DEPARTMENT OF THE INTERIOR

Bureau of Land Management

43 CFR Part 3100

RIN 1004-AC00

[WO-610-02-4110-24 1A]

Promotion of Development, Reduction of Royalty on Stripper Wells

AGENCY: Bureau of Land Management, Interior.

ACTION: Proposed rule.

SUMMARY: The Bureau of Land Management (BLM) is issuing this proposed rule to amend 43 CFR 3103.4-1 relating to waiver, suspension, or reduction of rental, royalty, or minimum royalty. This amendment establishes the conditions under which an operator or an owner of a stripper oil well property can obtain a reduction in the royalty rate. This action is taken in order to encourage the operators of Federal stripper oil properties to place marginal or uneconomical shut-in oil wells back in production and to provide the economic incentive to increase production by reworking such wells and/or by implementing enhanced oil recovery projects. This would delay the abandonment of stripper and shut-in oil wells until the maximum amount of economically recoverable oil has been obtained from the reservoir. This amendment should result in an increase in the cumulative amount of domestic oil production from existing wells, and an increase in the percentage of oil recovery from presently developed reservoirs. It would also minimize the necessity of drilling new wells with the accompanying additional environmental impacts, assist in reducing the national balance of trade deficit, and help promote stability relating to jobs and services in the domestic oil industry.

DATES: Comments should be submitted by April 10, 1992. Comments received or postmarked after this date may not be considered in the decisionmaking process on the final rule.

ADDRESSES: Comments should be sent to: Director (140), Bureau of Land Management, room 5555, Main Interior Building, 1849 C Street, NW., Washington, DC 20240. Comments will be available for public review in room 5555 of the above address during regular business hours (7:45 a.m. to 4:15 p.m.), Monday through Friday.

FOR FURTHER INFORMATION CONTACT: Erick Kaarlela, (202) 653-2127.

SUPPLEMENTARY INFORMATION: Section 39 of the Mineral Leasing Act (30 U.S.C. 209) and the existing regulations at 43 CFR 3103.4-1 provide that, in order to encourage the greatest ultimate recovery of oil or gas and in the interest of conservation, the Secretary of the Interior (the Secretary), upon a determination that it is necessary to promote development or that the lease cannot be successfully operated under the terms provided therein, may reduce the royalty on an entire leasehold or any portion thereof. The existing regulations also require the filing of a lengthy application for royalty reduction, including a detailed statement of expenses and costs of operating the entire lease, the income from the sale of any production, and all facts tending to show whether the wells can be successfully operated at the fixed lease royalty rate. Further, existing BLM policy only allows for a royalty reduction sufficient for the lease income to equal expenses; that is, such reduction does not provide for the working interest owner to receive a profit from the production operations. Under these conditions, very few applications for royalty reduction have been filed and even fewer granted.

Based on the following findings, the Secretary has determined under section 39 of the Mineral Leasing Act that, for all oil wells qualifying as stripper wells, i.e., wells producing less than 15 barrels per day, royalty rate reduction is necessary to promote development, and that many stripper oil well properties cannot be successfully operated at the current royalty rate.

As of September 30, 1991, there were approximately 20,000 producing oil and gas leases on Federal lands. About 14,000 of these leases had wells actually producing thereon and about 6,000 were allocated production by virtue of being committed to unit or communitization agreements or by the payment of compensatory royalty. The majority of the total producing leases, about 15,000, were in the States of Colorado, New Mexico, and Wyoming.

On those leases, there were about 23,000 producing oil wells, 6,000 shut-in oil wells, and an estimated additional 3,000 temporarily abandoned oil wells on Federal lands as of September 30, 1991. The majority of the shut-in oil wells, about 4,800, were in the States of Wyoming, New Mexico, and California.

About 15,500 of the 23,000 producing oil wells were stripper oil wells. Total oil production from Federal lands during the period June 1990 through May 1991 was about 121 million barrels of which about 22.8 million barrels were produced from stripper oil wells. Since domestic oil production has been declining in the last 5 years, production from stripper wells is vital to avoiding increased dependence on foreign sources of crude oil.

Stripper wells are those whose production level is so low that they are only marginally economical to keep in production at current royalty rates, under the current and foreseeable oil industry economics. In fact, many are not currently producing and about 6,000 are in a shut-in status awaiting abandonment or better economics to resume production. A recent internal BLM review indicates that over 80 percent of the shut-in oil wells on Federal lands have some future beneficial use (potential to return to use as a production or service well), depending on economics. About 20 percent of the shut-in wells may have potential for use in enhanced oil recovery projects. During the past year, over 600 wells were plugged and abandoned on Federal lands, an average rate of 50 wells per month. Abandonment of stripper wells under the current economic situation in many cases will preclude the ultimate recovery of petroleum that physically could be produced from existing wells, but which would not justify redrilling of plugged wells or the drilling of new wells under more favorable economic circumstances after existing wells are plugged. Unless production resumes in the near future, BLM regulations for the protection of the environment will require these wells to be permanently plugged.

Given an appropriate economic incentive such as royalty rate reduction, wells currently shut-in or awaiting abandonment could be brought back into production, thereby reducing the current abandonment rate for marginally economic and shut-in wells and maximizing the ultimate recovery of energy resources on Federal lands. It would be in the public interest to reduce the abandonment rate, because any stripper well that is abandoned because of current economics reduces the potential for added and future domestic oil production. Money that is currently spent by operators in abandoning wells can instead be turned to use in resuming or increasing production. Operators of the producing stripper properties would be able to invest the gain from the royalty rate reduction to increase the production rate of stripper wells through reworking or enhanced recovery projects. Therefore, the Secretary has determined that the royalty rate reduction is the most appropriate method to encourage the greatest ultimate recovery of oil.

The proposed rule would define stripper oil property as a property that

produces an average of less than 15 barrels of oil per eligible well per day. Property is defined as a lease or a portion thereof, a communitization agreement, or a participating area of a unit agreement, operated by the same operator, which produces an average of less than 15 barrels of oil per well per day. An eligible well is defined as an oil well that produces, or an injection well that injects, for any period of time during the qualifying or subsequent 12-month period. An oil well is defined in the "PAAS Onshore Oil and Gas Reporter Handbook," which comprises the instructions for the Minerals Management Service (MMS) Form MMS-3160, Monthly Report of Operations. Injection well is defined as a well that injects a fluid for secondary or enhanced oil recovery.

The proposed rule would allow a royalty rate reduction to the operator or owner of a stripper oil well property after a determination that the property qualifies as a stripper oil well property, based on the section 39 determination made in this rule, without a separate section 39 determination for the particular property. The benefit of the reduction is intended for working interest owners to reinvest the gain in enhancing oil production.

This stripper oil well property royalty rate reduction program will remain in effect for 5 years as an economic test of the effect that this type of royalty rate reduction will have on encouraging the return of shut-in stripper oil wells to production, giving an economic incentive to obtain additional incremental oil production by reworking such wells or by implementing enhanced oil recovery projects, and on ultimately recovering the maximum amount of oil from stripper oil wells on Federal lands. If the oil price indexed for inflation remains, on average, above $28 per barrel based on the 1991 West Texas Intermediate crude average posted price for a period of 6 consecutive months, the stripper well property royalty rate reduction may be terminated upon 6 months notice.

A qualifying production rate (average per well per day production) for stripper oil well properties will be calculated by each operator operating such a property, and a royalty rate will be established with a graduated schedule using an established formula, depending on the production rate. Total oil production from the eligible wells on the property is totaled and then divided by the total number of well days, both producing and injection days, as reported on Form MMS-3160 for the eligible wells, to calculate the property average daily production rate. The royalty rate calculated for the qualifying period will be the property oil royalty rate for all oil production for the first 12-month period and the maximum royalty rate for the life of the program. At the end of each 12-month period, the royalty rate will be recalculated, using the formula, for the next 12-month period and the lower of that rate or the qualifying rate will be used. The producer thus can invest in enhanced recovery with certainty as to his/her royalty costs. In this way, the economic life of these wells will be extended and abandonment of stripper and shut-in oil wells will be delayed until the maximum amount of recoverable oil has been obtained from the reservoir.

Using the above definitions and computation, the operator determines whether its property is a stripper oil property. If the property qualifies as a stripper oil property, the operator, using the property average production rate and the formula established by the BLM, calculates the applicable royalty rate for each 12-month period. The MMS will monitor and verify the operator's determinations of the reduced royalty rate. Irregularities will be investigated and resolved in cooperation with the BLM.

If the lease royalty rate is lower than the benefits provided by this rule, the lease rate prevails. In addition, the minimum royalty provisions of 43 CFR 3103.3-2 still apply to leases granted a royalty rate reduction under this rule.

The principal authors of this proposed rule are Sie Ling Chiang, Douglas Koza, and Rudy Baier of the Division of Fluid Mineral Lease and Reservoir Management, assisted by the staff of the Division of Legislation and Regulatory Management, BLM, and the MMS.

It is hereby determined that this proposed rule does not constitute a major Federal action significantly affecting the quality of the human environment, and that no detailed statement pursuant to section 102(2)(C) of the National Environmental Policy Act of 1969 (42 U.S.C. 4332(2)(C)) is required. The BLM has determined that this proposed rule is categorically excluded from further environmental review pursuant to 516 Departmental Manual (DM), chapter 2, appendix 1, Item 1.10, and that the proposal would not significantly affect the 10 criteria for exceptions listed in 516 DM 2, appendix 2. Pursuant to the Council on Environmental Quality regulations (40 CFR 1508.4) and environmental policies and procedures of the Department of the Interior, "categorical exclusion" means a category of actions which do not individually or cumulatively have significant effect on the human environment and which have been found to have no such effect in procedures adopted by a Federal agency and for which neither an environmental assessment nor an environmental impact statement is required.

The Department of the Interior has determined under Executive Order 12291 that this document is not a major rule. A major rule is any regulation that is likely to result in an annual effect on the economy of $100 million or more, a major increase in costs or prices for consumers, individual industries, Federal, State, or local government agencies, or geographic regions, or significant adverse effects on competition, employment, investment, productivity, innovation, or on the ability of United States-based enterprises to compete with foreign-based enterprises in domestic or export markets. Further, the Department has determined under the Regulatory Flexibility Act (5 U.S.C. 601, *et seq.*) that it will not have a significant economic impact on a substantial number of small entities.

The Department certifies that this proposed rule does not represent a governmental action capable of interference with constitutionally protected property rights. Therefore, as required by Executive Order 12630, the Department of the Interior has determined that the rule would not cause a taking of private property.

Some of the information collection requirement(s) contained in § 3103.4-1 have been approved by the Office of Management and Budget under 44 U.S.C. 3501, *et seq.* and assigned clearance number 1004-0145. Other information collection requirement(s) contained in this rule have been submitted to the Office of Management and Budget for approval as required by 44 U.S.C. 3501, *et seq.* The collection of this information will not be required until it has been approved by the Office of Management and Budget.

List of Subjects for 43 CFR Part 3100

Land Management Bureau, Public Lands—Mineral resources, Oil and gas production, Mineral royalties.

For the reasons stated in the Preamble, and under the authorities cited below, part 3100, Group 3100, subchapter C, chapter II of title 43 of the Code of Federal Regulations is amended as set forth below:

PART 3100—ONSHORE OIL AND GAS LEASING; GENERAL

1. The authority citation for part 3100 is revised to read as follows:

Authority: 30 U.S.C. 181, *et seq.*, 30 U.S.C. 351–359.

Subpart 3100—Oil and Gas Leasing: General

2. Section 3100.0–9 is added to read as follows:

§ 3100.0–9 Information collection.

(a)(1) The collections of information contained in § 3103.4–1(b) have been approved by the Office of Management and Budget under 44 U.S.C. 3501 *et seq.* and are among the collections assigned clearance number 1004–0145. The information will be used to determine whether an oil and gas operator or owner may obtain a reduction in the royalty rate. Response is required to obtain a benefit in accordance with 30 U.S.C. 181, *et seq.*, and 30 U.S.C. 351–359.

(2) Public reporting burden for the information collections assigned clearance number 1004–0145 is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing the burden, to the Information Collection Clearance Officer (783), Bureau of Land Management, Washington, DC 20240, and the Office of Management and Budget, Paperwork Reduction Project, 1004–0145, Washington, DC 20503.

(b)(1) The collections of information contained in § 3103.4–1 (c) and (d) have been approved by the Office of Management and Budget under 44 U.S.C. 3501 *et seq.* and assigned clearance number ______. The information will be used to determine whether the oil and gas lessee may obtain a reduction in the royalty rate. Response is required to obtain a benefit in accordance with 30 U.S.C. 181, *et seq.*, and 30 U.S.C. 351–359.

(2) Public reporting burden for this information is estimated to average ½ hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing the burden, to the Information Collection Clearance Officer, Minerals Management Service (Mail Stop 2300), 381 Elden Street, Herndon, VA 22070–4817, and the Office of Management and Budget, Paperwork Reduction Project, ______, Washington, DC 20503.

Subpart 3103—Fees, Rentals and Royalty

3. Section 3103.4–1 is amended by redesignating paragraphs (c) and (d) as (b)(3) and (e) respectively, revising paragraph (b)(1), and adding new paragraphs (c) and (d) to read as follows:

§ 3103.4–1 Waiver, suspension, or reduction of rental, royalty, or minimum royalty.

* * * * *

(b)(1) An application for the above benefits on other than stripper oil well properties shall be filed in the proper BLM office. It shall contain the serial numbers of the leases, the names of the record title holders, operating rights owners (sublessees), and operators for each lease, the description of lands by legal subdivision and a description of the relief requested.

* * * * *

(c)(1) A stripper well property is defined as a lease or portion thereof segregated for royalty purposes, a communitization agreement, or a participating area of a unit agreement, operated by the same operator, that produces an average of less than 15 barrels of oil per eligible well per day for the qualifying period.

(2) An eligible well is an oil well that produces or an injection well that injects for any period of time during the qualifying or subsequent 12-month period.

(3) An oil well is defined in the "PAAS Onshore Oil and Gas Report Handbook," which comprises the instructions for the Minerals Management Service (MMS) Form MMS–3160, Monthly Report of Operations.

(4) An injection well is a well that injects a fluid for secondary or enhanced oil recovery.

(d) Stripper oil well property royalty rate reduction shall be administered according to the following requirements and procedures.

(1) An application for the benefits under (a) of this section for stripper oil well properties is not required.

(2) Total oil production for the subject period from the eligible wells on the property is totaled and then divided by the total number of well days, both producing and injection days, as reported on Form MMS–3130 for the eligible wells to determine the property average daily production rate. For those properties in communitization agreements and participating areas of unit agreements that have allocated (not actual) production, the production rate for all eligible well(s) in that specific communitization agreement or participating area is determined and shall be assigned to that allocated property in that communitization agreement or participating area.

(3) Procedures to be used by operator:

(i) Qualifying determination.

(A) Calculate an average daily production rate for the property in order to verify that the property qualifies as a stripper property.

(B) The initial qualifying period for producing properties is the period August 1, 1990, through July 31, 1991. For the properties that were shut-in for 12 consecutive months or longer, the qualifying period is the 12-month production period immediately prior to the shut-in. If the property does not qualify during the initial qualifying period, it may later qualify due to production decline. In those cases, the 12-month qualifying period will be the latest 12-month period before the property qualifies (i.e., a 12-month rolling average).

(ii) Qualifying royalty rate calculation. If the property qualifies, use the production rate rounded down to the next whole number (e.g., 6.7 becomes 6) for the qualifying period, and apply the following formula to determine the maximum royalty rate for oil production for the life of the program. If the production rate is 15 barrels or greater, the royalty rate will be the rate in the lease terms.

Royalty Rate (%) = 0.5% + (0.8% × the average daily production rate)

The formula-calculated royalty rate shall apply to all oil (but not gas) well production from the property for the first 12 months. The rate shall be effective the first day of the month after the Minerals Management Service (MMS) receives notification.

(iii) Outyears royalty rate calculations.

(A) At the end of each 12-month period, the property average daily production rate shall be determined for that period. A royalty rate shall then be calculated using the formula in paragraph (ii).

(B) The new calculated royalty rate shall be compared to the qualifying period royalty rate. The lower of the two

rates shall be used for the current period provided that the operator notifies the MMS of the new royalty rate. The new royalty rate shall not become effective until the first day of the month after the MMS receives notification. If the operator does not notify the MMS of the new royalty rate within 60 days after the end of the subject 12-month period, the royalty rate for the property shall revert back to the royalty rate established as the qualifying period royalty rate, effective at the beginning of the current 12-month period.

(C) The royalty rate shall never exceed the calculated qualifying royalty rate for the life of this program.

(iv) Prohibition. For the qualifying period and any subsequent 12-month period, the production rate shall be the result of routine operational and economic factors for that period and for that property and not the result of production manipulation for the purpose of obtaining a lower royalty rate. A production rate that is determined to have resulted from production manipulation will not receive the benefit of a royalty rate reduction.

(v) Certification. The applicable royalty rate shall be used by the operator/payor when submitting the required royalty reports/payments to MMS. By submitting royalty reports/payments using the royalty rate reduction benefits of this program, the operator certifies that the production rate for the qualifying and subsequent 12-month period was not subject to manipulation for the purpose of obtaining the benefit of a royalty rate reduction, and the royalty rate was calculated in accordance with the instructions and procedures in these regulations.

(vi) Agency action. If a royalty rate is improperly calculated, the MMS will calculate the correct rate and inform the operator/payors. Any additional royalties due are payable immediately upon notification. Late payment or underpayment charges will be assessed in accordance with 30 CFR 218.102 (1991). The BLM may terminate a royalty rate reduction if it is determined that the production rate was manipulated by the operator for the purpose of receiving a royalty rate reduction. Terminations of royalty rate reductions will be effective on the effective date of the royalty rate reduction resulting from the manipulated production rate (i.e., the termination will be retroactive to the effective date of the improper reduction). The operator/payor shall pay the difference in royalty resulting from the retroactive application of the unmanipulated rate. Late payment or underpayment charges will be assessed in accordance with 30 CFR 218.102 (1991).

(4) The royalty rate reduction provision fro stripper well properties shall be effective as of (the first day of the month after publication in the **Federal Register** of a final rule). If the oil price, adjusted for inflation using the implicit price deflator for gross national product with 1991 as the base year, remains on average above $28 per barrel, based on West Texas Intermediate crude average posted price for a period of 6 consecutive months, the benefits of the royalty rate reduction under this section may be terminated upon 6 months' notice.

(5) The stripper well property royalty rate reduction benefits shall apply to all oil produced from the property.

(6) The royalty for gas production (including condensate) from oil wells shall be calculated separately using the lease royalty rate.

(7) If the lease royalty rate is lower than the benefits provided in this stripper oil property royalty rate reduction program, the lease rate prevails.

(8) The minimum royalty provisions of § 3103.3-2 apply.

(9) Examples.

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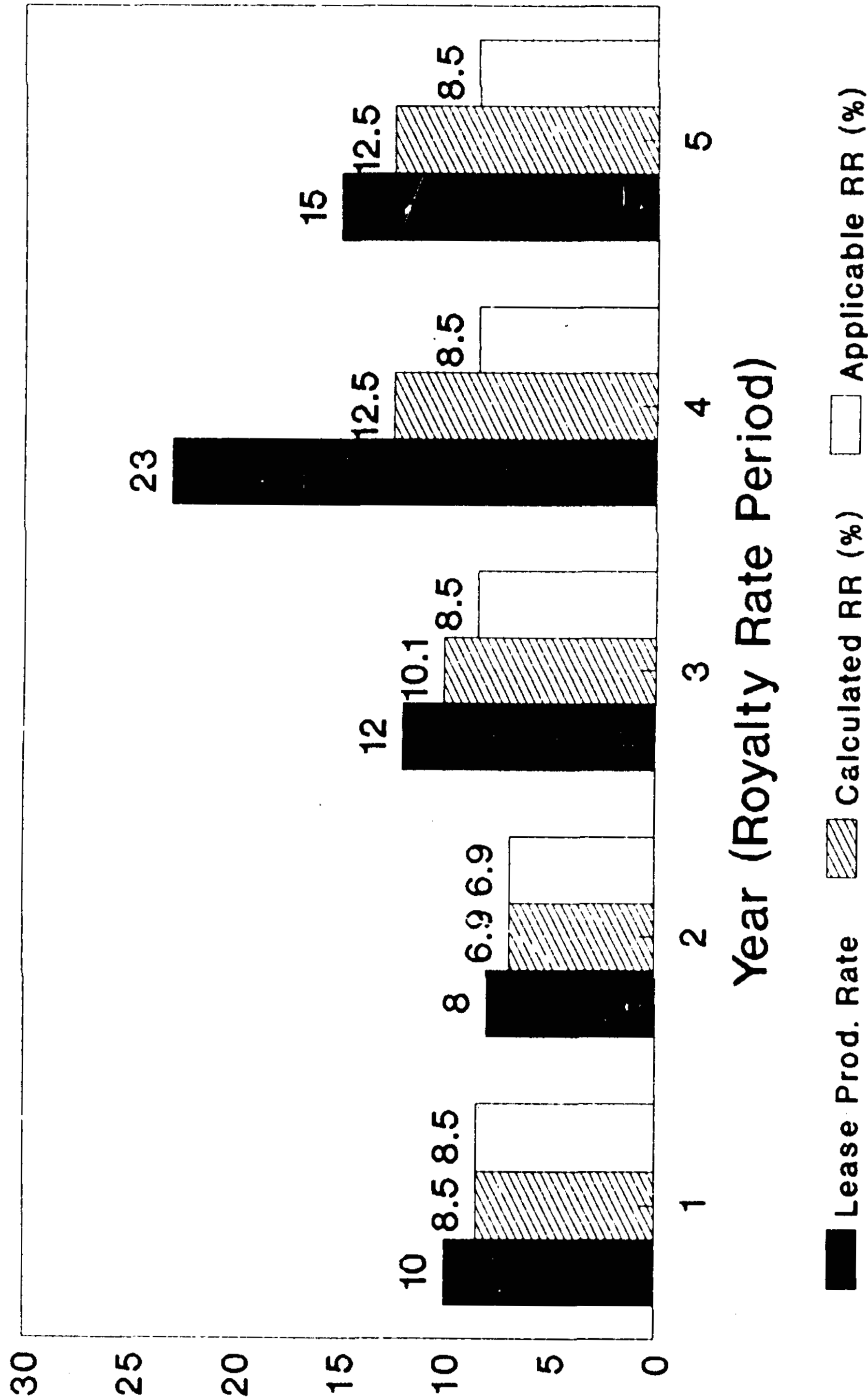
ROYALTY RATE (RR) REDUCTION
Example 1: Immediate Qualification
30
25
20
15
10
5
0
10
8.5
8.5
8
6.9
6.9
12
10.1
8.5
23
12.5
8.5
15
12.5
8.5
1
2
3
4
5
Year (Royalty Rate Period)
Lease Prod. Rate
Calculated RR (%)
Applicable RR (%)

Explanation, Example 1

1. Property production rate per well for qualifying period (August 1, 1990–July 31, 1991) is 10 barrels of oil per day (BOPD).

2. Using the formula, the royalty rate for the first year is calculated to be 8.5 percent. This rate is also the maximum royalty rate for the life of the program.

8.5% = 0.5% + (0.8% × 10)

3. Production rate for the first year is 8 BOPD.

4. Using the formula, the royalty rate is calculated at 6.9 percent. Since 6.9 percent is less than the first year rate of 8.5 percent, 6.9 percent is the applicable royalty rate for the second year.

6.9% = 0.5% + (0.8% × 8)

5. Production rate for the second year is 12 BOPD.

6. Using the formula, the royalty rate is calculated at 10.1 percent. Since the 8.5 percent first year royalty rate is less than 10.1 percent, the applicable royalty rate for third year is 8.5 percent.

10.1% = 0.5% + (0.8% × 12)

7. Production rate for the third year is 23 BOPD.

8. Since the production rate of 23 BOPD is greater than 15 BOPD threshold for the program, the calculated royalty rate would be the property royalty rate. However, since the 8.5 percent first year royalty rate is less than the property rate, the royalty rate for the fourth year is 8.5 percent.

9. Production rate for the fourth year is 15 BOPD.

10. Since the production is at the 15 BOPD threshold, the royalty rate would be the property royalty rate. However, since the 8.5 percent first year royalty rate is less than the lease rate, the royalty rate for the fifth year is 8.5 percent.

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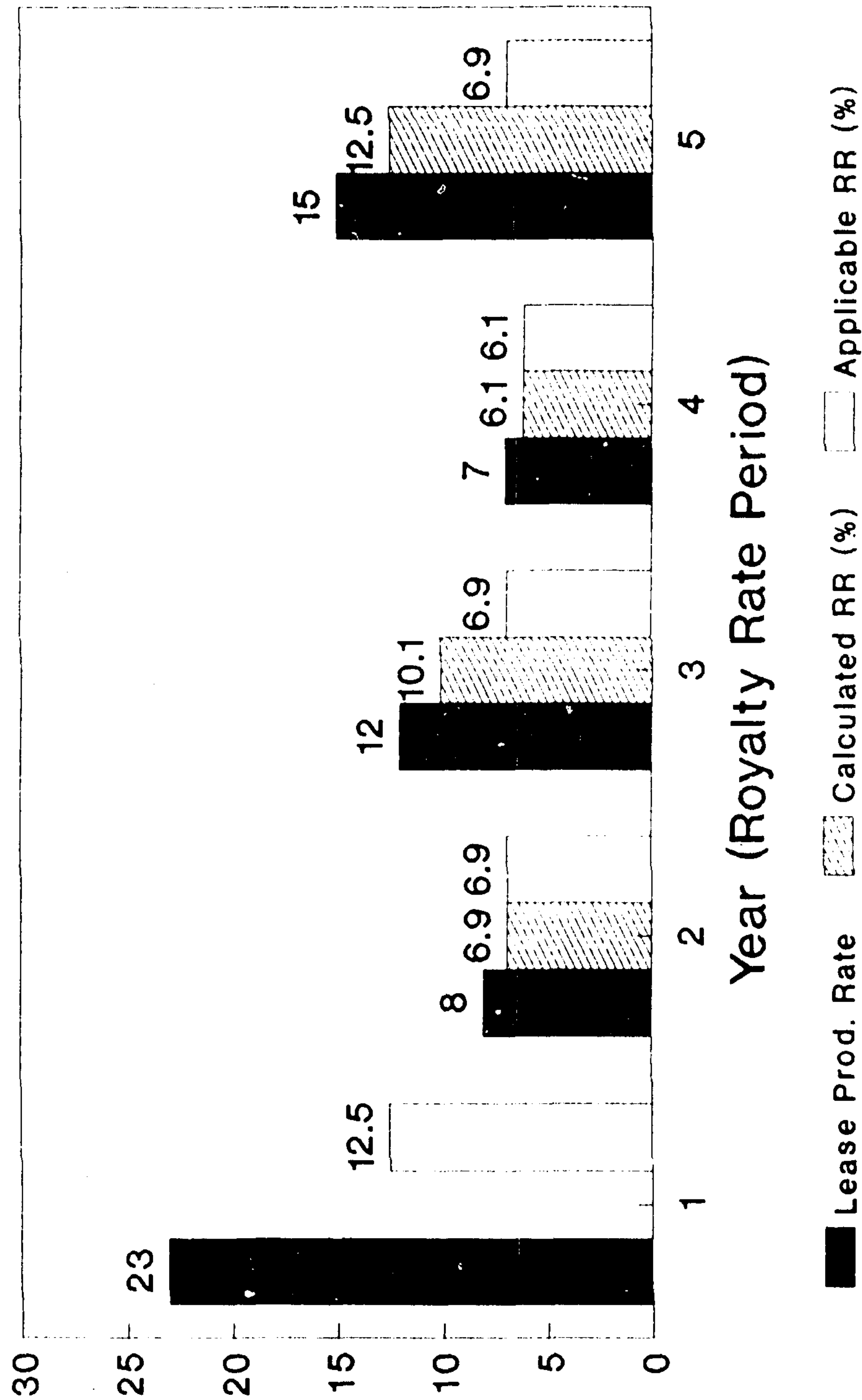
ROYALTY RATE (RR) REDUCTION
Example 2: Subsequent Qualification
30
25
20
15
10
5
0
23
12.5
8
6.9
6.9
12
10.1
6.9
7
6.1
6.1
15
12.5
6.9
1
2
3
4
5
Year (Royalty Rate Period)
Lease Prod. Rate
Calculated RR (%)
Applicable RR (%)

Explanation, Example 2

1. Property production rate of 23 BOPD per well (for the August 1, 1990–July 31, 1991, qualifying period prior to the effective date of the program) is greater than the 15 BOPD which qualifies a property for a royalty rate reduction. Therefore, the property is not entitled to a royalty rate reduction for the first year of the program.

2. Property royalty rate for the first year is the rate as stated in the lease.

3. Production rate for the first year is 8 BOPD.

4. Using the formula, the royalty rate is calculated to be 6.9 percent for the second year. This rate is also the maximum royalty rate for the life of the program.

6.9% = 0.5% + (0.8% × 8)

5. Production rate for the second year is 12 BOPD.

6. Using the formula, the royalty rate is calculated at 10.1 percent. Since the 6.9 percent second year royalty rate is less than 10.1 percent, the applicable royalty rate for third year is 6.9 percent.

10.1% = 0.5% + (0.8% × 12)

7. Production rate third year is 7 BOPD.

8. Using the formula, the royalty rate is calculated at 6.1 percent. Since the 6.1 percent third year royalty rate is less than the qualifying (maximum) rate of 6.9 percent, the royalty rate for the fourth year is 6.1 percent.

6.1% = 0.5% + (0.8% × 7)

9. Production rate for the fourth year is 15 BOPD.

10. Since the production is at the 15 BOPD threshold, the royalty rate would be the lease royalty rate. However, since the 6.9 percent second year royalty rate is less than the lease rate, the royalty rate for the fifth year is 6.9 percent.

* * * * *

Dated: Nov. 14, 1991.

Richard Roldan,

Acting Assistant Secretary of the Interior.

[FR Doc. 92–5598 Filed 3–10–92; 8:45 am]

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ENVIRONMENTAL PROTECTION AGENCY

48 CFR Parts 1512, 1516, and 1552

[FRL-4113-1]

Acquisition Regulation

AGENCY: Environmental Protection Agency (EPA).

ACTION: Proposed rule.

SUMMARY: This document proposes to amend the Environmental Protection Agency Acquisition Regulation (EPAAR) to require contractors to certify that work ordered by the Agency does not duplicate or is not similar to work previously performed or currently being performed for the Agency. The intended effect of this action is to prevent actual or apparent duplication of effort by contractors.

DATES: Written comments on this proposed rule must be received on or before May 11, 1992.

ADDRESSES: Comments should be addressed to the Environmental Protection Agency, Procuremnt and Contracts Management Division (PM-214), 401 M Street, SW., Washington, DC 20460, Attn: Edward N. Chambers.

FOR FURTHER INFORMATION CONTACT: Edward N. Chambers, (202) 260–6028 (FTS 260–6028).

SUPPLEMENTARY INFORMATION:

A. Background

The Environmental Protection Agency is frequently asked by its Inspector General and members of Congress about the possible occurrence of duplication of work under EPA contracts. No actual duplication of work has been found. However, EPA proposes to amend its acquisition regulation to request information from contractors to prevent any actual duplication of work from occurring and to avoid the appearance of duplication of work.

Because requests for work on occasion are urgent and may not allow the delay incident to completing the certification, the rule permits Contracting Officers the discretion to omit the requirement for the certification.

The rule in part amends section 1552.212–7 by adding alternate clause I. However, the EPA has already published an alternate clause I in the **Federal Register** of April 26, 1990, in a proposed rule on conflict of interest. This may affect the numbering and structure of the alternate clause in this proposed rule when it becomes final.

B. Executive Order 12291

OMB Bulletin No. 85–7, dated December 14, 1984, established the requirements for the Office of Management and Budget (OMB) review of agency procurement regulations. This regulation does not fall within any of the categories cited in the Bulletin requiring OMB review.

C. Paperwork Reduction Act

The information collection requirements in this proposed rule have been submitted for approval to the Office of Management and Budget (OMB) under the Paperwork Reduction Act, 44 U.S.C. 3501 *et seq.* An information Collection Request document has been prepared by EPA (ICR No.1567.01) and a copy may be obtained from Sandy Farmer, Information Policy Branch; EPA; 401 M St., SW., (PM-223Y); Washington, DC 20460 or by calling (202) 260–2740.

Public reporting for this collection of information is estimated to average two hours per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing the collection of information.

Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden to Chief, Information Policy Branch; EPA; 401 M St., SE. (PM-223Y); Washington, DC 20460; and to the Office of Management and Budget, Washington, DC 20503, marked "Attention: Desk Officer for EPA."

D. Regulatory Flexibility Act

The proposed rule may have a significant economic impact on a substantial number of small entities within the meaning of the Regulatory Flexibility Act, 5 U.S.C. 601 et seq. Therefore, an Initial Regulatory Analysis was performed.

Initial Regulatory Flexibility Analysis Duplication of Work

1. Purpose

The EPA proposes to amend its acquisition regulation to require information from contractors to prevent any actual duplication of work from occurring and to avoid the appearance of duplication of work.

2. Affected Small Entities

Small entities awarded EPA contracts for advisory and assistance services or technical support services will need to maintain records of previous work accomplished under EPA contracts. Presently, approximately sixty small entities are performing such contracts for EPA. It is impossible to estimate the number of small businesses that ultimately will receive contract awards for advisory and assistance services or technical support services and thereby be affected by this rule.

3. Description of Project Reporting and Record Keeping Requirements

It is estimated that almost all businesses maintain data on the work they have previously accomplished under Government contracts. For entities that routinely maintain that kind of data, only the additional costs associated with accessing the data and reporting to EPA (i.e. completing a certificate) would be incurred. For entities that do not routinely maintain such data, the rule will require establishment of a records system from which data on previous EPA work may be retrieved. However, EPA does not