DEPARTMENT OF THE INTERIOR

Bureau of Land Management

(NV–020–1430–01; N–62361)

Notice of Realty Action for Proposed Agricultural Lease of Public Lands, Nevada.

AGENCY: Bureau of Land Management, Interior.

ACTION: The proposed leasing of public land for agricultural purposes to resolve the unintentional, unauthorized use by the applicant.

The United States shall reserve the right to issue compatible rights-of-way or use permits over the lease lands. Such uses, however, shall not unduly impair the use of the lands for authorized purposes nor damage authorized improvements therein. The United States shall also reserve all of the coal, oil, gas, and other mineral deposits in the leased land together with the right to enter upon and prospect for, mine, and remove such minerals.

The proposed action is in conformance with the Paradise-Denio Management Framework Plan, dated July 9, 1982.

The parcel proposed for leasing under provisions of section 302 of the Federal Land Policy and Management Act (FLPMA) of 1976 and 43 CFR Part 2920 is described as follows:

Mount Diablo Meridian, Nevada

T. 38 N., R. 32 E.,
Sec. 1: Lot 3.

The proposal would encumber approximately 39.660 acres of public land.

The parcel affected by the proposed lease is located near Willow Creek Ranch on the east side of the Jackson Mountain Range. The lands are currently under cultivation, so no additional surface disturbance of the area would occur as a result of this lease.

No other proposals will be accepted. The proposed parcel is currently being farmed by the applicant, and the pending lease would be issued to resolve the unintentional unauthorized use by the applicant, until a determination is made by the Bureau of Land Management on whether it is in the publics interests to sell the lands to the applicant for agricultural purposes, or terminate the agricultural use of the public lands. Use of the parcel by the applicant's family has occurred over three (3) generations, in belief that it was part of their deeded property. Therefore, no other proposals would be acceptable.

The proposal would be authorized by a lease for a term of 10 years. The lease could be renewed at the discretion of the authorized officer.

The proposed parcel has not been appraised at this time, so no estimate of rent is available. However, rent will not be less than the appraised fair market value.

For a period of 45 days from the date of publication of this Notice in the **Federal Register**, interested parties may submit comments to the District Manager, Winnemucca Field Office, 5100 E. Winnemucca Boulevard, Winnemucca, Nevada 89445. In the absence of adverse comments, an application for the proposed use will be processed in accordance with proper application procedures.

FOR FURTHER INFORMATION CONTACT: Mary Figarelle, Realty Specialist, Winnemucca Field Office, 5100 E. Winnemucca Boulevard, Winnemucca, Nevada, 89445, or call (702) 623–1500.

Ron Wenker,

District Manager, Winnemucca, Nevada.

[FR Doc. 98–7528 Filed 3–23–98; 8:45 am]

BILLING CODE 4310–HC–P

DEPARTMENT OF THE INTERIOR

Minerals Management Service

Royalty Computation on Phosphate Production on Western Public Lands

AGENCY: Minerals Management Service, Interior.

ACTION: Notice of proposed revision of method for determining value used to compute royalty payments on phosphate ore mined on western public lands.

SUMMARY: The Minerals Management Service (MMS) is soliciting comments on a proposal to adopt a new method for determining the value of production used to compute royalties on phosphate ore produced from Federal leases in the State of Idaho.

DATES: Submit comments on or before April 23, 1998.

ADDRESSES: Send your written comments to David S. Guzy, Chief, Rules and Publications Staff, Royalty Management Program, Minerals Management Service, PO Box 25165, MS 3021, Denver, Colorado 80225–0165; or e-Mail RMP.comments@mms.gov.

FOR FURTHER INFORMATION CONTACT: Herbert B. Wincentsen, Chief, Solid Minerals Valuation and Reporting Branch, Minerals Management Service, PO Box 25165, Mail Stop 3153, Denver, Colorado 80225–0165, telephone (303) 275–7210.

SUPPLEMENTARY INFORMATION: On October 16, 1997, the Secretary of the Interior (Secretary) approved an April 16, 1997, recommendation from the Royalty Policy Committee (RPC) to revise the current method of adjusting the value used to compute royalty payments on Federal phosphate production.

RPC is a committee of the MMS Advisory Board (Board). The Board was created under the authority of the Federal Advisory Committee Act. The Board's purpose includes, in relevant part, providing advice to the Secretary, the Director, MMS, and other Department of the Interior (Department) officials on royalty management of Federal and Indian leases. RPC includes representatives of States which share in mineral revenues from Federal lands; Indian tribes and allottees whose mineral revenues MMS collects in trust; and oil and gas and solid minerals producing industries who pay royalties; and the public.

RPC Recommendations

RPC made the following recommendations concerning phosphate valuation which were approved by the Secretary:

1. The current indexing procedure, which utilizes the Gross Domestic Product—Implicit Price Deflator (GDP–IPD) to annually adjust the phosphate value for royalty calculation purposes, should be discontinued.

2. The phosphate value should be determined using a weighted composite index methodology having the following indices and weights:

- The Chemical and Fertilizer Minerals Mining Index (Standard Industry Code (SIC) 147), weighted at 50 percent.
- The Phosphate Rock Index (SIC 1475), weighted at 25 percent.
- The Phosphatic Fertilizers Index (SIC 2874), weighted at 25 percent.

The phosphate unit value would be recalculated annually, as under the existing indexing procedure.

3. This recommended methodology should continue for 5 years, at which time the methodology and the values determined thereunder will be examined to assure there is a continued relationship to the marketplace.

4. The valuation methodology applies only to Federal phosphate production; there is no Indian phosphate production. State or fee phosphate leases are also unaffected unless the parties to a State or fee lease elect to use the Federal valuation methodology.

5. The recommended composite indexing method will not be retroactive. The methodology will become effective if and when approved by the Department.

Problems Identified in RPC Report

RPC identified the following problems with the current phosphate valuation method:

1. There is a lack of open market (arm's-length) sales of phosphate ore, the product on which the value for royalty purposes is based. The Western phosphate industry has been, and continues to be, characterized by vertically integrated companies. These companies consume virtually all phosphate ore production internally, to make a variety of downstream refined phosphate based fertilizers and elemental phosphorus.

2. About 16 years have elapsed since the Department adopted an indexed valuation adjustment method using GDP–IPD. As expected, the P_20_5 unit value has steadily increased each year, consistent with the use of a broad-based measure of price changes such as the GDP–IPD.

3. Comparison of the Federal GDP–IPD indexed-valuation methodology to the market shows that its use has failed to accurately track the relative rise and fall of a single product or market such as that for phosphate rock; therefore, a valuation problem currently exists.

4. The valuation problem will grow with continued use of the GDP–IPD. The continued use of the GDP–IPD will increase the P_20_5 unit value at the same rate as the IPD deflates the GDP. This is not a true reflection of changes in the phosphate marketplace because it does not take into consideration the changing phosphate product consumption pattern and the ancillary price impacts on phosphate ore.

Background of Phosphate Ore Valuation

Valuation Before 1975

Before 1975, phosphate royalty payments were based on a lease-imposed minimum rate of $0.25 per ton. Federal phosphate leases have historically carried lease terms requiring royalty to be paid on the greater of either $0.25 per ton or 5 percent of the gross value. Under this term, the 5 percent rate applies whenever the gross value exceeds $5 per ton. Before 1975, the value was assumed to be less than $5 per ton and thus the royalty rate remained fixed at $0.25 per ton.

Valuation From 1975 to 1981

In the early 1970's phosphate rock prices rapidly increased, surpassing the $5 per ton benchmark price for application of the 5-percent royalty rate. In 1974, an audit by the Department (the Office of Audit and Investigation) concluded that the Federal Government was not following its statutory mandate to collect not less than 5 percent of the gross value.

However, required use of the ad valorem royalty rate introduced a new problem. The Western phosphate industry is, for the most part, a vertically integrated industry internally consuming phosphate lease ore production in either electric furnaces to make elemental phosphorus or in wet acid plants to make a variety of phosphate-based fertilizers. The absence of significant quantities of open market sales was problematic since the ad valorem royalty was based on the unit sale or contract price obtained under bona fide arm's-length sales, as specified by regulations at 30 CFR 206.301 (1997).

Following extensive analysis over several years, then Secretary Thomas S. Kleppe decided on May 13, 1976, to use a net back valuation methodology where in open market (arm's-length) sales of beneficiated phosphate rock would be adjusted for beneficiation and related costs to arrive at the gross value of mine output, which is phosphate ore. This ''Kleppe Method'' valuation procedure was made retroactive to January 1, 1975.

The Kleppe Method was difficult to administer. In an advance notice published in the **Federal Register** (45 FR 74065, November 7, 1980), the Department stated that there were two problems related to the continued use of the Kleppe formula:

> During the period 1975 through 1979, arm's-length sales, both long-term sales and spot sales, were of sufficient magnitude to establish a realistic product value. In 1980, however, arm's-length sales diminished to less than 1 percent of total mine production in the western phosphate region...
>
> Also, this method was cumbersome, as it required the phosphate lessees to submit all their cost and sales data. These data, in turn, were audited by the Department and, after several months, a gross value was established. In most years, the royalty assessment was not determined until after the mining year was completed.

To overcome these problems, the Department recommended adoption of an index adjustment methodology; however, no specific index was recommended. The Department also solicited proposals on other methods for valuing phosphate ore.

Valuation From 1981 to the Present

Effective January 1, 1981, the Department adopted the index-based adjustment for P205 unit value determination in a **Federal Register** release (46 FR 9210, January 28, 1981). The index selected was the GDP–IPD, as published by the U.S. Department of Commerce, Bureau of Economic Analysis. In selecting that index, the Department left open the question of future valuation procedures, stating:

> If a better method is developed that more accurately reflects the value of phosphate rock, it will be considered at that time.

MMS has routinely recalculated each year's value and provided that value to industry. By 1995, MMS recognized that the GDP–IPD adjustment mechanism was developing values that did not appear to correlate with phosphate market changes. Moreover, if allowed to continue, the GDP–IPD adjusted phosphate value would eventually become completely unrelated to the marketplace. Operating under the RPC, the Phosphate Study Group and later, the Phosphate Valuation Subcommittee, was formed to examine whether an alternative valuation methodology could be agreed upon to replace the GDP–IPD index.

Chronology of Meetings

In March 1995, MMS contacted the State of Idaho, industry, and the Bureau of Land Management (BLM) asking for expressions of interest to form a study group to examine the Federal phosphate royalty valuation issue. All parties contacted agreed to meet to discuss the Federal phosphate valuation issue and, on June 22, 1995, these parties met with MMS representatives at BLM's Pocatello office. MMS representatives briefed the parties on (1) the phosphate valuation issue, (2) the Federal Advisory Committee Act, and (3) the relationships of the RPC and the various subcommittees.

In 1995, when RPC was initially formed, a subcommittee named the Phosphate and Other Leasable Solid Minerals Subcommittee was formed. This subcommittee was intended not only to address the phosphate valuation issue but perhaps other, not yet specified issues for other solid minerals. However, no additional meetings of this subcommittee occurred subsequent to its formation.

In a letter dated February 2, 1996, the RPC Chair notified the Chair of the Phosphate and Other Leasable Solid Minerals Subcommittee of his decision to segregate the phosphate valuation issue. In doing so, the Phosphate Subcommittee was created.

The Phosphate Subcommittee initially met on April 25, 1996, at J.R. Simplot's office in Pocatello, Idaho. Rules for conducting the meeting and for approving recommendations were established. The composition of the Phosphate Subcommittee was modified, with the Caribou County Treasurer substituting for the representative from the Idaho State Treasurer's office. The final composition of the Phosphate Subcommittee included industry representatives, the Caribou County Treasurer, a representative from the Idaho State Lands, and a member of the public. MMS facilitators and BLM representatives also attended the meetings, providing background material, detailed analysis of the issue, and guiding the discussion. The Phosphate Subcommittee agreed to address the following issues:

1. Has the phosphate market changed in the last 15 years? If so, how has it impacted valuation?

2. Is the index adjustments using the GDP–IPD accurate or is there a more accurate method of valuing phosphate ore that should replace the GDP–IPD adjustment method?

3. Is the value accurate or should it be adjusted?

The Phosphate Subcommittee agreed not to reconvene until a proposal had been made. In the interim, MMS representatives and Idaho BLM representatives met on July 23 and 24, 1996, with a Washington Office BLM official for briefing on the purpose of the Phosphate Subcommittee.

The Phosphate Subcommittee reconvened on November 19, 1996, at BLM's Pocatello office to discuss an October 31 proposal to use a weighted-average composite index to adjust the annual unit value for phosphate valuation. The members agreed to review the proposal and reconvene in January 1997.

The Phosphate Subcommittee reconvened on January 22, 1997, at BLM's Pocatello office. Industry concurred with the proposal. The State and County officials, while agreeing that a valuation problem existed under the present methodology, were unable to recommend adoption of an alternative methodology that might impact royalty revenue streams that benefit the school system and county infrastructure.

The nonconsensus recommendation was presented to the RPC for consideration on April 16, 1997. RPC approved the recommendation under its voting rules, with 9 votes in favor, 1 opposed, and 4 abstentions.

Later, in a letter dated June 4, 1997, the Idaho State Treasurer wrote to the Chair, RPC, endorsing the RPC recommendation and asking that the Secretary accept and implement the recommendation.

On October 16, 1997, the Secretary approved the RPC recommendation for revising the methodology used to compute the value used for Federal phosphate production royalty payments.

Principal Provisions of the Proposed Valuation Revision

The following constitute the principal provisions of the proposed valuation revisions:

1. Use Producer Price Indexes (PPI) because PPI:

- Measures average changes in selling prices received by domestic producers (import prices are excluded);
- Emphasizes the reporting of realistic transaction prices, including discounts, premiums, rebates, allowances, etc., rather than list or book prices. No "futures markets" are used; and
- Reflects "point of production" prices exclusive of transportation.

2. No single index best represents the western phosphate industry. However, a composite of PPI's that are closely related to the phosphate mining industry provide a measurement that is better than the existing GDP–IPD index:

- The *Phosphatic Fertilizers Index* emphasizes price movements of downstream phosphate-based fertilizers that were manufactured from phosphate rock. All phosphate producers do not make fertilizers. Some are elemental phosphorus producers whose downstream refined products are not used in the fertilizer industry. Therefore, this index, in itself, does not represent downstream price changes for all phosphate producers.

- The *Chemical and Fertilizer Minerals Mining Index* represents the output of basic mining for phosphate, sodium, borates, and potash. This is the principal index for measuring mining output, excluding nonfuel and nonmetals. Also, these minerals are produced extensively in the western United States; therefore, this index is responsive to changes in western mine production.

- *The Phosphate Rock Index* represents beneficiated rock prices, nationwide. The nationwide output of phosphate rock is dominated by Florida's production; therefore, even though this index would seem to be most closely allied with the western phosphate producers, it cannot represent the single best indicator of Idaho production, particularly since almost all of the Idaho phosphate production is not sold on the open market.

The weighted composite index methodology is shown in Table 1 below:

TABLE 1.—COMPOSITE INDEX METHODOLOGY FOR FEDERAL PHOSPHATE VALUATION

Year	Phosphatic fertilizer index	Fertilizer mining index	Rock price index	Composite index	Index unit value
1988	127.30	99.60	81.30	101.95	$0.5310
1989	126.00	104.70	88.20	105.90	0.5516
1990	115.70	106.70	93.80	105.73	0.5507
1991	117.90	108.50	96.80	107.93	0.5621
1992	107.60	108.30	103.70	106.98	0.5572
1993	97.50	104.30	97.40	100.88	0.5254
1994	118.60	102.10	94.60	104.35	0.5435
1995	139.10	104.20	98.00	111.38	0.5801
1996	150.40	108.60	101.80	117.35	0.6112
Weight Factor (percent)	25	50	25	....	....
Base Year 1987	110.90	96.40	83.20	96.73	0.5038

As under the existing methodology, the unit value of phosphate ore is determined with reference to the prior year's index value compared to the base year value. For example:

Existing Methodology

$$1996 \text{ Phosphate Unit Value} = 1979 \text{ Base Year Unit Value} \times \frac{1995 \text{ GDP-IPD}}{1979 \text{ GDP-IPD}}$$

$$1996 \text{ Phosphate Unit Value} = \$0.337/\text{Unit} \times \frac{107.5}{55.3} = \$0.6551/\text{Unit}$$

Revised Methodology

$$1996 \text{ Phosphate Unit Value} = 1987 \text{ Base Year Unit Value} \times \frac{1995 \text{ Composite Index}}{1987 \text{ Composite Index}}$$

$$1996 \text{ Phosphate Unit Value} = \$0.5038 \times \frac{111.38}{96.73} = \$0.5801/\text{Unit}$$

The revised methodology would not be applied retroactively. However, the weighted composite index calculated value would be compared retroactively to the GDP-IPD based value to form a basis for correcting for actual phosphate market trends. Using this comparison technique, 1987 forms a new base value year, when the GDP-IPD indexed value and the composite indexed (market based) value coalesced.

No attempt would be made to apply a one-time Kleppe Formula (net back) to determine actual industry production costs and revenues for the same reasons that were acknowledged by the Department in 1980:

- There is a continued lack of bona fide open market sales from which to base overall revenues and prices.
- The process takes too long and is cumbersome, entailing extensive data collection and consuming audit resources.

The phosphate value computed under the revised methodology would be examined through a market analysis every 5 years, to ensure that the new valuation methodology is, in fact, reflecting changes in the western phosphate industry. Since the analysis that was part of the Phosphate Subcommittee's work occurred in 1996, the values computed for phosphate ore will be examined and compared to market data in 2001.

Potential Revenue Impact

The revenue impact associated with this proposed revision to the value adjustment methodology is difficult to predict because the selected indexes are relatively more volatile than the GDP–IPD and they will follow market trends. Had this index been adopted for 1996 the impact would have been an annual reduction in royalty of about $444,000, or about 10.6 percent. However, royalty revenue is also impacted by the level of production from Federal leases as well as the unit value. Thus, royalty could either increase or decrease based solely on changes to the level of production even without any change to the valuation methodology.

Dated: March 17, 1998.

Lucy Querques Denett,

Associate Director for Royalty Management.

[FR Doc. 98–7547 Filed 3–23–98; 8:45 am]

BILLING CODE 4310–MR–P

DEPARTMENT OF THE INTERIOR

National Park Service

60-day Notice of Intention to Request Clearance of Collection of Information; Opportunity for Public Comment.

AGENCY: Department of the Interior, National Park Service.

ACTION: Notice and request for comments.

SUMMARY: Under the Paperwork Reduction Act of 1995 and 5 CFR Part 1320, Reporting and Record Keeping Requirements, the NPS invites public comments on (1) the need for the information including whether the information has practical utility; (2) the accuracy of the reporting burden estimate; (3) ways to enhance the quality, utility, and clarity of the information to be collected; and (4) ways to minimize the burden of the information collection on respondents, including the use of automated collection techniques or other forms of information technology.

The request is for revision of an existing information collection requirement approved by OMB and assigned clearance No. 1024–0037. Copies of the request and related forms and explanatory material may be obtained by contacting the Bureau's Clearance Officer at the phone number listed below.

DATES: Public comments will be accepted on or before May 26, 1998.

SEND COMMENTS TO: Diane M. Cooke, Information Collection Clearance Officer, WASO Administrative Program Center, National Park Service, 1849 C Street N.W., Room 3317, Washington, D.C. 20240, phone 202/208–3933.

FOR FURTHER INFORMATION CONTACT: Dr. Francis P. McManamon, Manager, Archeology and Ethnography Program, National Park Service, 1849 C Street N.W., Room NC210, Washington, D.C. 20240, phone: 202/343–4101.

SUPPLEMENTARY INFORMATION:

Title: Application for and issuance of Federal permits under the Archaeological Resources Protection Act and the Antiquities Act.

Departmental Form Numbers: DI–1926 (permit application), DI–1991 (permit form).

OMB Number: 1024–0037.

Expiration date: 7/31/98

Type of request: Renewal of clearance.

Description of need: Information collected responds to statutory requirements that Federal agencies (1) issue permits to qualified individuals and institutions desiring to excavate or remove archeological resources from public or Indian lands, and (2) specify terms and conditions, including reporting requirements, in permits. The information collected is reported annually to Congress and is used for land management purposes.

Automated data collection: At the present time, there is no automated way to gather this information.

Description of Respondents: Individuals, businesses, academic institutions, tribes or tribal members, Federal agencies and other parties wishing to excavate or remove archeological resources from public or Indian lands.

Estimated average number of respondents: 1050.

Estimated average burden hours per response: 1 hour.