comprise a cluster of cavity trees occupied by the group. Other cavities that are abandoned, inactive, or under construction may also occur in the cluster. RCWs forage for invertebrates on pine trees within and surrounding the cluster. Birds usually forage on larger and older pines. The foraging area will vary in size depending upon habitat quality, but birds generally forage within a one-half mile radius of the cluster.

Suitable habitat in the southern pine forest also consists of a vegetation structure affected by and maintained by fire. Encroachment of fire intolerant hardwoods into the forest midstory, particularly within clusters, can cause RCWs to abandon cluster and foraging habitat.

The number of RCW groups persisting today represents about 1 percent of the historical population that occupied the pre-Columbian southern pine forest. The decline of the RCW was initiated by the deforestation of the fire-maintained southern pine ecosystem at the turn of this century. Subsequent habitat loss and fragmentation has been caused by urbanization, fire exclusion, and forest management practices. Where forests exist today, most are either unsuitable or uninhabited by RCWs due to short harvest rotations, clear cutting, infrequently prescribed fire, and insufficient cluster and foraging habitat.

About 44 RCW groups inhabit land owned by the Applicant in south-central Arkansas. In the Draft RCW Procedures Manual for Private Lands (Draft Manual), the Service has proposed minimum forest management guidelines to avoid taking RCWs. The Draft Manual's recommendations provide the minimum quantitative and qualitative standards to avoid harm and harassment as a result of modifying RCW foraging and cluster habitat. The Applicant's HCP will provide cluster and foraging habitat in excess of that minimally recommended in the Draft Manual. Minimum foraging habitat guidelines recommend 3,000 ft^2 of pine basal area ($\geq$ 10″ DBH) within a 0.5 mile radius area of each active cluster. The Applicant's plan, which relies on uneven-aged forest management and select harvesting, currently provides an average of 8,188 ft^2 pine basal area for each RCW cluster. This quantity is about 2.7 times the minimum recommendation, and is about 96 percent of the amount (8,490 ft^2) the Service has established for foraging habitat on Federal lands at the higher standard of RCW recovery-level management. As the Applicant's foraging stands become fully stocked by the all-aged management objective, a target of 14,596 ft^2 of basal area may be obtained, about 1.7 times the amount recommended in the Service's RCW recovery plan.

Cluster management in the HCP involves measures to identify, mark, and map cavity trees, using an integrated Geographic Information System. Within each cluster, the Applicant will control hardwood encroachment, provide suitable replacement cavity trees, and prohibit the cutting of any active or inactive cavity tree. Active cavity trees lost due to natural factors such as lightning and wind will be replaced using artificial cavity inserts. Also, cavity restrictor plates will be installed when cavities are threatened by pileated woodpecker activity. The number of breeding pairs and the status of each cavity tree and cluster (active vs. inactive) will be determined every 3 years by the Applicant's monitoring and survey program.

The HCP also establishes annual employee training to effectively implement all elements of the plan. Such training includes the field identification of cavity trees, the provisions of records and monitoring, and all other elements of cluster and foraging habitat management.

An accidental harvest of a cavity tree associated with an unknown cluster is possible, though the Service believes the HCP minimizes such a chance. Even so, the net expected effect of the HCP and ITP is that the RCW population will either be sustained or increased. The EA considers the environmental consequences of two alternatives; issue the requested permit as conditioned by the HCP, or take no action (deny permit). The Service finds the greatest conservation benefits accompany the HCP and proposed permit. RCW management according to minimum private landowner guidelines, accompanying permit denial, would provide less conservation benefit. The Service's proposed alternative is to issue the requested ITP, based upon the submitted HCP. The principal environmental consequence of permit issuance is to sustain or enhance the status of the RCW, via implementation and funding the mitigation and minimization measures as outlined above.

Dated: October 23, 1995.

Noreen K. Clough,

Regional Director.

[FR Doc. 95–26998 Filed 10–31–95; 8:45 am]

BILLING CODE 4310–55–P

Minerals Management Service

Minerals Management Advisory Board, Outer Continental Shelf (OCS), Scientific Committee (SC); Announcement of Plenary Session

This Notice is issued in accordance with the provisions of the Federal Advisory Committee Act, Public Law 92–463, 5 U.S.C., Appendix I, and the Office of Management and Budget Circular A–63, Revised.

The Minerals Management Advisory Board OCS SC will meet in plenary sessions on Wednesday, November 29, and Thursday, November 30, 1995, at the Washington Dulles Airport Hilton, 13869 Park Center Road, Herndon, Virginia 22071, telephone (703) 478–2900.

The OCS SC is an outside group of scientists which advises the Director, MMS, on the feasibility, appropriateness, and scientific value of the MMS, OCS Environmental Studies Program (ESP).

Below is a schedule of meetings that will occur.

The SC will meet in plenary session on Wednesday, November 29, from 8:30 a.m. to 5:30 p.m.

The Committee will also meet in plenary session on Thursday, November 30, from 8:30 a.m. to 5 p.m. Discussion will focus on:

- Committee Business and Resolutions.
- Environmental Studies Program Status Review.
- MMS Goals and Objectives.

The meetings are open to the public. Approximately 30 visitors can be accommodated on a first-come-first-served basis at the plenary session.

A copy of the agenda may be requested from the MMS by writing Ms. Phyllis Clark at the address below.

Other inquiries concerning the OCS SC meeting should be addressed to Dr. Ken Turgeon, Executive Secretary to the OCS Scientific Committee, Minerals Management Service, 381 Elden Street, Mail Stop 4310, Herndon, Virginia 22070. He may be reached by telephone at (703) 787–1717.

Dated: October 18, 1995.

Thomas Gernhofer,

Associate Director for Offshore Minerals Management.

[FR Doc. 95–26997 Filed 10–31–95; 8:45 am]

BILLING CODE 4310–MR–M

Summary of Minerals Management Service Workshops on Expanded Use of Royalty-In-Kind (RIK) Procedures

AGENCY: Minerals Management Service, Interior.

ACTION: Summary and overview of RIK workshops.

SUMMARY: The Minerals Management Service (MMS) recently conducted a series of workshops to discuss ways of expanding the ongoing pilot program for collecting in-kind royalties on natural gas produced from Federal offshore leases. This notice contains a summary of the three workshops held in Houston (August 22, 1995), Denver (September 11) and New Orleans (September 15). The workshops were announced in a Federal Register Notice on July 19, 1995 (60 FR 37070).

On January 1, 1995, MMS initiated a Royalty Gas Marketing Pilot in the Gulf of Mexico. In the pilot, gas royalties are collected on an in-kind basis and sold directly to gas marketing companies.

The MMS has two objectives in conducting the current pilot. First, the MMS seeks to streamline royalty collections, and second, to test a process which promises increased efficiency and greater certainty in valuation. The MMS will issue an interim report on the pilot in November 1995 and a final report by June 30, 1996.

Comments offered in the workshops were generally favorable regarding the current pilot and were supportive of further MMS efforts to employ similar in-kind collection procedures. The workshops provided a useful forum for constructively discussing issues that have arisen in the current pilot and ways of improving future RIK efforts.

The comments and suggestions offered in the three workshops are combined into one narrative. The workshops were structured around the following panels: (1) Requirements placed on lessees, (2) requirements placed on purchasers, (3) contract terms and auction procedures, and (4) considerations and recommendations for expanding RIK collections. The following summary is organized around the principal themes which emerged in all of the panel discussions.

Reporting and Payment Procedures

1. Producers at the workshops emphasized that major benefits of gas RIK are reporting relief, reduced scope of audits and avoidance of disputes over valuation issues.

2. Marketers raised concerns over reporting and payment procedures. For example, marketers noted the awkwardness of requiring payment on the 25th of the month following production because, by that date, the marketers do not have the information on actual volumes. They are obligated to pay on nominated volumes, which may differ from the volume received. Typically, marketers don't have the information on actual volumes until about 40 days after the end of the month. While marketers can accommodate some differences between volumes nominated and volumes received, large discrepancies can be a problem. If the marketers pay for a volume of gas, they want to be assured that volume will be allocated to them.

3. A workshop participant noted that MMS is constrained in this issue by the fact that royalty payments are due the end of the month following production. This fact means that MMS could postpone the due dates to the end of the month, but not later. The argument was made that the lessee's payment in-kind satisfies the statutory requirements for timely payment, thus nullifying the requirement in terms of the purchaser's obligations. However, an MMS representative observed that, with delays in payments, the time value of money may be a concern, particularly in any future onshore programs in which the states eventually receive a portion of the royalty revenue forthcoming from the RIK gas purchasers.

4. A discussion followed on the requirement that producers must report to MMS information on RIK gas nominated each month. Producers question MMS' need to be informed about nominated volumes.

5. Producers pointed out that flash gas still poses a reporting burden that can be avoided. A producer attending the workshop suggested that flash gas should be included in the royalty gas volumes to eliminate the need to report it separately on an in-value basis. Several workshop participants thought that flash gas volumes could be included in the monthly imbalance account.

Producer Perspectives on Take Points for RIK Gas and Transportation Responsibility

1. Producers generally favor the use of the Facility Measurement Point (FMP) as the take point for the RIK gas. Several producers stated that responsibility for transportation downstream of the FMP belongs to the lessor or purchaser. Producers also said that the rates charged for the use of non-jurisdictional pipelines (pipelines over which the Federal Energy Regulatory Commission (FERC) has no regulatory jurisdiction) should be established through arm's-length negotiation between the producer and the purchaser. Some producers expressed the view that in the future, the Government needs to establish a procedure to accommodate changes in pipeline fees.

2. One producer and owner of non-jurisdictional pipelines defended the right to negotiate a pipeline fee in excess of the amount MMS allows as a deduction when lessees pay royalties in-value. Producers typically do not transport third party gas on their lateral (non-jurisdictional) pipelines, and, if they do, they negotiate rates. The producer expressed the view that the same should apply with RIK gas. The producer wanted to be able to receive a higher rate of return on pipeline investment by charging negotiated arm's-length rates to third-party marketers. The producer added that lessees cannot realize as much return on their pipeline investments on royalty gas which is paid in value as they can in arm's-length situations.

3. However, another producer pointed out that an attempt by producers to charge purchasers high rates for lateral pipelines could be counterproductive. The producer stated that, because of the benefits to be achieved in an RIK environment, a producer would be ''cutting off its nose to spite its face'' if it did not try to negotiate reasonable rates with prospective purchasers. The danger of charging high rates for lateral pipelines would be that MMS may revert to collecting the royalties on an in-value basis. A marketer responded that a lessee may be less inclined to charge reasonable rates if the lessee did not want its gas taken in-kind.

4. Several producers voiced concerns about the possibility of being forced to deliver RIK gas downstream of the FMP. One concern mentioned was the fact that some producers have no experience in moving gas away from the wellhead. But more common concerns revolved around bearing or sharing costs downstream of the FMP. One producer noted that in the design of the current pilot, there are no disputes over ''marketable condition.'' Another producer added that if MMS were to move the take point downstream of the FMP, disputes over transportation and marketable condition would be rekindled. A producer made the point that in addition to above reasons, the lessee would encounter difficulty in taking a monetary transportation deduction in those instances in which in-value payments are not being remitted on the property.

5. The observation was made that the MMS may have difficulty capturing downstream value unless MMS assumes some cost and risk. Such costs could include the provision of capital for the building of lateral lines and expenses related to aggregation of gas production. However, a workshop participant noted that lessors normally do not participate

in production, gathering, or transportation investments.

Purchaser's Viewpoints on Transportation Obligations and Associated Risk

1. In some cases, the purchasers of RIK gas had to make arrangements to transport gas through non-jurisdictional pipelines. Since the RIK gas is taken at or near the lease, the purchasers are responsible for transportation arrangements and costs. Comments revolved around the burdens placed on purchasers by this arrangement.

2. The point was made that most marketers are accustomed to buying large volumes at fixed points. In the case of this pilot, marketers had to get out maps and ''do their homework.'' Rather than deal with the possible transportation uncertainties, one marketer focused on leases in areas where it already had contracts.

3. The issue of negotiating the charges on non-jurisdictional pipelines was a major focus of attention. The strong bargaining position of producers was noted; the observation was made that gas producers have no need to transport gas on non-jurisdictional lines that they do not own. They also do not have to provide transportation for others on their lines. One representative of a marketing company observed that in the collection of royalties in-value, producers take an allowance on royalty payments for producer-owned laterals, and MMS knows the amount of the allowance. However, a third-party purchaser could not base its bid on that rate, because it may not be able to negotiate the same rate with the producer.

4. One marketer offered the idea that possibly MMS could negotiate non-jurisdictional pipeline rates up front and publish them in the Invitation for Bids (IFB, the contract instrument through which MMS competitively selected purchasers for RIK gas). Another marketer observed that a major issue is MMS' willingness to incur overhead costs in order to reduce the risk to the marketer. However, the point was acknowledged that the greater the task undertaken to reduce risk to marketers, the less reduction in administrative costs the MMS can achieve.

5. A commonly expressed view was that MMS could not force producers to charge marketers a rate based on the transportation allowances given for in-value royalty collection. The producers report a non-arm's-length rate, while the rate with marketers would be an arm's-length transaction. A marketer stated that it would be difficult to achieve a revenue neutral RIK program if lessees are allowed to charge more for lateral line transportation than their costs for purposes of non-arm's-length deductions under the in-value collection system.

6. Several gas marketing firms expressed a reluctance to bear either the transportation cost or the transportation risk associated with the purchase of RIK gas. The point was made that the Government's goals should be receipt of fair market value and reduction of risk faced by the purchaser (e.g., year-long risk for fluctuations in transportation charges). One workshop participant noted that it is not the industry norm for marketers to assume transportation risk for one year. Another noted that these are the most onerous contracts in the business and added that, normally, a marketer would avoid entering into long term contracts under conditions in which transportation terms can change during the period covered by the contract. Another marketer noted that in most contracts between marketers and producers, transportation risks are shared.

7. Several gas marketers at the workshop wanted to see the transportation burden shifted onto MMS or the producer. A workshop participant noted that a solution would be to allow the purchaser to net out actual costs to the index point. A marketer advanced the notion that MMS needs to specify that costs from the wellhead to market are the producers' and MMS' responsibility and suggested that MMS should allow credits or refunds. In other words, the purchasers should be allowed to deduct costs.

8. Several participants in the workshops recognized that there would be a downside to allowing the marketers to bid a price that would be net of actual transportation costs. A workshop participant noted that if MMS moved the delivery points downstream, cash reimbursements would be necessary. A deduction would also necessitate an audit function and in some cases, litigation. One workshop participant stated that having auditors in the marketing companies is a ''show stopper.'' Some thought that a better option could be found in a provision in the sales contract for bi-lateral renegotiations in the event of material changes. Another thought that quarterly sealed-bid auctions of RIK gas may be a solution.

9. Other marketers saw the transportation cost and uncertainty in much less critical terms and recommended solutions that would not involve shifting costs and risk. One gas marketer suggested that much of the problem could be alleviated if producers would guarantee access and agree to charges in advance. Another gas marketer suggested that one way to deal with the lateral line issue is to publish a flat rate that MMS would allow for the charges incurred for the use of lateral pipelines, and then let the purchasers negotiate with producers. A marketer participating in the pilot stated that it had no problem negotiating rates for lateral lines when it called the producers. One marketer added that the best solution is to keep the lines of communication open and to negotiate reasonable rates. Another marketer asserted that all the risks involved in buying RIK gas can be managed by marketers in their bids, if they are diligent.

10. Other marketers emphasized that part of the solution to the issue of transportation risk can be found in allowing purchasers greater periods of time in which to prepare bids. The view was expressed that MMS should not focus on wellhead problems; MMS should allow the marketers to deal with these matters as they would for any other wellhead sale. The key is to allow enough time in the bidding process. A marketer noted that allowing more time to respond to bids would reduce the likelihood of bidder mistakes.

The ''Must Take'' Requirement, Gas Balancing and Gas Volume Control

1. The current pilot obligates the purchaser to take 100 percent of the gas made available by the producer at the take point. Marketers and producers have sharply differing perspectives regarding the ''must take'' provision of the RIK gas contract. In general, producers insist that this feature be included in any future pilot and also in the implementation of a permanent program of taking royalties in-kind. Producers attending the workshops pointed out that marketers should prepare their bids with a full understanding of their obligation with respect to the ''must take'' provision of the contract.

2. In commenting on production uncertainty, one marketer noted that the IFB needs to be explicit about the fact that volumes can fluctuate; in fact, volumes can increase as well as decrease, and both situations may cause problems. Shut-ins are also possible. Another marketer observed that in light of production uncertainty, the must-take provision is too burdensome to the purchaser. Marketers must factor into their bids the additional risk associated with the must-take provision. If producers exercise this right with no flexibility, MMS will suffer a revenue

loss as bids are adjusted to reflect the greater volume risk.

3. Specific procedures were suggested to deal with significant variations in production. For example, the lessee could be required to give the purchaser 60 days notice if prospective production increases were to exceed a pre-specified amount for reasons related to reworking of wells or development of new wells. Also a provision could be introduced which would give the contractor the right of first refusal for the increased volumes at the contract price. If refused, the RIK gas would be re-auctioned. Another alternative to address fluctuations would involve the introduction of a ''change of conditions'' clause in the MMS contract with the marketer. The clause would allow for renegotiation of the contract if volumes or other conditions change significantly.

4. A workshop participant noted that a royalty owner naturally will receive a lower value for gas than would a working interest owner because the royalty owner has no control over production. The suggestion was made that MMS enter into Joint Operating Agreements, with balancing arrangements, and act as a working interest owner. The only difference would be that MMS would not incur any operating costs. Someone responded by noting that the idea was not feasible because the lessor has leased away its right to control production and cannot be involved in operations or operating decisions. Also, the lessor cannot leave the royalty share of production in the ground and cannot share in the costs of production.

5. The volume uncertainty faced by the purchasers prompted some to suggest that MMS consider alternative means to warrant volumes of gas in light of the fact that MMS has no control over production. One gas marketer noted that MMS could guarantee volumes if it were to incur the costs of aggregating and storing RIK gas. Even if volumes were not warranted, MMS could reduce risk to the purchaser by bearing some costs of pooling and aggregation.

6. Several producers raised the issue of processing contracts and the impact of losing the one-sixth of production through the taking of RIK gas. Plant Processing Agreements expose the participating lessees to potential penalties and residual liability problems. The penalties and liabilities for producers can arise if, over a period of time, one-sixth of the production stream is diverted and taken as RIK gas. One producer noted that under an involuntary RIK scenario, the loss of control of one-sixth of production could be a significant problem. Several producers stated that their processing problems were relatively minor; one producer indicated that these problems would disappear if greater numbers of producers were paying gas royalties on an in-kind basis. Most plant owners would be forced to adapt processing plant accounting procedures to accommodate the new royalty collection procedures.

7. In some cases, purchasers would need to explore the possibility of participating in existing gas processing arrangements. The processing of RIK gas means that there is a potential increase in bids because a producer would have an added incentive to retain its one-sixth share. But this uplift could be reduced by potential problems encountered by non-lessee bidders in making processing arrangements. This potential difficulty may dissuade prospective purchasers from bidding on RIK gas. However, one marketer expressed the view that entering existing processing arrangements would not be a problem; marketers can probably get access to plants. Someone suggested that the IFB indicate that the gas production stream from the lease is committed to processing. The suggestion was also made that for RIK gas which would otherwise be committed to processing, MMS may want to specify in the IFB a requirement that bidders provide documentation of processing arrangements.

8. One solution offered to deal with existing gas processing arrangements would allow producers the option of buying back their royalty gas at the highest bid price. This option would enable producers to maintain control over six-sixths of the volume. However, a marketer stated that doing so would probably reduce the number of bids. Marketers do not want to go through the effort of researching bids only to have the producers take back the gas.

9. Several workshop participants expressed the view that problems associated with volume uncertainty and control can be rectified by including the necessary information in the IFB and allowing a substantially longer period between the issuance of the IFB and the deadline for bid submission.

Communications Between Lessee and Marketer

1. In major part, the initial communication between the winning bidders (purchasers) and the producers was poor. Few marketers called to inquire about the gas and lateral pipelines needed to transport the gas. Marketers needed to know about gathering systems and charges for laterals. Since producers did not want the marketers to have problems, producers found it was necessary to initiate discussions in order to arrange delivery and lateral transportation. In part, the MMS may have contributed to this lack of communication by failing to include in the IFB (which became the contract), the name of the producer's designated liaison along with the telephone number.

2. One producer made the point that communication will almost certainly be better in future pilots. Marketers will be more alert to their own responsibilities in making appropriate transportation arrangements.

Contract Terms and Sealed-Bid Auction Procedures

1. Questions were asked and suggestions offered concerning additional information which should be included in the IFB. For example, the suggestion was made that the IFB should give meter numbers and exact locations of the FMP or take point. Information on gas flow, Btu content, and non-jurisdictional or lateral pipelines should be included.

2. Questions were posed concerning the absence of meter number information and the designation of the FMP as the ''take point'' for the RIK gas. The MMS representative from the Gulf of Mexico Regional Office explained that the FMP number identifies a measuring station for the facility; it does not change. Meter numbers can change and thus were not used. The view was expressed that future IFB's need to be more explicit concerning gas purchaser's responsibility with respect to transportation. Also, an explicit statement must be included in the IFB indicating the policy with respect to transportation allowances.

3. Some discussion focused on alternative prices which could be used as a basis of bid formulation. One panelist stated that he prefers the use of published price indices, and that MMS should have the applicable producer recommend the index for each lease. Another panelist expressed concern over the volatility of price indices and suggested that MMS consider fixed price contracts, a mix of pricing methods, or the use of different methods for different bids groups. One workshop participant stated that MMS would obtain the highest price if it were able to specify one correct index. The point was made that a sound guide in determining the correct price index is to follow the flow of gas through the appropriate pipeline.

4. A marketer noted that the use of the New York Mercantile Exchange (NYMEX) futures price could be a

problem onshore, because there is volatility of local price indices relative to NYMEX price in some areas. The price indices which appear in Inside FERC, Natural Gas Intelligence, and other publications indicate market value much closer to the lease, but still involve some risk related to upstream transportation costs.

5. Suggestions were offered to deal with situations in which several different price indices can be considered correct. Someone suggested that MMS explicitly offer bidders a choice of price indices, specifying in advance the procedure to be used by MMS in evaluating the differentials between the indices. But this idea was contested by the observation that if MMS offers a choice, people will try to use changes in the differentials to minimize payments to MMS. The creation of a ''basket'' or average index was also suggested for those situations in which several indices may work equally well. However, this suggestion was met with skepticism and the observation that one appropriate index would serve better as a basis bid formulation.

6. Several comments were offered on the size of gas royalty production packages to be offered in future RIK auctions. Several workshop participants observed that if MMS were to offer increased bid volumes (in groups), the packages of RIK gas would be made more attractive and would lower the per-unit risk to the purchaser. This approach could alleviate the volume warranty problem mentioned above. Several workshop participants suggested that the packages offered in future RIK pilots should be at least 2–3 MMcf (million cubic feet) per day, and preferably 5 to 10 MMcf per day. Typical volumes in the Outer Continental Shelf gas spot market range from 5 to 10 MMcf per day. A marketer added that all RIK gas in a package should flow into one price index point.

7. The subject of aggregation prompted some discussion of the alternate bid procedure made available to bidders in the current pilot. The alternate bid procedure allowed bids on self selected aggregations of groups. The bids would have taken the form of an ''across the board'' adjustment to the applicable price indices for the respective groups. Such bids would win the gas in the aggregation if the alternate bid were to exceed the total value of the highest individual bids or next highest alternate bid for any of the groups in the aggregation. The MMS was surprised by the apparent lack of interest in the alternate bid procedure. Marketers explained this lack of interest by noting the variation in lateral pipeline rates and costs over different fields. These differences between gas fields in the Gulf of Mexico dissuaded prospective bidders from applying an ''across the board'' adjustment to indices in the formulation of bids.

8. Marketers expressed an interest in an option that would allow prospective bidders to put together their own aggregations and allow differential bids (adjustments to the applicable index) for gas from different leases. The problem of bid ranking faced by MMS was noted with respect to this option.

9. Some marketers thought the financial qualification criteria for bidders were restrictive for small companies. One marketer observed that perhaps MMS could offer companies the option of providing letters of credit. Of course, this would be an added cost, unless the letter of credit was backed with an interest-bearing cash deposit. The suggestion was also made that the letter of credit need not cover the entire period of the contract. A letter of credit could cover a shorter period during which MMS is actually at risk. Another commenter stated that prior business experience was not necessarily a good indicator of credit worthiness, and that a better option would be to require all bidders to post a bond. Other comments included the suggestion that MMS require an escrow account and the proposal that factors other than prior business experience be used as a criterion in establishing credit worthiness; the assets held by the company would be one such example. One commenter stated that, regardless of the method selected, the requirements should be the same for all bidders.

Views on Future Pilot Expansion and RIK Efforts

1. Some workshop participants suggested MMS form a study group of current pilot participants to design the next pilot or program.

2. Several workshop participants suggested that MMS become more involved in the marketing of the gas. The point was made that because of the potentially large volume of RIK gas, MMS can enhance its revenues by pooling and aggregation. One marketer said the MMS should forget about its aversion to getting into the market place. The MMS has shown the ability to learn concepts and practices; why wouldn't MMS be able to gain expertise in gas marketing? If MMS were to market its gas, it could realize maximum value. Another marketer observed that MMS should learn to market gas, or hire someone to market its gas, if it wants to receive highest value. However, one participant noted that MMS would increase its administrative costs if it were to become more involved in the marketing of in-kind royalty gas.

3. Several producers suggested that future RIK regulations and procedures should be based on the Volunteer Agreement between MMS and participating lessees, as employed in the current pilot.

4. Strong support was voiced for an expanded pilot in the Gulf of Mexico, regardless of results obtained in the current pilot. A larger pilot, incorporating lessons learned from the current pilot would provide needed data.

5. Workshop participants voiced a diversity of opinions concerning the time of year in which to commence a another pilot. However, a consensus seemed to hold the view that a pilot should commence in one of the summer months. The program should be in place when companies are making arrangements for the winter season.

6. Several comments were offered concerning the administrative savings that MMS is likely to realize with RIK procedures. For example, the point was made that a full scale implementation of RIK would be necessary for MMS to realize major administrative savings. Partial implementation would require MMS to maintain an audit, valuation, reporting infrastructure for the royalties being paid in value. Also, full scale implementation would reduce problems created for lessees and operators by having some lessees paying royalties in value and others paying royalties in kind.

7. Support was expressed for an ''evergreen option'' in the awarding of gas marketing contracts. This option would involve a routine renewal of contracts. Such an option would be feasible under Federal contracting procedures if the renewal provision were pre-specified for a fixed number of years.

8. Some discussion focused on complications which may be encountered in expanding the pilot to onshore gas royalties. For example, one workshop participant noted that onshore gathering costs may be a problem because third parties may not have any rights to transport gas upstream of plants. Higher costs may also arise in the San Juan basin, in part, because of the prevalent use of stainless steel pipelines.

9. The possibility of an oil RIK pilot was discussed. Much of the interest in such a pilot seemed to come from those participating in the current oil RIK program. The current oil RIK program is

very unpopular among lessees; many at the workshops suggested that the current oil RIK program be replaced with a program designed along the lines of the current gas RIK pilot. Note was taken of the fact that the latter step could only be taken if the Secretary of the Interior were to make a determination that small refineries in the selected area have access to adequate supplies of crude oil at ''reasonable prices.''

FOR FURTHER INFORMATION CONTACT: Mr. Hugh Hilliard, Minerals Management Service, Mail Stop 4013, 1849 C Street, NW., Washington, DC 20240, telephone number (202) 208–3398; or contact Mr. James McNamee, Minerals Management Service, 12600 West Colfax, Lakewood, Colorado 80215, telephone number (303) 275–7126.

Date: October 25, 1995.

Lucy R. Querques,

Associate Director for Policy and Management Improvement.

[FR Doc. 95–27078 Filed 10–31–95; 8:45 am]

BILLING CODE 4310–MR–P

INTERNATIONAL TRADE COMMISSION

[Investigation No. 337–TA–373]

Certain Low-Power Computer Hard Disk Drive Systems and Products Containing Same; Notice of Commission Determination Not To Review an Initial Determination Terminating the Investigation on the Basis of a Settlement Agreement

AGENCY: U.S. International Trade Commission.

ACTION: Notice.

SUMMARY: Notice is hereby given that the U.S. International Trade Commission has determined not to review the presiding administrative law judge's (ALJ's) initial determination (ID) in the above-captioned investigation terminating the investigation on the basis of a settlement agreement.

FOR FURTHER INFORMATION CONTACT: Tim Yaworski, Esq., Office of the General Counsel, U. S. International Trade Commission, telephone 202–205–3096.

SUPPLEMENTARY INFORMATION: On April 4, 1995, Conner Peripherals, Inc. of San Jose, California filed a complaint with the Commission alleging violation of section 337 of the Tariff Act of 1930 in the importation into the United States, the sale for importation, and the sale within the United States after importation of certain low-power computer hard disk drive systems and products containing same that infringe certain claims of a U.S. patent owned by complainant.

The Commission instituted an investigation of the complaint, and published a notice of investigation in the Federal Register on May 10, 1995. 60 FR 24885. The notice named International Business Machines Corporation of Armonk, New York as respondent.

On September 8, 1995, complainant and respondent filed a joint motion to terminate the investigation on the basis of a settlement agreement. The joint motion was supported by the Commission investigative attorney. On October 10, 1995, the presiding ALJ issued an ID (Order No. 9) granting the joint motion to terminate the investigation on the basis of the settlement agreement. No petitions for review of the ID were received.

This action is taken under the authority of section 337 of the Tariff Act of 1930, 19 U.S.C. § 1337, and Commission rule 210.42, 19 C.F.R. 210.42.

Copies of the ALJ's ID, and all other nonconfidential documents filed in connection with this investigation, are or will be available for inspection during official business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary, U.S. International Trade Commission, 500 E Street, S.W., Washington, D.C. 20436, telephone 202–205–2000. Hearing-impaired persons are advised that information on this matter can be obtained by contacting the Commission's TDD terminal on 202–205–1810.

By order of the Commission.

Issued: October 25, 1995.

Donna R. Koehnke,

Secretary.

[FR Doc. 95–27080 Filed 10–31–95; 8:45 am]

BILLING CODE 7020–02–P

[Inv. No. 731–TA–724 (Final)]

In the Matter of: Manganese Metal From the People's Republic of China; Notice of Commission Determination To Conduct a Portion of the Hearing in Camera

AGENCY: U.S. International Trade Commission.

ACTION: Closure of a portion of a Commission hearing to the public.

SUMMARY: Upon request of petitioners Elkem Metals Co. and Kerr-McGee Chemical Corp. in the above-captioned final investigation, the Commission has unanimously determined to conduct a portion of its hearing scheduled for November 1, 1995, *in camera. See* Commission rules 207.23(d), 201.13(m) and 201.35(b)(3) (19 CFR §§ 207.23(d), 201.13(m) and 201.35(b)(3)). The remainder of the hearing will be open to the public. The Commission unanimously has determined that the seven-day advance notice of the change to a meeting was not possible. *See* Commission rule 201.35 (a), (c)(1) (19 CFR § 201.35 (a), (c)(1)).

FOR FURTHER INFORMATION CONTACT: Marc A. Bernstein, Office of General Counsel, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20436, telephone 202–205–3087. Hearing-impaired individuals are advised that information on this matter may be obtained by contacting the Commission's TDD terminal on 202–205–1810.

SUPPLEMENTARY INFORMATION: The Commission believes that petitioners have justified the need for a closed session, but only with respect to discussion of information concerning the domestic industry. A full discussion of competition in the industry and the domestic industry's financial condition can only occur if a portion of the hearing is held *in camera.* Because certain information is not publicly available, any discussion of issues relating to this information will necessitate disclosure of business proprietary information (BPI). Thus, such discussions can only occur if a portion of the hearing is held *in camera.* In making this decision, the Commission nevertheless reaffirms its belief that whenever possible its business should be conducted in public.

The hearing will include the usual public presentations by petitioners and by respondents, with questions from the Commission. In addition, the hearing will include an *in camera* session for a presentation by petitioners that discusses BPI and for questions from the Commission relating to the BPI, followed by a similar *in camera* presentation by respondents. For any *in camera* session the room will be cleared of all persons except those who have been granted access to BPI under a Commission administrative protective order (APO) and are included on the Commission's APO service list in this investigation. *See* 19 CFR § 201.35(b)(1), (2). The time for the parties' presentations and rebuttals in the *in camera* session will be taken from their respective overall allotments for the hearing. All persons planning to attend the *in camera* portions of the hearing should be prepared to present proper identification.

Authority: The General Counsel has certified, pursuant to Commission Rule