

substantial direct compliance costs on Indian tribal governments

15. Clarity of This Regulation

Executive Order 12866 requires each agency to write regulations that are easy to understand. We invite your comments on how to make this rule easier to understand, including answers to questions such as the following: (1) Are the requirements in the rule clearly stated? (2) Does the rule contain technical language or jargon that interferes with its clarity? (3) Does the format of the 56 rule (grouping and order of sections, use of headings, paragraphing, etc.) aid or reduce its clarity? (4) Would the rule be easier to understand if it were divided into more (but shorter) sections? (A "section" appears in bold type and is preceded by the symbol "\$" and a numbered heading; for example, § 204.200 What is the purpose of this part?) (5) Is the description of the rule in the SUPPLEMENTARY INFORMATION section of the preamble helpful in understanding the proposed rule? What else could we do to make the rule easier to understand?

Send a copy of any comments that concern how we could make this rule easier to understand to: Office of Regulatory Affairs, Department of the Interior, Room 7229, 1849 C Street NW., Washington, DC 20240. You may also e-mail the comments to this address: Exsec@ios.doi.gov.

List of Subjects in 30 CFR Parts 206 and 210

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

Dated: June 23, 2003.

Rebecca W. Watson,

Assistant Secretary for Land and Minerals Management.

For the reasons set forth in the preamble, subpart C of part 206 and subpart B of part 210 of title 30 of the Code of Federal Regulations are amended as follows:

1. The authority for part 206 continues to read as follows:

Authority: 5 U.S.C. 301 *et seq.*; 25 U.S.C. 396, 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 *et seq.*, 1331 *et seq.*, and 1801 *et seq.*

2. Section 206.101 is amended as follows:

A. In the definition of "affiliate" in paragraph (2), the words "between 10 and 50 percent" are removed and the

words "10 through 50 percent" are added in their place.

B. The definition of "index pricing" is removed.

C. The definition of "index pricing point" is removed.

D. The definition of "MMS-approved publication" is revised.

E. A new definition of "NYMEX price" is added in alphabetical order.

F. A new definition of "prompt month" is added in alphabetical order.

G. A new definition of "roll" is added in alphabetical order.

H. The definition of "spot price" is removed.

I. The definition of "trading month" is revised.

J. A new definition of "WTI differential" is added in alphabetical order.

The additions and revisions to § 206.101 read as follows:

§ 206.101. What definitions apply to this subpart?

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MMS-approved publication means a publication MMS approves for determining WTI differentials.

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NYMEX price means the average of the New York Mercantile Exchange (NYMEX) settle prices for light sweet crude oil delivered at Cushing, Oklahoma, calculated as follows:

(1) Sum the prices published for each day during the calendar month of production (excluding weekends and holidays) for oil to be delivered in the prompt month corresponding to each such day; and

(2) Divide the sum by the number of days on which those prices are published (excluding weekends and holidays).

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Prompt month means the nearest month of delivery for which NYMEX futures prices are published during the trading month.

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Roll means an adjustment to the NYMEX price that is calculated as follows:

Roll = .6667 × (P₀ − P₁) + .3333 × (P₀ − P₂),

where: P₀ = the average of the daily NYMEX settlement prices for deliveries during the prompt month that is the same as the month of production, as published for each day during the trading month for which the month of production is the prompt month; P₁ = the average of the daily NYMEX settlement prices for deliveries during the month following the month of production, published for each day

during the trading month for which the month of production is the prompt month; and P₂ = the average of the daily NYMEX settlement prices for deliveries during the second month following the month of production, as published for each day during the trading month for which the month of production is the prompt month. Calculate the average of the daily NYMEX settlement prices using only the days on which such prices are published (excluding weekends and holidays).

(1) *Example 1—Falling Market:* The month of production for which you must determine royalty value is March. March was the prompt month (for year 2003) from January 22 through February 20. April is the first month following the month of production, and May is the second month following the month of production. P₀ therefore is the average of the daily NYMEX settlement prices for deliveries during March published for each business day between January 22 and February 20. P₁ is the average of the daily NYMEX settlement prices for deliveries during April published for each business day between January 22 and February 20. P₂ is the average of the daily NYMEX settlement prices for deliveries during May published for each business day between January 22 and February 20. In this example, assume that P₀ = \$28.00 per bbl, P₁ = \$27.70 per bbl, and P₂ = \$27.10 per bbl. In this example (a declining market), Roll = .6667 − (\$28.00 − \$27.70) + .3333 − (\$28.00 − 27.10) = \$.20 + \$.30 = \$.50. You add this number to the NYMEX price.

(2) *Example 2—Rising Market:* The month of production for which you must determine royalty value is July. July 2003 is the prompt month from May 21 through June 20. August is the first month following the month of production, and September is the second month following the month of production. P₀ therefore is the average of the daily NYMEX settlement prices for deliveries during July published for each business day between May 21 and June 20. P₁ is the average of the daily NYMEX settlement prices for deliveries during August published for each business day between May 21 and June 20. P₂ is the average of the daily NYMEX settlement prices for deliveries during September published for each business day between May 21 and June 20. In this example, assume that P₀ = \$28.00 per bbl, P₁ = \$28.90 per bbl, and P₂ = \$29.50 per bbl. In this example (a rising market), Roll = .6667 × (\$28.00 − \$28.90) + .3333 × (\$28.00 − \$29.50) = (− \$.60) + (− \$.50) = − \$1.10. You add this negative number to the NYMEX