

(6) *Production report.* Deep-water royalty relief and NRS production expansion proposal applications must contain this report, which must include all of the items listed below.

(i) Production profile. Submit actual and projected (BOE) production by year for each of the following products: oil, condensate, gas, and associated gas.

(ii) Uncertainty (*deep-water royalty relief only*). Submit three production profiles as described in paragraph (a)(6)(i) of this section. Each one must be consistent with a specific point on the aggregated reserve/resource distribution and must represent a conservative, most likely, and an optimistic case.

(iii) Production drive mechanisms for each reservoir.

(iv) Quality adjustments to prices for gravity, sulfur, etc.

(7) *Engineering report.*

Deep-water royalty relief and NRS production expansion proposal applications must contain this report. However, NRS expanded production applications should submit this information only as it relates to the planned development. This report must include all of the items listed below.

(i) Development concept:

(A) Tension leg platform, fixed, floater type, subsea tieback, etc.; and

(B) Construction schedule.

(ii) Planned wells:

(A) Number of wells planned;

(B) Type of well (platform, subsea, vertical, deviated, horizontal);

(C) Well depth;

(D) Drilling schedule;

(E) Completion description (single, dual, horizontal, etc.); and

(F) Completion schedule.

(iii) Production system equipment:

(A) Production capacity for oil and gas and a description of its limiting component(s);

(B) Unusual problems (low gravity, high sulfur content, etc.);

(C) Subsea structures;

(D) Flowlines; and

(E) Production system installation schedule.

(iv) Multi-phase development plans;

(A) Conceptual basis for developing in phases and goals/milestones required for commencing subsequent phases; and

(B) Justification for the exclusion of reservoirs not contemplated for development.

(v) Uncertainty. Submit schedules for development consistent with each of the three field production profiles (conservative, most likely, optimistic) provided in the production report.

(b) Ineligible costs. MMS will not include certain costs in making its royalty relief determinations. These include, but are not limited to:

(1) Costs incurred before first discovery on the field;

(2) Cash bonuses;

(3) Royalty relief application fees;

(4) Lease rentals, royalties, and net profit share and net revenue share payments;

(5) Legal expenses;

(6) Damages and losses;

(7) Taxes;

(8) Interest or finance charges;

(9) Fines or penalties;

(10) Designated well costs, including prospective exploration and delineation costs; and

(11) Costs associated with prior existing obligations (e.g., royalty overrides or other forms of payment for acquiring a financial position in a lease, expenditures for plugging wells and removal and abandonment of facilities existing on the date of the application).

(c) The applicant or the applicant's authorized representative must certify that all information submitted in an application or a pre-production report is accurate and complete. The application or pre-production report must be accompanied by a report prepared by an independent certified public accountant (CPA) expressing an unqualified opinion on the accuracy of the actual historical financial information presented in the application or pre-production report and that the presentation of data and information conforms to the MMS guidelines. The applicant will make the independent CPA available to the MMS to respond to questions which may arise regarding the evaluation of the historical information. This requirement does not limit the MMS's ability to conduct further review of the applicant's records to support the historical financial information included in the application.

§ 203.56 Recovery of application processing costs.

When you submit an application for royalty relief, you must include a payment to reimburse MMS for the costs it incurs in processing your application. The MMS will establish in a Notice to Lessees a schedule that will specify the fees that must be paid for each of the different types of royalty relief applications. Regional Directors will periodically update the fee schedule to reflect changes in MMS costs as well as to provide other information necessary for the administration of our royalty relief program.

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DEPARTMENT OF THE TREASURY

Secret Service

31 CFR Part 411

[1505-AA69]

Color Illustrations of U.S. Currency

AGENCY: Secret Service, Treasury.

ACTION: Final rule.

SUMMARY: Pursuant to the Counterfeit Deterrence Act of 1992, the Secret Service permits color illustrations of United States currency provided such illustrations are consistent with the requirements set out in this final rule. Prior to the issuance of this rule, color illustrations of U.S. currency were not permitted.

EFFECTIVE DATE: May 31, 1996.

FOR FURTHER INFORMATION CONTACT: Mark Mulligan, Attorney/Advisor, Office of Chief Counsel, U.S. Secret Service, 1800 G Street, N.W., Room 842, Washington, D.C. 20223, (202) 435-5771.

SUPPLEMENTARY INFORMATION: On June 26, 1995 (60 FR 32929), the Secret Service proposed to amend title 31, chapter IV of the Code of Federal Regulations by adding part 411 which would permit color illustrations of U.S. currency. At the time this proposal was issued, illustrations of U.S. currency were only permitted provided the illustration was in black and white and was of a size less than three-fourths or more than one and one-half, in linear dimension, of each part so illustrated, and provided the negatives and plates used in making the illustration were destroyed after their final use. 18 U.S.C. 504. Color illustrations of U.S. currency were not permitted.

Interested parties were invited to participate in the rulemaking proceeding by submitting written comments on the proposal. Five comments were received. The Secret Service carefully reviewed and evaluated these comments. In considering these comments, the Secret Service carefully weighed the recommendations and comments with the federal government's compelling interest of preventing the counterfeiting of U.S. currency.

Specifically, all the commentators to some extent questioned the need for and practicality of the requirement that the term "non-negotiable" be prominently and conspicuously placed across the center portion of any color illustration. After careful consideration, the Secret Service has decided to amend its proposal by removing the requirement

that the term "non-negotiable" be placed on any color illustration.

One comment addressed the requirement that "all negatives, plates, positives, digitized storage medium, graphic files, magnetic medium, optical storage devices, and any other thing used in the making of the illustration that contain an image of the illustration or any part thereof shall be destroyed and/or deleted or erased immediately after their final use in accordance with this section." Proposed 31 CFR 411.1(a)(4). Specifically, this comment questioned the need for the immediate destruction of such items. After careful consideration of this comment and in order to be consistent with 18 U.S.C. 504, the Secret Service has decided to remove the word "immediately" from the final rule. Therefore, both the final rule and 18 U.S.C. 504 require that such items be destroyed after their "final use" in accordance with each respective provision.

Another comment suggested that the proposed rule should be expanded by identifying certain kinds of illustrations that could be considered not to give rise to an inference of an intent to defraud. The Secret Service disagrees. It is the Secret Service's position that a single rule applicable to all color illustrations be implemented for the sake of simplicity and consistency. Such a rule will be more easily understood by the public than a rule which contains exceptions for various types of illustrations. Further, not all of the statutory sections concerning the reproduction of U.S. currency require that an intent to defraud be established in order for a violation of law to occur. See, e.g., 18 U.S.C. 474.

The final rule requires the color illustrations to comply with the current size restrictions set out in 18 U.S.C. 504. In addition, such color illustrations must be one-sided.

The exceptions established by this rule, like the exceptions set out in 18 U.S.C. 504, apply notwithstanding any other provision of chapter 25 of Title 18 of the U.S. Code. However, the criminal liability imposed by 18 U.S.C. 474 and other applicable sections of chapter 25 of Title 18 of the U.S. Code could apply where a color illustration of U.S. currency fails to meet the requirements imposed by this regulation.

It has been determined that this document is not a significant regulatory action under Executive Order 12866. This rule permits the color illustrations of U.S. currency, which heretofore were prohibited by law. Further, pursuant to section 605(b) of the Regulatory Flexibility Act and for the reasons set forth above, it is hereby certified that

this regulation will not have a significant economic impact on a substantial number of small entities.

Pursuant to 5 U.S.C. 553, it is also found and determined that good cause exists for not postponing the effective date of this rule 30 days after publication in the Federal Register because this rule permits a practice heretofore prohibited by statute.

List of Subjects in 31 CFR Part 411

Counterfeiting, Currency.

In consideration of the foregoing, the Secret Service amends title 31, chapter IV of the Code of Federal Regulations by adding part 411 as set forth below.

PART 411—COLOR ILLUSTRATIONS OF UNITED STATES CURRENCY

Authority: 18 U.S.C. 504; Treasury Directive Number 15-56, 58 FR 48539 (September 16, 1993)

§ 411.1 Color illustrations authorized.

(a) Notwithstanding any provision of chapter 25 of Title 18 of the U.S. Code, authority is hereby given for the printing, publishing or importation, or the making or importation of the necessary plates or items for such printing or publishing, of color illustrations of U.S. currency provided that:

- (1) The illustration be of a size less than three-fourths or more than one and one-half, in linear dimension, of each part of any matter so illustrated;
- (2) The illustration be one-sided; and
- (3) All negatives, plates, positives, digitized storage medium, graphic files, magnetic medium, optical storage devices, and any other thing used in the making of the illustration that contain an image of the illustration or any part thereof shall be destroyed and/or deleted or erased after their final use in accordance with this section.

(b) [Reserved].

Paul A. Hackenberry,
Assistant Director, Office of Investigations.
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DEPARTMENT OF VETERANS AFFAIRS

38 CFR Part 1

RIN 2900-A106

National Cemeteries

AGENCY: Department of Veterans Affairs.

ACTION: Final rule.

SUMMARY: This document amends Department of Veterans Affairs (VA)

national cemeteries regulations by eliminating provisions that simply restate statutory provisions of 38 U.S.C. 2306, 2400, 2401, 2402, 2407, and Chapter 83; by eliminating provisions that duplicate other regulations in 38 CFR 1.218-1.220, and by eliminating internal instructions not required to be published in the Federal Register.

EFFECTIVE DATE: May 31, 1996.

FOR FURTHER INFORMATION CONTACT: Mr. Ken Greenberg, Program Analyst, National Cemetery System, Executive Communications (402B1), Department of Veterans Affairs, 810 Vermont Avenue, NW., Washington, DC 20420, (202) 273-5179 (this is not a toll-free number).

SUPPLEMENTARY INFORMATION: This final rule consists of nonsubstantive changes and, therefore, is not subject to the notice and comment and effective date provisions of 5 U.S.C. 553.

The Secretary hereby certifies that this final rule will not have a significant economic impact on a substantial number of small entities as they are defined in the Regulatory Flexibility Act, 5 U.S.C. 601-612. This final rule merely consists of nonsubstantive changes.

Catalog of Federal Domestic Assistance Numbers for programs affected by this regulation are 64.201, 64.202 and 64.203.

List of Subjects in 38 CFR Part 1

Administrative practice and procedures, Cemeteries, Claims, Privacy, Security.

Approved: May 17, 1996.
Jesse Brown,
Secretary of Veterans Affairs.

For the reasons set forth in the preamble, 38 CFR part 1 is amended to read as follows:

PART 1—GENERAL PROVISIONS

1. The authority citation for part 1 continues to read as follows:

Authority: 38 U.S.C. 501(a), unless otherwise noted.

2. The authority citation immediately preceding §§ 1.600 to 1.633 is revised to read as follows:

Authority: Sections 1.601 to 1.633 issued under 38 U.S.C. 501, 2306, chapter 24.

§§ 1.600, 1.604, 1.631 [Removed]

3. Sections 1.600, 1.604, and 1.631 are removed.

§ 1.601 [Amended]

4. In § 1.601, paragraph (a) is removed; and paragraphs (b) and (c) are redesignated as paragraphs (a) and (b), respectively.