

case, and at oral argument, the government had conceded that the statutory formula produced a negative 1986 recomputed differential earnings rate. Thus, the issue of whether the statutory formula can produce a negative rate was not before the court.

The final regulations clarify that the statute provides that the differential earnings rate and the recomputed differential earnings rate cannot be negative.

#### Effective Date

Notice 88-106 set forth guidance that would be contained in forthcoming regulations. The notice stated that regulations would be issued that would provide that neither the differential earnings rate nor the recomputed differential earnings rate may be negative. Rev. Rul. 88-80 stated that the final recomputed differential earnings rate for 1986 was zero even though the calculated rate was negative, and indicated that when the regulations were issued they may be effective prior to the date of issuance. As the final regulations involve the application of the guidance provided in Rev. Rul. 88-80, concerning the 1987 taxable year, the final regulations provide an effective date of taxable years beginning after December 31, 1986.

#### Special Analyses

It has been determined that this Treasury decision is not a significant regulatory action as defined in Executive Order 12866. It has also been determined that section 553(b) of the Administrative Procedure Act (5 U.S.C. chapter 5) and the Regulatory Flexibility Act (5 U.S.C. chapter 6) do not apply to these regulations, and, therefore, a Regulatory Flexibility Analysis is not required. Pursuant to section 7805(f) of the Internal Revenue Code, the notice of proposed rulemaking for these regulations was submitted to the Chief Counsel for Advocacy of the Small Business Administration for comment on their impact on small business.

#### Drafting Information

The principal author of these final regulations is Katherine Ann Hossosky of the Office of the Assistant Chief Counsel (Financial Institutions and Products). However, other personnel from the IRS and Treasury Department participated in their development.

#### List of Subjects in 26 CFR Part 1

Income taxes, Reporting and recordkeeping requirements.

#### Adoption of Amendments to the Regulations

Accordingly, 26 CFR part 1 is amended as follows:

#### PART 1—INCOME TAXES

**Paragraph 1.** The authority citation for part 1 continues to read in part as follows:

Authority: 26 U.S.C. 7805. • • •

**Par. 2.** Section 1.809-9 is added to read as follows:

**§ 1.809-9 Computation of the differential earnings rate and the recomputed differential earnings rate.**

(a) *In general.* Neither the differential earnings rate under section 809(c) nor the recomputed differential earnings rate that is used in computing the recomputed differential earnings amount under section 809(f)(3) may be less than zero.

(b) *Definitions—(1) Recomputed differential earnings amount.* The recomputed differential earnings amount, with respect to any taxable year, is the amount equal to the product of—

(i) The life insurance company's average equity base for the taxable year; multiplied by

(ii) The recomputed differential earnings rate for that taxable year.

(2) *Recomputed differential earnings rate.* The recomputed differential earnings rate for any taxable year equals the excess of—

(i) The imputed earnings rate for the taxable year; over

(ii) The average mutual earning rate for the calendar year in which the taxable year begins.

(c) *Effective date.* The regulations are effective for all taxable years beginning after December 31, 1986.

Michael P. Dolan,  
Acting Commissioner of Internal Revenue.

Approved: November 8, 1993.

Leslie Samuels,  
Assistant Secretary of the Treasury.  
[FR Doc. 93-30279 Filed 12-7-93; 4:03 pm]  
BILLING CODE 4830-01-U

#### DEPARTMENT OF THE INTERIOR

#### Minerals Management Service

30 CFR Parts 207, 208, 210, 216, 218, 219, 220, 228, 229, and 243

RIN 1010-AB69

#### Administrative Amendments of Regulations Governing Royalty Oil Surety Requirement, Information Collection Requirements, and Addresses

AGENCY: Minerals Management Service, Interior.

ACTION: Final rule.

**SUMMARY:** The Minerals Management Service (MMS) is making administrative amendments to its Royalty Management Program (RMP) regulations governing:

- Royalty oil surety requirement;
- Information collection requirements; and
- References to addresses for mailing or delivering requests, forms, and/or payments to MMS.

These amendments will clarify and improve the accuracy of MMS' regulations.

**EFFECTIVE DATE:** December 10, 1993.

**FOR FURTHER INFORMATION CONTACT:** David S. Guzy, Chief, Rules and Procedures Staff, Minerals Management Service, Royalty Management Program, Mail Stop 3901, P.O. Box 25165, Denver, Colorado 80225-0165, telephone (303) 231-3432.

**SUPPLEMENTARY INFORMATION:** The principal author of this final rulemaking is Marvin D. Shaver of the Rules and Procedures Staff, MMS, RMP.

#### I. Amendment of Royalty Oil Surety Requirement

The MMS is making amendments to its regulations at 30 CFR Part 208 "Sale of Federal Royalty Oil" to establish a wider range of surety instruments that will be accepted by MMS from eligible purchasers of Federal royalty oil. Paragraph § 208.11(d) requires that sureties be either surety bonds or irrevocable letters of credit from financial institutions acceptable to MMS. Under the amended rule, MMS will accept "MMS-specified surety instruments," which include:

- An MMS-specified bond,
- An MMS-specified irrevocable letter of credit, or
- A financial institution book-entry certificate of deposit.

The amendments to part 208 provide requirements with respect to the MMS-specified surety instruments. The amendments also replace the word "surety" from where it appears

§§ 208.7(h), 208.11, 208.12 (c) and (d), and 208.13(b) with the words "surety instrument it" to provide consistency with the term used in other MMS regulations.

The amendments are consistent with MMS' acceptance under 30 CFR part 243 of a wider range of surety instruments to secure unpaid amounts owed the Government pending administrative appeals of decisions or orders issued by MMS. The MMS-specified surety instruments for appeal purposes were codified in 30 CFR 243.2(b) by a Notice of Final Rulemaking published in the *Federal Register* on September 30, 1992 (57 FR 44991). The title of that Notice was "Revision of Regulation Governing Suspension of Decisions and Orders Pending Appeal."

The MMS is also amending §§ 208.3, 208.12, 208.13, 210.10, and 243.4 to remove references to Form MMS-4071 "Semiannual Report of Royalty-In-Kind Oil Entitlements" because the information provided on that report is now obtained by MMS from a different source. Section 208.2 is amended to change a cross-reference to another regulation.

## II. Amendment of Information Collection Requirements

This rulemaking amends MMS regulations at 30 CFR parts 210 and 216 governing information collection requirements:

- To revise the estimated time to complete seven existing reporting forms;
  - To correct the title of one existing reporting form;
  - To remove references to four existing reporting forms that are no longer required; and
  - To add one new reporting form.
- These amendments are discussed below.

### (a) *Revise estimated time to complete reporting forms.*

The MMS published a Notice of Final Rulemaking in the *Federal Register* on September 14, 1992 (57 FR 41862), which codified statements on estimated public reporting burden for the collection of information. Those statements included estimates of the time that it would take payors or operators on Federal or Indian leases to prepare and complete required reporting forms. As a result of more recent studies, MMS determined that the estimated time to complete seven of the forms should be revised. This final rule amends the estimated times codified at § 210.10(c) to complete the seven forms, which are MMS-2014, MMS-3160, MMS-4054, MMS-4055, MMS-4058, MMS-4059, and MMS-4110.

### (b) *Correct title of reporting form.*

On November 5, 1992, MMS published a Notice of Final Rulemaking in the *Federal Register* (57 FR 52719), which amended its regulations to remove references to Form MMS-4014 (Report of Sales and Royalty Remittance—Solid Minerals). This amendment resulted from MMS' revision of its Form MMS-2014 (Report of Sales and Royalty Remittance—Oil and Gas) to provide for the reporting of sales and royalty information on all types of mineral leases including solid mineral leases. As stated in the Notice, the revised Form MMS-2014 was retitled "Report of Sales and Royalty Remittance." The reference to "Oil and Gas" was removed from the title.

The November 5, 1992, Notice revised the title of the Form MMS-2014 referenced in various sections of MMS' regulations. However, MMS inadvertently failed to correct the title of Form MMS-2014 in the table contained in § 210.10 "Information collection" and to remove a reference to Form MMS-4014 in § 243.4(6) of its regulations. This rulemaking amends the table in § 210.10 to reflect the new title of Form MMS-2014 and § 243.4(6) to remove a reference to Form MMS-4014.

### (c) *Removal of four reporting forms.*

The MMS is amending §§ 210.10 (a) and (c), and removing §§ 216.52, 216.57, and 216.61, to remove references to four reporting forms for information collection that are no longer required for the following reasons:

- Forms "MMS-4052—Well Information Form" and "MMS-4061—API Well Number Change Report" because well reference data is now submitted to MMS on magnetic tape.
- Form "MMS-4057—Fractionation Plant Operations Report" and "MMS-4071—Semiannual Report of Royalty-In Kind Oil Entitlements" because the information provided on these reports is now obtained by MMS from different sources.

### (d) *Addition of one reporting form.*

The MMS is also amending § 210.10 to add a new reporting form for information collection. This form, titled "Stripper Royalty Rate Reduction Notification" (Form MMS-4377), must be submitted by operators of stripper oil properties who have been granted a reduced royalty rate by the Bureau of Land Management under 43 CFR 3103.4-1 for each 12-month qualifying period. This form has been approved by the Office of Management and Budget and assigned Clearance Number 1010-0090.

## III. Amendment of MMS Addresses

The September 14, 1992, rulemaking referenced in paragraph (a) above (57 FR

41862) also included amendments to references in MMS' regulations for addresses to be used for mailing or delivering requests, forms, and/or payments to MMS. Subsequent to the September Notice, MMS reorganized. This rulemaking removes references to MMS organizations and Mail Stops that no longer exist under the new organizational structure. The addresses changed by this rule amendment are contained in §§ 207.1, 210.10, 210.53, 210.204, 210.355, 216.15, 216.16, 216.40, 216.50, 218.51, 219.102, 220.003, 228.10, and 229.123.

## Procedural Matters

### *Administrative Procedure Act*

The changes included in this rulemaking are administrative only and are not substantive changes. Accordingly, pursuant to 5 U.S.C. 553(b), it has been determined that it is unnecessary to issue proposed regulations before the issuance of this final rule. For the same reason, it has been determined that in accordance with 5 U.S.C. 553(d), there is good cause to make this regulation effective upon publication in the *Federal Register*.

### *Executive Order 12866*

This document has been reviewed under Executive Order 12866.

### *The Regulatory Flexibility Act*

Because the changes are administrative only with no additional requirements or burden placed on small business entities, the Department of the Interior (Department) has determined that this rule 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.*).

### *Executive Order 12778*

The Department has certified to the Office of Management and Budget that these final regulations meet the applicable standards provided in sections 2(a) and 2(b)(2) of E.O. 12778.

### *Paperwork Reduction Act of 1980*

The information collection requirements contained in this rule have been approved by the Office of Management and Budget under 44 U.S.C. 3501 *et seq.* and assigned Clearance Numbers 1010-0022, 0033, 0040, 0042, 0061, 0063, 0064, 0074, 0075, 0076, 0087, 0088, and 0090.

### *National Environmental Policy Act of 1969*

It is hereby determined that this rulemaking does not constitute a major Federal action significantly affecting the quality of the human environment and

a detailed statement pursuant to paragraph (2)(C) of section 102 of the National Environmental Policy Act of 1969 (42 U.S.C. 4332(2)(C)) is not required.

**List of Subjects**

**30 CFR Parts 207 and 210**

Coal, Continental shelf, Geothermal energy, Government contracts, Indian lands, Mineral royalties, Natural gas, Petroleum, Public lands-mineral resources, Reporting and recordkeeping requirements.

**30 CFR Part 208**

Continental shelf, Government contracts, Mineral royalties, Petroleum, Public lands—mineral resources, Reporting and recordkeeping requirements, Small businesses, Surety bonds.

**30 CFR Parts 216, 228 and 229**

Coal, Continental shelf, Geothermal energy, Government contracts, Indian lands, Mineral royalties, Natural gas, Penalties, Petroleum, Public lands-mineral resources, Reporting and recordkeeping requirements.

**30 CFR Part 218**

Coal, Continental shelf, Electronic funds transfers, Geothermal energy, Government contracts, Indian lands, Mineral royalties, Natural gas, Penalties, Petroleum, Public lands-mineral resources, Reporting and recording requirements.

**30 CFR Part 219**

Coal, Continental shelf, Electronic funds transfers, Geothermal energy, Government contracts, Indian lands, Mineral royalties, Natural gas, Petroleum, Public lands-mineral resources, Reporting and recording requirements.

**30 CFR Part 220**

Coal, Continental shelf, Geothermal energy, Government contracts, Mineral royalties, Natural gas, Petroleum, Public lands-mineral resources, Reporting and recording requirements.

**30 CFR Part 243**

Coal, Continental shelf, Geothermal energy, Government contracts, Indian lands, Mineral royalties, Natural gas, Petroleum, Public lands-mineral resources.

Dated: October 27, 1993.

**Bob Armstrong,**  
Assistant Secretary—Land and Minerals Management.

For the reasons set out in the preamble, 30 CFR parts 207, 208, 210,

216, 218, 219, 220, 228, 229, and 243 are amended as follows:

**PART 207—SALES AGREEMENTS OR CONTRACTS GOVERNING THE DISPOSAL OF LEASE PRODUCTS**

1. The authority citation for part 207 is revised to read as follows:

**Authority:** 5 U.S.C. 301 *et seq.*; 25 U.S.C. 396 *et seq.*; 25 U.S.C. 396a *et seq.*; 25 U.S.C. 2101 *et seq.*; 30 U.S.C. 181 *et seq.*; 30 U.S.C. 351 *et seq.*; 30 U.S.C. 1001 *et seq.*; 30 U.S.C. 1701 *et seq.*; 31 U.S.C. 3716 *et seq.*; 31 U.S.C. 9701; 43 U.S.C. 1301 *et seq.*; 43 U.S.C. 1331 *et seq.*; and 43 U.S.C. 1801 *et seq.*

**§ 207.1 [Amended]**

2. Section 207.1 "Required recordkeeping" is amended by removing the Mail Stop (MS) "MS 2300" from where it appears in the address in paragraph (b).

**PART 208—SALE OF FEDERAL ROYALTY OIL**

1. The authority citation for part 208 is revised to read as follows:

**Authority:** 5 U.S.C. 301 *et seq.*; 30 U.S.C. 181 *et seq.*; 30 U.S.C. 351 *et seq.*; 30 U.S.C. 1701 *et seq.*; 31 U.S.C. 9701; 43 U.S.C. 1301 *et seq.*; 43 U.S.C. 1331 *et seq.* and 43 U.S.C. 1801 *et seq.*

2. Section 208.2 "Definitions" is amended by removing the reference to "13 CFR 121.3-9(a)(1)" in paragraph (2) of the definition of "Eligible refiner" and adding "13 CFR part 121" in its place.

3. Section 208.3 "Information Collection" is revised to read as follows:

**§ 208.3 Information collection.**

The information collection requirements contained in this part have been approved by OMB under 44 U.S.C. 3501 *et seq.* The form, filing date, and approved OMB clearance number are identified in 30 CFR 210.10.

4. Paragraph (a) of § 208.6 is revised to read as follows:

**§ 208.6 General application procedures.**

(a) To apply for the purchase of royalty oil, an applicant must file a Form MMS-4070 with MMS in accordance with instructions provided in the "Notice of Availability of Royalty Oil" and in accordance with any instructions issued by MMS for completion of Form MMS-4070. The applicant will be required to submit a letter of intent from a qualified financial institution stating that it would be granted surety coverage for the royalty oil for which it is applying, or other such proof of surety coverage, as deemed acceptable by MMS. The letter of intent must be submitted with a completed Form MMS-4070.

\* \* \* \* \*

5. Paragraph (h) of § 208.7 "Determination of eligibility" is amended to add the word "instrument" after the word "surety" in the last sentence.

6. Section 208.11 is revised to read as follows:

**§ 208.11 Surety requirements.**

(a) The eligible purchaser, prior to execution of the contract, shall furnish an "MMS-specified surety instrument," in an amount equal to the estimated value of royalty oil that could be taken by the purchaser in a 99-day period, plus related administrative charges. The MMS may require the purchaser to increase the amount of the surety instrument when necessary to protect the Government's interest or may allow the purchaser to decrease the amount of the surety instrument where necessary to further the purposes of the Royalty-in-Kind Program.

(b) If a letter of credit is furnished as the surety instrument, it must be effective for a 9-month period beginning the first day the royalty oil contract is effective, with a clause providing for automatic renewal monthly for a new 9-month period. The purchaser or its surety company may elect not to renew the letter of credit at any monthly anniversary date, but must notify MMS of its intent not to renew at least 30 days prior to the anniversary date. The MMS may grant the purchaser 45 days to obtain a new surety instrument. If no replacement surety instrument is provided, MMS will terminate the contract effective at least 6 months prior to the expiration date of the letter of credit. Notwithstanding the above provisions, the letter of credit also may contain a clause providing for automatic termination 6 months after the royalty oil contract terminates. If a certificate of deposit is furnished as the surety instrument, it must be effective for the life of the contract plus 6 months after the royalty oil contract terminates.

(c) For the purposes of this section, an "MMS-specified surety instrument" means either: an MMS-specified surety bond, an MMS-specified irrevocable letter of credit, or a financial institution book-entry certificate of deposit.

(d) The "MMS-specified surety instrument" shall be in a form specified by MMS instructions or approved by MMS. A bond must be issued by a qualified surety company that has been approved by the Department of the Treasury. An irrevocable letter of credit or a certificate of deposit must be from a financial institution acceptable to MMS. The MMS will use a bank rating service to determine whether a financial institution has an acceptable rating to

provide a surety instrument deemed adequate to indemnify the Government from loss or damage.

(e) All surety instruments must be in a form acceptable to MMS and must include such other specific requirements as MMS may require adequately to protect the Government's interests.

7. Paragraph (a) of § 208.12 is amended by removing the reference to "§ 208.13(b)" in the last sentence and adding "208.13" in its place.

8. Paragraphs (c) and (d) of § 208.12 are revised to read as follows:

**§ 208.12 Payment of requirements.**

(c) If payment for royalty oil is not received by the due date specified in the contract, a notice of nonreceipt will be sent to the purchaser by certified mail. If payment is not received by MMS within 15 days from the date of such notice, MMS may cancel the contract and collect under the MMS-specified surety instrument. See § 208.11.

(d) If the purchaser disagrees with the amount of payment due, it must pay the amount due as computed by MMS, unless the purchaser appeals the amount and posts an MMS-specified surety instrument pursuant to the provisions of 30 CFR part 243. The MMS may, at its discretion, waive the appeal surety requirements if it determines that the contract surety instrument is sufficient protection for an amount under appeal.

9. Section 208.13 is revised to read as follows:

**§ 208.13 Reporting requirements.**

If MMS underbills a purchaser under a royalty oil contract because of a payor's underreporting or failure to report on Form MMS-2014 pursuant to 30 CFR 210.52, the payor will be liable for payment of such underbilled amounts plus interest if they are unrecoverable from the purchaser or the surety instrument related to the contract.

**PART 210—FORMS AND REPORTS**

1. The authority citation for part 210 is revised to read as follows:

Authority: 5 U.S.C. 301 *et seq.*; 25 U.S.C. 396 *et seq.*; 25 U.S.C. 396a *et seq.*; 25 U.S.C. 2101 *et seq.*; 30 U.S.C. 181 *et seq.*; 30 U.S.C. 351 *et seq.*; 30 U.S.C. 1001 *et seq.*; 30 U.S.C. 1701 *et seq.*; 31 U.S.C. 3716 *et seq.*; 31 U.S.C. 9701; 43 U.S.C. 1301 *et seq.*; 43 U.S.C. 1331 *et seq.*; and 43 U.S.C. 1801 *et seq.*

**§§ 210.10, 210.53, 210.204, and 210.355 [Amended]**

2. In the list below, for each section and paragraph indicated in the left

column, remove the words and/or Mail Stop (MS) indicated in the right column from wherever they appear in that section and paragraph.

Section	Remove words/MS
210.10(b)(3) ..	"Production Accounting Division,"
210.10(b)(4) ..	"Royalty Valuation and Standards Division,"
210.10(b)(4) ..	"MS 3500,"
210.10(b)(5) ..	"Royalty Compliance Division,"
210.10(b)(5) ..	"MS 3600,"
210.10(b)(6) ..	"Revenue and Document Processing,"
210.10(d) .....	"MS 2300,"
210.53(a) .....	"Fiscal Accounting Division,"
210.53(a) .....	"MS 3200,"
210.53(a) .....	"Production Accounting Division,"
210.53(b) .....	"Lessee Contact Branch with respect to royalty reporting, or the MMS Reporter Contact Branch with respect to production reporting,"
210.204(a) .....	"Fiscal Accounting Division,"
210.204(a) .....	"MS 3200,"
210.204(a) .....	"Production Accounting Division,"
210.204(b) .....	"Lessee Contact Branch with respect to royalty reporting, or the MMS Reporter Contact Branch with respect to production reporting,"
210.355(a) .....	"Fiscal Accounting Division,"
210.355(b) .....	"Lessee Contact Branch."

3. In the list below, for each paragraph of § 210.10 "Information collection" indicated in the left column, remove the time in minutes or hours indicated in the middle column from wherever it appears in that paragraph, and add the time in minutes or hours indicated in the right column.

§ 210.10	Remove	Add
(c)(1) .....	9 minutes ...	7 minutes.
(c)(2) .....	30 minutes .	15 minutes.
(c)(8) .....	1 hour .....	30 minutes.
(c)(9) .....	30 minutes .	15 minutes.
(c)(12) .....	1 hour .....	15 minutes.
(c)(13) .....	1½ hours ...	1.25 hours.
(c)(19) .....	1 hour .....	2 hours.
(c)(19) .....	3 hours .....	5 hours.

4. Section 210.10 is amended by revising the title of Form MMS-2014 contained in the table in paragraph (a). Remove the title "MMS-2014—Report of Sales and Royalty Remittance—Oil and Gas" at the beginning of the table and replace with the title "MMS-2014—Report of Sales and Royalty Remittance."

5. The table in paragraph (a) of § 210.10 is amended by removing all references to form numbers MMS-4052, MMS-4057, MMS-4061, and MMS-4071 from where they appear in the

table and add a new form number, name, filing date and OMB number in numerical sequence at the end of the table to read as follows:

**§ 210.10 Information collection.**  
(a) \* \* \*

Form No., name and filing date	OMB No.
MMS-4377—Stripper Royalty Rate Reduction Notification—Due for each 12-month qualifying period that a reduced royalty rate is granted by the Bureau of Land Management	1010-0090

6. Paragraph (b)(1) of § 210.10 is revised to read as follows:

**§ 210.10 Information collection.**  
(a) \* \* \*  
(b)(1) Requests for Forms MMS-2014 or MMS-4070 should be addressed to the Minerals Management Service, Royalty Management Program, P.O. Box 5760, Denver, Colorado 80217-5760. The completed Form MMS-2014 should be mailed to the Minerals Management Service, Royalty Management Program, P.O. Box 5810, Denver, Colorado 80217-5810. The address to which a completed Form MMS-4070 should be mailed will be identified in a Federal Register Notice of Availability of Royalty Oil. (See 30 CFR 208.5.)

7. Section 210.10 is amended by removing paragraphs (c)(6), (c)(11), (c)(15), and (c)(17) and redesignating paragraphs (c)(7) through (10) as paragraphs (c)(6) through (9) redesignating paragraphs (c)(12) through (14) as (c)(10) through (12), redesignating paragraph (c)(16) as (c)(13), and redesignating paragraphs (c)(18) through (23) as (c)(14) through (19) respectively. Also, a new paragraph (c)(20) is added to read as follows:

**§ 210.10 Information collection.**  
(c)(20) MMS-4377—This form must be submitted by operators of stripper oil properties to notify MMS of reduced royalty rates granted by the Bureau of Land Management under 43 CFR 3103.4-1 for each 12-month qualifying period. Reporting burden is estimated to require an average of 30 minutes per form to supply the operator name, lease and agreement numbers, calculated and current royalty rate, and the period covered. Comments submitted relative to this information collection should reference Paperwork Reduction Project 1010-0090.

**PART 216—PRODUCTION ACCOUNTING**

1. The authority citation for part 216 is revised to read as follows:

Authority: 5 U.S.C. 301 *et seq.*; 25 U.S.C. 396 *et seq.*; 25 U.S.C. 396a *et seq.*; 25 U.S.C. 2101 *et seq.*; 30 U.S.C. 181 *et seq.*; 30 U.S.C. 351 *et seq.*; 30 U.S.C. 1001 *et seq.*; 30 U.S.C. 1701 *et seq.*; 31 U.S.C. 3716 *et seq.*; 31 U.S.C. 9701; 43 U.S.C. 1301 *et seq.*; 43 U.S.C. 1331 *et seq.*; and 43 U.S.C. 1801 *et seq.*

§§ 216.15, 216.16, 216.40, 216.50, 216.52, 216.53, 216.54, 216.55, 216.56, 216.57, 216.58, and 216.61 [Amended]

2. In the list below, for each section and paragraph indicated in the left column, remove the words indicated in the right column from wherever they appear in that section and paragraph:

Section	Remove words
216.15(a) ..	"Production Accounting Division,"
216.15(b) ..	"Reporter Contact Branch,"
216.16(a) ..	"Production Accounting Division,"
216.16(b) ..	"Room A-212, Revenue and Document Processing,"
216.40(c) ..	"Fractionation Plant Operations Report (Form MMS-4057),"
216.50(a) ..	"To the Chief, Production Accounting Division, Royalty Management Program, MMS."

3. Sections 216.52, 216.57, and 216.61, under Subpart B—Oil and Gas, General, are removed, and §§ 216.53, 216.54, 216.55, 216.56, and 216.58 are redesignated as §§ 216.52 through 216.56, respectively.

4. A new § 216.57 is added under Subpart B—Oil and Gas, General, to read as follows:

**§ 216.57 Stripper royalty rate reduction notification.**

In accordance with its regulations at 43 CFR 3103.4-1, titled "Waiver, suspension, or reduction of rental, royalty, or minimum royalty," the Bureau of Land Management (BLM) may grant reduced royalty rates to operators of low producing oil leases to encourage continued production. Operators who have been granted a reduced royalty rate(s) by BLM must submit a Stripper Royalty Rate Reduction Notification (Form MMS-4377) to MMS for each 12-month qualifying period that a reduced royalty rate(s) is granted.

5. Paragraphs (c)(1) and (c)(2) of § 216.50 are amended to change the reference in those paragraphs from "§ 216.54" to "§ 216.53."

**PART 218—COLLECTION OF ROYALTIES, RENTALS, BONUSES AND OTHER MONIES DUE THE FEDERAL GOVERNMENT**

1. The authority citation for part 218 is revised to read as follows:

Authority: 5 U.S.C. 301 *et seq.*; 25 U.S.C. 396 *et seq.*; 25 U.S.C. 396a *et seq.*; 25 U.S.C. 2101 *et seq.*; 30 U.S.C. 181 *et seq.*; 30 U.S.C. 351 *et seq.*; 30 U.S.C. 1001 *et seq.*; 30 U.S.C. 1701 *et seq.*; 31 U.S.C. 3716; 31 U.S.C. 3720A; 31 U.S.C. 9701; 43 U.S.C. 1301 *et seq.*; 43 U.S.C. 1331 *et seq.*; and 43 U.S.C. 1801 *et seq.*

§ 218.51 [Amended]

2. Section 218.51 "Method of payment" is amended by removing the words "Room A-212, Revenue and Document Processing," from where they appear in the address in paragraph (f)(2).

**PART 219—DISTRIBUTION AND DISBURSEMENT OF ROYALTIES, RENTALS, AND BONUSES**

1. The authority citation for part 219 continues to read as follows:

Authority: Section 104, Pub. L. 97-451, 96 Stat. 2451 (30 U.S.C. 1714).

§ 219.102 [Amended]

2. Section 219.102 "Method of payment" is amended by removing the words "Fiscal Accounting Division," and "MS 3200," from where they appear in that section.

**PART 220—ACCOUNTING PROCEDURES FOR DETERMINING NET PROFIT SHARE PAYMENT FOR OUTER CONTINENTAL SHELF OIL AND GAS LEASES**

1. The authority citation for part 220 continues to read as follows:

Authority: Sec. 205, Pub. L. 95-372, 92 Stat. 643 (43 U.S.C. 1337).

§ 220.003 [Amended]

2. Section 220.003 "Information collection" is amended by removing the Mail Stop (MS) "MS 2300," from where it appears in the address in paragraph (b).

**PART 228—COOPERATIVE ACTIVITIES WITH STATES AND INDIAN TRIBES**

1. The authority citation for part 228 continues to read as follows:

Authority: Section 202, Pub. L. 97-451, 96 Stat. 2457 (30 U.S.C. 1732).

§ 228.10 [Amended]

2. Section 228.10 "Information collection," is amended by removing the Mail Stop (MS) "MS 2300," from where

it appears in the address in paragraph (b).

**PART 229—DELEGATION TO STATES**

1. The authority citation for part 229 is revised to read as follows:

Authority: Section 205, Pub. L. 97-451, 96 Stat. 2459 (30 U.S.C. 1735).

§ 229.123 [Amended]

2. Section 229.123 "Standards for audit activities" is amended by removing the words "the Royalty Compliance Division (RCD) of the" from the second sentence of paragraph (b)(2).

3. Paragraphs (b)(2) and (b)(3)(vii) of § 229.123 are amended by removing the abbreviation "RCD" from where it appears in those paragraphs. Add the abbreviation "MMS" in place of the abbreviation "RCD" that was removed.

**PART 243—APPEALS—ROYALTY MANAGEMENT PROGRAM**

1. The authority citation for part 243 continues to read as follows:

Authority: R.S. 463, 25 U.S.C. 2; R.S. 465, 25 U.S.C. 9; sec. 32, 41 Stat. 450, 30 U.S.C. 189; sec. 5, 44 Stat. 1058, 30 U.S.C. 285; sec. 10, 61 Stat. 915, 20 U.S.C. 359; secs. 5, 6, 67 Stat. 464, 465, 43 U.S.C. 1334, 1335; sec. 24, 84 Stat. 1573, 30 U.S.C. 1023, 30 U.S.C. 1701 *et seq.*

§ 243.4 [Amended]

2. Paragraph (b)(2) of § 243.4, "Service of official correspondence," is removed, and paragraphs (b)(3) through (b)(9) are redesignated as new paragraphs (b)(2) through (b)(8), respectively.

3. In newly designated paragraph (b)(8) the reference to "paragraphs (b)(1) through (8)" is revised to read "paragraphs (b)(1) through (7)".

4. Newly designated paragraph (b)(5) is amended to read as follows:

§ 243.4 Serving of official correspondence.

\* \* \* \* \*

(b)(5) The addressee of record for serving official correspondence relating to reporting on the "Report of Sales and Royalty Remittance" (Form MMS-2014) is the most recent position title, department name and address, or individual name and address specified, in writing, by the payor. The payor is responsible for notifying the Royalty Management Program, in writing, of any addressee changes.

\* \* \* \* \*

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