FOR FURTHER INFORMATION CONTACT: Gregg Simmons (935), Bureau of Land Management, P.O. Box 2965, Portland, OR 97208. Telephone (503) 231–6272.

Dated: December 18, 1985.

Edward S. Lewis III,

Acting State Director.

[FR Doc. 86–61 Filed 1–2–86; 8:45 am]

BILLING CODE 4310–33–M

Minerals Management Service

Development Operations Coordination Document; Amoco Production Co.

AGENCY: Minerals Management Service, Interior.

ACTION: *Notice of the receipt of a* Proposed Development Operations Coordination Document (DOCD).

SUMMARY: Notice is hereby given that Amoco Production Company has submitted a DOCD describing the activities it proposes to conduct on Lease OCS–G 1085, Block 75, West Delta Area, offshore Louisiana. Proposed plans for the above area provide for the development and production of hydrocarbons with support activities to be conducted from an onshore base located at Fourchon, Louisiana.

DATE: The subject DOCD was deemed submitted on December 26, 1985.

ADDRESSES: A copy of the subject DOCD is available for public review at the Office of the Regional Director, Gulf of Mexico OCS Region, Minerals Management Service, 3301 North Causeway Blvd., Room 147, Metairie, Louisiana (Office Hours: 9 a.m. to 3:30 p.m., Monday through Friday).

FOR FURTHER INFORMATION CONTACT: Michael J. Tolbert, Minerals Management Service; Gulf of Mexico OCS Region; Rules and Production; Plans, Platform and Pipeline Section; Exploration/Development Plans Unit; Phone (504) 838–0875.

SUPPLEMENTARY INFORMATION: The purpose of this Notice is to inform the public, pursuant to section 25 of the OCS Lands Act Amendments of 1978, that the Minerals Management Service is considering approval of the DOCD and that it is available for public review.

Revised rules governing practices and procedures under which the Minerals Management Service makes information contained in DOCDs available to affected states, executives of affected states, local governments, and other interested parties became effective December 13, 1979, (44 FR 53685). Those practices and procedures are set out in revised section 250.34 of Title 30 of the CFR.

Dated: December 27, 1985.

J. Rogers Pearcy,

Acting Regional Director, Gulf of Mexico OCS Region.

[FR Doc. 86–64 Filed 1–2–86; 8:45 am]

BILLING CODE 4310–MR–M

Oil and Gas and Sulphur Operations in the Outer Continental Shelf; Exxon Co., U.S.A.

AGENCY: Minerals Management Service, Department of the Interior.

ACTION: Notice of the Receipt of a Proposed Development Operations Coordination Document.

SUMMARY: This Notice announces that Exxon Company, U.S.A., Unit Operator of the Grand Isle Block 16 Federal Unit, Agreement No. 14–08–0001–2932, submitted on December 19, 1985, a proposed annual Development Operations Coordination Document describing the activities it proposes to conduct on the Grand Isle Block 16 Federal Unit.

The purpose of this Notice is to inform the public, pursuant to Section 25 of the OCS Lands Act Amendments of 1978, that the Minerals Management Service is considering approval of the plan and that it is available for public review at the offices of the Regional Director, Gulf of Mexico OCS Region, Minerals Management Service, 3301 N. Causeway Blvd., Room 147, Metairie, Louisiana 70002.

FOR FURTHER INFORMATION CONTACT: Minerals Management Service, Records Management Section, Room 143, open weekdays 9:00 a.m. to 3:30 p.m., 3301 N. Causeway Blvd., Metairie, Louisiana 70002, phone (504) 838–0519.

SUPPLEMENTARY INFORMATION: Revised rules governing practices and procedures under which the Minerals Management Service makes information contained in the proposed development operations coordination document available to affected States, executives of affected local governments, and other interested parties became effective on December 13, 1979 (44 FR 53685). Those practices and procedures are set out in a revised section 250.34 of Title 30 of the Code of Federal Regulations.

Dated: December 26, 1985.

J. Rogers Pearcy,

Acting Regional Director, Gulf of Mexico OCS Region.

[FR Doc. 86–86 Filed 1–2–86; 8:45 am]

BILLING CODE 4310–MR–M

Procedures for Determining Natural Gas Value for Royalty Purposes

AGENCY: Minerals Management Service, Interior.

ACTION: Notice of Proposed Modification to Notice to Lessees–5.

SUMMARY: The Minerals Management Service (MMS) proposes to modify Notice to Lessees and Operators of Federal and Indian Onshore Oil and Gas Lease (NTL–5) to provide more flexibility in valuing for royalty purposes natural gas produced from onshore Federal and Indian leases. The changes proposed to NTL–5 would permit MMS to value natural gas using the full range of its authority under the royalty valuation regulations rather than under the more restrictive provisions of NTL–5.

DATES: Comments must be delivered or postmarked no later than February 3, 1986.

ADDRESS: Comments should be sent to: Minerals Management Service, Building 85, Denver Federal Center, P.O. Box 25165, Mail Stop 651, Denver, Colorado 80225, Attention: Dennis Whitcomb.

FOR FURTHER INFORMATION CONTACT: Dennis Whitcomb, telephone: (303) 231–3432, (FTS) 326–3432.

SUPPLEMENTARY INFORMATION: The principal authors of this modification to Notice to Lessees are Carol Sampson, Washington Liaison Office, Minerals Management Service, and Peter Schaumberg, Office of Solicitor, Energy and Resources.

This proposed notice would modify Notice to Lessees and Operators of Federal and Indian Onshore Oil and Gas Leases (NTL–5) (42 FR 22610, May 4, 1977). NTL–5 is a directive issued by the U.S. Geological Survey, and is now the responsibility of MMS. It states how the agency will exercise the broad authority granted by agency regulations (*e.g.*, 30 CFR 221.47 (now § 206.103)) in valuing natural gas for royalty purposes in specific situations. NTL–5 is applicable to natural gas produced on all onshore Federal lands and all Indian lands, except Osage and Jicarilla Apache Indian Reservation lands. (*See* 42 FR 40263, August 9, 1977).

NTL–5 was issued, among other reasons, "in recognition of the increasing value of natural gas." (42 FR 22610, May 4, 1977). It explains how the broad discretion of 30 CFR 221.47 (now § 206.103) would apply to that type of escalating market situation, selecting from among the various alternative valuation methods of § 221.47 those which were best suited to the market situation that existed in 1977. In the last 2 years, however, that situation has changed since gas prices have decreased significantly and onshore gas markets are subject to sudden erratic fluctuations. NTL–5 does not adequately provide for dealing with these fluctuations nor with the special marketing processes now being used by gas marketers to deal with current market conditions. As a result, unintended disparities between the royalty value of gas and its market value have been created. This proposed revision would modify NTL–5 to give MMS the needed flexibility to consider the changing natural gas market in valuing natural gas for royalty purposes.

The modifications proposed here would affect two substantive provisions of NTL–5: the "Redetermination of Royalty Values" and "Effective Dates" parts of sections I. and II. (specifically, sections I.B., I.C., II.B., and II.C.). Section I.B would be modified by adding a proviso which would allow MMS to redetermine a base value established pursuant to the existing provisions of NTL–5 according to any method permitted by the regulations governing gas valuation (*e.g.* 30 CFR 206.103 for Federal lands, and 25 CFR 211.13 for Indian lands). The modifications would permit MMS to again exercise the full breadth of its discretion in valuing gas where circumstances so warrant. However, use of this authority would remain discretionary, whereas most of the existing provisions of NTL–5 would stay in effect.

MMS would have the authority to apply this proviso to production months beginning on or after the effective date of the final notice, regardless of whether MMS previously has established or redetermined the royalty value of the gas or regardless of when the well was commenced. The proviso's purpose is to give MMS the flexibility to ensure that the value for royalty purposes reflects market conditions. Thus, it specifies that MMS may use any method allowed by the gas valuation regulations in 30 CFR and 25 CFR because those sections, unlike NTL–5, give MMS the latitude to respond to any changing market. The particular method MMS will use in a given situation will be dictated in large part by specific market conditions which exist at any given time.

MMS also is considering as an alternative to make this provisio effective retroactive to March 1, 1984. MMS selected that date because it generally marks the point at which gas market conditions changed, necessitating a modification to NTL–5. By this date, special marketing programs (SMPs) and the widespread application of "market out" provisions in contracts were becoming prevalent in the onshore gas market as it continued to soften. Further, the Federal Energy Regulatory Commission (FERC) had begun to take specific measures to deal with the problems through a variety of regulatory initiatives. MMS specifically requests comments on whether the modification to NTL–5 should be retroactive, and, if so, which date.

The adjustments to base values authorized by this proposed modification to NTL–5 would not be automatic. Lessees would continue to be governed by the existing valuation provisions of NTL–5 until MMS approved an adjusted base value as a result of changed market conditions.

MMS also proposes to modify the "Effective Dates" provisions of section I.C. of NTL–5. This modification would be designed to implement the same proposes embodied in the proviso described above. It would enable MMS to make any redetermined base values set pursuant to section I.B. effective on the date market conditions warrant such a redetermination. It gives MMS the flexibility to react to changing conditions as they occur.

The proposed modifications to sections II.B and II.C are designed to accomplish the same purposes as the amendments to sections I.B. and I.C. They are intended to give MMS the flexibility permitted by the regulations to redetermine royalty value in accordance with market conditions.

Additionally, these modifications will allow MMS to apply its regulatory scheme consistently since the offshore valuations already provide MMS the ability to deal with changing gas market conditions.

As an alternative to the above proposal, MMS also may rescind NTL–5 in its entirety or in part. If NTL–5 is rescinded completely, valuation would be based solely upon the regulations in 30 CFR and 25 CFR. Since any valuation method prescribed in NTL–5 is similarly authorized by the underlying regulations upon which NTL–5 is based, rescission of all or part of NTL–5 would not diminish MMS' royalty valuation authority. Like the principal proposal this alternative would give MMS the flexibility to deal with changing market conditions in a way which NTL–5 in its present form cannot.

MMS would like comments on whether this altenative is preferable to the main proposal. If comments address partial rescission of NTL–5, the comments should identify which sections should be rescinded and also whether any minor modifications would be necessary to the remaining provisions to accommodate the partial rescission.

MMS is preparing comprehensive new regulations for product valuation which would replace the existing provisions in 30 CFR, 25 CFR and the NTL's. The changes proposed today are not a substitute for those new regulations. Rather, they are an attempt to remedy on a short-term basis an existing problem while the comprehensive regulations are undergoing preparation and review.

Executive Order 12291 and the Regulatory Flexibiltiy Act

The Department 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.*). The revisions to NTL–5 will impact arm's length contracts which represent about 20 percent of all onshore gas sales. The net effect of this proposal will result in some reduction in royalty revenues but is not expected to be significant. Therefore, a regulatory impact is not required.

Paperwork Reduction Act of 1980

This rule does not contain information collecton 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 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 in 30 CFR Part 206

For the reasons set out in this preamble, it is proposed to modify Notice to Lessees–5, as follows.

Dated: December 2, 1985.

J. Steven Griles,

Deputy Assistant Secretary for Land and Minerals Management

Benchmarks, Beneficial use, Gas and associated products, Gas sales contracts, Gross proceeds, Posted prices, Product valuation, Reporting requirements, and Royalties.

Notice to Lessees and Operators of Federal and Indian Onshore Oil and Gas Leases (NTL–5) is proposed to be amended as follows:

I. INTERSTATE SALES SUBJECT TO THE PRICE JURISDICTION OF THE FEDERAL POWER COMMISSION (FPC)—REPLACED BY THE FEDERAL ENERGY REGULATORY COMMISSION (FERC)

* * * * *

B. Redetermination of Royalty Values

The base value established for royalty purposes shall be redetermined by the Minerals Management Service (MMS) whenever necessary to conform with any subsequent FPC (now FERC) ceiling or minimum rate which may be prescribed for the same vintage (now category) gas; *provided*, however, that for production months beginning on or after [insert first day of the month following the effective date of the final notice] when necessary to reflect market conditions, the MMS may adjust a base value established by section I.A., or may further adjust a base value redetermined under this section, to another value authorized by regulations in Title 25 or 30, *Code of Federal Regulations*, as applicable; *provided further*, that for sales from wells commenced prior to June 1, 1977, and which are subject to an arm's-length contract entered into prior to that date, the redetermination or readjustment of the base value will consider the extent to which the lessee or operator is entitled to collect a higher rate under the terms or the applicable contract or FPC (now FERC) ruling.

C. Effective Dates

All inital base values established will be effective as of the date of first production or June 1, 1977, whichever is later. All redetermined base values will be effective as of the date the FPC (now FERC) prescribes or permits a revised price. All adjustments to base values will be effective as of the date specified by the MMS.

* * * * *

II. INTRASTATE AND OTHER SALES OR DISPOSITION NOT SUBJECT TO PRICE JURISDICTION OF THE FPC (NOW FERC)

* * * * *

B. Redetermination of Royalty Values

The base value established for royalty purposes shall be redetermined by the MMS whenever necessary to reflect market conditions. When the base value is redetermined for production months beginning before [insert first day of the month following the effective date of the final notice] it will be based on the higher of:

1. The escalated price received or receivable by the lessee or operator under the provisions of the applicable sales contract, or

2. The highest price paid or offered for a majority of like quality gas produced in the field or area. Provided, however, that if such information is not readily available or the highest price paid or offered for said majority of like quality production does not reflect the reasonable value of the gas, the MMS may redetermine the base value as the highest applicable national rate then currently established by the FPC (now FERC) for the same vintage (now category) gas.

For production months beginning on or after [insert first day of the month following the effective dates of the final notice], the MMS shall redetermine the base value to a value authorized by the regulations it Title 25 or 30, *Code of Federal Regulations* as applicable.

Any readjusted base value for sales from wells commenced prior to June 1, 1977, and which are subject to an arm's-length contract made pursuant to a contract entered into prior to that date, will consider the extent to which the lessee or operator is entitled to collect a higher rate pursuant to the provisions of the applicable contract.

C. Effective Dates

1. All initial base values established will be effective as of the date of first production or June 1, 1977 whichever is later.

2. Those redetermined base values established by section II.B. in accordance with escalation provisions of a gas sales contract will become effective on the date specified in the contract. For other redeterminations of base values made pursuant to section II.B., the effective date will be the first day of the month next following the month in which changing market conditions warrant a redetermination under this provision, as determined by MMS.

[FR Doc. 86-10 Filed 1-2-86; 8:45 am]

BILLING CODE 4310-MR-M

Development Operations Coordination Document; Shell Offshore Inc.

AGENCY: Minerals Management Service, Interior.

ACTION: Notice of the Receipt of a Proposed Development Operations Coordination Document (DOCD).

SUMMARY: Notice is hereby given that Shell Offshore Inc. has submitted a DOCD describing the activities it proposes to conduct on Lease OCS-G 5219, Block 145, Vermilion Area, offshore Louisiana. Proposed plans for the above area provide for the development and production of hydrocarbons with support activities to be conducted from an onshore base located at Morgan City, Louisiana.

DATE: The subject DOCD was deemed submitted on December 23, 1985.

ADDRESSES: A copy of the subject DOCD is available for public review at the Office of the Regional Director, Gulf of Mexico OCS Region, Minerals Management Service, 3301 North Causeway Blvd., Room 147, Metairie, Louisiana (Office Hours: 9 a.m. to 3:30 p.m., Monday through Friday).

FOR FURTHER INFORMATION CONTACT: Ms Angie Gobert; Minerals Management Service; Gulf of Mexico OCS Region; Rules and Production; Plans, Platform and Pipeline Section; Exploration/ Development Plans Unit; Phone (504) 838-0876.

SUPPLEMENTARY INFORMATION: The purpose of this Notice is to inform the public, pursuant to section 25 of the OCS Lands Act Amendments of 1978, that the Minerals Management Service is considering approval of the DOCD and that it is available for public review.

Revised rules governing practices and procedures under which the Minerals Management Service makes information contained in DOCDs available to affected states, executives of affected states, local governments, and other interested parties became effective December 13, 1979, (44 FR 53685). Those practices and procedures are set out in revised section 250.35 of Title 30 of the CFR.

Dated: December 20, 1985.

J. Rogers Pearcy,

Acting Regional Director, Gulf of Mexico OCS Region.

[FR Doc. 86-85 Filed 1-2-86; 8:45 am]

BILLING CODE 4310-MR-M

Development Operations Coordination Document; Sun Exploration and Production Co.

AGENCY: Minerals Management Service, Interior.

ACTION: Notice of the Receipt of a Proposed Development Operations Coordination Document (DOCD).

SUMMARY: Notice is hereby given that Sun Exploration and Production Company has submitted a DOCD describing the activities it proposes to conduct on Lease OCS-G 4268, Block 648, West Cameron Area, offshore