which a transportation allowance is reported on Form MMS–2014. A Form MMS–4402 received by the end of the month that Form MMS–2014 is due shall be considered timely received.

- (ii) The Form MMS-4402 shall be effective for a reporting period beginning the month that the lessee is first authorized to deduct a transportation allowance and shall continue until the end of the calendar year.
- (iii) After the Form MMS-4402 reporting period, the lessee must file a page one and all supporting schedules of Form MMS-4293 for the actual transportation allowance calculated for the reporting period. The Form MMS-4293 is due within 3 months after the end of the reporting period, unless MMS approves a longer period.
- (iv) Non-arm's-length contract or nocontract-based transportation allowances that are in effect at the time these regulations become effective shall be allowed to continue until such allowances terminate. For purposes of this section, only those allowances that have been approved by MMS in writing shall qualify as being in effect at the time these regulations become effective.
- (v) Upon request by MMS, the lessee must submit all data used to prepare its Form MMS–4293. The lessee must provide requested data within a reasonable period of time, as determined by MMS.
- (vi) MMS may establish, in appropriate circumstances, reporting requirements that are different from the requirements of this section.

- (vii) If the lessee is authorized to use its Federal or State agency-approved rate as its transportation cost in accordance with paragraph (b)(3) of this section, it shall follow the reporting requirements of paragraph (c)(1) of this section.
- (5) A lessee is required to file a new Form MMS-4293 if adjustments are made to actual non-arm's-length transportation allowances on Form MMS-2014.
- (d) Interest charges and assessments for incorrect or late reports and failure to report. MMS shall levy assessments and interest charges in accordance with the table below. MMS will determine interest rates in accordance with 30 CFR 218.202.

If a lessee * * *	The assessment is * * *	Plus interest calculated * * *
Files an inaccurate or Late Form MMS-4402	\$10 per allowance line required on Form MMS–4402.	
Deducts a transportation allowance on Form MMS-2014 without complying with requirements for actual cost reporting on Form MMS-4293.	An amount equal to 10 percent of the total allowance amount deducted on Forms MMS-2014 during the year.	4293 was due until the date that
Takes a transportation allowance on Form MMS-2014 by improperly netting the allowance against the sales value of the coal instead of reporting the allowance as a separate line item on Form MMS-2014 as required by paragraph (c)(4) of this section.	the total allowance amount net-	From the end of the month in which Form MMS–2014 containing the netted allowance was submitted to the date MMS discovers the netted amount.
Erroneously reports a transportation allowance that results in an underpayment of royalties.		On the amount of the underpayment.

[FR Doc. 95–19296 Filed 8–4–95; 8:45 am] BILLING CODE 4310–MR-P

## 30 CFR Part 206

## RIN 1010-AB94

Revision of Valuation Regulations Governing Oil and Gas Transportation and Processing Allowances

**AGENCY:** Minerals Management Service, Interior.

**ACTION:** Proposed rulemaking.

**SUMMARY:** The Minerals Management Service (MMS) proposes to amend its Royalty Management Program (RMP) valuation regulations governing oil and gas transportation and processing allowances regarding the timely filing of required forms.

**DATES:** Comments must be submitted on or before October 6, 1995.

ADDRESSES: Written comments regarding the proposed rule should be mailed or delivered to: Minerals Management Service, Royalty Management Program, Rules and Procedures Staff, Denver Federal Center, Building 85, P.O. Box 25165, Mail Stop 3101, Denver, Colorado, 80225–0165.

FOR FURTHER INFORMATION CONTACT: David Guzy, Chief, Rules and Procedures Staff, Telephone (303) 231–3432, Fax (303) 231–3194.

**SUPPLEMENTARY INFORMATION:** The principal author of this proposed rulemaking is Janet Chichester, Compliance Verification Division, MMS, RMP.

## I. Background

On January 15, 1988, MMS published a final rule in the Federal Register amending and clarifying regulations governing the valuation of oil and gas for royalty computation purposes (53 FR 1184). The rulemaking provided comprehensive procedures for valuation of minerals produced from Federal and Indian lands including regulations governing certain allowances considered in calculating and reporting royalties. The regulations provided for transportation allowances for oil (30 CFR §§ 206.104 and 206.105); transportation allowances for gas (30 CFR §§ 206.156 and 206.157); and processing allowances for gas (30 CFR §§ 206.158 and 206.159).

The rulemaking distinctly changed the historical administrative practice of MMS and its predecessor agency, the U.S. Geological Survey, regarding allowances. Prior to the 1988 rule, MMS required royalty payors to obtain the agency's written approval before taking an allowance deduction in reporting and paying royalties. With the new rule, MMS adopted a self-implementing concept for allowances. Instead of requiring agency preapproval, the regulations provided for the royalty payor to file timely certain required forms as a condition for the taking of an allowance on the Report of Sales and Royalty Remittance (Form MMS-2014).

The allowance forms filing requirements of the current oil and gas valuation regulations provide for an annual cycle for providing information to MMS. Before the beginning of each calendar year, or during the year but before the taking of an allowance on the Form MMS–2014, payors must submit the required form for any oil transportation, gas transportation, or gas processing allowances that they expect to take during the year. The forms ask for information sufficient to identify the payor, the lease/revenue source/product