

Authority: 21 U.S.C. 821, 828, 871(b), unless otherwise noted.

2. Section 1305.08 is proposed to be amended by revising paragraph (b) to read as follows:

§ 1305.08 Persons entitled to fill order forms.

* * * * *

(b) A person who has obtained any controlled substance in Schedule I or II by order form may return such substance, or portion thereof, to the person from whom he/she obtained the substance, to the manufacturer of the substance, or to a registered disposer pursuant to the order form of the latter person;

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Dated: August 17, 1995.

Gene R. Haislip,

Deputy Assistant Administrator, Office of Diversion Control, Drug Enforcement Administration.

[FR Doc. 95-20890 Filed 8-22-95; 8:45 am]

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DEPARTMENT OF THE INTERIOR

Minerals Management Service

30 CFR Parts 206 and 260

RIN 1010-AB93

Bidding Systems for Leases in the Outer Continental Shelf

AGENCY: Minerals Management Service, Interior.

ACTION: Proposed rule.

SUMMARY: The Minerals Management Service (MMS) proposes an amendment to change the bidding systems for newly issued leases under the Outer Continental Shelf Lands Act (OCSLA). Four modifications of the existing alternative bidding systems are proposed that could lower the minimum prescribed royalty rate charged on newly issued Federal offshore leases from 12½ per centum to a rate greater than zero per centum; allow operating allowances in determining receipts subject to royalty rate; suspend or defer royalty for periods, volumes, or values of production; and extend the functional forms for calculating royalty rates under variable rate systems to include product prices as well as value and amount of production with the ability to apply different functional forms across time periods. The proposed rule does not affect existing leases.

This proposed rulemaking results from a review of alternative leasing policies conducted by MMS with constituent input, consistent with the

Vice-President's Reinventing Government initiative. In particular, this change will grant the Secretary of the Interior (Secretary) the flexibility to improve the way MMS provides service to its customers and its ability to manage OCS oil and gas resources for the benefit of the public.

DATES: Comments must be received or postmarked no later than October 23, 1995 to be considered in this rulemaking.

ADDRESSES: Comments should be mailed or hand-carried to the Department of the Interior; Minerals Management Service; 381 Elden Street; Mail Stop 4700; Herndon, Virginia 22070-4817; Attention: Chief, Engineering and Standards Branch.

FOR FURTHER INFORMATION CONTACT: Dr. Marshall Rose, Chief, Economic Evaluation Branch, telephone (703) 787-1536.

SUPPLEMENTARY INFORMATION: Under the OCSLA, in section 8(a)(1), several bidding systems are authorized for new leases. The Secretary may grant a modification in the royalty rate to less than 12½ per centum upon application for existing leases. However, new leases are currently offered at a lease-specified royalty rate of no less than 12½ per centum, and it is for this class of leases that the proposed rule is applicable.

The OCSLA also provides authority to modify any bidding system currently authorized by the act if the Secretary determines the modification to be useful to accomplish the purposes and policies of the act (section 8(a)(1)).

MMS will consider using this more flexible royalty rate policy on specific types of new leases, including, but not limited to, those characterized by high development costs (deepwater leases in water depths of 200 meters or greater), relinquished tracts with qualifying wells but uneconomic reserves, or relinquished tracts that received high bonus bids but no exploration activity. Bidding systems that reflect a lower royalty than 12½ per centum are expected to increase competition for these tracts and, if discoveries are made, result in greater production in the future.

The proposed regulatory change would initiate actions to allow modification of the minimum royalty rate from 12½ per centum of the production amount or value to an effectively lower rate for all or a part of the tract's productive life as described in the lease terms portion of a sale's final notice. This lower rate could be designated over the life of the lease as a constant or variable measure or emerge as a result of fulfilling specified

conditions (e.g., no royalties due until production reaches a designated level or a predetermined capital cost allowance is recovered). Further, the basis for determining the royalty rate under variable terms is expanded to include resource price as a potential variable. Thus, a smaller royalty rate could apply during periods of lower average product prices, and the precise relationship could vary between periods. This expansion will allow use of a simple price-royalty rate formula when unit operating costs are constant and can be estimated with some precision.

This proposed rule is the result of a review of alternate leasing policies conducted within MMS. MMS published a **Federal Register** Notice presenting possible alternate policies and received input from constituents, consistent with the Vice-President's Reinventing Government initiative.

The proposed actions will enable MMS to set royalty terms at time of sale for new leases that will adjust dynamically to changing market conditions prevalent in the oil and gas industry during exploration, development, and production. These actions are expected to result in increased competition for newly offered Federal offshore tracts, thereby contributing to the assurance of receipt of fair market value on leased tracts. These actions are also expected to increase the likelihood that a newly leased tract will be explored and developed. In sum, this change will grant the Secretary the flexibility to improve the way MMS provides service to its customers and its ability to manage OCS oil and gas resources for the benefit of the public.

Author: This document was prepared by Dr. Marshall Rose, Chief, Economic Reevaluation Branch, MMS.

Executive Order (E.O.) 12866

This rule was reviewed under E.O. 12866. The rule was determined to not be significant under the criteria of E.O. 12866.

Regulatory Flexibility Act

The Department of the Interior (DOI) has determined that this proposed rule will not have a significant economic effect on a substantial number of small entities. Any direct effects of this rulemaking will primarily affect the Outer Continental Shelf (OCS) lessees and operators—entities that are not, by definition, small due to the technical complexities and financial resources necessary to conduct OCS activities. The indirect effect of this rulemaking on small entities that provide support for

offshore activities have also been determined to be small.

Paperwork Reduction Act

The information collection requirements contained in those parts of MMS's regulatory program affected by this rule by this rule have been approved by OMB under (44 U.S.C. 3501 et seq.). The forms, filing date, and approved OMB clearance numbers are identified in 30 CFR 210.10 and 30 CFR 216.10.

Takings Implication Assessment

The DOI certifies that this proposed rule does not represent a governmental action capable of interference with constitutionally protected property rights. A Takings Implication Assessment prepared pursuant to E.O. 12630, Government Action and Interference with Constitutionally Protected Property Rights, is not required.

E.O. 12778

The DOI has certified to OMB that this proposed rule meets the applicable civil justice reform standards provided in Sections 2(a) and 2(b)(2) of E.O. 12778.

National Environmental Policy Act

The National Environmental Policy Act (NEPA) compliance for the proposed rule is covered by DOI procedures for implementing NEPA (516 DM2, Appendix 1.10). In accordance with those procedures, MMS will examine the potential environmental effects of the proposed rule during NEPA review for each lease sale. This is appropriate because the potential environmental effects of the rule depend largely on how it is applied, and decisions on application would be made on a sale-by-sale basis.

List of Subjects

30 CFR Part 206

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

30 CFR Part 260

Continental shelf, Government contracts, Mineral royalties, Oil and gas exploration, Public lands—mineral resources.

Dated: May 12, 1995.

Bob Armstrong,

Assistant Secretary, Land and Minerals Management.

For the reasons set forth in the preamble, 30 CFR parts 206 and 260 are proposed to be amended as follows:

PART 206—PRODUCT VALUATION

1. The authority citation for part 206 is revised to read as follows:

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

2. Section 206.106 of subpart C is added to read as follows:

§ 206.106 Operating allowances.

Notwithstanding any other provisions in these regulations, an operating allowance may be used for the purpose of computing royalty obligations when provided for in the notice of an Outer Continental Shelf (OCS) lease sale. The allowance amount or formula shall be as specified in the notice of an OCS lease sale and in the lease agreement.

3. Section 206.160 of subpart D is added to read as follows:

§ 206.160 Operating allowances.

Notwithstanding any other provisions in these regulations, an operating allowance may be used for the purpose of computing royalty obligations when provided for in the notice of an OCS lease sale. The allowance amount or formula shall be as specified in the notice of an OCS lease sale and in the lease agreement.

PART 260—OUTER CONTINENTAL SHELF OIL AND GAS LEASING

1. The authority citation for part 260 is revised to read as follows:

Authority: 43 U.S.C. 1331 and 1337.

2. Section 260.110 of subpart B is amended to revise paragraphs (a)(1)(iii), (2)(iii), (3)(i)(C)(4), and (iii) and to add new paragraphs (a) (5) and (6) to read as follows:

§ 260.110 Bidding systems.

(a) * * *

(1) * * *

(iii) The annual rental to be paid by the highest responsible qualified bidder and any amounts creditable against future royalties shall be the amount specified in the notice of an OCS lease sale published in the **Federal Register**.

* * * * *

(2) * * *

(iii) Payment amounts shall be as specified in paragraph (a)(1)(iii) of this section.

* * * * *

(3) * * *

(i) * * *

(C) * * *

(4) The production period and inflation factor for purposes of determining value or amount of production shall be stated in the notice of an OCS lease sale that is published in the **Federal Register**. The procedures for making the inflation adjustment shall be stated in the notice of an OCS lease sale published in the **Federal Register**.

* * * * *

(iii) Payment amounts shall be as specified in paragraph (a)(1)(iii) of this section.

* * * * *

(5) *Cash bonus bid with a variable royalty rate or rates during one or more production periods in amount or value of the production saved, removed or sold, and an annual rental. The royalties may be suspended or deferred for a period, volume, or value of production.*

(i) The royalty rate or rates to be paid by the highest responsible qualified bidder may be less than 12½ per centum, but greater than zero percentum, at the beginning of the lease period in the amount or value of production saved, removed or sold. The applicable royalty rate(s) and suspension or deferral magnitudes or formulas shall be specified in the notice of an OCS lease sale published in the **Federal Register**.

(ii) Amount and payment of cash bonus under procedure shall be as specified in paragraph (a)(1)(ii) of this section.

(iii) Payment amounts shall be as specified in paragraph (a)(1)(iii) of this section.

(6) *Cash bonus bid with a variable royalty rate or rates during one or more production periods in amount or value of the production saved, removed or sold, and an annual rental. The royalties may be suspended or deferred for a period, volume, or value of production.*

(i) The royalty rate or rates to be paid by the highest responsible qualified bidder shall be a percentage of the amount or value of the production saved, removed or sold. When the value of production is used, by unit or in aggregate, the basis for the prices to be applied shall be specified in the notice of an OCS lease sale published in the **Federal Register**.

(A) The royalty rate shall be calculated by utilizing a formula or

schedule, which relates the royalty rate established thereby to the adjusted amount or indexed value of the oil and gas produced during designated production periods. The description of the formula or schedule shall include the relationship between adjusted or actual amount, indexed value, or indexed price of production, and the royalty rate, with a stipulation of the lowest royalty rate and highest royalty rate. The royalty rate formula or schedule and the suspension or deferral magnitudes or formulas shall be included in the lease document as executed.

(B) The royalty rate formula or schedule and the suspension or deferral magnitudes or formulas shall be specified in the notice of an OCS lease sale published in the **Federal Register**.

(C) Royalty payment calculation.

(1) The royalty rate utilized in the calculation of royalty payments is based on an adjusted or indexed value, amount, or indexed price of production and is established through application of a formula or schedule during one or more designated production periods.

(2) The adjusted indexed value or indexed price of production shall be determined by applying an inflation factor to the actual indexed value or indexed price of production.

(3) The established royalty rate is applied to the actual value of production which results in the determination of amount in dollars to be paid to the United States by the person awarded the lease, or the amount of royalty oil and gas to be taken in kind by the United States.

(4) The production period, inflation factor for purposes of determining value or amount of production, and procedures for making the inflation adjustment shall be stated in the notice of an OCS lease sale that is published in the **Federal Register**.

(ii) Amount and payment of cash bonus under procedure shall be as specified in paragraph (a)(1)(ii) of this section.

(iii) Payment amounts shall be as specified in paragraph (a)(1)(iii) of this section.

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[FR Doc. 95-20873 Filed 8-22-95; 8:45 am]

BILLING CODE 4310-MR-M

ENVIRONMENTAL PROTECTION AGENCY

40 CFR Part 52

[WA39-1-7028b; FRL-5268-4]

Approval and Promulgation of State Implementation Plans: Washington

AGENCY: Environmental Protection Agency (EPA).

ACTION: Proposed rule.

SUMMARY: The EPA proposes to approve the State Implementation Plan (SIP) revision submitted by the State of Washington for the purpose of forecasting and tracking vehicle miles traveled (VMT) for the Puget Sound Carbon Monoxide (CO) Nonattainment Area. The SIP revision was submitted by the State to satisfy certain Federal Clean Air Act requirements for Section 187(a)(2)(A) and Section 187(a)(3) of the Clean Air Act Amendments of 1990 (CAAA). In the Final Rules Section of this **Federal Register**, the EPA is approving the State's SIP revision as a direct final rule without prior proposal because the Agency views this as a noncontroversial revision amendment and anticipates no adverse comments. A detailed rationale for the approval is set forth in the direct final rule. If no adverse comments are received in response to this proposed rule, no further activity is contemplated in relation to this rule. If the EPA receives adverse comments, the direct final rule will be withdrawn and all public comments received will be addressed in a subsequent final rule based on this proposed rule. The EPA will not institute a second comment period on this document.

DATES: Comments on this proposed rule must be received in writing by September 22, 1995.

ADDRESSES: Written comments should be addressed to Montel Livingston, Environmental Protection Specialist (AT-082), Air Programs Section, at the EPA Regional Office listed below. Copies of the documents relevant to this proposed rule are available for public inspection during normal business hours at the following locations. The interested persons wanting to examine these documents should make an appointment with the appropriate office at least 24 hours before the visiting day. U.S. Environmental Protection Agency, Region 10, Air Programs Section, 1200 6th Avenue, Seattle, WA 98101.

Washington State Department of Ecology, P.O. Box 47600, PV-11, Olympia, WA 98504-7600.

FOR FURTHER INFORMATION CONTACT: Stephanie Cooper, Air Programs Branch

(AT-082), EPA, 1200 6th Avenue, Seattle, WA 98101, (206) 553-6917.

SUPPLEMENTARY INFORMATION: See the information provided in the Direct Final action which is located in the Rules Section of this **Federal Register**.

Dated: July 20, 1995.

Chuck Clarke,

Regional Administrator.

[FR Doc. 95-20802 Filed 8-22-95; 8:45 am]

BILLING CODE 6560-50-P

40 CFR Part 52

[VA12-1-6863b, VA28-1-5997b; FRL-5262-9]

Approval and Promulgation of Air Quality Implementation Plans; Virginia (Proposed Approval of Miscellaneous Revisions)

AGENCY: Environmental Protection Agency (EPA).

ACTION: Proposed rule.

SUMMARY: EPA proposes to approve State Implementation Plan (SIP) revisions submitted by the Commonwealth of Virginia. These revisions incorporate changes adopted by Virginia in 1989 and 1993 into the federally enforceable Virginia SIP. The intended effect of this action is to revise the federally-approved SIP to reflect the current State requirements. This action is being taken under section 110 of the Clean Air Act.

In the Final Rules section of this **Federal Register**, EPA is approving the State's SIP revision as a direct final rule without prior proposal because the Agency views this as a noncontroversial SIP revision and anticipates no adverse comments. A detailed rationale for the approval is set forth in the direct final rule. If no adverse comments are received in response to this proposed rule, no further activity is contemplated in relation to this rule. If EPA receives adverse comments, the direct final rule will be withdrawn and all public comments received will be addressed in a subsequent final rule based on this proposed rule. EPA will not institute a second comment period on this action. Any parties interested in commenting on this action should do so at this time.

DATES: Comments must be received in writing by September 22, 1995.

ADDRESSES: Written comments on this action should be addressed to Marcia L. Spink, Associate Director, Air Programs, Mailcode 3AT00, U.S. Environmental Protection Agency, Region III, 841 Chestnut Building, Philadelphia, Pennsylvania 19107. Copies of the documents relevant to this action are