date, computed in accordance with paragraph (c)(6) of this section, the lowest annuity benefit under the plan during the 5-year period ending on the termination date is zero. If the plan is a successor to a previously established defined benefit plan within the meaning of section 4021(a) of ERISA, the time it has been in effect will include the time the predecessor plan was in effect.

(4) *Determination of beneficiary's benefit.* If a beneficiary is eligible for a priority category 3 benefit because of the death of a participant during the 3-year period ending on the termination date, the benefit assigned to priority category 3 for the beneficiary shall be determined as if the participant had died the day before the 3-year period began.

(5) *Automatic benefit increases.* If plan provisions adopted and effective on or before the first day of the 5-year period ending on the termination date provided for automatic increases in the benefit formula for both active participants and those in pay status or for participants in pay status only, the lowest annuity benefit payable during the 5-year period ending on the termination date determined under paragraph (c)(3) of this section includes the automatic increases scheduled during the fourth and fifth years preceding termination, subject to the restriction that benefit increases for active participants in excess of the increases for retirees shall not be taken into account.

(6) *Computation of time periods.* For purposes of this section, a plan or amendment is ''in effect'' on the later of the date on which it is adopted or the date it becomes effective.

Issued in Washington, DC, this day of December, 2000.

**David M. Strauss,**

*Executive Director, Pension Benefit Guaranty Corporation.*

[FR Doc. 00–32706 Filed 12–22–00; 8:45 am]

**BILLING CODE 7708–01–P**

## DEPARTMENT OF THE INTERIOR

## Minerals Management Service

## 30 CFR Chapter II

## Review of Existing Regulations

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

**ACTION:** Review of regulations; request for comment.

**SUMMARY:** MMS has been performing annual reviews of its significant regulations and asking the public to participate in these reviews since 1994. The purpose of the reviews is to identify and eliminate regulations that are obsolete, ineffective, or burdensome. In addition, the reviews are meant to identify essential regulations that should be revised because they are either unclear, inefficient, or interfere with normal market conditions. As MMS moves towards performance based regulations, we are looking at ways to offer regulatory relief to industry for exceptional performance. We request your comments and suggestions with respect to which regulations could be more performance based and less prescriptive.

The purpose of this document is twofold. First, we want to provide the public an opportunity to comment on MMS regulations that should be eliminated or revised, or could be more performance based. Second, we are providing a status update of the actions MMS has taken on comments previously received from the public in response to documents published March 1, 1994; March 28, 1995; May 20, 1996; April 24, 1997; June 12, 1998; and June 7, 1999. We will only include in this document status updates on comments which have not been closed or implemented in the six previous status update documents listed above.

**DATES:** Written comments must be received by February, 26, 2001.

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

**FOR FURTHER INFORMATION CONTACT:** Elizabeth Montgomery, Policy and Management Improvement, telephone: (202) 208–3976; Fax: (202) 208–4891; and E-Mail: Elizabeth.Montgomery@mms.gov.

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

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

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

In the **Federal Register** notices published March 28, 1995 (60 FR 15888); May 20, 1996 (61 FR 25160); April 24, 1997 (62 FR 19961); June 12, 1998 (63 FR 32166); and June 7, 1999 (65 FR 30267), MMS: (a) Asked for further public comments on its regulations, and (b) provided a status update of actions it had taken on the major public comments received to date. We received 10 responses from the 1995 document, 5 responses from the 1996 document, 2 responses from the 1997 document, 3 responses from the 1998 document, and 3 responses from the 1999 document. A number of the commentators expressed appreciation for our streamlining efforts and responsiveness to suggestions from our regulated customers.

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

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

### Status Report

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

*A. Offshore Minerals Management (OMM) Program*

OMM is currently reviewing the following areas of OMM regulations:

1. Regulations Governing Conservation of Resources and Diligence (30 CFR Part 250, Subpart A)

*Comments Received*—(a) ''Revise Determination of Well Producibility to make wireline testing and/or mud logging analysis optional * * *.'' (b) ''* * * consider comments from the 11/30/95 MMS sponsored workshop to formulate policy for granting SOP [suspension of production] approvals based on host capacity delays, non-contiguous unitization, and market conditions/economic viability.'' (c) ''Grant SOP approval based on host capacity delays, non-contiguous unitization and market conditions/ economic viability.''

*Action Taken or Planned*—For (a) above, a final rule, ''Postlease Operations Safety,'' revising 30 CFR Part 250, Subpart A, was published on December 28, 1999 (64 FR 72756), effective January 28, 2000. This revision addressed the determination of well producibility. For (b) and (c) above, the final rule also addressed suspensions of production. While preparing the rule, we did consider the comments on granting suspensions of production from the November 30, 1995, workshop.

*Timetable*—Completed.

2. Regulations Applicable to Oil and Gas Drilling Operations (30 CFR Part 250, Subpart D)

*Comments Received*—(a) ''Revise directional survey requirements to allow a composite measurement-while-drilling directional survey to be acceptable * * *.'' (b) ''Revise the regulation to eliminate the requirement for multishop surveys when MWD [measurement-while-drilling] surveys are taken.'' (c) ''Revise the regulations to clarify that casings shall be tested to the lesser of the Maximum Design Pressure or to 70 percent of their MIY [minimum internal yield].'' (d) ''* * * allow the initial subsea BOP [Blowout Preventer] stump pressure test to serve as the initial test with 14 days of operations after installation as long as the BOP was fully stump tested within 48 hours of installation.'' (e) ''* * * require that blind and blind shear rams on subsea BOPs be tested to a pressure not greater than the casing test pressure.''

*Action Taken or Planned*—We rewrote the regulations governing Oil and Gas Drilling Operations, found in 30 CFR Part 250, Subpart D, in plain English. During this rewrite, we made appropriate revisions to the regulations and specifically allowed measurement-while-drilling technology to be used when it meets certain minimum requirements. We also updated the BOP requirements in this rewrite. The Notice of Proposed Rulemaking was published for comment on June 21, 2000. The comment period closed on October 19, 2000.

*Timetable*—We plan to publish a Final Rule late in 2001.

3. Regulations Applicable to Oil and Gas Well Completion Operations and Well Workover Operations (30 CFR Part 250, Subparts E and F)

*Comments Received*—(a) ''For subsea wells, require monitoring only on the tubing/production casing annulus.'' (b) ''* * * allow concentric workover rigs and related equipment to be moved onto a platform without shutting in wells.'' (c) ''Revise the regulations to allow a 14-day testing frequency for workovers.''

*Action Taken or Planned*—We plan to rewrite the regulations on well completion and well workover operations, and will address these comments at that time.

*Timetable*—We plan to publish for comment a Notice of Proposed Rulemaking in 2002.

4. Safety System Design and Installation (30 CFR Part 250, Subpart H)

*Comments Received*—''We believe that the [Safety and Environmental Management Program] SEMP/RP 75 Performance Measure process of alternative compliance for operators who voluntarily implement RP 75 and have 'good' performance should allow those operators to periodically update drawings and other documents of production safety system installations and routine modifications instead of receiving required MMS approval of these documents before any modifications are performed (Comment #14 of our July 17, 1996 letter). This is one example of the alternative compliance process that we suggest.''

*Action Taken or Planned*—This comment expresses an interest for regulatory relief in exchange for ''compliance'' with API RP75. This industry standard captures the essence of SEMP. On August 13, 1997, MMS published a **Federal Register** notice on SEMP (62 FR 43345). This notice publicly relayed our intent to continue collaborative efforts with the U.S. offshore oil and gas industry to promote the non-regulatory (i.e., voluntary) adoption of SEMP; it simultaneously relayed our intent to increasingly focus on operator performance in the field. We made this decision after extensive review of the industry's actions to adopt RP75. We have seen important strides made in the development of SEMP programs by the majority of OCS operators. We have, however, still not seen widespread implementation of these programs on offshore installations. In the most recent SEMP notice, we asked senior company officers to notify MMS when they had ''fully'' implemented SEMP at the field level. In our view, ''fully'' means that an operator has developed their SEMP plan and has implemented it at enough of their offshore installations to commence continuous improvement efforts (e.g., SEMP audits). At the end of December 1999, we had received such notifications from only nine OCS operators. This fact leads us to conclude that SEMP is not yet broadly implemented at the field level. Therefore, any requests for regulatory relief in exchange for SEMP implementation will need to be made to MMS on an ad hoc basis by operators who are prepared to demonstrate, and have us verify, both the extent of their SEMP implementation and their field-level performance.

We have begun the process of revising 30 CFR Part 250, Subpart H. The process changes suggested will be considered internally during preparation of the Notice of Proposed Rulemaking.

*Timetable*—We expect to publish for comment the Notice of Proposed Rulemaking for a revised 30 CFR Part 250, Subpart H, in early 2001.

5. Regulations Applicable to Production Safety Systems on the Outer Continental Shelf (30 CFR Part 250, Subpart H)

*Comments Received—Production Safety System Testing and Records (30 CFR 250.124)* (a) ''OOC [Offshore Operators Committee] is very much interested in working with MMS on a research project beginning in 1997 to consider appropriate leak rate tolerances for critical safety devices (Comment #11 of our July 17, 1996 letter) as well as testing frequencies of accurate and reliable new generation safety devices (Comment #13 of our July 17, 1996 letter).'' (b) ''Revise regulations governing Safety Valves to increase time between test and allowable leakage rates.''

*Action Taken or Planned*—MMS initiated a research project in September 1997 with Southwest Research Institute which investigated the question of leak rate tolerances for critical safety devices. The project also studied leakage rates for surface and subsurface safety valves. Final results from the project became available to the public in July 1999. We have now initiated the rulemaking process to revise all of 30 CFR Part 250, Subpart H. As part of this process, we will discuss internally testing frequencies for safety devices. Any proposed changes to our regulations as

a result of this project will be incorporated into the Notice of Proposed Rulemaking for 30 CFR Part 250, Subpart H.

*Timetable*—As mentioned in the Timetable for Item No. 4, we expect the Notice of Proposed Rulemaking for a revised Subpart H to appear in the **Federal Register** for comment in early 2001.

6. Production System Requirements and Production Safety-System Testing and Records (30 CFR Part 250, Subpart H)

*Comments Received*—(a) ''* * * allow the use of electronic pressure transducers to establish pressure ranges.'' (b) ''* * * allow the high pressure shut-in sensor to be set no higher than 5 percent or 5 psi, whichever is greater, below the relief valve set pressure.'' (c) ''Revise the testing frequency of certain surface safety devices.'' (d) ''* * * eliminate the monthly safety system qualifier that says 'but at no time shall more than 6 weeks elapse between tests'.'' (e) ''* * * allow for the annual testing of the pilot and once every 4 years for the valve body of pilot operated PSVs [pressure safety valves].'' (f) ''Delete the requirement to be in attendance on a satellite platform where the subsurface safety device is inoperative or temporarily removed from a well for routine operations * * *.''

*Action Taken or Planned*—These comments will be taken into consideration as we rewrite 30 CFR Part 250, Subpart H.

*Timetable*—As noted previously, we plan to publish a Notice of Proposed Rulemaking for Subpart H in early 2001.

7. Regulations Regarding Platforms and Structures (30 CFR Part 250, Subpart I)

*Comments Received*—(a) ''Revise site clearance requirements * * *.'' (b) ''Revise requirements for placing protective domes over well stubs * * *,'' etc. (c) ''Rescind NTL [Notice to Lessees] 98–26 and follow the regulations in 250.193'' (d) ''* * * allow the Regional Supervisor to approve partial platform removal on a case by case basis at deep and intermediate water depth locations.'' (d) ''Rescind NTL 98–19 and follow the regulations at 250.703(b) and 250.703(c).'' (e) ''Modify platform design wave return period calculation by placing a cap of 100 years on the field life calculation * * *.'' (f) ''* * * acknowledge the USCG [U.S. Coast Guard] role per the current MOU [Memorandum of Understanding].'' (g) ''Adopt the draft API RP for floating systems when issued.'' (h) ''For fixed platforms, adopt API RP 2A (19 or 20th edition), Section 14, Surveys, in its entirety, which allows underwater inspections for unmanned facilities at intervals from 5 to 10 yrs.'' (i) For floating systems * * * acknowledge the USCG responsibility for these inspections * * *.''

*Action Taken or Planned*—For (a), (b), (c), and (d) above, the proceedings for the International Workshop on Offshore Lease Abandonment and Platform Disposal held in April 1996 were published in 1997. We considered the comments we received from the proceedings in the Notice of Proposed Rulemaking, ''Decommissioning Activities,'' published on July 7, 2000, with comments due by October 5 (65 FR 41892). For (e) through (i) above, we are planning to rewrite 30 CFR Part 250, Subpart I, at which time we will address these comments.

*Timetable*—We plan to publish a Final Rule on decommissioning in late 2001, and a Notice of Proposed Rulemaking for comment on 30 CFR Part 250, Subpart I, in 2001.

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

*Comments Received*—(a) Revise regulations to avoid duplication of requirements between the Department of the Interior (DOI) and the Department of Transportation (DOT) in accordance with the 1996 Memorandum of Understanding on Outer Continental Shelf Pipelines. (b) Commenters submitted comments on the proposed rule that was published on October 1, 1999 (64 FR 53298), concerning producer-operated pipelines that cross directly into State waters without first connecting to a transporter-operated pipeline on the OCS. Commenters were primarily concerned with refinements in regulatory language to better define certain regulatory situations and the responsibilities of DOI and DOT in those situations. (c) ''* * * allow the setting level of actuation for pressure safety devices and redundant safety devices to be MAOP [Maximum Allowable Operating Pressure] plus 10 percent.'' (d) ''* * * require testing after a repair only for the pipeline sections/appurtenances that were replaced or repaired.'' (e) ''* * * allow the PSH [Pressure Safety High] to be set at MAOP plus 10 percent on departing pipelines.'' (f) ''* * * allow for a 15 second time delay bypass of the PSL [Pressure Safety Low] during pump and compressor start-up.''

*Action Taken or Planned*—For (a) and (b) above, as stated in our previous Notice, ''Reviewing Existing Regulations'' (June 7, 1999), the 1996 Memorandum of Understanding on Outer Continental Shelf pipelines became effective December 10, 1996, and was published in the **Federal Register** on February 14, 1997 (62 FR 7037). Since then we have published a final rule on August 17, 1998 (63 FR 43876), clarifying our regulatory responsibility for producer-operated pipelines that connect to transportation pipelines on the Outer Continental Shelf. Our proposed rule asserting our regulatory responsibility for producer-operated pipelines that do not connect to transportation pipelines on the Outer Continental Shelf was published on October 1, 1999. We published the final version of that rule on July 27, 2000 (65 FR 46092). DOT is now in the process of publishing their complementary rule in which they would relinquish their regulatory responsibility for nearly all producer-operated lines. The DOI and DOT rules, taken together, fully regulate the design, construction, operation, and maintenance requirements of all Outer Continental Shelf pipelines.

We are now preparing a proposed work practices rule for pipeline repairs or modifications that involve either cutting into a pipeline or opening a pipeline at a flange. The rule would require lessees and right-of-way holders to submit in writing the measures they plan to take and the procedures they plan to follow to protect company or contract workers from hazards resulting from pressure or combustibles during such repairs. Accidents during pipeline modifications and repairs have the potential for fire or explosion resulting in multiple fatalities, heavy equipment damage, and spills to the environment.

For (c), (d), and (f) above, we will consider these comments as we work with the Department of Transportation to make our regulations more compatible with theirs. We do not agree with comment (e) above. We earlier responded to this comment in the preamble of our final pipeline marking rule, ''Pipelines and Pipeline Rights-of-Way,'' published on August 17, 1998 (63 FR 43876).

*Timetable*—We plan to publish for comment the Notice of Proposed Rulemaking on work practices for pipeline repairs or modifications in early 2001. We will be working with the Department of Transportation on the remaining issues and will initiate a rewrite of 30 CFR, Part 250, Subpart J, in late 2001.

9. Regulations Applicable to Oil and Gas Production rates (30 CFR, Part 250, Subpart K)

*Comments Received*—(a) ''Clarify the regulations to allow various methods for testing subsea wells, including testing

by subtraction.'' (b) ''Allow the use of subsea tree pressure sensors to measure shut-in wellhead pressures corrected with produced fluid data from well tests.'' (c) ''Clarify criteria for flaring or venting small amounts of gas.''

*Action Taken or Planned*—We will address these comments when we rewrite 30 CFR, Part 250, Subpart K.

*Timetable*—We plan to publish for comment a Notice of Proposed Rulemaking in 2002.

10. Regulations Applicable to Oil and Gas Production Measurement, Surface Commingling, and Security (30 CFR Part 250, Subpart L)

*Comments Received*—(a) ''Drop requirement of separate continuous measurement and allocation trains for different royalty rate production volumes.'' (b) Give operators authority to switch (gas and liquid) between connecting pipeline systems, downstream royalty points, prior to arrival onshore, without modifying commingling authority.''

*Action Taken or Planned*—We will consider these comments when we update our rewrite of 30 CFR Part 250, Subpart L.

11. Regulations Applicable to Production Safety System Training (30 CFR Part 250, Subpart O)

*Comments Received*—In response to a June 10, 1997, workshop on the development of a performance based training rule, MMS received a variety of comments from the oil and gas industry and MMS accredited training schools. These comments include: (a) ''Continue to implement the current Subpart O training system.'' (b) ''Develop a dual training system incorporating elements from both a performance based program and MMS's current system.'' (c) ''Companies may neglect training under a performance based system.'' (d) ''MMS should use caution when changing from the current prescriptive training system * * *.'' (e) ''* * *use of a written MMS test may cause employees stress that would lead to poor performance on the exams.'' (f) ''* * *hands-on simulator testing is an excellent and realistic means of gauging performance. * * *MMS may not have the expertise or equipment to properly conduct simulator tests.'' (g) ''Hands-on testing should only be conducted onshore, not offshore.'' (h) ''How will MMS react to a company that does not train its employees but has a good safety record * * *.'' (i) ''This may not be the right time to move towards a performance system because of the increase in OCS activity and the shortage of trained and experienced workers.''

*Activity Taken or Planned*—We addressed comments (a) through (i) in the final rule revising 30 CFR Part 250, Subpart O, ''Well Control and Production Safety Training.'' The rule was published on August 14, 2000 (65 FR 49485), and was effective on October 15, 2000. We have distributed the published final rule to lessees and operators and the training schools.

*Timetable*—Completed.

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

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

*Action Taken or Planned*—NTL No. 83–3 has been superseded by NTL No. 98–20. In NTL No. 98–20, however, we did not address this comment on navigational positioning equipment. We are planning to revise NTL No. 98–20, and are in the process of developing guidance for navigational positioning equipment technology. In the planned revision of NTL No. 98–20, industry may still use buoying, but if they choose not to use buoying, the NTL will require the use of state-of-the-art navigational systems. This will assure the accuracy and safety of anchoring operations in the vicinity of pipelines.

*Timetable*—We plan to publish the revision of NTL 98–20 in early 2001.

13. Regulations Applicable to Oil Spill Financial Responsibility for Offshore Facilities (30 CFR Part 253)

*Comments Received*—''The current rule requires the party responsible for demonstrating OSFR [oil spill financial responsibility], the Designated Applicant, to file a new application and secure completion of form MMS–1017 by each co-lessee of record (Responsible Party) appointed the Designated Applicant. We request that the filing of Form MMS–1017 be on an exception basis only. In most cases, the Designated Applicant of the Lease/Permit is the Lease Operator or the holder of the 'Right of Use and Easement.' The rare cases when different parties operate them should be handled as exceptions with the filing of Form MMS–1017.''

*Activity Taken or Planned*—Form MMS–1017 was developed as a mechanism to reduce the financial and reporting burden for ''Responsible Parties,'' as defined in Section 1001 of the Oil Pollution Act of 1990 (Public Law 101–380, as amended). Section 1016(c) of the Oil Pollution Act of 1990 requires that each ''Responsible Party'' with respect to an offshore facility must establish and maintain the required amount of evidence of financial responsibility. The result, without utilization of form MMS–1017, for any offshore facility with more than one ''Responsible Party'' would be multiple financial coverage for those offshore facilities. The amount of financial coverage would be excessive for any potential oil spills, but would be required by law without the legal mechanism provided by form MMS–1017 to designate an agent to act for all of the lessees/permittees. The resultant cost would be excessive for many small to medium size companies and would make the current standard procedure of spreading risk, by only owning a portion of a lease or permit, untenable. Further, a review of the financial bond market capacities would be exceeded by requiring each lessee or permittee to evidence the specified amount of financial responsibility, resulting in many companies being forced out of the offshore oil and gas drilling and production marketplace.

*Timetable*—For the reasons stated above, we cannot incorporate the suggestion for 30 CFR Part 253.

14. Documents Incorporated by Reference

*Comments Received*—(a) ''30 CFR 250.101(e)) Incorporate by Reference ASME/ANSI B31G 'Manual for determining the remaining strength of corroded pipelines'.'' (b) ''(30 CFR 250.803(b)(1)) and (30 CFR 250.1629(b)(1)) Incorporate by Reference API 510 ''Pressure Vessel Inspection Code: Maintenance Inspection, Rating, Repair, and Alteration'.''

*Action Taken or Planned*—For (a) above, we are currently studying ASME/ANSI B31G to decide whether we will adopt it. For (b) above, we are planning to incorporate API 510 by reference as part of the Notice of Proposed Rulemaking we are preparing in our revision of 30 CFR Part 250, Subpart H.

*Timing*—We plan to publish for comment the Notice of Proposed Rulemaking revising Subpart H in early 2001.

*B. Minerals Revenue Management (MRM)*

MRM was formerly known as the Royalty Management Program. The program was renamed on October 8, 2000, but the functions remain the same. MRM is reviewing regulations in the following areas:

1. Statute of Limitations and Record Retention

*Comments Received*—(a) ''Statute of limitations is unclear.'' (b) ''Establish a

reciprocal 5-year statute of limitations from the date an obligation becomes due.'' (c) ''Absence of a record retention program creates some confusion. Regulations should require record retention to coincide with the 5-year statute of limitations.'' (d) '' 'the MMS is changing processes, developing implementation plans, and preparing regulatory changes,' in doing so, the congressional intent of FOGRSFA should be followed to provide certainty and simplicity to lessees.''

*Action Taken or Planned*—The Federal Oil and Gas Royalty Simplification and Fairness Act (FOGRSFA) was signed into law on August 13, 1996. FOGRSFA contains language to implement a 7-year statute of limitations for MMS processes. We are changing processes, developing implementation plans, and preparing regulatory changes to comply with the requirements of FOGRSFA.

2. Interest—Overpayments & Assessments

*Comment received*—(a) ''Interest accrual should be equitable between the agency and industry.'' (b) ''the MMS should be mindful of the congressional intent of simplicity and certainty in promulgating any regulations to implement these provisions of FOGRSFA.'' (c) ''A de minimis provision should be established for the assessment of interest.'' (d) ''* * * MMS should enhance their existing interest assessment system to allow for the offsetting of prior period adjustments made on the MMS Form 2014 before calculating applicable interest.'' (e) ''MMS should enhance their existing interest assessment system to calculate interest properly when payment and reporting are received on different dates. Interest is supposed to be calculated on payment date, not reporting date as is done currently in the MMS system. This can cause increased staff time and could easily cause incorrect overpayment of interest. The MMS system could remain as is, justified by the fact that the majority of the time payment and reporting are made on the same dates. In this case we would encourage the MMS to develop an override in the system so that payment date can be used when necessary to calculate interest. Payments are sometimes made to stop the running of interest before reports are submitted.''

*Action Taken or Planned*—For (a) above, FOGRSFA provides for the payment of interest on overpayments for oil and gas leases on Federal lands.

For (b) above, on March 31, 1997, we issued a Dear Payor letter about FOGRSFA's provisions involving interest issues. We issued another Dear Payor letter on October 1, 1997, explaining interest calculations and interest reporting requirements. We have implemented system enhancements to fulfill the requirements of FOGRSFA, and we are preparing regulations which will address these interest issues.

For (c) above, we have included billing thresholds in our interest system to prevent bills for *de minimis* amounts.

For (d) above, FOGRSFA not only provides for the payment of interest on overpayments for oil and gas leases on Federal lands, but allows industry to calculate the interest assessment. Also, FOGRSFA allows interest that has accrued on overpayments to be applied to reduce underpayments. In May 1997, we started sending interest statements instead of interest bills, and the statements contain totals for interest that MMS owes and for interest owed to MMS. MMS is implementing system changes to conform with the requirements of FOGRSFA and preparing corresponding regulations.

For (e) above, we calculate interest on underpayments based upon the date we receive payment. Interest on overpayments is calculated from the original royalty due date for a given sales month to the date we receive the Form MMS–2014, Report of Sales and Royalty Remittance, recouping overpaid royalties.

*Timetable*—We will publish for comment a Notice of Proposed Rulemaking in 2001 addressing interest on overpayments and underpayments.

3. Gas Valuation

*Comments received* (a) ''If the Takes vs. Entitlements policy stays in effect, MMS should strictly enforce reporting on actual quantities taken for all industry participants.'' (b) ''Eliminate Transportation and Processing Allowance Forms for Indians.''

*Action Taken or Planned* (a) FOGRSFA contains language requiring ''takes'' reporting for stand alone leases and agreements containing 100 percent Federal leases. FOGRSFA also requires ''entitlements'' reporting for so-called mixed agreements (agreements containing Federal, State, Indian, and/or fee leases) with an exception to use ''takes'' reporting for marginal properties. We are changing processes, developing implementation plans, and preparing regulatory changes to comply with the requirements of FOGRSFA.

(b) A final rule developed by the Indian Gas Valuation Negotiated Rulemaking Committee was published on August 10, 1999 (64 FR 43506), and became effective on January 1, 2000. This rule addresses the valuation for royalty purposes of natural gas produced from Indian leases. The rule substantially reduces the transportation and allowance reporting forms for gas from Indian leases. The rule also adds a methodology to calculate the major portion value and an alternative methodology for dual accounting as required by Indian lease terms. The rule simplifies and adds certainty to the valuation of production from Indian leases.

*Timetable*—We plan to publish for comment a Notice of Proposed Rulemaking in 2001 on takes vs. entitlements.

4. Reporting Procedures and Threshold

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

(b) ''The RMP Reengineering Team has recommended 32 reporting changes to reduce and simplify reporting and reduce administrative costs for both MMS and lessees. MMS should proceed diligently to implement these changes.''

(c) ''The review references the proposed changes to reporting requirements to the OGOR's and the 2014's. The statement, 'If these changes are implemented, they will significantly reduce the volumes of lines reported and processed,' is not totally correct in our assessment. It may be true for the OGOR's because some duplicate reporting is being eliminated, but not for the 2014's. If the current proposed 2014 becomes the final 2014, the lines of reporting will be greatly increased mainly because of the new proposed valuation code. If industry is required to report their sales at the six different valuation levels proposed by the MMS, the number of lines will greatly increase.''

*Action Taken or Planned*—On July 14, 2000, the Office of Management and Budget (OMB) approved the information collection changes in production reporting, and on August 1, 2000, OMB approved the information collection changes in royalty reporting, Form MMS–2014.

On July 15, 1999 (64 FR 38116), we published a final rule requesting that certain reports be submitted electronically beginning in November 1999. Electronic submission significantly reduces the amount of time necessary for a company to complete the monthly reports and MMS processing time, since no manual entry is required.

*Timetable*—Completed.

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

*Comments Received*—(a) ''Section 10 refund requirements should be eliminated. The refund process used for onshore properties should be established for offshore properties.'' (b) ''* * * we would urge the MMS to facilitate elimination of the Section 10 recoupment procedures in its entirety. The current practice is administratively burdensome and not cost effective for the industry or MMS.'' (c) ''Eliminate documentation requirements for refund requests over $250M (million); and/or increase this threshold to $500M; raise the refund request limit to $5M. Exempt pure accounting adjustments for items such as production date adjustments and incorrect AID (Accounting Identification) numbers; exempt unit revisions because these revisions are often made more than 2 years after the date of production; establish a time limit on MMS for review of a refund request to expedite the process; and overpayments on OCS properties should be allowed to be offset against any OCS underpayment.''

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

6. Electronic Data Exchange

*Comments Received*—(a) ''* * *MMS (should) continue their ongoing effort to exchange data by electronic means rather than hard copy thereby enabling the industry to adjust the data elements to integrate with each company's systems.'' (b) ''* * * is looking forward to working with MMS to develop an electronic reporting and funds transfer system that is both cost effective and efficient for all parties.''

*Action Taken or Planned*—We continue to encourage the exchange of data electronically. Our Reporter and Payor Training sessions stress the benefits of electronic reporting and provide reporters and payors with options for reporting by electronic data interchange, diskette, or magnetic tape. Another way we publicize electronic reporting is on the MMS/Minerals Revenue Management Internet website, *www.rmp.mms.gov.* (In January 2001, this website will be changed to www.mrm.mms.gov.)

On April 22, 1997 (62 FR 19497), we published a final rule specifying how payments are made for mineral royalties, rentals, and bonuses that requires all payments to be made electronically to the extent it is cost effective and practical.

On July 15, 1999 (64 FR 38116), we published a final rule requesting that certain reports be submitted electronically beginning in November 1999. Electronic submission significantly reduces the amount of time necessary for a company to complete the monthly reports and MMS processing time, since no manual entry is required.

*Timetable*—Completed.

7. Publish Final Rules Expeditiously

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

*Action Taken or Planned*—We published the final Indian gas valuation rule on August 10, 1999 (64 FR 43506). On April 22, 1997, we published a Notice in the **Federal Register** (62 FR 19536) withdrawing the proposed final Federal gas valuation rule because of changes occurring in the gas market.

New language in FOGRSFA will cause a number of changes in the Payor Liability rule and the Administrative Offset and Limitations on Credit Adjustments rule. We are working to incorporate the effects of FOGRSFA in these rules.

8. Valuation of Coal from Federal leases

*Comments Received*—(a) ''* * * amending this section to allow the use of the lessee's arm's length contracts to support the value for a non-arm's-length contract would make this section more effective and also eliminate the need to use third-party proprietary information in many instances.'' (b) ''* * * the use of the lessee's arm's-length contracts is the best evidence of the comparable value of any non-arm's-length sales by the lessee.''

*Action Taken or Planned*—The Royalty Policy Committee's Coal Subcommittee is reviewing issues related to coal valuation, and we will use the RPC's recommendations to make improvements to the coal royalty valuation and reporting procedures and associated regulations. The subcommittee anticipates presenting their report on coal valuation at a meeting of the full Royalty Policy Committee in the spring of 2001.

9. Royalty-in-Kind (RIK) Alternative

*Comments Received*—''urges the MMS to pursue implementation of a RIK program as a cost effective alternative.''

*Action Taken or Planned*—In 1997, we conducted a Feasibility Study that examined a series of RIK options, both offshore and onshore. Under RIK, the government accepts its royalty share in the form of production rather than the agency's usual practice of collecting oil royalties as a share of the cash value received by the lessee for sale of the production. Based on the study's recommendations, we are conducting pilot projects to study various approaches to implementing the RIK concept.

In cooperation with the State of Wyoming, royalty crude oil from Federal leases in the State of Wyoming and from State of Wyoming properties has been sold competitively on the open market about twice yearly. The State of Wyoming and MMS are satisfied enough with the initial results of these joint competitive open market RIK sales to continue and expand them. Both agencies are continuing to monitor the cost-effectiveness of the RIK approach to crude oil sales in Wyoming.

Under the second pilot, royalty natural gas is being taken in kind from Federal leases in the Texas 8(g) zone of the Gulf of Mexico (Federal offshore leases adjacent to State waters). The gas is being marketed competitively in partnership with the Texas General Land Office through a Cooperative Agreement with the State of Texas.

In 1999, we initiated the third pilot, taking royalty gas from offshore Federal leases, Gulf of Mexico-wide. We are offering royalty gas under competitive sales held monthly for a contract term of 30 days as well as under less frequent sales resulting in contracts of longer terms. Part of it is sold to the General Services Administration (GSA) under an interagency agreement for use by Federal agencies.

In 2000, we initiated a pilot to address the feasibility of taking royalty crude oil from Federal properties in the Gulf of Mexico. This offshore oil pilot makes the Federal royalty crude available, under public competitive sales, to a broad range of qualified bidders, without limitation to those eligible under the Small Refiner RIK Program.

We will analyze these pilots to determine if, and under what circumstances, the RIK option can reduce administrative costs for government and industry while producing at least as much revenue as

our current method of collecting royalties in value.

10. Lessee/Designee

*Comments Received*—MMS published an interim final rule on August 5, 1997 (62 FR 42062), to implement the designation of royalty payment responsibility provision of FOGRSFA. Generally, we support the need for lessees to submit designations pursuant to FOGRSFA, however, the lessees take issue with MMS's overall approach to implementing these very important provisions of FOGRSFA. Specifically, they object to the need for MMS to collect some of the information sought, the level of detailed information required by this rule, the burdensomeness of information required, and the ability of MMS and the Bureau of Land Management (BLM) to utilize information that these bureaus already have and maintain. Also, they take issue with MMS's authority to collect the information required under the rule from designees (payors).

*Action Taken or Planned*—When the payor remits royalties on behalf of the lessee, FOGRSFA requires that the lessee designate the paying party as their designee for each lease. The interim final rule published on August 5, 1997, implements the requirements of FOGRSFA. We have a process in place with BLM to identify operating rights owners and changes to operating rights ownership.

*Timetable*—Completed.

11. Other MMS/Minerals Revenue Management Regulatory Actions

*Comments Received*—(a) ''In order to craft a reasonable, fair, and proper [oil valuation] rule, it is imperative that MMS publicly address all critical issues prior to the issuance of any final rule so that affected persons can participate meaningfully in the rulemaking process.''

(b) ''Congress pushed for delegation of royalty management functions to states as a means of streamlining and simplifying the process of collection and payment of federal royalties. Despite Congress' clear intent, however, the final regulations published on August 12, 1997, and the standards for delegation published on September 8, 1997, in no way attempt to achieve that purpose.''

*Action Taken or Planned*—For (a) above, on January 24, 1997, we published a proposed rule on Valuation of Oil From Federal Leases (62 FR 3742), and on February 12, 1998, we published a proposed rule on Valuation of Oil From Indian Leases (63 FR 7089). We've held numerous public meetings regarding the proposed oil valuation rules, and in response to the many comments received in the meetings and through the mail, we published the following in the **Federal Register** on the proposed rule, Valuation of Oil on Federal Leases:

- Supplementary Proposed Rule (July 3, 1997—62 FR 36030);
- Reopened Public Comment Period and Offered Alternatives (September 22, 1997—62 FR 49460);
- Supplementary Proposed Rule (February 6, 1998—63 FR 6113);
- Supplementary Proposed Rule (July 16, 1998—63 FR 38355); and
- Reopened Comment Period and Offered Three Workshops in Houston, TX; Albuquerque, NM; and Washington, DC (March 12, 1999—64 FR 12267).
- Final Rule (March 15, 2000—65 FR 14022).

We also prepared a Supplementary Proposed Rule for Establishing Oil Value for Royalty Due on Indian Leases and published it on January 5, 1999 (65 FR 403).

For (b) above, the regulations for the Delegation of Royalty Management Functions to States were developed in consultation with State government representatives and industry. The final rule was published on August 12, 1997 (62 FR 43076), and included responses to comments we received on the proposed rule. On July 18, 1999 (64 FR 36782), we published a final rule that allows States which choose to assume duties to do so for less than all of the Federal mineral leases within the State or leases

*Timetable*—For (a) above, we plan to publish a Final Rule, ''Establishing Oil Value for Royalty Due on Indian Leases,'' in 2001. For (b) above, completed.

## Conclusion

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

Dated: December 19, 2000.

**Acting for Walter D. Cruickshank,**

*Director, Minerals Management Service.*

[FR Doc. 00–32832 Filed 12–22–00; 8:45 am]

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## DEPARTMENT OF TRANSPORTATION

## Coast Guard

## 33 CFR Part 165

**[CGD01–00–242]**

**RIN 2115–AA97**

## Safety Zone: Macy's July 4th Fireworks, East River, NY

**AGENCY:** Coast Guard, DOT.

**ACTION:** Notice of proposed rulemaking.

**SUMMARY:** The Coast Guard proposes to establish a permanent safety zone for the annual Macy's July 4th fireworks display. This action is necessary to provide for the safety of life on navigable waters during the event. This action is intended to restrict vessel traffic in a portion of the East River.

**DATES:** Comments and related material must reach the Coast Guard on or before February 9, 2001.

**ADDRESSES:** You may mail comments and related material to Waterways Oversight Branch (CGD01–00–242), Coast Guard Activities New York, 212 Coast Guard Drive, room 204, Staten Island, New York 10305. The Waterways Oversight Branch of Coast Guard Activities New York maintains the public docket for this rulemaking. Comments and material received from the public, as well as documents indicated in this preamble as being available in the docket, will become part of this docket and will be available for inspection or copying at room 204, Coast Guard Activities New York, between 8 a.m. and 3 p.m., Monday through Friday, except Federal holidays.

**FOR FURTHER INFORMATION CONTACT:** Lieutenant M. Day, Waterways Oversight Branch, Coast Guard Activities New York (718) 354–4012.

**SUPPLEMENTARY INFORMATION:**

### Request for Comments

We encourage you to participate in this rulemaking by submitting comments and related material. If you do so, please include your name and address, identify the docket number for this rulemaking (CGD01–00–242), indicate the specific section of this document to which each comment applies, and give the reason for each comment. Please submit all comments and related material in an unbound format, no larger than 8½ by 11 inches, suitable for copying. If you would like to know they reached us, please enclose a stamped, self-addressed postcard or envelope. We will consider all comments and material received during