

415, Pub. L. 94-430, Pub. L. 94-503, Pub. L. 95-115, Pub. L. 96-157, and Pub. L. 96-473); the Juvenile Justice and Delinquency Prevention Act of 1974, 42 U.S.C. 5601-5721, as amended (Pub. L. 93-415, as amended by Pub. L. 94-503, Pub. L. 95-115, Pub. L. 96-508, and Pub. L. 96-473); the Victims of Crime Act of 1984, 42 U.S.C. 10601-10604, (Pub. L. 96-473)).

2. Assistance provided by the Bureau of Prisons (BOP) including technical assistance to State and local governments for improvement of correctional systems; training of law enforcement personnel, and assistance to legal services programs (18 U.S.C. 4042).

3. Assistance provided by the National Institute of Corrections (NIC) including training, grants, and technical assistance to State and local governments, public and private agencies, educational institutions, organizations and individuals, in the area of corrections (18 U.S.C. 4351-4353).

4. Assistance provided by the Drug Enforcement Administration (DEA) including training, joint task forces, information sharing agreements, cooperative agreements, and logistical support, primarily to State and local government agencies (21 U.S.C. 871-886).

5. Assistance provided by the Community Relations Service (CRS) in the form of discretionary grants to public and private agencies under the Cuban-Haitian Entrant Program (Title V of the Refugee Education Assistance Act of 1960, Pub. L. 86-422).

6. Assistance provided by the U.S. Parole Commission in the form of workshops and training programs for State and local agencies and public and private organizations (18 U.S.C. 4204).

7. Assistance provided by the Federal Bureau of Investigation (FBI) including field training, training through its National Academy, National Crime Information Center, and laboratory facilities, primarily to State and local criminal justice agencies (Omnibus Crime Control and Safe Streets Act of 1968, as amended 42 U.S.C. 3701-3796).

8. Assistance provided by the Immigration and Naturalization Service (INS) including training and services primarily to State and local governments under the Alien Status Verification Index (ASVI); and citizenship textbooks and training primarily to schools and public and private service agencies (8 U.S.C. 1360, 8 U.S.C. 1457).

9. Assistance provided by the United States Marshals Service through its Cooperative Agreement Program for improvement of State and local correctional facilities (Pub. L. 99-180, 99 Stat. 1142).

10. Assistance provided by the Attorney General through the Equitable Transfer of Forfeited Property Program (Equitable Sharing) primarily to State and local law enforcement agencies (21 U.S.C. 881(e)).

11. Assistance provided by the Department of Justice participating agencies that conduct specialized training through the National Center for State and Local Law Enforcement Training, a component of the Federal Law Enforcement Training Center (FLETC), Glenco, Georgia (Pursuant to Memorandum Agreement with the Department of Treasury).

3. The authority citation for Part 42, Subpart G, is revised to read as follows:

Authority: 29 U.S.C. 794; 29 U.S.C. 706; E.O. 12250, 45 FR 72995, 3 CFR 1980 Comp. p. 298.

4. Appendix A to Part 42, Subpart G, is revised to read as follows:

**Appendix A to Subpart G—Federal Financial Assistance Administered by the Department of Justice to Which This Subpart Applies**

Note.—Failure to list a type of Federal assistance in Appendix A shall not mean, if section 504 is otherwise applicable, that a program is not covered.

Editorial Note.—For the text of Appendix A to Subpart G, see Appendix A to Subpart C of this Part.

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**DEPARTMENT OF THE INTERIOR**

**Minerals Management Service**

**30 CFR Part 218**

**Providing Information and Claiming Rewards Under the Federal Oil and Gas Royalty Management Act**

**AGENCY:** Minerals Management Service (MMS), Interior.

**ACTION:** Final rule.

**SUMMARY:** The Minerals Management Service (MMS) is adopting a final regulation covering receipt of information from informants and claims for rewards. This final rule implements section 113 of the Federal Oil and Gas Royalty Management Act of 1982 which 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.

**EFFECTIVE DATE:** July 31, 1987.

**FOR FURTHER INFORMATION CONTACT:** 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. Telephone: (303) 231-3432, (FTS) 326-3432.

**SUPPLEMENTARY INFORMATION:** The principal author of this final rulemaking is Marvin D. Shaver, Minerals Management Service, Lakewood, Colorado.

**I. Summary of Rule Adopted**

On January 14, 1987, MMS published a notice of proposed rulemaking in the Federal Register [52 FR 1471], to add a regulation at 30 CFR 218.30, to provide for the receipt of information from informants and for informants to claim rewards under section 113 of the Federal Oil and Gas Royalty Management Act of 1982 (FOGRMA), 30 U.S.C. 1723. However, because section 113 of the FOGRMA applies only to oil and gas, MMS has decided to publish the final rule under Subpart B—Oil and Gas, General, rather than under Subpart A—General Provisions, of 30 CFR Part 218. Therefore, the final rule is published at 30 CFR 218.57, as opposed to 30 CFR 218.30. The rule being adopted at 30 CFR 218.57 is substantially the same as the proposed rule at 30 CFR 218.30. Therefore, much of the discussion in the preamble to the proposed rule applies to the final rule. Based on comments received from the public on the proposed rule, certain changes were made to the final rule. These changes are discussed below in section II, Comments Received on Proposed Rule.

The provisions of 30 CFR 218.57 provide for the receipt of information from informants and for informants to claim rewards where amounts representing royalty or other payments owed to the United States with respect to any oil and gas lease on Federal lands or the Outer Continental Shelf are recovered as the result of information provided. The adopted 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 will 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.

**II. Comments Received on Proposed Rule**

The proposed rulemaking provided for a 60-day public comment period which ended March 16, 1987. Three comments were received during that time period and are addressed in this section. The text of the adopted regulation has been

changed to reflect comments, as appropriate.

One commenter suggested that § 218.30(c)(5), adopted as § 218.57(c)(4), be clarified to avoid possible misinterpretation. The MMS agrees with the suggested language, which makes it clear that no reward will be paid until any monies discovered to be owed as a result of an informant's information is collected by MMS and no longer subject to dispute by the payor. This section prevents MMS from paying a reward only to find later that the monies are determined, on appeal, not to be owed.

Two commenters contended that section 113 of FOGRMA applies only to Federal onshore and offshore lands and that Indian lands are specifically not included. The MMS agrees that the statute is limited to Federal lands. Indian lands were included in the proposed rule since MMS did not want to discourage informants from providing information relative to Indian lands. Of course, since FOGRMA does not expressly provide for rewards for information regarding Indian leases, ultimate payment of any reward would have been contingent on appropriate legislative action. However, MMS has decided to limit this regulation to Federal lands and has made necessary changes in the adopted rule to exclude information provided relative to Indian leases from the reward provisions.

One commenter opposed the proposed language of § 218.30(b)(1), adopted as § 218.57(b)(1), which would extend the informant reward program to Federal, State, or Indian tribal officers or employees, unless the information was obtained in the course of official duties. The commenter pointed out that the FOGRMA specifically provides that such persons are excluded from participation in the reward system in all instances, not just when the information is obtained in the course of official duties. The MMS agrees and has revised the definition of an eligible participant in the adopted rule accordingly.

One commenter stated that the final rule should make very clear that any rewards must be paid from Government funds with no cost to the lessee. The MMS considers the statement in proposed paragraph § 218.30(a)(1), adopted as § 218.57(a)(1), that "... funds must be appropriated before payment of any reward . . ." sufficient to indicate that rewards are to be paid from Government funds and not by the lessee. As stated in the preamble of the proposed rule, section 306 of the FOGRMA authorizes the appropriation of such sums as may be necessary to carry out the provisions of the

FOGRMA, including the payment of rewards under section 113.

A commenter disagreed with the determination by the Department of the Interior that there will be no significant effect upon a substantial number of small entities. In the commenter's opinion, there are many small lessees on Federal lands which may find it necessary to defend themselves against unfounded royalty claims. The MMS disagrees on the basis that there have been relatively few inquiries to MMS concerning potential rewards. In addition, MMS has established criteria in the adopted rule whereby the amount of any reward payment is subject to the value of the information furnished. Also, MMS will review any information furnished to determine if it is worthy of initiating an investigation. These procedures should minimize the number of unfounded claims that would be made and investigated by MMS.

### III. Procedural Matters

#### *Executive Order 12291 and The Regulatory Flexibility Act*

The final rulemaking establishes procedures to implement section 113 of the FOGRMA and does not result in any change in existing rules, therefore, 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.

#### *Paperwork Reduction Act of 1980*

The information collection requirement contained in § 218.57(b)(3) of the adopted rule has been approved by the Office of Management and Budget (OMB) under 44 U.S.C. 3501 et seq. and assigned OMB Clearance Number 1010-0076.

#### *National Environmental Policy Act of 1969*

The Department of the Interior has 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.

Dated: June 3, 1987.

J. Steven Griles,  
Assistant Secretary, Land and Minerals  
Management.

For the reasons set out in the preamble, Title 30, Subchapter A of the Code of Federal Regulations, is amended as set forth below:

#### **Part 218—[AMENDED]**

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 § 218.57 is added to Subpart B of Part 218 to read as follows:

#### **218.57 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 Federal lands or the Outer Continental Shelf, such information may be provided to the Minerals Management Service (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 oil and gas leases. Funds must be appropriated before payment of any reward. 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 Street, 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 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 an officer or employee of the United States, an officer or employee of a State or Indian tribe acting pursuant to a cooperative agreement or delegation under the FOGRMA, or any person 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 ultimately must 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 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:

(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) For information that would have been discovered during the normal course of an audit or investigation.

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

(4) Until after all of the royalties, penalties, or other payments discovered to be owed as a result of information provided are collected and no longer subject to dispute.

(5) Unless funds are appropriated for the payment of rewards.

(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.

(2) In determining whether a reward will be allowed and, if so, the 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 ½ percent of any additional recovery. The total reward cannot exceed \$100,000.

(2) Rewards will be paid only if moneys 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, and after those amounts no longer are subject to dispute by the payor. 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 a final departmental action and may not be appealed to the Interior Board of Land Appeals in accordance with the provisions of 30 CFR Part 290.

(Approved by the Office of Management and Budget under control number 1010-0076)

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