

which adopted this proposal inserted in its place. Further, the listing for Akron, Ohio, would be removed.

§ 101.4 [Amended]

3. It is proposed to amend the list of Customs districts, stations, and ports of entry having supervision, in § 101.4(c) as follows:

By adding "Akron, Ohio" in the column headed "Customs stations" immediately opposite "Cleveland, Ohio" in the column headed "District", and by adding "Cleveland" on the same line in the column headed "Ports of entry having supervision". The existing listings of Customs stations in the Cleveland district would drop down one line, but remain as listed.

Comments

Before adopting these proposals, consideration will be given to any written comments timely submitted to Customs. Comments submitted will be available for public inspection in accordance with the Freedom of Information Act (5 U.S.C. 552), § 1.4, Treasury Department Regulations (31 CFR 1.4), and § 103.11(b), Customs Regulations (19 CFR 103.11(b)), on regular business days between the hours of 9:00 a.m. and 4:30 p.m. at the Regulations Control Branch, Room 2426, Customs Headquarters, 1301 Constitution Avenue, NW., Washington, DC 20229.

Drafting Information

The principal author of this document was John E. Doyle, Regulations Control Branch, Office of Regulations and Rulings, U.S. Customs Service. However, personnel from other offices participated in its development.

Michael Schmitz,

Acting Commissioner of Customs.

Approved: December 30, 1986.

John P. Simpson,

Acting Assistant Secretary of the Treasury.

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DEPARTMENT OF THE INTERIOR

Minerals Management Service

30 CFR Part 218

Providing Information and Claiming Rewards

AGENCY: Minerals Management Service (MMS), Interior.

ACTION: Proposed rule.

SUMMARY: The Federal Oil and Gas Royalty Management Act of 1982

(FOGRMA) authorizes the Secretary of the Interior to pay any person, with certain exceptions, an amount equal to not more than 10 percent of each recovered royalty or other payment owed to the United States with respect to any oil and gas lease on Federal lands or the Outer Continental Shelf, recovered as a result of information provided by such person. The Minerals Management Service (MMS) is proposing regulations covering receipt of information from informants and claims for rewards.

DATE: Comments must be received on or before March 16, 1987.

ADDRESS: Written comments, suggestions, or objections regarding the proposed rule should be mailed or delivered in triplicate to: Dennis C. Whitcomb, Chief, Rules and Procedures Branch, Minerals Management Service, P.O. Box 25185, MS 628, Building 85, Denver Federal Center, Denver, Colorado 80225.

FOR FURTHER INFORMATION CONTACT: Dennis C. Whitcomb, (303) 231-3432 in Lakewood, Colorado.

SUPPLEMENTARY INFORMATION: The principal author of this proposed rulemaking is Dennis C. Whitcomb, Minerals Management Service, Lakewood, Colorado.

The legislative history of the FOGRMA contained in H.R. 97-859, Section 118, September 23, 1983, states as follows:

The bill provides a reward to an informant for information which leads to the recovery of royalties or other payments owed to the United States. The amendment, patterned after the rewards provided by the Internal Revenue Service, specifically authorizes the Secretary to pay up to 10 percent of amounts recovered as a result of the information provided to the Secretary by any person except an officer or employee of the United States. The Committee intended this provision to be an incentive to keep others honest and encourage the reporting of any suspected violations or nonpayment of royalties.

The reward provisions are in section 113 of the FOGRMA (30 U.S.C. 1723). They apply only to amounts recovered on Federal leases and do not apply to monies recovered on Indian leases. Section 306 of the FOGRMA authorizes the appropriation of such sums as may be necessary to carry out the provisions of the Act, including the payment of rewards with respect to Federal leases under section 113. Funds must be appropriated before payment of any reward. The reward provisions of this rulemaking would apply only to Federal leases unless funds are specifically authorized and appropriated for payment of rewards on Indian leases.

In accordance with the legislative intent, MMS structured these proposed rules similarly to the reward provisions of the Internal Revenue Service (IRS) as contained in section 7623 of Title 26 of the Code of Federal Regulations (26 CFR Part 7623) and section 9300 of the Internal Revenue Manual.

A new § 218.30 would be added to Subpart A of Title 30 of the Code of Federal Regulations (30 CFR 218.30) to provide for the receipt of information and for informants to claim rewards. The proposed regulation provides for the payment of a reward only for information that would not have been discovered during the normal course of an audit or investigation. Also, the value of the information furnished in relation to the facts developed by the investigation would be taken into account in determining whether a reward should be paid and, if so, the amount thereof. The information must be voluntarily given and upon the informant's own initiative to qualify for a reward. The Director, MMS, will determine whether a reward will be paid and, if so, the amount thereof.

Executive Order 12291 and the Regulatory Flexibility Act

The Department of the Interior has determined that this rule is not a major rule under E.O. 12291 and certifies that this document will not have a significant economic effect on a substantial number of small entities under the Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*).

Paperwork Reduction Act of 1980

The information collection requirements contained in 30 CFR 218.30 have been submitted to the Office of Management and Budget (OMB) for approval as required by 44 U.S.C. 3501 *et seq.* The collection of this information will not be required until it has been approved by the OMB.

National Environmental Policy Act of 1969

The Department of the Interior (DOI) determined that this action does not constitute a major Federal action significantly affecting the quality of the human environment. Therefore, an environmental impact statement is not required under the National Environmental Policy Act of 1969 [42 U.S.C. 4332 (2)(C)].

List of Subjects in 30 CFR Part 218

Coal, Continental shelf, Electronic funds transfers, Geothermal energy, Government contracts, Indian lands, Mineral royalties, Oil and gas

exploration, Public lands-mineral resources.

Under authority of the Secretary of the Interior contained in 30 U.S.C 1731, 30 CFR Part 218 is proposed to be amended as set forth below:

Dated: December 10, 1986.

James E. Cason,

Acting Assistant Secretary—Land and Minerals Management.

SUBCHAPTER A—ROYALTY MANAGEMENT

PART 218—[AMENDED]

For the reason set forth in the preamble, it is proposed that the following amendments be made to 30 CFR Part 218.

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

Authority: 25 U.S.C. 396, *et seq.*, 25 U.S.C. 396a, *et seq.*, 25 U.S.C. 2101, *et seq.*, 30 U.S.C. 181, *et seq.*, 30 U.S.C. 351, *et seq.*, 30 U.S.C. 1001, *et seq.*, 30 U.S.C. 1701, *et seq.*, 43 U.S.C. 1301, *et seq.*, 43 U.S.C. 1331, *et seq.*, and 43 U.S.C. 1801, *et seq.*

2. A new § 218.30 is added to Subpart A of Part 218 to read as follows:

§ 218.30 Providing information and claiming rewards.

(a) *General.* (1) If a person has any information that could lead to the recovery of royalty or other payments owed to the United States with respect to any oil and gas lease on Indian or Federal lands or the Outer Continental Shelf, such information may be provided to MMS in accordance with this paragraph. The MMS is authorized, under the Federal Oil and Gas Royalty Management Act of 1982 (FOGRMA), 30 U.S.C. 1723, to pay a reward for information with respect to Federal leases. Funds must be appropriated before payment of any reward. Unless funds are specifically authorized and appropriated, MMS is not authorized to pay a reward for information provided on Indian leases. Criteria and procedures covering claims for and payment of rewards are provided in paragraphs (b), (c) and (d) of this section.

(2) If a person has any information he or she believes would be valuable to MMS, that person ("informant") should submit the information in writing, in the form of a letter, mailed or delivered in person to the Director, Minerals Management Service, Department of the Interior, 18th and C Streets, NW., Washington, DC 20240, or to the Director's designated representative. Although written communications are preferred, oral information will be accepted.

(3) The informant should provide all

data he or she has with respect to royalty or other payments owed. The information provided should include: Identification of the alleged debtor; the source of the informant's knowledge of royalties or other payments owed; the date, if known, of the indebtedness; and any other information that could be used to establish the indebtedness. All information received by MMS from persons providing information will be considered "highly confidential" and will not be disclosed to any individual except on a "need to know" basis in the performance of official duties.

(b) *Claim For Reward.* (1) Any informant who provides information that could lead to the recovery of royalty or other payments may file a claim for reward, unless the person is:

(i) A present or former officer or employee of the United States Government who received the information in the course of official duties; or

(ii) A present or former officer or employee of a State or Indian tribe who received the information in the course of official duties; or

(iii) A person who received the information in the course of official duties acting pursuant to a contract authorized by the FOGRMA.

(2) A claim for reward is not acceptable if filed on behalf of a claimant by his or her agent under power of attorney. However, an agent may provide MMS with information for an unidentified informant, to be evaluated and used by MMS as it deems appropriate. The informant's identity will ultimately have to be disclosed if the informant intends to file a claim for reward so that MMS can report the reward as taxable income to the Internal Revenue Service. An executor, administrator, or other legal representative of a deceased informant may file a claim on behalf of such deceased informant if, prior to his or her death, the informant was eligible to file a claim under this section. The representative must attach to the claim evidence of authority to file it.

(3) To file a claim for reward the informant must:

(i) Notify the Director, MMS, or the person to whom the information was reported, that he/she is claiming a reward.

(ii) Request an "Application for Reward for Original Information" (Form MMS-4280). This form provides for information to enable MMS to determine and pay rewards, to control reward applications, and to report a claimant's reward as taxable income to the Internal Revenue Service.

(iii) File a claim for reward by completing Form MMS-4280, sign it with his or her true name, and mail or deliver it in person to the Director or to the Director's designated representative. If the informant provided the information in person, the claim should include the name and title of the person to whom the information was reported and the date that it was reported.

(4) If the informant used an identity other than his or her true name when the information was originally reported, the person should attach proof to the claim that he or she is the person who gave the information. The MMS does not disclose the identity of its informants to unauthorized persons.

(c) *Basis for Rejection of Claims.* No reward will be paid to a claimant in the following circumstances:

(1) Where the information originally furnished was deemed unworthy of initiating an investigation, but at some later date the records of the lessee are examined without reference to the information furnished. The claim will be rejected on the basis that the information did not cause the investigation nor did it, in itself, result in any recovery.

(2) A reward will not be allowed for information that would have been discovered during the normal course of an audit or investigation.

(3) Where an informant furnishes only the name and address of a lessee with no further information being given with respect to the alleged violation, he or she would not ordinarily be entitled to consideration for a reward. However, if the information results in the collection of a deficiency in sufficient amount to warrant a nominal reward, such a reward may be granted.

(4) Unless the informant's true identity is disclosed.

(5) Until after all of the royalties, penalties or other payments owed are collected and no longer subject to dispute.

(6) Unless funds are appropriated for the payment of rewards. Funds must be specifically authorized and appropriated for the payment of any rewards for information provided on Indian leases.

(d) *Basis for Allowance of Claims.* (1) The value of the information furnished in relation to the facts developed by the investigation will be taken into account in determining whether a reward shall be paid and, if so, the amount thereof. Information must be voluntarily given and upon the informant's own initiative to warrant the allowance of a reward. Information secured by representatives of MMS from witnesses and others in the course of their investigative

activities does not constitute a basis for reward, will be allowed and, if so, the

(2) In determining whether a reward amount thereof, consideration will be given to any corresponding adjustment(s) which will result in potential savings to the lessee for other leases owned by the lessee or an affiliate of the lessee. An example of such an adjustment is a reduction in royalty payment on a different lease as the result of a revised allocation under a unitization or communitization agreement or from an offshore pipeline system. Rewards otherwise allowable will be reduced or rejected by reason of such offsetting adjustments.

(3) If several claims filed by one informant are considered in one recommendation, the reward, if any, may be allowed on one claim and the others may be closed by reference.

(4) Where an informant has provided information and filed a claim for reward with respect to royalty reports of one lessee for several leases, no reward will be granted with respect to an individual lease which has been examined until examination of all leases involved has been completed. Because the possibility exists that adjustments made to the reports for the open leases may result in offsetting adjustments, no reward will be allowed until the overall results of the information are evaluated.

(e) Amount and Payment of Reward.

(1) The Director, MMS will determine whether a reward will be paid and, if so, the amount thereof. In making this decision, the information provided will be evaluated in relation to the facts developed by the resulting investigation. Claims for reward will be paid in proportion to the value of information furnished voluntarily and on the informant's own initiative with respect to recovered royalties or other payments. The amount of reward will be determined as follows:

(i) For specific and responsible information that caused the investigation and resulted in recovery, the reward will be 10 percent of the first \$75,000 recovered, 5 percent of the next \$25,000, and 1 percent of any additional recovery. The total reward cannot exceed \$100,000.

(ii) For information that caused the examination and was of value in determining royalty or other payments due, although not specific, and for information that was a direct factor in recovering royalty or other payments, the reward will be 5 percent of the first \$75,000 recovered, 2½ percent of the next \$25,000, and ½ percent of any additional recovery. The total reward cannot exceed \$100,000.

(iii) For information that caused the investigation but was of no value in determining royalty or other payments due, the reward will be 1 percent of the first \$75,000 recovered and ¼ percent of any additional recovery. The total reward cannot exceed \$100,000.

(2) Rewards will be paid only if monies are appropriated for that purpose. Subject to appropriations, payments will be made as soon as possible after collection of the amounts owed by the lessee. The reward payment to an informant will be net of Federal and State income tax in accordance with withholding guidelines of the Internal Revenue Service and the applicable State(s).

(3) A decision by the Director, MMS, either denying a reward or establishing the amount of any reward, is final and may not be appealed to the Interior Board of Land Appeals in accordance with the provisions of 30 CFR Part 290.

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DEPARTMENT OF THE TREASURY

Office of the Secretary

31 CFR Part 18

Basis of Assets Following the Initial Public Offering of Consolidated Rail Corp. Stock Pursuant to the Omnibus Budget Reconciliation Act of 1986

AGENCY: Department of the Treasury, Office of the Secretary.

ACTION: Notice of proposed rulemaking by cross-reference to temporary regulations.

SUMMARY: In the Rules and Regulations portion of this issue of the Federal Register, the Treasury Department is issuing temporary regulations that add a new Part 18 to Title 31 of the Code of Federal Regulations to provide certain rules under the Omnibus Budget Reconciliation Act of 1986 (the "Act") for the Federal income tax treatment of the Consolidated Rail Corporation ("Conrail") resulting from the public offering of its stock under the Act. In particular the rules provide for the determination of the deemed purchase price for the assets of Conrail and the allocation of such amount as basis to Conrail's assets. The text of the temporary regulations also serves as the comment document for this notice of proposed rulemaking.

DATE: Written comments and requests for a public hearing must be delivered or mailed by March 16, 1987.

ADDRESS: Send comments and requests for a public hearing to: Assistant Secretary (Tax Policy), Attention: X (Tax Treatment of Conrail), Department of the Treasury, 1500 Pennsylvania Avenue, NW., Washington, DC 20220.

FOR FURTHER INFORMATION CONTACT: Thomas Wessel, Office of Tax Legislative Counsel, Office of Tax Policy, Department of the Treasury, 1500 Pennsylvania Avenue, NW., Washington, DC 20220 (Attention: XLC) or telephone 202-566-4979 (not a toll-free number.)

SUPPLEMENTARY INFORMATION:

Temporary regulations published in the Rules and Regulations portion of this issue of the Federal Register add a new Part 18 of Title 31 of the Code of Federal Regulations. The final regulations that are proposed to be based on the temporary regulations would provide guidance on the determination for Federal income tax purposes of the deemed purchase price of Conrail's assets and the allocation of such amount as basis among those assets. The final regulations would be promulgated pursuant to of Part III of Subtitle A of Title VIII of the Act (Pub. L. 99-509; 100 Stat. 1874). The text of the temporary regulations is published in the Rules and Regulations portion of this issue of the Federal Register. The preamble to the temporary regulations explains the scope and purpose of the regulations.

Regulatory Flexibility Act and Executive Order 12291

Although this document is a notice of proposed rulemaking that solicits public comment, the Treasury Department has concluded that the regulations proposed herein are interpretative and that the notice and public procedure requirements of 5 U.S.C. 553 do not apply. Accordingly, these proposed regulations do not constitute regulations subject to the Regulatory Flexibility Act (5 U.S.C. Chapter 6). The Assistant Secretary (Tax Policy) has determined that this proposed rule is not a major rule as defined in Executive Order 12291 and that a Regulatory Impact Analysis therefore is not required.

Comments and Requests for a Public Hearing

Before these proposed regulations are adopted, consideration will be given to any written comments that are submitted (preferably eight copies) to the Assistant Secretary (Tax Policy). All comments will be available for public inspection and copying. A public hearing may be held upon written request to the Assistant Secretary (Tax