been had the cost of goods sold for that inventory property been determined under S's new method. Assume that the cost of the inventory under this method would have been $110, had the method applied to S's manufacture of the property in 1996. Thus, S is required to revalue the amount of its intercompany item to $40 (that is, $150 less $110), necessitating a negative adjustment to the intercompany item of $10. Moreover, S is required to increase its adjustment under section 481(a) by $10 in order to prevent the omission of such amount by virtue of the decrease in the intercompany item.

(iii) *Availability of revaluation methods.* In revaluing the amount of any intercompany item resulting from the sale or exchange of inventory property in an intercompany transaction to an amount equal to the intercompany item that would have resulted had the cost of goods sold for that inventory property been determined under the taxpayer's new method, a taxpayer may use the other methods and procedures otherwise properly available to that particular taxpayer in revaluing inventory under section 263A and the regulations thereunder, including, if appropriate, the various simplified methods provided in section 263A and the regulations thereunder and the various procedures described in this paragraph (c).

(4) *Anti-abuse rule*—(i) *In general.* Section 263A(i)(1) provides that the Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of section 263A, including regulations to prevent the use of related parties, pass-thru entities, or intermediaries to avoid the application of section 263A and the regulations thereunder. One way in which the application of section 263A and the regulations thereunder would be otherwise avoided is through the use of entities described in the preceding sentence in such a manner as to effectively avoid the necessity to restate beginning inventory balances under the change in method of accounting required or permitted under section 263A and the regulations thereunder.

(ii) *Deemed avoidance of this section*—(A) *Scope.* For purposes of this paragraph (c), the avoidance of the application of section 263A and the regulations thereunder will be deemed to occur if a taxpayer using the LIFO method of accounting for inventories, transfers inventory property to a related corporation in a transaction described in section 351, and such transfer occurs:

(*1*) On or before the beginning of the transferor's taxable year beginning in 1987; and

(*2*) After September 18, 1986.

(B) *General rule.* Any transaction described in paragraph (c)(4)(ii)(A) of this section will be treated in the following manner:

(*1*) Notwithstanding any provision to the contrary (for example, section 381), the transferee corporation is required to revalue the inventories acquired from the transferor under the provisions of this paragraph (c) relating to the change in method of accounting and the adjustment required by section 481(a), as if the inventories had never been transferred and were still in the hands of the transferor; and

(*2*) Absent an election as described in paragraph (c)(4)(iii) of this section, the transferee must account for the inventories acquired from the transferor by treating such inventories as if they were contained in the transferee's LIFO layer(s).

(iii) *Election to use transferor's LIFO layers.* If a transferee described in paragraph (c)(4)(ii) of this section so elects, the transferee may account for the inventories acquired from the transferor by allocating such inventories to LIFO layers corresponding to the layers to which such properties were properly allocated by the transferor, prior to their transfer. The transferee must account for such inventories for all subsequent periods with reference to such layers to which the LIFO costs were allocated. Any such election is to be made on a statement attached to the timely filed federal income tax return of the transferee for the first taxable year for which section 263A and the regulations thereunder applies to the transferee.

(iv) *Tax avoidance intent not required.* The provisions of paragraph (c)(4)(ii) of this section will apply to any transaction described therein, without regard to whether such transaction was consummated with an intention to avoid federal income taxes.

(v) *Related corporation.* For purposes of this paragraph (c)(4), a taxpayer is related to a corporation if—

(A) the relationship between such persons is described in section 267(b)(1), or

(B) such persons are engaged in trades or businesses under common control (within the meaning of paragraphs (a) and (b) of section 52).

(d) *Non-inventory property*—(1) *Need for adjustments.* A taxpayer that changes its method of accounting for costs subject to section 263A with respect to non-inventory property must revalue the non-inventory property on hand at the beginning of the year of change as set forth in paragraph (d)(2) of this section, and compute an adjustment under section 481(a). The adjustment under section 481(a) will equal the difference between the adjusted basis of the property as revalued using the taxpayer's new method and the adjusted basis of the property as originally valued using the taxpayer's former method.

(2) *Revaluing property.* A taxpayer must revalue its non-inventory property as of the beginning of the year of change in method of accounting. The facts and circumstances revaluation method of paragraph (c)(2)(iii) of this section must be used to revalue this property. In revaluing non-inventory property, however, the only additional section 263A costs that must be taken into account are those additional section 263A costs incurred after the later of December 31, 1986, or the date the taxpayer first becomes subject to section 263A, in taxable years ending after that date. See § 1.263A–1(d)(3) for the definition of additional section 263A costs.

§ 1.263A–7T [Removed]

Par. 5. Section 1.263A–7T is removed.

§ 1.263A–15 [Amended]

Par. 6. Section 1.263A–15 is amended by removing ''1.263A–7T (e) generally'' from the last sentence in paragraph (a)(1) and replacing it with ''1.263A–7''.

Dated: July 28, 1997.

Michael P. Dolan,

Acting Commissioner of Internal Revenue.

Donald C. Lubick,

Acting Assistant Secretary of the Treasury.

[FR Doc. 97–20530 Filed 8–4–97; 8:45 am]

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DEPARTMENT OF THE INTERIOR

Minerals Management Service

30 CFR Parts 210 and 218

RIN 1010–AC38

Designation of Payor Recordkeeping

AGENCY: Minerals Management Service, Interior.

ACTION: Interim final rulemaking.

SUMMARY: The Minerals Management Service (MMS) Royalty Management Program (RMP) is amending its regulations to authorize the collection of information from lessees and payors concerning designations by lessees of other persons to make royalty and other payments on their behalf.

DATES: This rule is effective August 5, 1997. Comments regarding this interim final rulemaking and the information collection must be received on or before October 6, 1997.

ADDRESSES: Comments should be sent to: David S. Guzy, Chief, Rules and Publications Staff, Royalty Management

Program, Minerals Management Service, P.O. Box 25165, MS 3021, Denver, Colorado 80225–0165; courier delivery to Building 85, Denver Federal Center, Denver, Colorado 80225; or e-Mail David—Guzy@mms.gov.

FOR FURTHER INFORMATION CONTACT: David S. Guzy, Chief, Rules and Publications Staff, Royalty Management Program, Minerals Management Service, telephone (303) 231–3432, Fax (303) 231–3385, e-Mail David__Guzy@mms.gov.

SUPPLEMENTARY INFORMATION: The principal authors of this rulemaking are Kenneth R. Vogel, of the Minerals Management Service Office of Enforcement and Sarah Inderbitzin of the Department of the Interior Office of the Solicitor.

I. General

On August 13, 1996, Congress enacted the Federal Oil and Gas Royalty Simplification and Fairness Act of 1996, Pub. L. 104–185, as corrected by Pub. L. 104–200 (RSFA). RSFA amends portions of the Federal Oil and Gas Royalty Management Act of 1982 (FOGRMA), 30 U.S.C. 1701 *et seq.*, to provide that an owner of operating rights in a Federal oil and gas lease onshore or on the Outer Continental Shelf (OCS) is primarily liable for royalty payments owed on its portion of its lease, and that the owners of record title for such lease are secondarily liable, 30 U.S.C. 1712(a). It also allows lessees, which include both operating rights and record title owners, 30 U.S.C. 1701(7), to designate another person to pay royalties on their behalf by written notice to MMS, 30 U.S.C. 1712(a). Finally, it provides that the persons so designated are not liable for any payment obligations under such leases. Id. This rule provides a mechanism to make the match between lessees and the persons they designate to make royalty and other payments on their behalf consistent with RSFA and existing royalty collection practices.

Prior to the enactment of RSFA, MMS would allow any person to report and pay royalties and other payments on a Federal oil and gas lease onshore or on the OCS simply by declaring itself a ''payor'' for the lease and filing a Form MMS–4025, Payor Information Form (PIF) (OMB 1010–0033). 30 CFR 210.10(c)(3). MMS's Auditing and Financial System (AFS) requires that a royalty payor file a PIF for oil and gas or Form MMS–4030, Solid Minerals Payor Information Form, and be assigned a payor code before the system will accept the monthly Form MMS–2014, Report of Sales and Royalty Remittance. See the MMS ''Oil and Gas Payor Handbook,'' Volume 1, at Chapter 2; and the MMS ''Solid Minerals Payor Handbook'' at Chapter 2.

A key to this reporting system is the MMS Accounting Identification Number (AID). The AID is a 13-digit number in two parts. The first 10 digits are an MMS assigned lease number, which is converted from the Bureau of Land Management (BLM) or MMS Offshore Minerals Management (OMM) lease number. It consists of a three-digit prefix, a six-digit body, and a one or 2-digit suffix. The last three digits of the AID are the MMS assigned revenue source number. A revenue source generally is one of the following as specified in MMS's Oil and Gas Payor Handbook:

- Lease production—one or more wells on the lease where the lease is not committed to a unit or communitization agreement (CA);
- Unitized production allocation—the participating area (PA) of a unit under which a lease receives production allocation, or a secondary recovery unit;
- Communitized production allocation—the CA under which a lease receives a production allocation; or
- Compensatory royalty—a compensatory royalty assessment or agreement.

These distinctions are not readily discoverable from the legal descriptions contained in lease assignments and other legal documents.

Currently, when MMS determines either through its automated compliance procedures or an audit that royalties are underpaid, MMS will bill or order payment from the payor for the deficiency. The payor is billed because that is the person for whom MMS has information in its system regarding that production; RMP does not maintain data on the record title owner(s) or operating rights owner(s) for which the payor is making payments. Therefore, while other persons may be liable for some or all of the royalty deficiency (such as the record title owner or an operating rights owner), MMS has historically considered that the person who filed the PIF would be liable for underpaid royalties.

In *Mesa Operating Limited Partnership*, 125 IBLA 28(1992) (Modified on Reconsideration), 128 IBLA 174 (1994), Mesa filed PIFs and paid MMS royalties on production it purchased from several Indian oil and gas leases. Mesa did not own any interest in those leases. MMS ordered Mesa to pay additional royalties found to be owed on those leases. Mesa administratively appealed MMS's order and the Interior Board of Land Appeals held that a payor does not become liable simply by filing a PIF with the MMS, but rather some other evidence of assignment of liability must be presented. Although IBLA found Mesa liable for other reasons, thereafter MMS published a **Federal Register** notice of proposed rulemaking titled ''Amendments of Regulations to Establish Liability for Royalty Due on Federal and Indian Leases, and to Establish Responsibility to Pay and Report Royalty and Other Payments (60 FR 30492, 06/09/97). In that rulemaking, MMS proposed to make payors, owners of working interests and lessees of record, among others, all potentially liable for unpaid or underpaid royalties and other payments.

RSFA resolved statutorily which parties are liable for royalty and other payments on Federal oil and gas leases onshore and on the OCS for production after September 1, 1996. Under RSFA, the person owning operating rights in a lease is primarily liable for its pro rata share of payment obligations under a lease, and the person owning record title is secondarily liable for its pro rata share of payment obligations under the lease. 30 U.S.C. 1712(a). RSFA also provides that the lessee may designate a person (Designee) to make all or part of the payments due under a lease on the lessee's behalf. *Id*. Under RSFA, lessees must notify MMS (or a delegated State, if applicable) in writing of such designation. *Id*. The Designee may then make payments, file reports, offset and credit monies, make adjustments to reports and request and receive refunds, all in its own name on the lessee's behalf. However, RSFA mandates that the Designee is not liable for the obligations of the lessee for which it is paying and reporting. *Id*.

RSFA is applicable to all royalties and other payments due on production from Federal oil and gas leases after September 1, 1996. Thus, for royalty payments made for September 1996, which were due by the end of October 1996, RSFA required all lessees either to pay on their own behalf or to designate another person to make payments on their behalf.

As stated above, MMS does not maintain information on the lessee for which a payor is paying royalties or other payments. Although BLM is responsible for maintaining record title and operating rights ownership records for Federal oil and gas leases onshore, and MMS has the same responsibility for such leases on the OCS, neither BLM nor MMS Offshore have information matching lessees to their payors. Accordingly, in an attempt to decide how to best collect payment responsibility information to implement

RSFA, MMS met with the representatives of several oil and gas trade associations and several States that share in oil and gas royalties under the Mineral Leasing Act of 1920, 30 U.S.C. 191, and the Outer Continental Shelf Lands Act of 1953, 43 U.S.C. 1339. In those meetings, the participants generally agreed that many lessees would not be able to tell MMS how they may have assigned royalty payment responsibility for each portion of their lease in terms that are readily translatable into the MMS accounting system. Therefore, lessees will require assistance from MMS to comply with RSFA's mandate that they designate a payor. The participants, many of whom were royalty payors as well as lessees, recommended that MMS get an initial listing of supposed Designees, by inquiring of the current payors whether they were paying on their own behalf (as lessee) or on behalf of someone else. The participants generally agreed that MMS should then send a notification to all lessees, listing the leases they owned by AID, and the person or persons who were paying on each lease on the lessee's behalf, for each product on the lease for which the person was paying, when that was appropriate. Lessees would then use that list to designate the person(s) responsible for making lease payments on the lessee's behalf.

The term payor includes both Designees, who are reporting and paying royalties on behalf of lessees other than themselves, and lessees who are reporting and paying their own royalty. In many cases, a payor may be both a lessee and a Designee on the same lease. In fact, they may (and commonly do) report both their own payment and the payments of lessees who (will) designate them on the same royalty line. If that line is either underpaid or paid late, MMS will send a demand to the payor, and for production subject to RSFA, MMS will send a notice to those lessees who have designated the payor to pay for them with respect to that line. This rule gives MMS the authority to collect the information necessary to match a lessee to that underpaid (or untimely paid) royalty line.

Since enactment of RSFA, MMS designed a database that will allow it to match lessees with their Designees. To gather the initial information matching payors to lessees, on January 9, 1997, MMS sent a letter to approximately 2,500 oil and gas payors. Attached to that letter was a listing of all leases for which MMS data showed that the payor was reporting and making payments to MMS. The payors were requested to voluntarily fill in missing information, listing the lessees for which they were reporting, and making payments to MMS by AID and product code, if appropriate. The January 9, 1997, letter was not in accordance with the Paperwork Reduction Act (PRA), 44 U.S.C. 3512, because, due to an unintentional oversight, MMS did not properly send the Information Collection Request (ICR) to the Office of Management and Budget (OMB) for its review, as the PRA mandates. MMS apologizes for that oversight.

The purpose of this rule is to make MMS's requests to payors for information missing in its database mandatory, because, as stated above, neither MMS, BLM, nor most lessees have the information necessary to make the match between lessees and their payors. For this reason, MMS will request data from time to time from those parties who are payors in MMS's accounting system, and MMS will use that data to send reports to lessees for their confirmation of the designation of payment responsibility to the payor. Payors who voluntarily responded to the January 9, 1997, letter requesting similar information do not need to provide the same information under the rule that would duplicate information already provided. However, the rule does provide MMS with authority to request clarification of information submitted in response to the January 9, 1997, letter or the rule. Because the information MMS requests is critical to implementation of RSFA, and because RSFA's provisions relevant to this information collection became effective September 1, 1996, MMS is requesting that OMB authorize emergency processing and approval of this ICR. This ICR and any requests in the future will be mandatory under the provisions of this regulation.

Respondents may respond to the information requests required under this rule electronically or in writing. MMS prefers that respondents respond electronically. MMS has created a Comma Separated Value (CSV) file structure, which is available as an output type in most spreadsheet and data base applications. MMS will offer respondents a lease listing in computer readable form (electronically) and also will offer the telephone assistance of our computer specialists.

III. Indian Lands and Non-Oil and Gas Leases

RSFA is not applicable to Indian leases and leases of minerals other than oil and gas. MMS does not currently need data in order to match lessees and payors for such leases. However, MMS may need the information for those leases in the future. Therefore, this rule also gives MMS the authority to collect the data necessary to match the lessee with the payor for each AID for Indian leases and leases of minerals other than oil and gas.

IV. Administrative Procedure Act

MMS has determined that the notice and comment that the Administrative Procedure Act (APA), 5 U.S.C. 553(b), ordinarily mandates, are not required in this interim final rulemaking. APA authorizes agencies to waive notice and comment procedures when the agency ''for good cause finds * * * that notice and public procedure thereon are impracticable, unnecessary, or contrary to the public interest.'' 5 U.S.C. 553(b)(B). MMS for good cause finds that notice and comment procedures for this rulemaking are impracticable and contrary to the public interest because they would delay implementation of RSFA's liability scheme which became effective for production after September 1, 1996. In addition, advance public notice and comment are unnecessary and contrary to public interest because the interim rule substantially restates the information collection provisions in the January 9, 1997, letter sent to all payors, and implements the request from lessees at the meetings discussed above that MMS assist them to comply with RSFA's mandate that they designate a Designee.

MMS also has determined that the 30-day delay of effectiveness provisions of the APA may be waived in this rulemaking. Section 553(d) of the APA permits waiver of the 30-day delayed effective date requirement for, inter alia, good cause. MMS finds that good cause exists for the same reasons stated above. Accordingly, the interim final rule will be immediately effective upon publication in the **Federal Register**. Nevertheless, MMS seeks the benefit of public comment. Accordingly, MMS invites interested persons to submit comments during the 60-day comment period. MMS may revise the interim final rule later in a final rule as appropriate based on those comments.

While this is an interim final rule, MMS intends to publish a notice of proposed rulemaking by the end of 1997 making more permanent the process for collecting designations from lessees. To aid public participation in that rulemaking, MMS will post comments received on this rule on the Internet at http://www.rmp.mms.gov.

V. Section-by-Section Analysis

30 CFR Part 210

Section 210.55 Special Forms or Reports.

This section's contents are amended to give MMS the authority to require special reports by lessees and other persons who report and pay royalties. In particular, MMS may require such persons to submit information necessary for MMS to assure that lessees properly designate their Designees in a form that MMS can use in its database. The information will document the relationship between lessees, their lease(s), or portion(s) thereof, and the person(s) they designate to make payments to MMS on their behalf. As payors already are familiar with the MMS accounting system, MMS may require them to submit the information connecting the AID on which they are paying and the lessees for whom they are paying.

In addition to the name of the lessee, MMS may also require payors to tell MMS the address of that person and, if they have the information, the taxpayer identification number (TIN) of the lessee. MMS requires the current address in order to communicate with the lessee so that lessees are informed of the requirements of RSFA to designate a Designee, if they are not making payments to MMS on their own. MMS will also need the lessee's address to send notices to the lessee when demands are sent to payors, who are paying on their behalf. MMS requires the TIN to inform the Internal Revenue Service when MMS pays interest on overpayments under the requirements of RSFA, section 6. This section would also require persons whom a payor identifies it is making payments for to provide information to MMS.

30 CFR Part 218

Section 30 CFR 218.52 How does a lessee designate a Designee?

This section would be revised to explain how lessees make designations under RSFA section 6(g) and what information must be in such designations. MMS will need the name and address of each Designee, as well as the necessary accounting information to identify the payments made on your behalf as lessee. MMS will also need to know the start and end dates of the Designee's responsibility and whether the designation is limited to certain payments, for instance, just minimum royalty, or certain products, for instance, if you choose to designate your gas purchaser as the Designee for gas royalty only.

VI. Procedural Matters

The Regulatory Flexibility Act

MMS has calculated a reporting burden of $840 for a typical small entity that reports and pays oil and gas royalties on Federal leases. About 2,400 small entities in the oil and gas industry will be affected by this rule. Accordingly, this rule will not have a significant economic impact on a substantial number of small entities. This rule provides for the format in which information needed to comply with the requirements of the Federal Oil and Gas Royalty Simplification and Fairness Act of 1996, Pub. L. 104–185, August 13, 1996, as corrected by Pub. L. 104–200.

Executive Order 12630

The Department certifies that the rule does not represent a governmental action capable of interference with constitutionally protected rights. Thus, a Takings Implication Assessment need not be prepared under Executive Order 12630, ''Governmental Actions and Interference with Constitutionally Protected Property Rights.''

Executive Order 12866

This rule is a significant rule under executive Order 12866 and has been reviewed by the Office of Management and Budget. MMS' analysis indicates the rule will have a total reporting cost of $3.1 million. Since the rule will have an annual effect on the economy of less than $100 million, the rule does not have a significant economic effect as defined by Executive Order 12866.

Executive Order 12988

The Department has certified to OMB that this rule meets the applicable reform standards provided in Section 3(a) and 3(b)(2) of Executive Order 12988.

Paperwork Reduction Act of 1995

The MMS submitted the information collection contained in this interim final rulemaking to the Office of Management and Budget (OMB) with a request for emergency processing. It was approved by OMB and assigned OMB Control Number 1010-0107.

With this notice, we are starting the 60-day comment period. As part of our continuing effort to reduce paperwork and respondent burdens, we invite the public and other Federal agencies to comment on any aspect of the reporting burden imposed by this interim final rulemaking. Submit your comments to David, S. Guzy, Chief, Rules and Publications Staff, Royalty Management Program, Minerals Management Service, P.O. Box 25165; courier delivery to Building 85, Denver Federal Center, Denver, Colorado 80225; or e-mail David__Guzy@mms.gov.

The Paperwork Reduction Act of 1995 provides that 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. OMB has up to 60 days to approve or disapprove this collection of information but may respond after 30 days from receipt of our request. Therefore, your comments are best assured of being considered by OMB if they are received by OMB within 30 days of publication of this notice. However, MMS will consider all comments received during the comment period for this notice of interim final rulemaking.

In compliance with the Paperwork Reduction Act of 1995, Section 3506 (c)(2)(A), we are notifying you, members of the public and affected agencies, of this collection of information, and are inviting your comments. Is this information collection necessary for us to properly do our job? Have we accurately estimated the industry burden for responding to this collection? Can we enhance the quality, utility, and clarity of the information we collect? Can we lessen the burden of this information collection on the respondents by using automated collection techniques or other forms of information technology?

This information collection is titled Designation of Royalty Payment Responsibility. RSFA provides that owners of operating rights are primarily liable for royalty payments on their portions of their leases, and that owners of record title are secondarily liable. The Act allows lessees, operating rights owners and/or record title owners, to designate another person to pay royalties on their behalf by a written instrument filed with the Secretary. Finally, RSFA provides that the designated persons, designees, are not liable. This collection of information provides a mechanism for identifying lessees and their designees.

Currently, it is common for a payor rather than a lessee to make royalty and related payments on a Federal lease. When a payor pays royalties on a Federal lease on behalf of a lessee, RSFA requires that the lessee designate the payor as its designee. We are requiring each payor to provide us information regarding the lessee on whose behalf they are paying because we need to know who all the lessees are in order to inform them of their obligation to designate a payor to be

their lawful designee by a written instrument filed with the Secretary. RSFA made this payor designation requirement effective for lease production beginning September 1, 1996. We are asking payors and lessees to provide data required under RSFA so that we can fully implement the Act.

The hour burden for approximately 2,500 payors to respond to this collection of information is estimated at 60,000 hours. Payors have told us that to gather, collate, and enter required MMS data, line-by-line on a report or computer generated file, takes them approximately 1/2 hour per data line; an average payor will have approximately 48 original data lines (one original line of data will result in multiple lines of data when the payor is the designee and is reporting for multiple lessees). We estimate that we will receive 120,000 original data lines.

2,500 payors × 48 original data lines × ½ hour per data line = 60,000 burden hours

The hour burden to lessees is estimated at 30,000 hours. The MMS will develop reports that consolidate the payor-provided data for all leases for which the lessees are presumed to have designees. The lessee may confirm the information on these reports and/or modify the reports by amending and/or correcting the report information. We estimate that a lessee will take approximately 3/4 hour per confirmation request.

20,000 lessees × 2 confirmation requests × 3/4 hour per request = 30,000 burden hours

Unfunded Mandate Reform Act of 1995

The Department has determined and certifies according to the Unfunded Mandates Reform Act, 2 U.S.C. 1502 *et seq.*, that this rule will not impose a cost of $100 million or more in any given year on local, Tribal, State governments or the private sector.

National Environmental Policy Act of 1969

We have determined that this rulemaking is not a major Federal action significantly affecting the quality of the human environment, and a detailed statement under section 102(2)(C) of the National Environmental Policy Act of 1969 (42 U.S.C. 4332(2)(C) is not required.

List of Subjects

30 CFR Part 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 218

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

Dated: July 10, 1997.

Sylvia V. Baca,

Deputy Assistant Secretary for Land and Minerals Management.

For the reasons stated in the preamble, MMS amends 30 CFR parts 210 and 218 as follows:

PART 210—FORMS AND REPORTS

1. The authority citation for Part 210 continues to read as follows:

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

2. Section 210.55 is revised to read as follows:

§ 210.55 Special Forms or Reports.

(a) MMS may require you to submit additional information, forms, or reports other than those specifically referred to in this subpart. MMS will give you instructions for providing such information or filing such reports or forms. MMS will make requests for additional information, forms, or reports under this section in conformity with the Paperwork Reduction Act of 1995, 44 U.S.C. 3501, and other applicable laws.

(b) If you file a Form MMS–4025, Payor Information Form (PIF) under § 210.51, you must provide the following information to MMS upon request for each PIF:

(1) The AID number for the lease;

(2) The name, address, Taxpayer Identification Number (TIN), and phone number of the person for whom you are reporting and paying royalties or making other payments under the PIF;

(3) Whether the person you named in paragraph (b)(2) of this section with respect to the lease for which you filed the PIF is a:

(i) Lessee of record (record title owner);

(ii) Operating rights owner (working interest owner); or

(iii) Operator;

(4) The name, address, and phone number of the individual to contact for the person you named in paragraph (b)(2) of this section;

(5) Your TIN; and

(6) Whether you are the Designee of the person you named in paragraph (b)(2) of this section under 30 U.S.C. 1712(a), and, if so:

(i) The date your designation became effective; and

(ii) The date your designation terminates, if applicable; and

(iii) A copy of the written designation;

(c) If you have been identified under paragraph (b)(2) of this section, you must provide the following information to MMS upon request:

(1) Confirmation that you are the person identified under paragraph (b)(2) of this section;

(2) Confirmation that the person identified in paragraph (b)(6) of this section is your designee; and

(3) A designation under § 218.52 of this title if the person identified in paragraph (b)(6) of this section is not your Designee, and if you are not reporting and paying royalties and making other payments to MMS.

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

1. The authority citation for Part 218 continues to read as follows:

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

2. Section 218.52 is revised to read as follows:

§ 218.52 How does a lessee designate a Designee?

(a) If you are a lessee under 30 U.S.C. 1701(7), and you want to designate a person to make all or part of the payments due under a lease on your behalf under 30 U.S.C. 1712(a), you must notify MMS or the applicable delegated State in writing of such designation. Your notification for each lease must include the following:

(1) The AID number for the lease;

(2) The type of products you make payments for e.g., oil, gas.

(3) The type of payments you are responsible for e.g., royalty, minimum royalty, rental.

(4) Whether you are:

(i) A lessee of record (record title owner) in the lease, and the percentage of your record title ownership in the lease; or

(ii) An operating rights owner (working interest owner) in the lease, and the percentage of your operating rights ownership in the lease;

(5) The name, address, Taxpayer Identification Number (TIN), and phone number of your Designee;

(6) The name, address, and phone number of the individual to contact for the person you named in paragraph (a)(5) of this section;

(7) Your TIN;

(8) The date the designation is effective;

(9) The date the designation terminates, if applicable, and

(10) A copy of the written designation;

(b) The person you designate under paragraph (a) of this section is your Designee under 30 U.S.C. 1701(24) and 30 U.S.C. 1712(a).

(c) If you want to terminate a designation you made under paragraph (a) of this section, you must provide to MMS in writing before the termination:

(1) The date the designation is due to terminate; and

(2) If you are not reporting and paying royalties and making other payments to MMS, a new designation under paragraph (a) of this section.

(d) MMS may require you to provide notice when there is a change in the percentage of your record title or operating rights ownership.

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DEPARTMENT OF TRANSPORTATION

Coast Guard

33 CFR Part 100

[CGD 05–97–012]

RIN 2115–AE46

Special Local Regulations for Marine Events; Assateague Channel, Chincoteague, Virginia

AGENCY: Coast Guard, DOT.

ACTION: Final rule.

SUMMARY: The Coast Guard is amending permanent special local regulations established for an annual marine event held in the Assateague Channel, Chincoteague, Virginia by including an additional event for which the regulated area will be in effect. This rule updates the regulation in order to enhance the safety of life and property during the events.

EFFECTIVE DATE: This final rule is effective on September 4, 1997.

FOR FURTHER INFORMATION CONTACT: S.L. Phillips, Project Manager, Auxiliary Branch, at (757) 398–6204.

SUPPLEMENTARY INFORMATION:

Regulatory History

On April 21, 1997, the Coast Guard published a notice of proposed rulemaking entitled special Local Regulations for Marine Events; Assateague Channel, Chincoteague, Virginia, in the **Federal Register** (62 FR 19239). The Coast Guard received no comments on the proposed rulemaking. No public hearing was requested, and none was held.

Background and Purpose

Title 33 of the Code of Federal Regulations, section 100.519 established special local regulations for the Pony Penning Swim, a marine event held annually in the Assateague Channel, Chincoteague, Virginia. Since the promulgation of 33 CFR § 100.519, an additional marine event, the Chincoteague Power Boat Regatta, has been approved and scheduled on an annual basis in the regulated area. This rule adds the Chincoteague Power Boat Regatta to the list of events for which the regulations will be in effect, thereby eliminating the need for issuance of temporary rules for this event. This rule is necessary to control vessel traffic during the event to enhance the safety of participants, spectators, and transiting vessels.

Discussion of Comments and Changes

The Coast Guard received no comments on the proposed rulemaking. Therefore, the proposed rule is being implemented without change.

Regulatory Evaluation

This rule is not a significant regulatory action under section 3(f) of Executive Order 12866 and does not require an assessment of potential costs and benefits under section 6(a)(3) of that order. It has been exempted from review by the Office of Management and Budget under that order. It is not significant under the regulatory policies and procedures of the Department of Transportation (DOT) (44 FR 11040; February 26, 1979). The Coast Guard expects the economic impact of this final rule to be so minimal that a full Regulatory Evaluation under paragraph 10e of the regulatory policies and procedures of DOT is unnecessary.

Small Entities

Under the Regulatory Flexibility Act (5 U.S.C. 601–612), the Coast Guard must consider whether this rule will have a significant economic impact on a substantial number of small entities. ''Small entities'' include independently owned and operated small businesses that are not dominant in their field and that otherwise qualify as ''small business concerns'' under section 3 of the Small Business Act (15 U.S.C. 632). This rule does not impose any new restrictions on vessel traffic. It merely changes the effective period of the regulation and adds a Table which identifies specific events during which the regulated area will be in effect. Therefore, the Coast Guard certifies under Section 605(b) of the Regulatory Flexibility Act (5 U.S.C. 601–612) that this final rule will not have a significant economic impact on a substantial number of small entities.

Collection of Information

This final rule contains no collection of information requirement under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501–3520).

Federalism

The Coast Guard has analyzed this rule under the principles and criteria contained in Executive Order 12612 and has determined that this rule does not have sufficient federalism implications to warrant the preparation of a Federalism Assessment.

Environment

The Coast Guard considered the environmental impact of this rule and concluded that, under section 2.b.2.e(34) (h) of Commandant Instruction M16475.1b (as amended, 61 FR 13564; 27 March 1996), this rule is categorically excluded from further environmental documentation.

List of Subjects in 33 CFR Part 100

Marine Safety, Navigation (water), Reporting and recordkeeping requirements, Waterways

For the reasons set out in the preamble, the Coast Guard proposes to amend 33 CFR Part 100 as follows:

PART 100—[AMENDED]

1. The authority citation for Part 100 continues to read as follows:

Authority: 33 U.S.C. 1233; 49 CFR 1.46 and 33 CFR 100.35.

2. Section 100.510 is amended by revising paragraphs (b)(1) and (c) and adding Table 1 to read as follows:

§ 100.519 Assateague Channel, Chincoteague, Virginia.

* * * * *

(b) *Special local regulations.*

(1) Except for participants registered with the event sponsor and vessels authorized by the Coast Guard Patrol Commander, no person or vessel may enter or remain in the regulated area