

§ 203.20 Maximum interest rate.

(a) The mortgage shall bear interest at the rate agreed upon by the mortgagee and the mortgagor, which rate shall not exceed 13.50 percent per annum with respect to mortgages insured on or after August 1, 1983.

2. In § 203.45 paragraph (b) is revised to read as follows:

§ 203.45 Eligibility of graduated payment mortgages.

(b) The mortgage shall bear interest at the rate agreed upon by the mortgagee and the mortgagor, which rate shall not exceed 13.75 percent per annum with respect to mortgages insured on or after August 1, 1983.

3. In § 203.46 paragraph (c) is revised to read as follows:

§ 203.46 Eligibility of modified graduated payment mortgages.

(c) The mortgage shall bear interest at the rate agreed upon by the mortgagee and the mortgagor, which rate shall not exceed 13.75 percent per annum with respect to mortgages insured on or after August 1, 1983.

PART 213—COOPERATIVE HOUSING MORTGAGE INSURANCE**Subpart C—Eligibility Requirements—Individual Properties Released From Project Mortgage**

4. In § 213.511 paragraph (a) is revised to read as follows:

§ 213.511 Maximum interest rate.

(a) The mortgage shall bear interest at the rate agreed upon by the mortgagee and the mortgagor, which rate shall not exceed 13.50 percent per annum with respect to mortgages insured on or after August 1, 1983.

PART 234—CONDOMINIUM OWNERSHIP MORTGAGE INSURANCE**Subpart A—Eligibility Requirements—Individually Owned Units**

5. In § 234.29 paragraph (a) is revised to read as follows:

§ 234.29 Maximum interest rate.

(a) The mortgage shall bear interest at the rate agreed upon by the mortgagee and the mortgagor, which rate shall not exceed 13.50 percent per annum with

respect to mortgages insured on or after August 1, 1983.

6. In § 234.75 paragraph (b) is revised to read as follows:

§ 234.75 Eligibility of graduated payment mortgages.

(b) The mortgage shall bear interest at the rate agreed upon by the mortgagee and the mortgagor, which rate shall not exceed 13.75 percent per annum with respect to mortgages insured on or after August 1, 1983.

7. In § 234.76 paragraph (c) is amended to read as follows:

§ 234.76 Eligibility of modified graduated payment mortgages.

(c) The mortgage shall bear interest at the rate agreed upon by the mortgagee and the mortgagor, which rate shall not exceed 13.75 percent per annum with respect to mortgages insured on or after August 1, 1983.

(Pub. L. 90-301, sec. 3(a), 12 U.S.C. 1709-1; sec. 7(d), Department of Housing and Urban Development Act, 42 U.S.C. 3535(d))

Dated: July 29, 1983.

Philip Abrams,

Assistant Secretary for Housing—Federal Housing Commissioner.

[FR Doc. 83-21393 Filed 8-4-83; 8:45 am]

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DEPARTMENT OF THE INTERIOR**Minerals Management Service****30 CFR Ch. II****Redesignation and Reorganization of Regulations**

AGENCY: Minerals Management Service, Interior.

ACTION: Final rule.

SUMMARY: Secretarial Order No. 3087 dated December 3, 1982, as amended, declared that all functions related to royalty and mineral revenue management are the responsibility of the Minerals Management Service (MMS) and that all onshore minerals management functions on Federal and Indian lands are transferred to the Bureau of Land Management (BLM).

Because of this distribution of functions, it is necessary to identify and retain in Chapter II of 30 CFR those regulations that will remain the responsibility of MMS. This rule redesignates and/or identifies regulations that MMS will retain and

administer. This rule also sets forth new subchapter, part and subpart headings that reorganize and consolidate MMS regulations in a logical manner. Where BLM and MMS have overlapping or joint regulating responsibilities, the regulation section, containing the joint responsibilities, has been repeated in the new 30 CFR Chapter II and retained in its previous CFR position.

EFFECTIVE DATE: August 5, 1983.

ADDRESS: Any suggestions or inquiries should be sent to: Associate Director for Royalty Management, Minerals Management Service (MS860), 12203 Sunrise Valley Drive, Reston, Virginia 22091.

FOR FURTHER INFORMATION CONTACT: Ori L. Kelm, (703) 860-7511, (FTS) 928-7511.

SUPPLEMENTARY INFORMATION: The principal author of this rule is Ori L. Kelm, Deputy Associate Director for Royalty Management (Policy), Minerals Management Service.

Secretarial Order 3071 dated January 19, 1982, established the Minerals Management Service within the Department of the Interior and Amendment No. 2 dated May 26, 1982, set forth the basic organizational structure for the Service. One of the major elements of this structure is the Royalty Management function under the direct responsibility of the Associate Director for Royalty Management. The responsibilities of this function include, among other things, the collection of royalty payments, bonuses, rentals, royalties-in-kind, and other revenues from the leasing and extraction of minerals from Federal and Indian lands.

The existing numerous royalty accounting and royalty management regulations are presently integrated with other regulations in various parts of 30 CFR Chapter II. This redesignation will provide Federal lessees/payors with a consolidation of regulations concerned with all financial issues of minerals Royalty Management. This action will bring order to the present regulations and respond to the recommendation by the Commission on Fiscal Accountability of the Nation's Energy Resources to create an Office of Royalty Management with clearly defined royalty management functions.

The existing royalty regulations are herewith identified and redesignated in Chapter II of 30 CFR. In a later rulemaking, the Royalty Management Program of MMS will also streamline and condense and further redesignate onshore and Indian regulations applicable to royalty financial management matters.

This final rule will also remove 30 CFR Part 225a which was superseded by 10 CFR Part 391 (45 FR 9526). This removal is not a substantive action because it simply implements a previous supersession. Please note that 10 CFR Part 391 has been redesignated as 30 CFR Part 262 (48 FR 1181) and will again be redesignated as 30 CFR Part 209 by this final rule.

The regulations now contained at 30 CFR 211.63 (a) through (k) are the joint responsibility of MMS and BLM. In order to make this clear to readers of these regulations the final rule repeats § 211.63 (a) through (k) in the new 30 CFR Chapter II, at § 203.200. At the same time, § 211.63 is retained in its present position until BLM redesignates it to Title 43.

Administrative Procedure Act

The Department has determined that it is unnecessary under the Administrative Procedure Act (5 U.S.C. 553(b)(B)) to publish this rule for comment because it does not change the rights and obligations of the public.

The customary 30-day period between the publication date and effective date of a final rulemaking is hereby waived because this rule does not initiate change, but is an administrative action reflecting changes.

Executive Order 12291

The Department has determined that this final rule is not a major action and does not require the preparation of a regulatory impact analysis under Executive Order 12291 because it has no economic impact.

Regulatory Flexibility Act

The Department has also determined that this rule will not have a significant economic effect on a substantial number of small entities and does not, therefore, require a small entity flexibility analysis under the Regulatory Flexibility Act (5 U.S.C. 601 *et seq.* because it has no economic impact on small entities.

Paperwork Reduction Act of 1980

This rule does not contain information collection requirements which require approval by the Office of Management and Budget under 44 U.S.C. 3501 *et seq.*

National Environmental Policy Act of 1969

It is hereby determined that this final 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.

List of Subjects

30 CFR Part 201

Government contracts, Mineral royalties, Reporting and recordkeeping requirements.

30 CFR Part 202

Minerals royalties, Government contracts, Reporting requirements, Continental shelf.

30 CFR Part 203

Government contracts, Mineral royalties, Public lands-mineral resources.

30 CFR Part 206

Mineral royalties, Government contracts, Continental shelf, Coal, Mines, Reporting requirements, Public lands-mineral resources, Geothermal energy.

30 CFR Part 207

Oil and gas reserves, Public land-mineral resources, Reporting and recordkeeping requirements.

30 CFR Part 208

Government contracts, Petroleum, Small businesses.

30 CFR Part 209

Continental shelf, Mineral royalties, Oil and gas exploration, Small businesses.

30 CFR Part 210

Government contracts, Reporting requirements, Mineral royalties, Continental shelf, Public lands-mineral resources, Geothermal energy.

30 CFR Part 211

Administrative practice and procedure, Government contracts, Intergovernmental relations, Mineral royalties, Mines, Public lands-mineral resources, Reporting and recordkeeping requirements.

30 CFR Part 212

Coal, Reporting requirements, Government contracts, Mineral royalties, Public lands-mineral resources.

30 CFR Part 217

Coal, Government contracts, Mineral royalties, Reporting requirements.

30 CFR Part 218

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

30 CFR Part 220

Accounting, Continental shelf, Mineral royalties, Oil and gas exploration.

30 CFR Part 221

Government contracts, Mineral royalties, Oil and gas exploration, Public lands-mineral resources, Reporting and recordkeeping requirements.

30 CFR Part 223

Oil and gas reserves, Public lands-mineral resources, Reporting and recordkeeping requirements.

30 CFR Part 225

Government contracts, Petroleum, Small businesses.

30 CFR Part 225a

Continental shelf, Government contracts, Petroleum, Small businesses.

30 CFR Part 231

Environmental protection, Government contracts, Mineral royalties, Public lands-mineral resources, Reporting and recordkeeping requirements.

30 CFR Part 241

Government contracts, Reporting requirements.

30 CFR Part 250

Continental shelf, Environmental impact statements, Environmental protection, Government contracts, Investigations, Mineral royalties, Oil and gas reserves, Penalties, Pipelines, Public lands-mineral resources, Reporting and recordkeeping requirements.

30 CFR Part 251

Continental shelf, Freedom of information, Public lands-mineral resources, Reporting and recordkeeping requirements, Science and technology.

30 CFR Part 252

Continental shelf, Freedom of information, Intergovernmental relations, Oil and gas exploration, Public lands-mineral resources, Reporting and recordkeeping requirements.

30 CFR Part 256

Administrative practice and procedure, Continental shelf, Government contracts, Mineral royalties, Oil and gas exploration, Pipelines, Public lands-mineral resources, Public lands-rights-of-way, Reporting and recordkeeping requirements, Surety bonds.

30 CFR Part 259

Continental shelf, Mineral royalties, Oil and gas exploration.

30 CFR Part 260

Continental shelf, Mineral royalties, Oil and gas exploration.

30 CFR Part 261

Accounting, Continental shelf, Mineral royalties, Oil and gas exploration.

30 CFR Part 262

Continental shelf, Mineral royalties, Oil and gas exploration, Small businesses.

30 CFR Part 270

Environmental protection, Geothermal energy, Government contracts, Mineral royalties, Public lands-mineral resources, Reporting and recordkeeping requirements.

Under the authority of the Act of September 6, 1966 (5 U.S.C. 301) and Secretarial Order No. 3087 of December 3, 1982, as amended, Chapter II, Title 30 of the Code of Federal Regulations is amended as set forth below.

Dated: July 20, 1983.

William P. Pendley,

Deputy Assistant Secretary of the Interior.

1. Chapter II is amended by adding new subchapter, part and subpart headings, and redesignating sections as follows:

Former 30 CFR section designations	New 30 CFR chapter II designations
	Subchapter A—Royalty Management
	Part 201—General
	Subpart A—General Provisions—[Reserved]
	Subpart B—Oil and Gas, General—[Reserved]
	Subpart C—Oil and Gas, Onshore Sec.
221.13.....	201.100 Responsibilities of the Associate Director for Royalty Management.
	Subpart D—Oil, Gas and Sulfur, Offshore—[Reserved]
	Subpart E—Coal—[Reserved]
	Subpart F—Other Solid Minerals—[Reserved]
	Subpart G—Geothermal Resources—[Reserved]
	Subpart H—Indian Lands—[Reserved]
	Part 202—Royalty Rates and Rentals
	Subpart A—General Provisions—[Reserved]
	Subpart B—Oil and Gas, General—[Reserved]
	Subpart C—Oil and Gas, Onshore Sec.
221.100.....	202.100 Production records; rentals, royalties, and payments; drainage and waste.
221.106.....	202.101 Measurement of oil.
221.107.....	202.102 Measurement of gas.
221.111.....	202.103 Royalty rate on oil; flat-rate leases.
	Subpart D—Oil, Gas and Sulfur, Offshore
250.65.....	202.150 Royalty on oil.
256.55.....	202.151 Minimum royalty.
256.53.....	202.152 Royalties.
	Subpart E—Coal—[Reserved]
	Subpart F—Other Solid Minerals—[Reserved]

Former 30 CFR section designations	New 30 CFR chapter II designations
	Subpart G—Geothermal Resources—[Reserved]
	Subpart H—Indian Lands—[Reserved]
	Part 203—Relief or Reduction in Royalty Rates
	Subpart A—General Provisions—[Reserved]
	Subpart B—Oil and Gas, General—[Reserved]
	Subpart C—Oil and Gas, Onshore Sec.
221.104.....	203.100 Relief from operating, royalty, and rental requirements.
	Subpart D—Oil, Gas and Sulfur, Offshore
250.21.....	203.150 Reduction of royalty or net profit share.
	Subpart E—Coal
	203.200 Royalties.
	Subpart F—Other Solid Minerals—[Reserved]
	Subpart G—Geothermal Resources—[Reserved]
	Subpart H—Indian Lands—[Reserved]
	Part 206—Product Valuation
	Subpart A—General Provisions—[Reserved]
	Subpart B—Oil and Gas, General—[Reserved]
	Subpart C—Oil and Gas, Onshore Sec.
221.102.....	206.100 Waste prevention; beneficial use.
221.106.....	206.101 Determination of gasoline content of natural gas.
221.109.....	206.102 Quality basis for computing royalties on natural gasoline, butane, propane, and other liquid hydrocarbon substances extracted from gas.
	206.103 Value basis for computing royalties.
221.110.....	206.104 Royalty rates on oil; sliding- and step-scale leases (Public land only).
221.112.....	206.105 Royalty on gas.
221.113.....	206.106 Royalty on casing-head or natural gasoline, butane, propane, or other liquid hydrocarbon substances extracted from gas.
221.114.....	206.107 Royalty on drip gasoline or other natural condensate.
	Subpart D—Oil, Gas and Sulfur, Offshore
250.64.....	206.150 Value basis for computing royalties.
250.66.....	206.151 Royalty on unprocessed gas.
250.67.....	206.152 Royalty on processed gas and constituent products
	Subpart E—Coal—[Reserved]
	Subpart F—Other Solid Minerals—[Reserved]
	Subpart G—Geothermal Resources
270.82.....	206.300 Value of geothermal production for computing royalties.
	Subpart H—Indian Lands—[Reserved]
270.63.....	206.301 Computations of royalties.
	Part 210—Forms and Reports
	Subpart A—General Provisions—[Reserved]
	Subpart B—Oil and Gas, General—[Reserved]
	Subpart C—Oil and Gas, Onshore Sec.
221.101.....	210.100 Division orders, run tickets, sales agreements or contracts.
221.103.....	210.101 Sales contracts; division orders.
221.118.....	210.102 Daily report of gas-producing wells (Form 9-352).
221.119.....	210.103 Statement of oil and gas runs and royalties (Form 9-361 Public; Form 9-361A Indian).
221.120.....	210.104 Royalty and rental remittance (Form 9-614A Indian).
221.122.....	210.105 Special forms or reports.
	Subpart D—Oil, Gas and Sulfur, Offshore
250.47.....	210.150 Sales contracts.
250.94.....	210.151 Statement of oil and gas runs and royalties.
	Subpart E—Coal—[Reserved]
	Subpart F—Other Solid Minerals—[Reserved]
	Subpart G—Geothermal
270.75.....	210.300 Monthly report of sales and royalty.
270.49.....	210.301 Sales contracts.
	Subpart H—Indian Lands—[Reserved]
	Part 212—Records and Files Maintenance
	Subpart A—General Provisions—[Reserved]
	Subpart B—Oil and Gas, General—[Reserved]
	Subpart C—Oil and Gas, Onshore—[Reserved]

Former 30 CFR section designations	New 30 CFR chapter II designations
	Subpart D—Oil, Gas and Sulfur, Offshore—[Reserved]
	Subpart E—Coal Sec.
211.66(b).....	212.200 Maintenance of and access to records.
	Subpart F—Other Solid Minerals—[Reserved]
	Subpart G—Geothermal—[Reserved]
	Subpart H—Indian Lands—[Reserved]
	Part 215—Accounting and Auditing Standards [Reserved]
	Part 216—Production Accounting [Reserved]
	Part 217—Audits and Inspections
	Subpart A—General Provisions—[Reserved]
	Subpart B—Oil and Gas, General—[Reserved]
	Subpart C—Oil and Gas, Onshore—[Reserved]
	Subpart D—Oil, Gas and Sulfur, Offshore—[Reserved]
	Subpart E—Coal Sec.
211.101.....	217.200 Audits.
	Subpart F—Other Solid Minerals
231.62.....	217.250 Audits.
	Subpart G—Geothermal—[Reserved]
	Subpart H—Indian Lands—[Reserved]
	Part 218—Collection of Royalties, Rentals, Bonuses and Other Monies Due the Federal Government
	Subpart A—General Provisions—[Reserved]
	Subpart B—Oil and Gas, General—[Reserved]
	Subpart C—Oil and Gas, Onshore Sec.
221.105.....	218.100 Royalty and rental payments.
221.121.....	218.101 Royalty and rental remittance (Navy Petroleum Reserves).
221.123.....	218.102 Late payment or underpayment charges.
	Subpart D—Oil, Gas and Sulfur, Offshore
250.49.....	218.150 Royalties, net profit shares, and rental payments.
256.52.....	218.151 Rentals.
250.56.....	218.152 Fishermen's Contingency Fund.
251.5-5.....	218.153 Fishermen's Contingency Fund.
256.56.....	218.154 Effect of suspensions on royalty and rental.
253.13.....	218.155 Payment.
	Subpart E—Coal
211.102.....	218.200 Late payment or underpayment charges.
	Subpart F—Other Solid Minerals—[Reserved]
	Subpart G—Geothermal Resources
270.50(a).....	218.300 Royalty Payments.
270.81.....	218.301 Late payment or underpayment charges.
	Subpart H—Indian Lands—[Reserved]
	Part 219—Distribution and Disbursement of Royalties, Rentals and Bonuses—[Reserved]
	Part 228—Cooperative Activities with States and Indian Tribes—[Reserved]
	Part 229—Delegation to States—[Reserved]
	Part 230—Royalty Refunds—[Reserved]
	Part 232—Interest Payments—[Reserved]
	Part 233—Eacrow and Investments—[Reserved]
	Part 234—Bonding—Payment Liability—[Reserved]
	Part 241—Penalties
	Subpart A—General Provisions—[Reserved]
	Subpart B—Oil and Gas, General—[Reserved]
	Subpart C—Oil and Gas, Onshore Sec.
221.116.....	241.100 Liquidated damages.
	Subpart D—Offshore Oil and Gas—[Reserved]
	Subpart E—Coal—[Reserved]
	Subpart F—Other Solid Minerals—[Reserved]
	Subpart G—Geothermal—[Reserved]
	Subpart H—Indian Lands—[Reserved]
	Part 242—Notices and Orders—[Reserved]
	Part 243—Appeals—[Reserved]
	Subchapter B—Offshore
No change.....	Part 250—Oil and Gas and Sulfur Operations in the Outer Continental Shelf

Former 30 CFR section designations	New 30 CFR chapter II designations
No change	Part 251—Geological and Geophysical (G&G) Explorations of the Outer Continental Shelf
No change	Part 252—Outer Continental Shelf (OCS) Oil and Gas Information Program
No change	Part 256—Outer Continental Shelf Minerals and Right-of-Way Management, General
No change	Part 259—Mineral Leasing: Definitions
No change	Part 260—Outer Continental Shelf Oil and Gas Leasing
	Part 265—Alaska OCS Orders—[Reserved]
	Part 266—Atlantic OCS Orders—[Reserved]
	Part 267—Gulf of Mexico OCS Orders—[Reserved]
	Part 268—Pacific OCS Orders—[Reserved]
	Subchapter C—Appeals
No change	Part 290—Appeals Procedures

PARTS 201, 202, 203, 210, AND 241— [AMENDED]

2. The authorities for Parts 201, 202, 203, 210, and 241 are as follows:

Authority: The Act of February 25, 1920 (30 U.S.C. 181, et seq.), as amended; the Act of May 21, 1930 (30 U.S.C. 301-306); the Mineral Leasing Act for Acquired Lands (30 U.S.C. 351-359), as amended; the Act of March 3, 1909 (25 U.S.C. 396), as amended; the National Environmental Policy Act of 1969 (42 U.S.C. 4321, et seq.) as amended; the Act of May 11, 1938 (25 U.S.C. 396a-396q), as amended; the Act of February 28, 1891 (25 U.S.C. 397), as amended; the Act of May 29, 1924 (25 U.S.C. 398); the Act of March 3, 1927 (25 U.S.C. 398a-398e); the Act of June 30, 1919 (25 U.S.C. 399), as amended; R.S. § 441 (43 U.S.C. 1457), see also Attorney General's Opinion of April 2, 1941 (40 Op. Atty. Gen. 41); the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 471, et seq.), as amended; the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.), as amended; the Act of December 12, 1980 (Pub. L. 96-514, 94 Stat. 2964); the Combined Hydrocarbon Leasing Act of 1981 (Pub. L. 97-78, 95 Stat. 1070); the Outer Continental Shelf Lands Act (43 U.S.C. 1331, et seq.), as amended; section 2 of Reorganization Plan No. 3 of 1950 (64 stat. 1282); Secretarial Order No. 3071 of January 19, 1982, as amended; and Secretarial Order 3087, as amended.

PART 203—[AMENDED]

3. The authorities for Part 203 are as follows:

Authority: The Act of February 25, 1920 (30 U.S.C. 181, et seq.) as amended; the Act of May 21, 1930 (30 U.S.C. 301-306); the Mineral Leasing Act for Acquired Lands (30 U.S.C. 351-359), as amended; the Act of March 3, 1909 (25 U.S.C. 396), as amended; the Act of May 11, 1938 (25 U.S.C. 396a-396q), as amended; the Act of February 28, 1891 (25 U.S.C. 397), as amended; the Act of May 29, 1924 (25 U.S.C. 398); the Act of March 3, 1927 (25 U.S.C. 398a-398e); the Act of June 30, 1919 (25 U.S.C. 399), as amended; R.S. § 441 (43 U.S.C. 1457), see also Attorney General's Opinion of April 2, 1941 (40 Op. Atty. Gen. 41); the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 471 et seq.), as amended; the National Environmental Act of 1969 (42 U.S.C. 4321 et seq.); as amended; the

Act of December 12, 1980 (Pub. L. 96-514, 94 Stat. 2964); and the Hydrocarbon Leasing Act of 1981 (Pub. L. 97-78, 95 Stat. 1070); the Outer Continental Shelf Lands Act (43 U.S.C. 1331, et seq.) as amended; the Geothermal Act of 1970 (30 U.S.C. 1001 et seq.), as amended; section 2 of Reorganization Plan No. 3 of 1950 (64 stat. 1282); Secretarial Order No. 3071 of January 19, 1982, as amended; and Secretarial Order No. 3087, as amended.

PART 212—[AMENDED]

4. The authorities for Part 212 are as follows:

Authority: The Mineral Leasing Act of February 25, 1920, as amended (30 U.S.C. 181, et seq.); the Mineral Leasing Act for Acquired Lands, as amended (30 U.S.C. 351-359); the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1201, et seq.); the National Historic Preservation Act of 1966, as amended (16 U.S.C. 1201, et seq.); the Endangered Species Act of 1973, as amended (16 U.S.C. 1531, et seq.); the Act of March 3, 1907, as amended (25 U.S.C. 396); the Act of May 11, 1938, as amended (25 U.S.C. 396a-396q); the Act of February 28, 1891, as amended (25 U.S.C. 397); the Act of May 29, 1924 (35 U.S.C. 398); the Act of March 3, 1927 (25 U.S.C. 398a-398e); the Act of June 30, 1919, as amended (25 U.S.C. 399); R.S. § 441 (43 U.S.C. 1457); the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 471, et seq.); the National Environmental Policy Act of 1969, as amended (42 U.S.C. 4321, et seq.); and the Freedom of Information Act (5 U.S.C. 552).

PART 217—[AMENDED]

5. The authorities for Part 217 are as follows:

Authority: 35 Stat. 312; 35 Stat. 781, as amended; secs. 32, 6, 26, 4; Stat. 450, 753, 1248; secs. 1, 2, 3, 44 Stat. 301, as amended; secs. 6, 3, 44 Stat. 659, 710; secs. 1, 2, 3, 44 Stat. 1057; 47 Stat. 1487; 49 Stat. 1482, 1250, 1967, 2028; 52 Stat. 347; sec. 10, 53 Stat. 1196, as amended; 56 Stat. 273; sec. 10, 61 Stat. 915; sec. 3, 63 Stat. 683; 64 Stat. 311; 25 U.S.C. 396, 396a-f, 30 U.S.C. 189, 271, 281, 293, 359. Interpret or apply secs. 5, 5, 44 Stat. 302, 1058, as amended; 58 Stat. 483-485; 5 U.S.C. 301, 16 U.S.C. 508b, 30 U.S.C. 189, 192c, 271, 281, 293, 359, 43 U.S.C. 387.

PART 218—[AMENDED]

6. The authorities for Part 218 are as follows:

Authority: The Act of February 25, 1920 (30 U.S.C. 181, et seq.), as amended; the Act of May 21, 1930 (30 U.S.C. 301-306); the Mineral Leasing Act for Acquired Lands (30 U.S.C. 351-359), as amended; the Act of March 3, 1909 (25 U.S.C. 396), as amended; the Act of May 11, 1938 (25 U.S.C. 396a-396q), as amended; the Act of February 28, 1891 (25 U.S.C. 397), as amended; the Act of May 29, 1924 (25 U.S.C. 398); the Act of March 3, 1927 (25 U.S.C. 398a-398e); the Act of June 30, 1919 (25 U.S.C. 399), as amended; R.S. § 441 (43 U.S.C. 1457), see also Attorney General's Opinion of April 2, 1941 (40 Op. Atty. Gen.

41); The Federal Property and Administrative Services Act of 1949 (40 U.S.C. 471, et seq.), as amended; the National Environmental Policy Act of 1969 (42 U.S.C., 4321, et seq.) as amended; the Act of December 12, 1980 (Pub. L. 96-514, 94 Stat. 2964); the Combined Hydrocarbon Leasing Act of 1981 (Pub. L. 97-78, 95 Stat. 1070); the Outer Continental Shelf Lands Act (43 U.S.C. 1331, et seq.) as amended; the Geothermal Act of 1970 (30 U.S.C. 1001, et seq.) as amended; section 2 of Reorganization Plan No. 3 of 1950 (64 stat. 1282); Secretarial Order No. 3071 of January 19, 1982, as amended; and Secretarial Order 3087, as amended.

PARTS 223, 225, 261 and 262— [REDESIGNATED AS PARTS 207, 208, 209, AND 220]

7. Chapter II is amended by redesignating Parts 223, 225, 261 and 262 as Parts 207, 208, 220 and 209 respectively.

PART 225a—[AMENDED]

8. Chapter II is amended by removing Part 225a.

9. A new § 203.200 is added to 30 CFR Chapter II Subpart E to read as follows:

§ 203.200 Royalties.

(a) Provisions for the payment of advance royalty in lieu of continued operation are contained at 30 CFR 211.23.

(b) An overriding royalty interest, production payment, or similar interest that exceeds 50 percent of royalty first payable to the United States under the Federal lease, or when added to any other overriding royalty interest exceeds that percentage, except those created in order to finance a mine, shall not be created by a Federal lease transfer or surface owner consent. However, when an interest in the Federal lease or operating agreement is transferred, the transferor may retain an overriding royalty in excess of the above limitation if he shows that he has made substantial investments for improvements directly related to exploration, development, and mining on the land covered by the transfer that would justify a higher payment.

(c)(1) The District Mining Supervisor may waive, suspend, or reduce the rental on a Federal lease, or reduce the Federal royalty, but not advance royalty, on a Federal lease or portion thereof. The District Mining Supervisor shall take such action for the purpose of encouraging the greatest ultimate recovery of Federal coal, and in the interest of conservation of Federal coal and other resources, whenever in his judgment it is necessary to promote development, or if he finds that the Federal lease cannot be successfully

operated under its terms. In no case shall the District Mining Supervisor reduce to zero any royalty on a producing Federal lease.

(2) An application for any of the above benefits shall be filed in triplicate in the office of the District Mining Supervisor. The application shall contain the serial number of the Federal lease, the Bureau of Land Management State Office, the name and address of the record title holder and any operator/lessee, and the description of the lands in the manner provided by 43 CFR 3471.1.

(i) Each application shall include the name and location of the mine; a map showing the extent of the existing, proposed or adjoining mining operations; a tabulated statement of the Federal coal mined, if any, and subject to Federal royalty for the existing or adjoining operation covering a period of not less than 12 months before the date of filing of the application; and existing Federal rental and royalty rates on Federal leases covered by the application.

(ii) Each application shall contain a detailed statement of expenses and costs of operating the entire mine, the income from the sale of coal, and all facts indicating whether the mine can be successfully operated under the Federal rental and royalty provisions fixed in the Federal lease or why the reduction is necessary to promote development. Where the application is for a reduction in Federal royalty, full information shall be furnished as to whether royalties or payments out of production are paid to parties other than the United States, the amounts so paid, and efforts made to reduce them, if any. If the Federal lease included in the application is not part of nor adjoining an operating mine, these detailed financial data may be obtained from another operating mine which is in close proximity and for which the District Mining Supervisor has deemed to have similar operating characteristics.

(iii) The applicant shall also file a copy of agreements, between the operator/lessee and the holders of any royalty interests or production payments other than those created in order to finance a mine, to a reduction of all other royalties from the Federal lease so that the total royalties and production payments owed the holders of these interests will not be in excess of one-half of the Federal royalties, should the Federal royalty reduction be granted.

(3) If the applicant does not meet the criteria of the rules of this Part, the District Mining Supervisor shall reject such application or request more data from the operator/lessee.

(4) If the applicant meets the criteria of the rules of this Part, the District Mining Supervisor shall act on the application.

(d) Operators/lessees shall submit Federal royalty payments as provided for in the Federal lease. The payment shall be made within 30 days after the end of the royalty reporting period for which the royalty accrued.

(e) Where Federal royalty is calculated on a cents-per-ton basis, it shall be based on the actual weight of coal and shall accrue on the sale or use of the coal. In addition, where coal placed in inventory exceeds that which the District Mining Supervisor determines to be required for normal mining and processing operations, the Federal royalty shall also be paid on that excess estimated tonnage in inventory.

(f) Where Federal royalty is calculated on a percentage basis, the value of coal for Federal royalty purposes shall be the gross value at the point of sale, normally the mine, except as provided at 30 CFR 203.200(h). For captive operations or other than arms-length transactions, the District Mining Supervisor shall determine gross value and the point of sale.

(g) The gross value shall be the unit sale or contract price times the number of units sold, unless MMS determines that:

(1) A contract of sale or other business arrangement between the operator/lessee and a purchaser of some or all of the coal produced from the Federal lease is not a bona fide transaction between independent parties because it is based in whole or in part upon considerations other than the value of the coal; or,

(2) No consideration is received from some or all of such coal because the operator/lessee is consuming such coal or adding it to inventories, and for which Federal royalty is due and payable.

In either case, MMS shall determine the gross value of such coal taking into account:

(i) Any consideration received or paid by the operator/lessee in other related transactions.

(ii) The average price paid for coal of like quality produced from the same general area during the Federal lease month.

(iii) Contracts or other business arrangements, between coal producers and purchasers for the sale of coal other than coal produced under such Federal lease, which are comparable in terms, volume, time of execution, area of supply, and other circumstances.

(iv) Mining cost plus reasonable profit margin.

(v) Prices reported to a public utility commission and/or the Federal Energy Regulatory Commission.

(vi) Such other relevant factors as the District Mining Supervisor may deem appropriate.

(h) If additional preparation of the coal is performed prior to sale, such costs shall be deducted from the gross value in determining value for Federal royalty purposes. The District Mining Supervisor will allow such deductions only when, in his judgment and subject to his audit, the operator/lessee provides an accurate account of the costs incurred. However, the following shall not be deducted from the gross value in determining value for Federal royalty purposes: costs of primary crushing, storing, and loading; treatment with chemicals to prevent freezing; treatment with oil to suppress dust in transit; and, other preparation of the coal which in the judgment of the District Mining Supervisor does not enhance the quality of the coal.

(i) If a Federal coal lease that provides for a percentage Federal royalty is developed by *in situ* technology, the gross value of production for the purpose of computing royalty shall be determined by MMS.

(j) If a Federal coal lease that provides for a cents-per-ton Federal royalty is developed by *in situ* technology, MMS will establish a procedure for estimating tonnage for royalty purposes.

(k) In the event waste piles or slurry ponds are reworked to recover coal, or if a market becomes available to sell the waste products containing coal, the operator/lessee shall pay Federal royalty at a rate specified in the Federal lease at the time of recovery. The operator/lessee shall make payment based on the Federal share of the coal when the coal is recovered regardless of whether it is stored on Federal lands. Where such waste containing coal from a Federal lease is mixed with similar waste from private lands, the operator/lessee shall maintain accurate records from which Federal ownership of coal in the waste may be determined. However, nothing in this section requires payment of a Federal royalty on Federal coal for which a Federal royalty has already been paid.

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