; 43 U.S.C. 1334, 1801 *et seq.*; and 44 U.S.C. 3506(a).

■ 28. Revise subparts A and B and add subparts C and D to read as follows:

**Subpart A—General Provisions**

Sec.

- 210.01 What is the purpose of this subpart?
- 210.02 To whom do these regulations apply?
- 210.10 What are the OMB-approved information collections?
- 210.20 What if I disagree with the burden hour estimates?
- 210.21 How do I report my taxpayer identification number?
- 210.30 What are my responsibilities as a reporter/payor?
- 210.40 Will MMS keep the information I provide confidential?

**Subpart B—Royalty Reports—Oil, Gas, and Geothermal Resources**

- 210.50 What is the purpose of this subpart?
- 210.51 Who must submit royalty reports?
- 210.52 What royalty reports must I submit?
- 210.53 When are my royalty reports and payments due?
- 210.54 Must I submit this royalty report electronically?
- 210.55 May I submit this royalty report manually?

- 210.56 Where can I find more information on how to complete the royalty report?
- 210.60 What definitions apply to this subpart?

**Subpart C—Production Reports—Oil and Gas**

- 210.100 What is the purpose of this subpart?
- 210.101 Who must submit production reports?
- 210.102 What production reports must I submit?
- 210.103 When are my production reports due?
- 210.104 Must I submit these production reports electronically?
- 210.105 May I submit these production reports manually?
- 210.106 Where can I find more information on how to complete these production reports?

**Subpart D—Special-Purpose Forms and Reports—Oil, Gas, and Geothermal Resources**

- 210.150 What is the purpose of this subpart?
- 210.151 What reports must I submit to claim an excess allowance?
- 210.152 What reports must I submit to claim allowances on an Indian lease?
- 210.153 What reports must I submit for Indian gas valuation purposes?
- 210.154 What documents or other information must I submit for Federal oil valuation purposes?
- 210.155 What reports must I submit for Federal onshore stripper oil properties?
- 210.156 What reports must I submit for net profit share leases?
- 210.157 What reports must I submit to suspend an MMS order under appeal?
- 210.158 What reports must I submit to designate someone to make my royalty payments?

**Subpart A—General Provisions**

**§ 210.01 What is the purpose of this subpart?**

This subpart identifies information collections required by the Minerals Management Service (MMS), Minerals Revenue Management (MRM), in the normal course of operations. This information is submitted by various parties associated with Federal and

Indian leases such as lessees, designees, and operators. The information collected meets the MMS congressionally mandated accounting and auditing responsibilities relating to Federal and Indian minerals revenue management. Information collected regarding production, royalties, and other payments due the Government from activities on leased Federal or Indian land is authorized by the Federal Oil and Gas Royalty Management Act of 1982, as amended (30 U.S.C. 1701 *et seq.*), as well as 43 U.S.C. 1334 and 30 U.S.C. 189, 359, 396, and 396d for oil and gas production; and by 30 U.S.C. 189, 359, 396, and 396d for solid minerals production.

**§ 210.02 To whom do these regulations apply?**

The regulations apply to any person, referred to in this subpart as “you,” “your,” or “reporter/payor,” who is a lessee under any Federal or Indian lease for any mineral or who is assigned or assumes an obligation to report data or make payment to MMS. The term reporter/payor may include lessees, designees, operators, purchasers, reporters, other payors, and working interest owners, but is not restricted to these parties. This section does not affect the liability to pay and report royalties as established by other regulations, laws, and the lease terms.

**§ 210.10 What are the OMB-approved information collections?**

The information collection requirements identified in this subpart have been approved by the Office of Management and Budget (OMB) under 44 U.S.C. 3501 *et seq.* Detailed information about each information collection request (ICR), including CFR citations, is included on the MMS Web site at [http://www.mrm.mms.gov/Laws\\_R\\_D/FRNotices/FRNotices.htm](http://www.mrm.mms.gov/Laws_R_D/FRNotices/FRNotices.htm). The ICRs and associated MMS form numbers, if applicable, are listed below:

OMB control number and short title	Form or information collected
1010–0073, 30 CFR Part 220, Net Profit Share Payment .....	No form for the following collection: <ul style="list-style-type: none"> <li>• Net profit share payment information.</li> </ul>
1010–0087, 30 CFR Parts 227, 228, and 229, Delegation to States and Cooperative Activities with States and Indian Tribes.	No forms for the following collections: <ul style="list-style-type: none"> <li>• Written delegation proposal to perform auditing and investigative activities.</li> <li>• Request for cooperative agreement and subsequent requirements.</li> </ul>
1010–0090, 30 CFR Part 216, Stripper Royalty Rate Reduction Notification.	Form MMS–4377, Stripper Royalty Rate Reduction Notification.
1010–0103, 30 CFR Parts 202 and 206, Indian Oil and Gas Valuation	Form MMS–4109, Gas Processing Allowance Summary Report. Form MMS–4295, Gas Transportation Allowance Report. Form MMS–4110, Oil Transportation Allowance Report. Form MMS–4411, Safety Net Report. Form MMS–4410, Accounting for Comparison [Dual Accounting]. Form MMS–4393, Request to Exceed Regulatory Allowance Limitation. <sup>1</sup>

OMB control number and short title	Form or information collected
1010-0107, 30 CFR Part 218, Collection of Monies Due the Federal Government.	Form MMS-4425, Designation Form for Royalty Payment Responsibility. No forms for the following collections: • Cross-lease netting documentation. • Indian recoupment approval.
1010-0119, 30 CFR Part 208, Royalty in Kind (RIK) Oil and Gas .....	Form MMS-4070, Application for the Purchase of Royalty Oil. Form MMS-4071, Letter of Credit (RIK). Form MMS-4072, Royalty-in-Kind Contract Surety Bond. No form for the following collection: • Royalty oil sales to eligible refiners.
1010-0120, 30 CFR Parts 202, 206, 210, 212, 217, and 218, Solid Minerals and Geothermal Collections.	Form MMS 4430, Solid Minerals Production and Royalty Report. Form 4292, Coal Washing Allowance Report. Form 4293, Coal Transportation Allowance Report. No forms for the following collections: • Facility data—solid minerals. • Sales contracts—solid minerals. • Sales summaries—solid minerals.
1010-0122, 30 CFR Part 243, Suspensions Pending Appeal and Bonding.	Form MMS-4435, Administrative Appeal Bond. Form MMS-4436, Letter of Credit. Form MMS-4437, Assignment of Certificate of Deposit. No forms for the following collections: • Self bonding. • U.S. Treasury securities.
1010-0136, 30 CFR Parts 202 and 206, Federal Oil and Gas Valuation	Form MMS-4393, Request to Exceed Regulatory Allowance Limitation. <sup>1</sup> No form for the following collection: • Federal oil valuation support information.
1010-0139, 30 CFR Parts 210 and 216, Production Accounting .....	Form MMS-4054, Oil and Gas Operations Report. Form MMS-4058 (Parts A, B, and C), Production Allocation Schedule Report.
1010-0140, 30 CFR Part 210, Forms and Reports .....	Form MMS-2014, Report of Sales and Royalty Remittance.
1010-0155, 30 CFR Part 204, Alternatives for Marginal Properties .....	No form for the following collection: • Notification and relief request for accounting and auditing relief.
1010-0162, CFO Act of 1992, Accounts Receivable Confirmations .....	No form for the following collection: • Accounts receivable confirmations.

<sup>1</sup> Form MMS-4393 is used for both Federal and Indian oil and gas leases. The form resides with ICR 1010-0136, but the burden hours for Indian leases are included in ICR 1010-0103.

**§ 210.20 What if I disagree with the burden hour estimates?**

Burden hour estimates are included on the MMS Web site at [http://www.mrm.mms.gov/Laws\\_R\\_D/FRNotices/FRNotices.htm](http://www.mrm.mms.gov/Laws_R_D/FRNotices/FRNotices.htm). Send comments on the accuracy of these burden estimates or suggestions on reducing the burden to the Minerals Management Service, Attention: Information Collection Clearance Officer (OMB Control Number 1010-XXXX [insert appropriate OMB control number]), Mail Stop 4230, 1849 C Street, NW., Washington, DC 20240. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number.

**§ 210.21 How do I report my taxpayer identification number?**

(a) Before paying or reporting to MMS, you must obtain a payor code (see the MMS *Minerals Revenue Reporter Handbook*, which is available on the Internet at <http://www.mrm.mms.gov/ReportingServices/PDFDocs/RevenueHandbook.pdf>; also see § 210.56 for further information on how

to obtain a handbook). At the time you request a payor code, you must provide your Employer Identification Number (EIN) by submitting:

- (1) An IRS Form W-9; or
- (2) An equivalent certification containing:
  - (i) Your name;
  - (ii) The name of your business, if different from your name;
  - (iii) The form of your business entity; for example, a sole proprietorship, corporation, or partnership;
  - (iv) The address of your business;
  - (v) The EIN of your business; and
  - (vi) A signed and dated certification that you are a U.S. citizen or resident alien and that the EIN number provided is correct.

(b) If you are already paying or reporting to MMS but do not have an EIN, MMS may request that you submit an IRS Form W-9 or equivalent certification containing the information required under paragraph (a)(2) of this section.

(c) The collection of this data is not subject to the provisions of the Paperwork Reduction Act because only information necessary to identify the

respondent [5 CFR 1320.3(h)] is required.

(d) The EIN you provide to MMS under paragraph (a) of this section:

- (1) Means the taxpayer identification number (TIN) of an individual or other person (whether or not an employer), which is assigned under 26 U.S.C. 6011(b), or a corresponding version of prior law, or under 26 U.S.C. 6109;
- (2) Must contain nine digits separated by a hyphen as follows: 00-0000000; and
- (3) May not be a Social Security Number.

**§ 210.30 What are my responsibilities as a reporter/payor?**

Each reporter/payor must submit accurate, complete, and timely information to MMS according to the requirements in this part. If you discover an error in a previous report, you must file an accurate and complete amended report within 30 days of your discovery of the error. If you do not comply, MMS may assess civil penalties under 30 CFR part 241.

**§ 210.40 Will MMS keep the information I provide confidential?**

The MMS will treat information obtained under this part as confidential to the extent permitted by law as specified at 43 CFR part 2.

**Subpart B—Royalty Reports—Oil, Gas, and Geothermal Resources****§ 210.50 What is the purpose of this subpart?**

The purpose of this subpart is to explain royalty reporting requirements when energy and mineral resources are removed from Federal and Indian oil and gas and geothermal leases and federally approved agreements. This includes leases and agreements located onshore and on the Outer Continental Shelf (OCS).

**§ 210.51 Who must submit royalty reports?**

(a) Any person who pays royalty to MMS must submit royalty reports to MMS.

(b) Before you pay or report to MMS, you must obtain a payor code. To obtain a payor code, refer to the MMS *Minerals Revenue Reporter Handbook* for instructions and MMS contact information (also see § 210.56 for information on how to obtain a handbook).

**§ 210.52 What royalty reports must I submit?**

You must submit a completed Form MMS–2014, Report of Sales and Royalty Remittance, to MMS with:

- (a) All royalty payments; and
- (b) Rents on nonproducing leases, where specified in the lease.

**§ 210.53 When are my royalty reports and payments due?**

(a) Completed Forms MMS–2014 for royalty payments and the associated payments are due by the end of the month following the production month (see also § 218.50).

(b) Completed Forms MMS–2014 for rental payments, where applicable, and the associated payments are due as specified by the lease terms (see also § 218.50).

(c) You may submit reports and payments early.

**§ 210.54 Must I submit this royalty report electronically?**

(a) You must submit Form MMS–2014 electronically unless you qualify for an exception under § 210.55(a).

(b) You must use one of the following electronic media types, unless MMS instructs you differently:

- (1) Electronic Data Interchange (EDI)—The direct computer-to-computer

interchange of data using standards set forth by the X12 American National Standards Institute (ANSI) Accredited Standards Committee (ASC). The interchange uses the services of a third party with which either party may contract.

(2) Web-based reporting—Reporters/payors may enter report data directly or upload files using the MMS electronic web form located at <http://www.mrmreports.net>. The uploaded files must be in one of the following formats: the American Standard Code for Information Interchange (ASCII) or Comma Separated Values (CSV) formats. External files created by the sender must be in the proprietary ASCII and CSV file layout formats defined by MMS. These external files can be generated from a reporter's system application.

(c) Refer to our electronic reporting guidelines in the MMS *Minerals Revenue Reporter Handbook*, for the most current reporting options, instructions, and security measures. The handbook may be found on our Internet Web site or you may call your MMS customer service representative (see § 210.56 for further information on how to obtain a handbook).

**§ 210.55 May I submit this royalty report manually?**

(a) The MMS will allow you to submit Form MMS–2014 manually if:

- (1) You have never reported to MMS before. You have 3 months from the date your first report is due to begin reporting electronically;
- (2) You report only rent, minimum royalty, or other annual obligations on Form MMS–2014; or
- (3) You are a small business, as defined by the U.S. Small Business Administration, and you have no computer.

(b) If you meet the qualifications under paragraph (a) of this section, you may submit your form manually to MMS by:

- (1) U.S. Postal Service regular or express mail addressed to Minerals Management Service, P.O. Box 5810, Denver, Colorado 80217–5810; or
- (2) Special courier or overnight mail addressed to Minerals Management Service, Building 85, Room A–614, Denver Federal Center, West 6th Ave. and Kipling Blvd., Denver, Colorado 80225.

**§ 210.56 Where can I find more information on how to complete the royalty report?**

(a) Specific guidance on how to prepare and submit Form MMS–2014 is contained in the MMS *Minerals Revenue Reporter Handbook*. The handbook is available on our Internet

Web site at <http://www.mrm.mms.gov/ReportingServices/Handbooks/Handbks.htm> or from MMS at P.O. Box 5760, Denver, Colorado 80217–5760.

(b) Reporters/payors should refer to the handbook for specific guidance on royalty reporting requirements. If you require additional information, you should contact MMS at the above address. A customer service telephone number is also listed in our handbook.

(c) You may find Form MMS–2014 on our Internet Web site at [http://www.mrm.mms.gov/ReportingServices/Forms/AFSOil\\_Gas.htm](http://www.mrm.mms.gov/ReportingServices/Forms/AFSOil_Gas.htm), or you may request the form from MMS at P.O. Box 5760, Denver, Colorado 80217–5760.

**§ 210.60 What definitions apply to this subpart?**

Terms used in this subpart have the same meaning as in 30 U.S.C. 1702.

**Subpart C—Production Reports—Oil and Gas****§ 210.100 What is the purpose of this subpart?**

The purpose of this subpart is to explain production reporting requirements when energy and mineral resources are removed from Federal and Indian oil and gas leases and federally approved agreements. This includes leases and unit and communitization agreements located onshore and on the Outer Continental Shelf (OCS).

**§ 210.101 Who must submit production reports?**

(a) If you operate a Federal or Indian oil and gas lease or federally approved unit or communitization agreement, you must submit production reports.

(b) Before reporting production to MMS, you must obtain an operator number. To obtain an operator number, refer to the MMS *Minerals Production Reporter Handbook* for instructions and MMS contact information (also see § 210.106 for information on how to obtain a handbook).

**§ 210.102 What production reports must I submit?**

(a) Form MMS–4054, Oil and Gas Operations Report. If you operate a Federal or Indian onshore or OCS oil and gas lease or federally approved unit or communitization agreement that contains one or more wells that are not permanently plugged or abandoned, you must submit Form MMS–4054 to MMS:

- (1) You must submit Form MMS–4054 for each well for each calendar month, beginning with the month in which you complete drilling, unless:
  - (i) You have only test production from a drilling well; or
  - (ii) The MMS tells you in writing to report differently.

(2) You must continue reporting until:

(i) The Bureau of Land Management (BLM) or MMS approves all wells as permanently plugged or abandoned or the lease or unit or communitization agreement is terminated; and

(ii) You dispose of all inventory.

(b) Form MMS-4058, Production Allocation Schedule Report. If you operate an offshore facility measurement point (FMP) handling production from a Federal oil and gas lease or federally approved unit agreement that is commingled (with approval) with production from any other source prior to measurement for royalty determination, you must file Form MMS-4058.

(1) You must submit Form MMS-4058 for each calendar month beginning with the month in which you first handle production covered by this section.

(2) Form MMS-4058 is not required whenever all of the following conditions are met:

(i) All leases involved are Federal leases;

(ii) All leases have the same fixed royalty rate;

(iii) All leases are operated by the same operator;

(iv) The facility measurement device is operated by the same person as the leases/agreements;

(v) Production has not been previously measured for royalty determination; and

(vi) The production is not subsequently commingled and measured for royalty determination at an FMP for which Form MMS-4058 is required under this part.

#### **§ 210.103 When are my production reports due?**

(a) The MMS must receive your completed Forms MMS-4054 and MMS-4058 by the 15th day of the second month following the month for which you are reporting.

(b) A report is considered received when it is delivered to MMS by 4 p.m. mountain time at the addresses specified in § 210.105. Reports received after 4 p.m. mountain time are considered received the following business day.

#### **§ 210.104 Must I submit these production reports electronically?**

(a) You must submit Forms MMS-4054 and MMS-4058 electronically unless you qualify for an exception under § 210.105.

(b) You must use one of the following electronic media types, unless MMS instructs you differently:

(1) Electronic Data Interchange (EDI)—The direct computer-to-computer

interchange of data using standards set forth by the X12 American National Standards Institute (ANSI) Accredited Standards Committee (ASC). The interchange uses the services of a third party with which either party may contract.

(2) Web-based reporting—Reporters/payors may enter report data directly or upload files using the MMS electronic Web form located at <http://www.mrmreports.net>. The uploaded files must be in one of the following formats: the American Standard Code for Information Interchange (ASCII) or Comma Separated Values (CSV) formats. External files created by the sender must be in the proprietary ASCII and CSV file layout formats defined by MMS. These external files can be generated from a reporter's system application.

(c) Refer to our electronic reporting guidelines in the MMS *Minerals Production Reporter Handbook* for the most current reporting options, instructions, and security measures. The handbook may be found on our Internet Web site or you may call your MMS customer service representative (see § 210.106 for further information on how to obtain a handbook).

#### **§ 210.105 May I submit these production reports manually?**

(a) The MMS will allow you to submit Forms MMS-4054 and MMS-4058 manually if:

(1) You have never reported to MMS before. You have 3 months from the day your first report is due to begin reporting electronically; and

(2) You are a small business, as defined by the U.S. Small Business Administration, and you have no computer.

(b) If you meet the qualifications under paragraph (a) of this section, you may submit your forms manually to MMS by:

(1) U.S. Postal Service regular or express mail addressed to Minerals Management Service, P.O. Box 17110, Denver, Colorado 80217-0110; or

(2) Special courier or overnight mail addressed to Minerals Management Service, Building 85, Room A-614, Denver Federal Center, West 6th Ave. and Kipling Blvd., Denver, Colorado 80225.

#### **§ 210.106 Where can I find more information on how to complete these production reports?**

(a) Specific guidance on how to prepare and submit production reports to MMS is contained in the MMS *Minerals Production Reporter Handbook*. The handbook is available on our Internet Web site at <http://www.mrm.mms.gov/ReportingServices/Handbooks/Handbks.htm> or from MMS at P.O. Box 17110, Denver, Colorado 80217-0110.

(b) Production reporters should refer to the handbook for specific guidance on production reporting requirements. If you require additional information, you should contact MMS at the above address. A customer service telephone number is also listed in our handbook.

(c) You may find Forms MMS-4054 and MMS-4058 on our Internet Web site at <http://www.mrm.mms.gov/ReportingServices/Forms/PAASOff.htm>, or you may request the forms from MMS at P.O. Box 17110, Denver, Colorado 80217-0110.

### **Subpart D—Special-Purpose Forms and Reports—Oil, Gas, and Geothermal Resources**

#### **§ 210.150 What is the purpose of this subpart?**

This subpart identifies specific special-purpose reports and provides general information, reporting options, and reporting addresses. See § 210.10 for a complete listing of all information collections, including forms and references for specific information collections.

#### **§ 210.151 What reports must I submit to claim an excess allowance?**

(a) *General.* If you are a lessee, you must submit Form MMS-4393, Request to Exceed Regulatory Allowance Limitation, to request approval from MMS to exceed prescribed transportation and processing allowance limits on Federal oil and gas leases and prescribed transportation allowance limits on Indian oil and gas leases under part 206 of this chapter.

(b) *Reporting options.* You may find Form MMS-4393 on our Web site at [http://www.mrm.mms.gov/ReportingServices/Forms/AFSOil\\_Gas.htm](http://www.mrm.mms.gov/ReportingServices/Forms/AFSOil_Gas.htm). You may also request the form from MMS at P.O. Box 25165, MS 392B2, Denver, Colorado 80217-0165.

(c) *Reporting address.* Submit completed Form MMS-4393 as follows:

(1) Complete and submit the form electronically as an e-mail attachment;

(2) Send the form by U.S. Postal Service regular or express mail addressed to Minerals Management Service, P.O. Box 25165, MS 392B2, Denver, Colorado 80217-0165; or

(3) Deliver the form to MMS by special courier or overnight mail addressed to Minerals Management Service, Building 85, Room A-614, MS 392B2, Denver Federal Center, West 6th Ave. and Kipling Blvd., Denver, Colorado 80225.

**§ 210.152 What reports must I submit to claim allowances on an Indian lease?**

(a) *General.* You must submit three additional forms to MMS to claim transportation or processing allowances on Indian oil and gas leases:

(1) You must submit Form MMS-4110, Oil Transportation Allowance Report, to claim an allowance for expenses incurred by a reporter/payor to transport oil from the lease site to a point remote from the lease where value is determined under § 206.55 of this chapter.

(2) You must submit Form MMS-4109, Gas Processing Allowance Summary Report, to claim an allowance for the reasonable, actual costs of removing hydrocarbon and nonhydrocarbon elements or compounds from a gas stream under § 206.180 of this chapter.

(3) You must submit Form MMS-4295, Gas Transportation Allowance Report, to claim an allowance for the reasonable, actual costs of transporting gas from the lease to the point of first sale under § 206.178 of this chapter.

(b) *Reporting options.* You may submit Forms MMS-4110, MMS-4109, and MMS-4295 manually. You may find the forms on our Internet Web site at [http://www.mrm.mms.gov/ReportingServices/Forms/AFSOil\\_Gas.htm](http://www.mrm.mms.gov/ReportingServices/Forms/AFSOil_Gas.htm), or you may request the forms from MMS at P.O. Box 25165, MS 396B2, Denver, Colorado 80217-0165.

(c) *Reporting address.* You may submit completed Forms MMS-4110, MMS-4109, and MMS-4295 by:

(1) U.S. Postal Service regular or express mail addressed to Minerals Management Service, P.O. Box 25165, MS 396B2, Denver, Colorado 80217-0165; or

(2) Special courier or overnight mail addressed to Minerals Management Service, Building 85, Room A-614, MS 396B2, Denver Federal Center, West 6th Ave. and Kipling Blvd., Denver, Colorado 80225.

**§ 210.153 What reports must I submit for Indian gas valuation purposes?**

(a) *General.* For Indian gas valuation, under certain conditions under § 206.172 of this chapter, lessees must submit the following forms:

(1) Form MMS-4410, Accounting for Comparison (Dual Accounting), Part A or Part B; and/or

(2) Form MMS-4411, Safety Net Report.

(b) *Reporting options.* You must submit Forms MMS-4410 and MMS-4411 manually. You may find the forms on our Internet Web site at [http://www.mrm.mms.gov/ReportingServices/Forms/AFSOil\\_Gas.htm](http://www.mrm.mms.gov/ReportingServices/Forms/AFSOil_Gas.htm) or request forms from MMS at P.O. Box 25165, MS 396B2, Denver, Colorado 80217-0165.

(c) *Reporting address.* You must submit completed Forms MMS-4410 and MMS-4411 by:

(1) U.S. Postal Service regular or express mail addressed to Minerals Management Service, P.O. Box 25165, MS 396B2, Denver, Colorado 80217-0165; or

(2) Special courier or overnight mail addressed to Minerals Management Service, Building 85, Room A-614, MS 396B2, Denver Federal Center, West 6th Ave. and Kipling Blvd., Denver, Colorado 80225.

**§ 210.154 What documents or other information must I submit for Federal oil valuation purposes?**

(a) *General.* The MMS may require you to submit documents or other information to MMS to support your valuation of Federal oil under part 206 as part of audit compliance.

(b) *Reporting options.* You must submit the documents or other information manually.

(c) *Reporting address.* You must submit required documents or other information by:

(1) U.S. Postal Service regular or express mail addressed to Minerals Management Service, P.O. Box 25165, MS 392B2, Denver, Colorado 80217-0165; or

(2) Special courier or overnight mail addressed to Minerals Management Service, Building 85, Room A-614, MS 392B2, Denver Federal Center, West 6th Ave. and Kipling Blvd., Denver, Colorado 80225.

**§ 210.155 What reports must I submit for Federal onshore stripper oil properties?**

(a) *General.* Operators who have been granted a reduced royalty rate by the Bureau of Land Management (BLM) under 43 CFR 3103.4-2 must submit Form MMS-4377, Stripper Royalty Rate Reduction Notification, under 43 CFR 3103.4-2(b)(3).

(b) *Reporting options.* You may find Form MMS-4377 on our Internet Web site at [http://www.mrm.mms.gov/ReportingServices/Forms/AFSOil\\_Gas.htm](http://www.mrm.mms.gov/ReportingServices/Forms/AFSOil_Gas.htm) or request the form from MMS at P.O. Box 17110, Denver, Colorado 80217-0110. You may file the form:

(1) Electronically by filling the form out in electronic format and submitting it to MMS as an e-mail attachment; or

(2) Manually by filling out the form and submitting it by:

(i) U.S. Postal Service regular or express mail addressed to Minerals Management Service, P.O. Box 25165,

MS 392B2, Denver, Colorado 80217-0165; or

(ii) Special courier or overnight mail addressed to Minerals Management Service, Building 85, Room A-614, MS 392B2, Denver Federal Center, West 6th Ave. and Kipling Blvd., Denver, Colorado 80225.

**§ 210.156 What reports must I submit for net profit share leases?**

(a) *General.* After entering into a net profit share lease (NPSL) agreement, a lessee must report under part 220 of this chapter.

(b) *Reporting options.* You must submit the required report manually.

(c) *Reporting address.* You must submit the required documents by:

(1) U.S. Postal Service regular or express mail addressed to Minerals Management Service, P.O. Box 25165, MS 382B2, Denver, Colorado 80217-0165; or

(2) Special courier or overnight mail addressed to Minerals Management Service, Building 85, Room A-614, MS 382B2, Denver Federal Center, West 6th Ave. and Kipling Blvd., Denver, Colorado 80225.

**§ 210.157 What reports must I submit to suspend an MMS order under appeal?**

(a) *General.* Reporters/payors or other recipients of MMS Minerals Revenue Management (MRM) orders who appeal an order may be required to post a bond or other surety, under part 243 of this chapter. The MMS accepts the following surety types: Form MMS-4435, Administrative Appeal Bond; Form MMS-4436, Letter of Credit; Form MMS-4437, Assignment of Certificate of Deposit; Self-bonding; and U.S. Treasury Securities.

(b) *Reporting options.* You must submit these forms and other documents manually. You may find the forms and other documents under Surety Instrument Posting Instructions on our Internet Web site at [http://www.mrm.mms.gov/Law\\_R\\_D/FRNotices/ICR0122.htm](http://www.mrm.mms.gov/Law_R_D/FRNotices/ICR0122.htm).

(c) *Reporting address.* You may submit the required forms and other documents as specified in the Surety Instrument Posting Instructions or by:

(1) U.S. Postal Service regular or express mail addressed to Minerals Management Service, P.O. Box 25165, MS 370B2, Denver, Colorado 80217-0165;

(2) Special courier or overnight mail addressed to Minerals Management Service, Building 85, Room A-614, MS 370B2, Denver Federal Center, West 6th Ave. and Kipling Blvd., Denver, Colorado 80225.

**§ 210.158 What reports must I submit to designate someone to make my royalty payments?**

(a) *General.* You must submit Form MMS-4425, Designation Form for Royalty Payment Responsibility, if you want to designate a person to make royalty payments on your behalf under § 218.52.

(b) *Reporting options.* You must submit Form MMS-4425 manually. You may find the form on our Internet Web site at [http://www.mrm.mms.gov/ReportingServices/Forms/AFSOil\\_Gas.htm](http://www.mrm.mms.gov/ReportingServices/Forms/AFSOil_Gas.htm) or request the form from MMS at P.O. Box 5760, Denver, Colorado 80217-5760.

(c) *Reporting address.* You must submit completed Form MMS-4425 by:

(1) U.S. Postal Service regular or express mail addressed to Minerals Management Service, P.O. Box 25165, MS 357B1, Denver, Colorado 80217-0165; or

(2) Special courier or overnight mail addressed to Minerals Management Service, Building 85, Room A-614, MS 357B1, Denver Federal Center, West 6th Ave. and Kipling Blvd., Denver, Colorado 80225.

**Subpart E—Production and Royalty Reports—Solid Minerals**

■ 29. Revise the heading of subpart E to read as set forth above.

**§§ 210.205 and 210.206 [Redesignated as §§ 210.206 and 210.207]**

■ 30. Redesignate §§ 210.205 and 210.206 as §§ 210.206 and 210.207.

■ 31. Add new § 210.205 to read as follows:

**§ 210.205 What reports must I submit to claim allowances on Indian coal leases?**

*General.* You must submit the following MMS forms to claim a transportation or washing allowance, as applicable, on Indian coal leases:

(1) Form MMS-4292, Coal Washing Allowance Report, to claim an allowance for the reasonable, actual costs incurred to wash coal under § 206.458 of this chapter.

(2) Form MMS-4293, Coal Transportation Allowance Report, to claim an allowance for the reasonable, actual costs of transporting coal to a sales point or a washing facility remote from the mine or lease under § 206.461 of this chapter.

(b) *Reporting options.* You must submit the forms manually. You may find the forms on our Internet Web site at [http://www.mrm.mms.gov/ReportingServices/Forms/AFSSol\\_Min.htm](http://www.mrm.mms.gov/ReportingServices/Forms/AFSSol_Min.htm) or request forms from MMS at P.O. Box 25165, MS 390B2, Denver, Colorado 80217-0165.

(c) *Reporting address.* You must submit completed Forms MMS-4292 and MMS-4293 by:

(1) U.S. Postal Service regular or express mail addressed to Minerals Management Service, P.O. Box 25165, MS 390B2, Denver, Colorado 80217-0165; or

(2) Special courier or overnight mail addressed to Minerals Management Service, Building 85, Room A-614, MS 390B2, Denver Federal Center, West 6th Ave. and Kipling Blvd., Denver, Colorado 80225.

**PART 216—[REMOVED]**

■ 32. Remove part 216.

**PART 218—COLLECTION OF MONIES AND PROVISION FOR GEOTHERMAL CREDITS AND INCENTIVES**

■ 33. Revise the heading of part 218 to read as set forth above.

■ 34. The authority citation for part 218 continues to read as follows:

**Authority:** 25 U.S.C. 396 *et seq.*, 396a *et seq.*, 2101 *et seq.*; 30 U.S.C. 181 *et seq.*, 351 *et seq.*, 1001 *et seq.*, 1701 *et seq.*; 31 U.S.C. 3335; 43 U.S.C. 1301 *et seq.*, 1331 *et seq.*, and 1801 *et seq.*

**Subpart A—General Provisions**

■ 35. Amend § 218.40 by revising paragraphs (a) through (c) to read as follows:

**§ 218.40 Assessments for incorrect or late reports and failure to report.**

(a) An assessment of an amount not to exceed \$10 per day may be charged for each report not received by MMS by the designated due date for geothermal, solid minerals, and Indian oil and gas leases.

(b) An assessment of an amount not to exceed \$10 per day may be charged for each incorrectly completed report for geothermal, solid minerals, and Indian oil and gas leases.

(c) For purpose of assessments discussed in this section, a report is defined as follows:

(1) For coal and other solid minerals leases, a report is each line on Form MMS-4430, Solid Minerals Production and Royalty Report; or on Form MMS-2014, Report of Sales and Royalty Remittance, as appropriate.

(2) For Indian oil and gas and all geothermal leases, a report is each line on Form MMS-2014.

\* \* \* \* \*

■ 36. Amend § 218.41 by revising paragraphs (a) through (e) to read as follows:

**§ 218.41 Assessments for failure to submit payment of same amount indicated on Form MMS-2014, Form MMS-4430, or a bill document; or to provide adequate information.**

(a) The MMS may assess an amount not to exceed \$250 when the amount of a payment submitted by a reporter/payor for geothermal, solid minerals, and Indian oil and gas leases is not equivalent in amount to the total of individual line items on the associated Form MMS-2014, Form MMS-4430, or a bill document, unless MMS has authorized the difference in amount.

(b) The MMS may assess an amount not to exceed \$250 for each payment for geothermal, solid minerals, and Indian oil and gas leases submitted by a reporter/payor that cannot be automatically applied to the associated Form MMS-2014, Form MMS-4430, or a bill document because of inadequate or erroneous information submitted by the reporter/payor.

(c) For purposes of this section, inadequate or erroneous information is defined as:

(1) Absent or incorrect payor-assigned document number, required to be identified by the reporter/payor in Block 4 on Form MMS-2014 (document 4 number), or the reuse of the same incorrect payor-assigned document 4 number in a subsequent reporting period.

(2) Absent or incorrect bill document invoice number (to include the three-character alpha prefix and the nine-digit number) or the payor-assigned document 4 number required to be identified by the reporter/payor on the associated payment document, or the reuse of the same incorrect payor-assigned document 4 number in a subsequent reporting period.

(3) Absent or incorrect name of the administering Bureau of Indian Affairs Agency/Area office; or the word “allotted” or the tribe name on payment documents remitted to MMS for an Indian tribe or allottee. If the payment is made by EFT, the reporter/payor must identify the tribe/allottee on the EFT message by a pre-established five-digit code.

(4) Absent or incorrect MMS-assigned payor code on a payment document.

(5) Absent or incorrect identification on a payment document.

(d) For purposes of this section, the term “Form MMS-2014” includes submission of reports of royalty information, such as Form MMS-4430.

(e) For purposes of this section, a bill document is defined as any invoice that MMS has issued for assessments, late-payment interest charges, or other amount owed. A payment document is

defined as a check or wire transfer message.

\* \* \* \* \*

**Subpart B—Oil and Gas, General**

■ 37. Amend § 218.50 by revising paragraph (b) to read as follows:

**§ 218.50 Timing of payment.**

\* \* \* \* \*

(b) Invoices will be issued and payable as final collection actions. Payments made on an invoice are due as specified by the invoice.

\* \* \* \* \*

■ 38. Amend § 218.51 by revising the definition of “Invoice Document Identification” in paragraph (a) and revising paragraphs (f)(1) and (f)(2) to read as follows:

**§ 218.51 How to make payments.**

(a) \* \* \* *Invoice Document Identification*—The MMS-assigned invoice document identification (three-alpha and nine-numeric characters).

\* \* \* \* \*

(f) \* \* \* (1) For Form MMS–2014 payments, you must include both your payor code and your payor-assigned document number.

(2) For invoice payments, including RIK invoice payments, you must include both your payor code and invoice document identification.

\* \* \* \* \*

■ 39. Amend § 218.52 by revising paragraphs (a) introductory text, (a)(1), (a)(4)(i) and (c) introductory text to read as follows:

**§ 218.52 How does a lessee designate a Designee?**

(a) If you are a lessee under 30 U.S.C. 1702(7), and you want to designate a person to make all or part of the payments due under a lease on your behalf under 30 U.S.C. 1712(a), you must notify MMS or the applicable delegated state in writing of such designation by submitting Form MMS–4425, Designation Form for Royalty Payment Responsibility. Your notification for each lease must include the following:

(1) The lease number for the lease;

\* \* \* \* \*

(4) \* \* \* (i) A lessee of record (record title owner) in the lease; or

\* \* \* \* \*

(c) If you want to terminate a designation you made under paragraph (a) of this section, you must submit a revised Form MMS–4425 before the termination stating:

\* \* \* \* \*

**§ 218.57 [Removed]**

■ 40. Remove § 218.57.

**Subpart D—Oil, Gas and Sulfur Offshore**

**§ 218.154 [Amended]**

■ 41. Amend § 218.154, paragraph (c), by removing the words “paragraph (a) of this section” and adding in their place the words “paragraph (b) of this section.”

■ 42. Amend § 218.155, paragraph (b)(2), by revising the fourth and fifth sentences to read as follows:

**§ 218.155 Method of payment.**

\* \* \* \* \*

(b) \* \* \*

(2) \* \* \* The one-fifth bonus amounts submitted with bids other than the highest valid bid will be returned to respective bidders after bids are opened, recorded, and ranked. Return of such amounts will not affect the status, validity, or ranking of bids. \* \* \*

\* \* \* \* \*

**PART 227—DELEGATION TO STATES**

■ 43. Amend § 227.401(f) by revising to read as follows:

**§ 227.401 What are a state’s responsibilities if it processes production reports or royalty reports?**

\* \* \* \* \*

(f) For production reports, maintain adequate system software edits to ensure compliance with the provisions of 30 CFR part 210—Forms and Reports, the MMS *Minerals Production Reporter Handbook*, any interagency memorandum of understanding to which MMS is a party, and the *Standards*;

\* \* \* \* \*

[FR Doc. E8–5929 Filed 3–25–08; 8:45 am]

**BILLING CODE 4310–MR–P**

**DEPARTMENT OF HOMELAND SECURITY**

**Coast Guard**

**33 CFR Part 100**

[Docket No. USCG–2008–0074]

RIN 1625–AA08

**Special Local Regulations for Marine Events; Western Branch, Elizabeth River, Portsmouth, VA**

**AGENCY:** Coast Guard, DHS.

**ACTION:** Temporary final rule.

**SUMMARY:** The Coast Guard is establishing temporary special local

regulations during the “Virginia State Hydroplane Championship” power boat races, a marine event to be held on the waters of the Western Branch of the Elizabeth River at Portsmouth, Virginia on April 19 and 20, 2008. These special local regulations are necessary to provide for the safety of life on navigable waters during the event. This action is intended to restrict vessel traffic in the Western Branch of the Elizabeth River during the event.

**DATES:** This rule is effective from 8 a.m. on April 19, 2008 through 6 p.m. on April 20, 2008.

**ADDRESSES:** Documents indicated in this preamble as being available in the docket are part of docket USCG–2008–0074 and are available online at [www.regulations.gov](http://www.regulations.gov). They are also available for inspection or copying at two locations: The Docket Management Facility (M–30), U.S. Department of Transportation, West Building Ground Floor, Room W12–140, 1200 New Jersey Avenue, SE., Washington, DC 20590, between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays, and the Fifth Coast Guard District, Inspections and Investigations Branch, 431 Crawford Street, Portsmouth, VA 23704 between 9 a.m. and 2 p.m., Monday through Friday, except Federal holidays.

**FOR FURTHER INFORMATION CONTACT:** Dennis Sens, Project Manager, Fifth Coast Guard District, Inspections and Investigations Branch, at (757) 398–6204.

**SUPPLEMENTARY INFORMATION:**

**Regulatory Information**

We did not publish a notice of proposed rulemaking (NPRM) for this regulation. Under 5 U.S.C. 553(b)(B), the Coast Guard finds that good cause exists for not publishing an NPRM. Publishing an NPRM would be impracticable and contrary to public interest since immediate action is needed to minimize potential danger to the public during the event. The danger posed by high speed power boat races makes special local regulations necessary to provide for the safety of event participants, support vessels, spectator craft and other vessels transiting the event area. For the safety concerns noted, it is in the public interest to have these regulations in effect during the event. The Coast Guard will issue broadcast notice to mariners to advise vessel operators of navigational restrictions. On scene Coast Guard and local law enforcement vessels will also provide actual notice to mariners.