

Minerals Management Service**Royalty-in-Kind (RIK) Program**

AGENCY: Minerals Management Service, Interior.

ACTION: Amendment to notice of sale offering of royalty oil available from onshore leases.

SUMMARY: The Minerals Management Service (MMS) published a Notice of Sale Offering of Royalty Oil Available from Federal Onshore Leases in the **Federal Register** on December 8, 1986 (51 FR 44128). The MMS is hereby amending the Notice of Sale Offering as it pertains to the definition of "preference eligible applicants" for royalty oil allocation purposes at the sale, to be conducted on January 30, 1987.

DATE: Eligible applicants who want to be considered for preference eligibility must submit written requests by January 16, 1987, to the address shown below. Requests received after that date will not be considered.

ADDRESS: Written requests should be submitted to the Minerals Management Service, Payor Accounting Branch, MS 652, P.O. Box 5760, Denver, Colorado 80217.

FOR FURTHER INFORMATION CONTACT: Jim McNamee, Chief, Royalty-In-Kind Section, at the above address, (303) 231-3605.

SUPPLEMENTARY INFORMATION:**Sale Procedures**

In addition to granting preference eligibility to eligible applicants with refineries located within the States of Colorado, Montana, North Dakota, Utah, and Wyoming in the selection of royalty oil at the sale as set forth in the December 8, 1986, Notice, MMS may also grant preference eligibility to refineries that operate refineries in areas proximate to the borders of these States. However, such a refiner must otherwise be an "eligible refiner" as that term is

defined in the previous notice and must refine crude oil produced from the above States. The purpose of this amendment is to avoid excluding from the preference eligible class those eligible refineries with refineries within only a few miles of these States' borders who participate in markets within these States.

Refiners who wish to be granted preference eligibility based on the above criteria must submit a written request together with data to substantiate their request. This data is in addition to that required on the "Application for the Purchase of Royalty Oil" (Form MMS-4070), and must at a minimum include the refinery's exact location, and its crude oil acquisition history for the last 12 calendar months. The request must be received by MMS by January 16, 1987, at the above address in order to be considered. The MMS will make final determinations concerning requests for consideration of preference eligibility by January 23, 1987. Preference eligibility will not be granted to otherwise eligible refineries located outside the borders of the above States that do not submit a written request and provide adequate substantiation.

Refiners who are granted preference eligibility in this sale (Sale 87-1) will not be granted preference eligibility in subsequent sales held for other regions prior to May 1, 1989. However, this provision may be waived if a refiner operates a refinery in the region specified in the subsequent sale other than the refinery used to obtain preference eligibility in this sale.

Dated: December 24, 1986.

David Crow,
"Acting" Director, Minerals Management Service.

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