

**SUPPLEMENTARY INFORMATION:** MMS conducted a Royalty Gas Marketing Pilot in 1995 in the Gulf of Mexico. The MMS sold its royalty gas to competitively selected gas marketers. The MMS had two objectives in conducting the pilot: (1) Streamline royalty collections, and (2) Test a process which could result in increased efficiency and greater certainty in valuation.

MMS' assessment of the gas RIK pilot indicated that it was an operational success, proving that the concept of MMS taking and selling royalty gas in-kind is feasible. However, MMS' analysis of the gas RIK revenues, as compared to in-value royalties paid and administrative savings realized, was not favorable to MMS.

Congress has directed MMS to consider additional projects for taking oil and/or gas in-kind. MMS is currently considering a variety of RIK scenarios that would build on lessons learned from the 1995 Royalty Gas Marketing Pilot. Any further RIK projects undertaken by MMS would be intended to address specific operational and revenue issues necessary before any longer-term implementation. The objectives of the proposed RIK options are to:

- Simplify the royalty collection process;
- Decrease administrative costs for both MMS and industry;
- Realize fair and equitable market value for the products;
- Provide certainty in royalty valuation; and
- Decrease administrative burdens and litigation.

At the public meeting, MMS will present several specific options for taking RIK on a project/test basis. MMS will solicit public input at the meetings on the workability of these option(s). The issues that MMS would like to discuss at the meetings are presented below. The listing of issues is not necessarily complete but will be used as a starting point for the meetings.

1. Mandatory or voluntary participation;
2. Areas/leases to be selected for RIK projects;
3. Types of gas to be taken in-kind (e.g., conventional, coalbed methane);
4. Aggregation of royalty volumes;
5. Delivery points for RIK production: at the lease or various points away from the lease (e.g., first mainline interconnect, gas plant inlet, gas plant tailgate);
6. Transportation responsibility away from the lease (e.g., MMS, marketer, or lessee);

7. Pricing indicators to be used to assure a fair and equitable price for RIK production as well as certainty of price to industry;

8. Requirements to be placed on lessees (e.g., marketable condition, data submitted to MMS, coordination with purchasers); and

9. Requirements to be placed on purchasers (e.g., transportation of product away from the lease, data required by MMS, coordination with lessees, balancing, contract provisions concerning breach, payment terms).

MMS will more fully develop the RIK option(s) before the public meeting. Interested parties may request this information from the contacts listed in the **FURTHER INFORMATION** section.

Dated: April 21, 1997.

**Robert E. Brown,**

*Acting Associate Director, Policy and Management Improvement.*

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**BILLING CODE 4310-MR-M**

## DEPARTMENT OF THE INTERIOR

### Bureau of Reclamation

#### Quarterly Status Report of Water Service and Repayment Contract Negotiations

**AGENCY:** Bureau of Reclamation, Interior.

**ACTION:** Notice.

**SUMMARY:** Notice is hereby given of proposed contractual actions that are new, modified, discontinued, or completed since the last publication of this notice on February 10, 1997. The February 10, 1997, notice should be used as a reference point to identify changes. This notice is one of a variety of means used to inform the public about proposed contractual actions for capital recovery and management of project resources and facilities. Additional Bureau of Reclamation (Reclamation) announcements of individual contract actions may be published in the **Federal Register** and in newspapers of general circulation in the areas determined by Reclamation to be affected by the proposed action. Announcements may be in the form of news releases, legal notices, official letters, memorandums, or other forms of written material. Meetings, workshops, and/or hearings may also be used, as appropriate, to provide local publicity. The public participation procedures do not apply to proposed contracts for sale of surplus or interim irrigation water for a term of 1 year or less. Either of the contracting parties may invite the public

to observe contract proceedings. All public participation procedures will be coordinated with those involved in complying with the National Environmental Policy Act.

**ADDRESSES:** The identity of the approving officer and other information pertaining to a specific contract proposal may be obtained by calling or writing the appropriate regional office at the address and telephone number given for each region in the supplementary information.

**FOR FURTHER INFORMATION CONTACT:** Alonzo Knapp, Manager, Reclamation Law, Contracts, and Repayment Office, Bureau of Reclamation, PO Box 25007, Denver, Colorado 80225-0007; telephone 303-236-1061 extension 224.

**SUPPLEMENTARY INFORMATION:** Pursuant to section 226 of the Reclamation Reform Act of 1982 (96 Stat. 1273) and 43 CFR 426.20 of the rules and regulations published in *52 FR 11954*, Apr. 13, 1987, Reclamation will publish notice of the proposed or amendatory contract actions for any contract for the delivery of project water for authorized uses in newspapers of general circulation in the affected area at least 60 days prior to contract execution. Pursuant to the "Final Revised Public Participation Procedures" for water resource-related contract negotiations, published in *47 FR 7763*, Feb. 22, 1982, a tabulation is provided of all proposed contractual actions in each of the five Reclamation regions. Each proposed action is, or is expected to be, in some stage of the contract negotiation process in 1997. When contract negotiations are completed, and prior to execution, each proposed contract form must be approved by the Secretary of the Interior, or pursuant to delegated or redelegated authority, the Commissioner of Reclamation or one of the regional directors. In some instances, congressional review and approval of a report, water rate, or other terms and conditions of the contract may be involved.

Public participation in and receipt of comments on contract proposals will be facilitated by adherence to the following procedures:

1. Only persons authorized to act on behalf of the contracting entities may negotiate the terms and conditions of a specific contract proposal.

2. Advance notice of meetings or hearings will be furnished to those parties that have made a timely written request for such notice to the appropriate regional or project office of Reclamation.

3. Written correspondence regarding proposed contracts may be made

available to the general public pursuant to the terms and procedures of the Freedom of Information Act (80 Stat. 383), as amended.

4. Written comments on a proposed contract or contract action must be submitted to the appropriate regional officials at the locations and within the time limits set forth in the advance public notices.

5. All written comments received and testimony presented at any public hearings will be reviewed and summarized by the appropriate regional office for use by the contract approving authority.

6. Copies of specific proposed contracts may be obtained from the appropriate regional director or his designated public contact as they become available for review and comment.

7. In the event modifications are made in the form of a proposed contract, the appropriate regional director shall determine whether republication of the notice and/or extension of the comment period is necessary.

Factors considered in making such a determination shall include, but are not limited to: (i) the significance of the modification, and (ii) the degree of public interest which has been expressed over the course of the negotiations. As a minimum, the regional director shall furnish revised contracts to all parties who requested the contract in response to the initial public notice.

#### Acronym Definitions Used Herein

(BCP) Boulder Canyon Project  
(CAP) Central Arizona Project  
(CUP) Central Utah Project  
(CVP) Central Valley Project  
(CRSP) Colorado River Storage Project  
(D&MC) Drainage and Minor

#### Construction

(FR) Federal Register  
(IDD) Irrigation and Drainage District  
(ID) Irrigation District  
(M&I) Municipal and Industrial  
(O&M) Operation and Maintenance  
(P-SMBP) Pick-Sloan Missouri Basin  
Program

(R&B) Rehabilitation and Betterment  
(PPR) Present Perfected Right  
(RRA) Reclamation Reform Act  
(NEPA) National Environmental Policy  
Act  
(SRPA) Small Reclamation Projects  
Act  
(WCUA) Water Conservation and  
Utilization Act  
(WD) Water District

The following contract actions are either new, modified, discontinued, or completed in the Bureau of Reclamation since the February 10, 1997, **Federal Register** notice.

#### Pacific Northwest Region

Bureau of Reclamation, 1150 North Curtis Road, Boise, Idaho 83706-1234, telephone 208-378-5346.

#### New Contract Actions

27. The Dalles ID, The Dalles Project, Oregon: Amendatory SRPA loan repayment contract to modify the repayment schedule, including extension of repayment period from 30 to 34 years.

#### Modified Contract Actions

1. Irrigation, M&I, and Miscellaneous Water Users; Idaho, Oregon, Washington, Montana, and Wyoming: Temporary or interim water service contracts for irrigation, M&I, or miscellaneous use to provide up to 10,000 acre-feet of water annually for terms up to 5 years; long-term contracts for similar service for up to 1,000 acre-feet of water annually.

10. U. S. Fish and Wildlife Service and Boise-Kuna ID, Boise Project, Idaho: Memorandum of Agreement for the use of approximately 400 acre-feet of storage space annually in Anderson Ranch Reservoir. Water to be used for wildlife mitigation purposes (ponds and wetlands).

12. Willamette Basin Water Users, Willamette Basin Project, Oregon: One water service contract for the exchange of up to 112 acre-feet of water for diversion above project reservoirs. (Executed one exchange contract on January 16, 1997).

24. J. R. Simplot Company and Micron Technology, Inc., Boise Project, Idaho: Long-term contract for 3,000 acre-feet of Anderson Ranch Reservoir storage for M&I use.

25. Eagle Island Water Users Association, Inc., Boise Project, Idaho: Amendment and partial rescission of water service contract to reduce the Association's spaceholding in Lucky Peak Reservoir by approximately 5,300 acre-feet, thereby allowing use of this space by Reclamation for flow augmentation.

#### Contract Actions Discontinued

6. Ochoco ID and Various Individual Spaceholders, Crooked River Project, Oregon: Repayment contract for reimbursable cost of dam safety repairs to Arthur R. Bowman Dam.

#### Contract Actions Completed

12. Willamette Basin Water Users, Willamette Basin Project, Oregon: One water service contract for the exchange of up to 112 acre-feet of water for diversion above project reservoirs. (Executed one exchange contract on January 16, 1997).

22. Burley ID, Minidoka Project, Idaho: Warren Act contract with cost of service charge to allow for use of project facilities to convey nonproject water.

#### Mid-Pacific Region

Bureau of Reclamation, 2800 Cottage Way, Sacramento, California 95825-1898, telephone 916-979-2401.

#### New Contract Actions

23. East Bay Municipal Utility District, CVP, California: Amendment to the long-term water service contract No. 14-06-200-5183A, to change the points of diversion.

24. Madera ID, Lindsay-Strathmore ID, and Delta Lands Reclamation District No. 770, CVP, California: Execution of 2- to 3-year Warren Act contracts for conveyance of nonproject water in the Friant-Kern and/or Madera Canals when excess capacity exists.

25. Solano County Water Agency, Solano Project, California: Renewal of water service contract No. 14-06-200-4090, which expires February 28, 1999.

26. Reno, Sparks, and Washoe County; Washoe and Truckee Storage Projects; Nevada and California: Contract for the storage of non-Federal water in Truckee River reservoirs as authorized by Pub. L. 101-618 and consistent with the terms and conditions of the Truckee River Water Quality Settlement Agreement.

27. Sierra Pacific Power Company; Washoe and Truckee Storage Projects; Nevada and California: Contract for the storage of non-Federal water in Truckee River reservoirs as authorized by Pub. L. 101-618 and consistent with the terms and conditions of the proposed Truckee River Operating Agreement.

#### Contract Actions Modified

8. El Dorado County Water Agency, San Juan WD, and Sacramento County Water Agency, CVP, California: M&I water service contracts to supplement existing water supply: 15,000 acre-feet for El Dorado County Water Agency, 13,000 acre-feet for San Juan WD, and 22,000 acre-feet for Sacramento County Water Agency, authorized by Pub. L. 101-514.

18. Santa Clara Valley WD, CVP, California: Agreement for the conditional reallocation of a portion of Santa Clara Valley WD's annual CVP contract water supply to San Luis and Delta-Mendota Water Authority members. The purpose of the conditional reallocation is to improve overall management and establish more reliable water supplies without imposing additional demands or operational changes upon the CVP.

20. Santa Barbara County Water Agency, Cachuma Project, California: Contract to transfer responsibility for O&M and O&M funding of certain Cachuma Project facilities to the member units.

21. Stony Creek WD, Black Butte Dam and Lake, Sacramento River Division, CVP, California: A proposed amendment of Stony Creek WD's water service contract No. 2-07-20-W0261, to allow the Contractor to change from paying for all Project water, whether used or not, to paying only for Project water scheduled or delivered and to add another month to the irrigation period.

22. M&T, Inc., Sacramento River Division, CVP, California: A proposed exchange agreement with M&T, Inc., to take its Butte Creek water rights water from the Sacramento River in exchange for CVP water.

#### *Contract Actions Completed*

13. Napa County Flood Control and Water Conservation District, Solano Project, California: Amend water service contract to decrease quantity.

*Action:* Contract No. 14-06-200-1290A executed on February 25, 1997.

#### **Lower Colorado Region**

Bureau of Reclamation, PO Box 61470 (Nevada Highway and Park Street), Boulder City, Nevada 89006-1470, telephone 702-293-8536.

#### *New Contract Actions*

57. Berneil Water Co., CAP, Arizona: Subcontracts associated with partial assignment of water service to the City of Scottsdale and Cave Creek Water Company.

58. Tohono O'odham Nation, CAP, Arizona: Repayment contract for construction costs associated with distribution system on Central Arizona Irrigation and Drainage District.

59. Tohono O'odham Nation, Arizona: Contracts for Schuk Toak and San Xavier Districts for repayment of Federal expenditures for construction of distribution systems.

60. Arizona State Land Department, Arizona: Water delivery contract for delivery of up to 9,000 acre-feet per year of unused apportionment and surplus Colorado River water.

61. Mr. Don Schuler, BCP, California: Proposed short-term delivery contract for surplus and/or unused apportionment Colorado River water for domestic and industrial use on 18 lots of recreational homes in California.

#### *Contract Actions Modified*

10. Holpal Miscellaneous Perfected Right, BCP, Arizona: Assign a portion of the PPR to McNulty et. al., for PPR

water entitlement on Decree-described lands previously owned by Hopal.

34. San Diego County Water Authority, San Diego, California, San Diego Project: Title transfer to Barrel 1 of the San Diego Aqueduct composed of over 70 miles from its connection with the Colorado River Aqueduct near the west portal of the San Jacinto Tunnel in Riverside County, and Barrel 2 of the San Diego Aqueduct, composed of over 154 miles of pipeline, 94 miles of which extends from the Colorado River Aqueduct near Hemet, in Riverside County to Lower Otay Reservoir, and approximately 59.7 miles of which extends from the Colorado River Aqueduct near Hemet to Alvarado Treatment Plant near Lake Murray.

42. Salt River Project Inc., Salt River Project, Arizona: Change funding agreement to repayment contract for SOD construction activities at Horse Mesa Dam and Mormon Flat Dam.

#### *Contract Actions Completed*

28. City of Scottsdale and other M&I water subcontractors, CAP, Arizona: Subcontract amendments associated with assignment of M&I water service subcontracts from Camp Verde Water System, Inc., Cottonwood Water Works, Inc., Mayer Domestic Water Improvement District, City of Nogales, Rio and Rico Utilities', Inc., to provide the City of Scottsdale with an additional 17,823 acre-feet of CAP water.

31. Chandler Heights Citrus ID, CAP, Arizona: Amend distribution system repayment contract No. 6-07-30-W0119 to increase the repayment obligation approximately \$114,000.

33. Arizona Sierra Utility Company, CAP, Arizona: Assignment to the Town of Florence of 407 acre-feet of CAP M&I water allocation under subcontract from Central Arizona Water Conservation District.

45. Arizona State Land Department/ City of Scottsdale, CAP, Arizona: Amend ASLD's CAP water service subcontract to decrease CAP water entitlement by 530 acre-feet.

46. Brooke Water Co., LLC, CAP, Arizona: Assignment of subcontract for M&I water service to City of Apache Junction.

47. Canada Hills Water Co., CAP, Arizona: Assignment of subcontract for M&I water service to Town of Oro Valley.

#### **Upper Colorado Region**

Bureau of Reclamation, 125 South State Street, Room 6107, Salt Lake City, Utah 84138-1102, telephone 801-524-4419.

#### *New Contract Actions*

1.(c) Dr. Henry Estess: Wayne N. Aspinall Unit, CRSP, Colorado: Contract for 30 acre-feet of M&I water from Blue Mesa Reservoir for augmentation to replace evaporative losses from a fishery/wildlife area on his property.

1.(d) Crested Butte South Metropolitan District: Aspinall Unit, CRSP, Colorado: Contract for 13 acre-feet for domestic, municipal, and irrigation (including irrigation of lawns and golf course).

21. Country Aire Estates, Forrest Groves Estates, and Los Ranchitos, Florida Project, Colorado: Water service contracts for a total of 86 acre-feet annually of domestic water as replacement water in State of Colorado approved augmentation plans. The water supply for these contracts are flow rights purchased and owned by the United States for project development and are not specifically a part of the project water supply.

#### *Contract Actions Completed*

1.(a) Castle Mountain Ranches L.L.C., Wayne N. Aspinall Unit, CRSP, Colorado: Contract for 30 acre-feet of M&I water from Blue Mesa Reservoir for domestic, municipal, and irrigation (including irrigation of laws and golf courses).

1.(b) VanDeHey, Vernon and Linda, Wayne N. Aspinall Unit, CRSP, Colorado: Contract for 1 acre-foot for augmentation plan to replace the consumptive use of water for domestic and industrial use only.

12. Salt Lake County Water Conservancy District and Central Utah Water Conservancy District, CUP, Utah: Contract to provide the Bureau of Reclamation with perpetual use of 7,900 acre-feet of water annually for storage in the Jordanelle Reservoir.

#### **Great Plains Region**

Bureau of Reclamation, PO Box 36900, Federal Building, 316 North 26th Street, Billings, Montana 59107-6900, telephone 406-247-7730.

#### *New Contract Actions*

27. Lower Marias Unit, P-SMBP, Montana: Water service contract expires June 1997. Initiating renewal of existing contract for 25 years for up to 480 acre-feet of storage from Tiber Reservoir to irrigate 160 acres.

28. Lower Marias Unit, P-SMBP, Montana: Initiating 25-year water service contract for up to 750 acre-feet of storage from Tiber Reservoir to irrigate 250 acres.

*Contract Actions Modified*

1. Individual Irrigators, M&I, and Miscellaneous Water Users; Colorado, Kansas, Montana, Nebraska, North Dakota, Oklahoma, South Dakota, Texas, and Wyoming: Temporary (interim) water service contracts for the sale, conveyance, storage, and exchange of surplus project water and nonproject water for irrigation or M&I use to provide up to 10,000 acre-feet of water annually for a term up to 1 year.

3. Ruedi Reservoir, Fryingpan-Arkansas Project, Colorado: Second round water sales from the regulatory capacity of Ruedi Reservoir. Negotiation of water service and repayment contracts for approximately 17,000 acre-feet annually for M&I use; contract with Colorado Water Conservation Board for remaining 21,650 acre-feet of marketable yield for interim use by U.S. Fish and Wildlife Service for benefit of endangered fishes in the Upper Colorado River Basin.

12. Enders Dam, Frenchman-Cambridge Division, Frenchman Unit, Nebraska: Repayment contract for proposed SOD modifications to Enders Dam for repair of seeping drainage features. Estimated cost of the repairs is \$632,000. Approval has been obtained to modify the repayment period of the SOD costs for up to 10 years.

17. Canyon Ferry Unit, P-SMBP, Montana: Water service contract with Montana Tunnels Mining, Inc., expires June 1997.

*Contract Actions Discontinued*

11. Angostura ID, Angostura Unit, P-SMBP, South Dakota: The District's current contract for water service expired on December 31, 1995. An interim 3-year contract provides for the District to operate and maintain the dam and reservoir. The proposed long-term contract would provide a continued water supply for the District and the District's continued O&M of the facility.

Dated: April 21, 1997.

**Wayne O. Deason,**

*Deputy Director, Program Analysis Office.*

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**DEPARTMENT OF JUSTICE****Drug Enforcement Administration**

[Docket No. 95-26]

**Leonel Tano, M.D.; Revocation of Registration**

On March 7, 1995, the Deputy Assistant Administrator, Office of Diversion Control, Drug Enforcement

Administration, (DEA), issued an Order to Show Cause to Leonel Tano, M.D., (Respondent) of San Antonio, Texas, notifying him of an opportunity to show cause as to why DEA should not revoke his DEA Certificate of Registration, AT7513282, and deny any pending applications for renewal of such registration as a practitioner under 21 U.S.C. 823(f), for reason that his continued registration would be inconsistent with the public interest pursuant to 21 U.S.C. 824(a)(4). The Order to Show Cause also asserted as a basis for the proposed action pursuant to 21 USC 824(a)(1), Respondent's material falsification of an application for registration.

By letter dated May 3, 1995, Respondent, through counsel, filed a request for a hearing, and following prehearing procedures, a hearing was held in Austin, Texas on December 12 and 13, 1995, before Administrative Law Judge Mary Ellen Bittner. At the hearing, both parties called witnesses to testify and introduced documentary evidence. Ultimately, the alleged falsification was not pursued as an independent basis for revocation and instead was considered as part of the overall public interest issue. After the hearing, counsel for both parties submitted proposed findings of fact, conclusions of law and argument. On September 17, 1996, Judge Bittner issued her Opinion and Recommended Ruling, Findings of Fact, Conclusions of Law and Decision, recommending that Respondent's DEA Certificate of Registration be revoked. Neither party filed exceptions to her decision, and on October 18, 1996, Judge Bittner transmitted the record of these proceedings to the Acting Deputy Administrator.

The Acting Deputy administrator has considered the record in its entirety, and pursuant to 21 CFR 1316.67, hereby issues his final order based upon findings of fact and conclusions of law as hereinafter set forth. The Acting Deputy Administrator adopts, in full, the Findings of Fact, Conclusions of Law, and Recommended Ruling of the Administrative Law Judge, and his adoption is in no manner diminished by any recitation of facts, issues and conclusions herein, or of any failure to mention a matter of fact or law.

The Acting Deputy Administrator finds that Respondent is a physician who has maintained a general practice in San Antonio, Texas since 1978. Respondent testified that he practices in a low income neighborhood and that ninety percent of his patients has been seeing him for sixteen or seventeen years.

In 1987, DEA conducted a routine inspection of a local narcotic treatment program. During that inspection, it was learned that some of the clients in the program had tested positive for controlled substances, other than methadone, including Valium, Darvon, Xanax, and Phenephan with codeine, and that they admitted receiving the prescriptions for those substances from Respondent.

Subsequently, in August 1990, the Texas State Board of Medical Examiners (Board) entered an Order, which was agreed to by Respondent, that found that Respondent prescribed controlled substances, including Xanax, Halcion, Darvocet N-100, Restoril and Valium to two individuals who were in a methadone treatment program. The Board found that as a result, Respondent was subject to disciplinary action pursuant to Texas Health & Safety Code Art. 4495b, section 3.08(4)(C) for "writing prescriptions for a dispensing to a person known to be a habitual user of narcotic drugs, controlled substances, or dangerous drugs or to a person who the physician should have known was a habitual user of the narcotic drugs, controlled substances or dangerous drugs." It should be noted that the statute also provides that the section "does not apply to those persons being treated by the physician for their narcotic use after the physician notifies the board in writing of the name and address of the person so treated." Respondent apparently did not provide such notice to the Board. Therefore, the Board ordered, among other things, that Respondent "shall not prescribe or dispense controlled substances to any known drug abuser, including methadone patients."

At the hearing in this matter, Respondent testified that his problems with the Board began when "somebody" came to his office and asked if he was treating any patients who were taking methadone. According to Respondent, he told the person that for the last two or three years he had been treating two patients he knew were on methadone. Respondent testified that he did not believe that his actions warranted restrictions being placed on his medical license by the Board, but instead, he should have been reprimanded or advised about the limitations on prescribing to methadone patients.

In September 1990, DEA conducted a routine inspection of a local narcotic treatment program. During the course of the inspection, the program's director noted that several of the program's patients had tested positive for controlled substances other than methadone, and that some of the