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Dated: August 4, 2003.

John L. Carochi,

Front Range Center Manager.

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DEPARTMENT OF THE INTERIOR

Minerals Management Service

Royalty-in-Kind (RIK) Eligible Refiner, Determination of Need

AGENCY: Minerals Management Service, Interior.

ACTION: Solicitation of comments.

SUMMARY: The Minerals Management Service (MMS), an agency of the U.S. Department of the Interior, is requesting written comments from interested parties—particularly from small and/or independent petroleum refiners—regarding their experiences in the crude oil marketplace. Specifically, we are interested in small and/or independent refiners' experiences in gaining access to adequate supplies of crude oil at equitable prices. This Determination of Need process will assist the Secretary of the Interior in deciding whether or not to continue with sales of Federal Government royalty oil under the RIK eligible refiner program.

DATES: Submit written comments on or before September 25, 2003.

ADDRESSES: Address your comments and suggestions regarding this proposal to Sharron L. Gebhardt, Regulatory Specialist.

By regular U.S. mail: Center for Excellence, Minerals Revenue Management, Minerals Management Service, P.O. Box 25165, MS 320B2, Denver, Colorado 80225-0165; or

By overnight mail or courier: Attn: Sharron L. Gebhardt, (303) 231-3211, Center for Excellence, Minerals Revenue Management, Minerals Management Service, Building 85, Room A614, Denver Federal Center, Denver, Colorado 80225-0165; or

By fax: Please submit fax Attn: Sharron L. Gebhardt, fax (303) 231-3781, Re: "Determination of Need" and your name and return address in your fax message. If you do not receive a confirmation that we have received your fax message, call the contact person listed below.

By e-mail: MRM.comments@mms.gov. Please submit Internet comments as an ASCII file and avoid the use of special characters and any form of encryption. Also, please include "Attn: Determination of Need" and your name

and return address in your Internet message. If you do not receive a confirmation that we have received your Internet message, call the contact person listed below.

FOR FURTHER INFORMATION CONTACT:

Sharron L. Gebhardt at telephone (303) 231-3211, fax (303) 231-3781, or P.O. Box 25165, MS320B2, Denver Federal Center, Denver, Colorado 80225-0165.

SUPPLEMENTARY INFORMATION:

Introduction: UNDER the provisions of the Mineral Leasing Act of 1920 (MLA), as amended (30 U.S.C. 192), and the Outer Continental Shelf Lands Act (OCSLA) of August 7, 1953, as amended (43 U.S.C. 1334, 1353), the Secretary of the Interior can take Federal royalty oil in kind, in lieu of royalty payment, and sell it to "eligible refiners" for use in their refineries. The sale of royalty oil from Federal leases by the United States to eligible refiners is governed by the regulations at 30 CFR 208, effective December 1, 1987 (52 FR 41908, 10/30/1987).

An "eligible refiner," as defined at 30 CFR 208.2, means a refiner of crude oil meeting the following criteria to purchase royalty oil:

(1) For the purchase of royalty oil from onshore leases, it means a refiner that has an operating refinery and qualifies as a small and independent refiner as those terms are defined below:

- The term "independent refiner" means a refiner who (a) obtained, directly or indirectly more than 70 percent of his refinery input of domestic crude oil (or 70 percent of his refinery input of domestic and imported crude oil) from producers who do not control, are not controlled by, and are not under common control with, such refiner for the calendar quarter immediately preceding the date of the applicable "Notice of Availability of Royalty Oil," and (b) marketed or distributed in such quarter and continues to market and distribute a substantial volume of gasoline refined by him through branded independent marketers or non-branded independent marketers.

- The term "small refiner" means a refiner whose total refinery capacity (including the refinery capacity of any person who controls, is controlled by, or is under common control with such refiner) does not exceed 175,000 barrels per day.

Crude oil received in exchange for the refiner's own production is considered to be part of that refiner's own production for purposes of this section.

(2) For the purchase of royalty oil from offshore leases, it means a refiner that has an operating refinery and qualifies as a small business enterprise

under the rules of the Small Business Administration (SBA) (13 CFR Part 121) as updated in **Federal Register** Notice (68 FR 15047, 03/28/2003). The SBA standard for a small business within the Petroleum Refining Industry is a concern with a total Operable Atmospheric Crude Oil Distillation Capacity of less than or equal to 125,000 barrels per calendar day, and that has no more than 1,500 employees. Capacity includes owned or leased facilities as well as facilities under a processing agreement or an arrangement such as an exchange agreement or throughput.

The regulation at 30 CFR 208.4(a) governs the Determination of Need process and states that:

The Secretary may evaluate crude oil market conditions from time to time. The evaluation will include, among other things, the availability of crude oil and the crude oil requirements of the Federal Government, primarily those requirements concerning matters of national interest and defense. The Secretary will review these items and will determine whether eligible refiners have access to adequate supplies of crude oil and whether such oil is available to eligible refiners at equitable prices. Such determinations may be made on a regional basis * * *.

In accordance with its practice of conducting periodic reviews of market trends and conditions, MMS believes that undertaking another Determination of Need will be beneficial in formulating any decision to hold future royalty oil sales to eligible refiners.

Background: The RIK eligible refiner program has been an important source of crude oil for these refiners in the past. Currently, there are six eligible refiner RIK contracts (involving Gulf of Mexico and Pacific Region offshore leases).

In 1997, MMS undertook an examination of the eligible refiner RIK program and determined that a "proactive, structured, and documented methodology" should be used to conduct future RIK Determinations of Need. The MMS performed a full analysis in 1999 and an update of that analysis in 2001. These analyses supported the continuation of the program, and each was followed by subsequent RIK sales to eligible refiners.

More recently, MMS has expanded the percentage of the oil royalties it takes in kind (apart from the eligible refiner program) to improve the efficiency and effectiveness of collecting and distributing royalties. In doing so, it has improved the administration of its RIK programs to better interface with standard industry practices. These improvements include:

- Changing the way we conduct our operations by implementing logical

business practices in the areas of administrative fees, transportation allowances, counterparty risk management, operator delivery requirements, resolution of delivery imbalances, and gravity bank adjustments; and

- Providing greater specificity and certainty with regard to RIK contract language, especially with regard to provisions addressing the valuation of RIK oil for billing purposes.

Additionally, on November 13, 2001, President Bush announced an initiative to fill the remaining capacity of the Strategic Petroleum Reserve (SPR) with crude oil originating from royalties taken in kind. Royalty oil volumes from offshore Gulf of Mexico Federal leases have largely been dedicated to this effort, although about 22 percent of the Federal oil share from these leases is still currently being purchased under RIK eligible refiner sales. The MMS is taking approximately 90 percent of its royalty oil share in kind from Federal offshore California leases. This oil is also purchased under eligible refiner sales.

Potential respondents should also note that the mere conduct of a Determination of Need in no way presupposes that there will or will not be subsequent eligible refiner RIK sales. A Determination of Need is a logical first step in identifying general marketplace conditions. However, any decision to conduct additional RIK sales will necessarily be predicated on the regulatory criteria of "access" and "equity"—*i.e.*, whether a significant number of refiners have limited or no access to the marketplace and/or have experienced difficulty in negotiating a fair price for feeder stocks.

Information Requested: To assist MMS in completing a Determination of Need, please respond in writing to the following questions:

(1) Indicate your perspective as it relates to the domestic crude oil market: Small/Independent Refiner.

Large Refiner.

Oil Producer.

Oil Transporter.

Oil Marketer.

Other (please specify).

(2) Describe your experience with the domestic crude oil market and your perception of the need for the eligible refiner program.

(3) What is your perception of whether a benefit exists to conducting separate sales for onshore and offshore Federal lease crude?

(4) Under the sets of criteria outlined above, are you an eligible refiner of offshore lease oil, onshore lease oil, or both?

If you answered yes to any of the categories in the previous question, please address the questions that follow. (If you have multiple refineries, please address questions 1 through 5 for each refinery).

(1) For your immediate region or geographic area of operation, how would you characterize the general availability of crude oil?

(2) Is your refinery operating at full or near-full capacity in both summer and winter? If not, why not?

(3) What are the slate of refined products and their volumes from your refinery over each of the past 12 months?

(4) What percentage of onshore versus offshore crude oil volumes are currently being run through your refinery?

(5) What type of crude is desired to sustain your mix of refined products (*e.g.*, Wyoming Sweet, Wyoming Sour, Light Louisiana Sweet, etc.)?

(6) Have you been denied access to crude oil supplies in the past 18 months? What was the basis for the denial? For example, was the denial attributable to unavailability of desired crude, a lack of access to the transportation pipeline, or other reasons? Please provide documentation supporting any claim of denial.

(7) Do you use exchange agreements? Why?

(8) Are the feeder stocks you purchase, priced above market values for your geographic area? In other words, do you pay a bonus or premium because of your status as a small and/or independent refiner? Please identify, by crude oil type, what you pay on the average per barrel of oil.

(9) Have you previously participated in the Federal royalty oil program? If a prior program participant, why did you leave the program? How would you now benefit from receiving Federal royalty oil?

(10) Do you currently provide refined products (heating oil, jet fuel, etc.) to a U.S. military base or Federal installation? If so, identify the recipient facility and how long you have been supplying refined products.

(11) Do you anticipate any near term developments that would change your access to necessary supplies of crude oil at equitable prices?

The Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*) requires us to inform you that this information is being collected by MMS under an approved information collection titled Royalty-in-Kind (RIK)—Eligible Refiners, Determination of Need, OMB Control Number 1010-0119. All correspondence, records, or information received in response to this Notice, and

specifically in response to the questions listed above, are subject to disclosure under the Freedom of Information Act (FOIA). All information provided will be made public unless the respondent identifies which portions are proprietary. Please highlight the proprietary portions, including any supporting documentation, or mark the page(s) that contain proprietary data. Proprietary information is protected by the Federal Oil and Gas Royalty Management Act of 1982 (30 U.S.C. 1733), FOIA (5 U.S.C. 552 (b)(4)), the Indian Minerals Development Act of 1982 (25 U.S.C. 2103), and Department regulations (43 CFR 2). 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. Public reporting burden is estimated to be 4 hours per response. Comments on the accuracy of this burden estimate or suggestions on reducing this burden should be directed to the Information Collection Clearance Officer, MMS, MS-4230, 1849 C Street, NW., Washington, DC 20240.

Dated: July 15, 2003.

Lucy Querques Denett,

Associate Director for Minerals Revenue Management.

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INTERNATIONAL TRADE COMMISSION

[Inv. No. 337-TA-469]

In the Matter of Certain Bearings and Packaging Thereof; Notice of Commission Determination To Remand Investigation to the Administrative Law Judge for Further Fact-Finding; Extension of Target Date for Completion of the Investigation

AGENCY: International Trade Commission.

ACTION: Notice.

SUMMARY: Notice is hereby given that the U.S. International Trade Commission has determined to remand the above-referenced investigation to the presiding administrative law judge (ALJ) for further fact-finding. The Commission has also determined to extend the target date in this investigation by six (6) months, *i.e.*, until February 12, 2004.

FOR FURTHER INFORMATION CONTACT: Jean Jackson, Esq., Office of the General Counsel, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20436, telephone (202) 205-3012. Copies of the Commission's