

the NYMEX price between those two points.

(2) You may use the differential you propose until MMS prescribes a different differential.

(3) If MMS prescribes a different differential, you must apply MMS' differential to all periods for which you used your proposed differential. You must pay any additional royalties owed resulting from using MMS' differential plus late payment interest from the original royalty due date, or you may report a credit for any overpaid royalties plus interest under 30 U.S.C. 1721(h).

(d)(1) If you adjust for location and quality differentials or for transportation costs under paragraphs (a), (b), or (c) of this section, also adjust the NYMEX price for quality based on premia or penalties determined by pipeline quality bank specifications at intermediate commingling points or at the market center if those points are downstream of the royalty measurement point approved by MMS or BLM, as applicable. Make this adjustment only if and to the extent that such adjustments were not already included in the location and quality differentials determined from your arm's-length exchange agreements.

(2) If the quality of your oil as adjusted is still different from the quality of the representative crude oil at the market center after making the quality adjustments described in paragraphs (a), (b), (c), and (d)(1) of this section, you may make further gravity adjustments using posted price gravity tables. If quality bank adjustments do not incorporate or provide for adjustments for sulfur content, you may make sulfur adjustments, based on the quality of the representative crude oil at the market center, of 2.5 cents per one-tenth percent difference in sulfur content, unless MMS approves a higher adjustment.

10. Section 206.118 is deleted.

11. In § 206.119, the first sentence of paragraph (c) is removed.

12. Section 206.121, the section heading and the first sentence are revised to read as follows:

§ 206.121. Is there any grace period for reporting and paying royalties?

You may adjust royalties reported and paid for the three production months beginning June 1, 2000, without liability for late payment interest if those adjustments are reported before [THE DATE THAT IS 90 DAYS AFTER THE PUBLICATION OF THE FINAL RULE IN THE **Federal Register**].

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PART 210—FORMS AND REPORTS

Subpart B—Oil, Gas, and Sulphur—General

13. The authority for part 210 is revised to read as follows:

Authority: 5 U.S.C. 301 *et seq.*; 25 U.S.C. 396, 396d, 2107; 30 U.S.C. 189, 190, 359, 1023, 1751(a); 31 U.S.C. 3716, 9701; 43 U.S.C. 1334, 1801 *et seq.*; and 44 U.S.C. 2506(a).

14. In § 210.53, a new paragraph (c) is added to read as follows:

§ 210.53. Reporting instructions.

* * * * *

(c) This paragraph applies if an operator under a joint operating agreement is also a designee and reports and pays royalty on behalf of one or more working interest owners from whom the operator buys production. On the Form MMS-2014, the operator must report the following information on separate lines:

(1) The share of the production the operator purchased from each working interest owner and the associated royalty payment; and

(2) The operator's own share of production and the associated royalty payment.

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DEPARTMENT OF DEFENSE

Department of the Army, Corps of Engineers

33 CFR Part 326

RIN 0710-AA54

Civil Monetary Penalty Inflation Adjustment Rule

AGENCY: U.S. Army Corps of Engineers, DoD.

ACTION: Proposed rule.

SUMMARY: The U.S. Army Corps of Engineers (Corps) is proposing to amend its regulations to adjust its Class I civil penalties under the Clean Water Act and the National Fishing Enhancement Act. The adjustment of civil penalties to account for inflation is required by the Federal Civil Penalties Inflation Adjustment Act of 1990, as amended. Since we have not made any adjustments to our Class I civil penalties to account for inflation since 1989, we are proposing to make the initial 10 percent increase under this Act. The proposed adjusted Class I civil penalty under the Clean Water Act will not exceed \$11,000 per violation, with a

maximum civil penalty amount of \$27,500. Under the National Fishing Enhancement Act, the proposed adjusted Class I civil penalty will not exceed \$11,000 per violation. Increasing the maximum amounts of the Class I civil penalties to account for inflation will maintain the deterrent effects of those penalties.

DATES: Submit comments on or before October 6, 2003.

ADDRESSES: You may submit comments electronically, by mail, or through hand delivery or courier. Send electronic comments via e-mail to cecwor@usace.army.mil. Electronic comments should be submitted in ASCII format, to ensure that those comments can be read. Please avoid the use of special characters or encryption when providing electronic comments. Mail comments to HQUSACE, ATTN: CECW-OR, 441 "G" Street, NW., Washington, DC 20314-1000.

FOR FURTHER INFORMATION CONTACT: Mr. David Olson at 202-761-4598 or access the U.S. Army Corps of Engineers Regulatory Home Page at <http://www.usace.army.mil/inet/functions/cw/cecwo/reg/>.

SUPPLEMENTARY INFORMATION:

Background

On December 8, 1989, (54 FR 50709) the Corps issued final regulations at 33 CFR 326.6 for procedures for the initiation and administration of Class I administrative penalty orders under section 309(g) of the Clean Water Act and section 205(e) of the National Fishing Enhancement Act. Under section 309(g) of the Clean Water Act, Class I civil penalties can be assessed for violations of the conditions and limitations of permits issued under section 404 of the Clean Water Act. Under section 205(e) of the National Fishing Enhancement Act, Class I civil penalties can be assessed for violations of permits issued section 10 of the Rivers and Harbors Act of 1899 and/or section 404 of the Clean Water Act for the construction and management of artificial reefs. Our current regulations at 33 CFR 326.6(a)(1) reflect the Class I civil penalty amounts stated in those statutes.

As stated in 33 CFR 326.6(a)(1), Class I civil penalties under section 309(g)(2)(A) of the Clean Water Act cannot exceed \$10,000 per violation, with a maximum Class I civil penalty of \$25,000. In that subsection, the Class I civil penalty for a violation of a permit issued in accordance with section 205 of the National Fishing Enhancement Act cannot exceed \$10,000 for each violation.