

**Royalty-in-Kind (RIK)**

**Determination of Need**

**Analysis Paper**

**April 1, 1999**

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ARD/RMP/MMS**

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## Background

- This determination of need analysis implements one of the recommendations made in a December 1997 study entitled, "Phase II Report, Eligible Refiner Oil RIK Program." The report concluded that a "proactive, structured, and documented methodology" should be used to conduct future royalty-in-kind (RIK) determinations of need.
- Prior to this structured approach, past efforts to discern market trends and the status of small refiners were, in large part, fragmented and sporadic. We felt that a more structured approach would give the Minerals Management Service (MMS) a blueprint for conducting a methodical, empirical, and reasonable determination concerning program status. The key word here is "empirical"—a decision based not on scientific formula or precise market trend forecasting, but one based on an effort to consult with representatives of the refining community as well other Government agencies (like the Department of Defense (DOD) and the Department of Energy (DOE)) to ensure that additional perspective and national interest considerations were introduced to the process.

## Methodology

- In accordance with the December 1997 recommendation to the Director, MMS, we completed the following steps in anticipation of making an "informed" decision regarding the status of the RIK program. Inasmuch as this was our first attempt to assess refiner status using a structured approach, we took extra measure to ensure that this effort was widely advertised and done in the most objective, fair manner possible
  - ◆ We issued a Federal Register Notice (attachment 1) on December 9, 1998, inviting all interested parties, especially small and/or independent refiners, to provide written comments regarding their experiences in the crude oil marketplace. Specifically, we were interested in small and/or independent refiners' experiences in gaining access to adequate supplies of crude oil at equitable prices. We asked that respondents provide written feedback on or before January 25, 1999, to 13 questions designed to help us evaluate the need for conducting another RIK sale(s).
  - ◆ To ensure widespread distribution of our solicitation for comments, we also did a mass mailing of the solicitation (attachment 2) to 264 companies based on past and present company listings for RIK participants. We also relied on DOE data on operating refineries and DOD data on refineries supplying jet fuel and other refined products to military and Federal installations. Further, a formal agency News Release dated December 10, 1998 (attachment 3), was prepared and included in various trade publications like the *Oil and Gas Journal*. We also solicited comments from the Western States Land Commissioners' Association and the Western Governors Association.

- ◆ We consulted with DOE, DOD, and the Small Business Administration (SBA) to discern any national interest or national defense considerations in accordance with regulatory requirement (see attachment 4—30 CFR 208.4(a)). More specifically, we interfaced with the following offices for the reasons noted:
  - ◆ DOE: the Energy Information Administration (EIA) for purposes of discerning near and long term market forecasts for the petroleum industry,
  - ◆ DOD: the Defense Logistics Agency, Defense Energy Support Center (DESC), for purposes of confirming current program refiners' participation in the military jet fuel pipeline and estimating small refiners' overall impact on the military fuel program; and
  - ◆ SBA: the Office of Advocacy to coordinate SBA feedback and help determine whether RIK program objectives were consistent with SBA goals related to small/minority business development.

## Criteria

- In terms of the criteria used to analyze the comments and feedback received, we essentially adhered to the fundamental criteria found at 30 CFR 208.4(a), which provides that “ The evaluation will include (emphasis added), among other things, the availability of crude oil and the crude oil requirements of the Federal Government, primarily those requirements concerning matters of national interest and defense. The Secretary will review these items and will determine whether eligible refiners have access to adequate supplies of crude oil and whether such oil is available to eligible refiners at equitable prices...” We expanded the “availability criterion,” however, to include consideration of market trends or forecasts that may tend to alter the supply/demand landscape for small, independent refiners
- Again, without making any claims of doing a scientific analysis based on statistical inference, we relied on “empirical data”—i.e., survey feedback combined with input from other government agencies having a stake in the national interest—to analyze eligible refiner status and marketplace conditions
- We analyzed survey feedback in terms of the extent to which respondents indicated their status with regard to **three fundamental criteria**
  - ◆ **access to the crude oil marketplace (now and in the future);**
  - ◆ **ability to obtain necessary crude oil supplies at equitable prices; and**
  - ◆ **national interest considerations.**

## Demographics

- A total of 23 companies responded to our Federal Register solicitation (attachment 5). We catalogued the attributes, or demographics, of the respondent universe (attachment 6) with the goal of distilling the feedback into manageable bits of information for purposes of doing the determination of need analysis. (These demographics can also be used at a future date to assess the propriety of doing one or more regional RIK sales.)

- No major oil and gas producer responded to either our Federal Register information collection request or the mass mailing of the solicitation.
- Some of the more compelling demographics, especially those related to the three fundamental criteria above, are highlighted in the ensuing sections.

### Access to the Market

22 of 23 respondents (96%) have either been denied access to the crude oil marketplace in recent months or have concerns about future access due to market trends.

- According to DOE/EIA, the current world market for oil is in a state of "oversupply and weak prices."<sup>1</sup> a condition attributable to these factors:
  - the return of Iraq to oil markets in January 1997, without OPEC or other producers reducing their production to make room for the extra supply;
  - Asia's economic collapse and related reduction in demand (Asia had been the region of largest petroleum consumption growth);
  - two consecutive warm winters worldwide; and
  - non-OPEC and other OPEC supply growth on top of Iraq.
- Impacts of the large oversupply (or "stock overhang") include
  - a reduction in operating oil rigs; and
  - declining domestic exploration and production expenditures.<sup>2</sup>
- DOE/EIA concludes that "...oil prices are not likely to return to the \$17-\$21 range until the end of the year 2000 or 2001. This is good news for consumers and the general economy. The downside is that imports will likely rise as the domestic oil industry reduces costs, increases productivity, or contracts, with accompanying regional economic impacts, including job losses, business losses, and reduced severance tax revenues."<sup>3</sup>

<sup>1</sup> See "Statement of Jay Hakes, Administrator, Energy Information Administration, Department of Energy, Before the Energy and Natural Resources Committee, U.S. Senate, January 28, 1999," pg. 4

<sup>2</sup> Ibid., pp. 4-5

<sup>3</sup> Ibid., pg. 5

- While we acknowledge developments in the global petroleum market have resulted in a recent upward trend in the price of crude oil and related consumer products, it is unclear what the ultimate impact on prices and supplies will be. Since such developments can be either short lived or of a more permanent nature, it's speculative to assume the outcome will mitigate refiner concerns about limited market access

Survey respondents and DOE/EIA have a similar view of the petroleum market landscape. The respondents say prevailing market conditions limit the extent of their access to needed oil supplies.

- DOE/EIA forecasts appear to reflect a trend similar to that identified by the respondents. Both DOE/EIA and many of the respondents see the market as being generally characterized by an overabundance of oil, low prices, domestic production cutbacks, increased reliance on foreign imports, etc. Each also considers that this trend may persist for quite some time
- Based on the feedback we received, several small refiners argue that the current abundance of world oil has depressed prices to the point where domestic producers have curtailed drilling operations and shut in production in some areas, making it difficult for them to negotiate anything but short term contracts.<sup>4</sup> The use of "spot" markets generally requires the payment of a premium amount per barrel, further eroding the small refiners' operating margins and making it exceedingly difficult to stay in business.<sup>5</sup> One respondent also notes that, while there may be a glut of world oil, relying on foreign crude sources can be particularly challenging for small refiners who generally lack the logistical capability to effectively compete for crude oil imports.<sup>6</sup>
- One respondent argues that "independent producers" suffer from the mergers between major oil companies.<sup>7</sup> Not only do they lose potential sales when competing with the huge conglomerates, but they feel the supply pinch more greatly during times of low oil prices. When independent producers suffer, so

<sup>4</sup> One respondent further suggests that when supplies are tight, small refiners are exposed to shortages because of their secondary (or non-affiliated) relationship with the major producers.

<sup>5</sup> One respondent, a current RIK program participant, contends that "...The small refiners have a thin profit margin, and a few months of uneconomical crude oil supplies, or no supply at all, could ruin our business."

<sup>6</sup> See one respondent's February 8, 1999, letter, pg. 3.

<sup>7</sup> See one respondent's January 25, 1999, letter, pg. 5.

do small refiners who frequently rely on them for desired onshore production. DOE/EIA validates this observation by saying that "... As exploration and development slow, U.S. onshore areas see the effects first..." and "... Since independent producers represent the majority of onshore production they are likely to bear a larger portion of the U.S. production decline than the major oil companies."<sup>8</sup>

- One respondent also suggests that deregulation in the form of lifting of the Alaska North Slope (ANS) crude export ban has made it difficult getting stable supplies of desirable ANS oil which is being sold to more lucrative Far East markets.<sup>9</sup>

### Availability of Oil at Equitable Prices

10 of 23 respondents (43%) generally must pay a bonus or premium over published prices for crude oil needed for refinery operations.

- Given that market trends may not be reversed until early in the new millennium, several small, independent refiners expect to continue to pay premium prices into the foreseeable future
- Even those respondents claiming to only pay market prices have expressed some concern that they, too, may soon be subjected to inflated prices in the face of domestic supply cutbacks.<sup>10</sup>
- It's important to also note, in the context of price equity, that recipients of royalty oil (like the five current RIK program participants) greatly benefit from the opportunity to "exchange" that oil for the feed stock needed to sustain their mix of refined products.<sup>11</sup> Absent the availability of royalty oil to use as trade stock, prices can be much higher during times of restricted pipeline access.

<sup>8</sup> EIA Administrator testimony to the U.S. Senate, January 28, 1999, pg. 5.

<sup>9</sup> One respondent contends that "... The lifting of the ban on ANS crude exports by Congress in 1995 has resulted in an estimated 50,000 barrels per day being sold to the Far East. ... causing the company ... to rely on the uncertainties of the spot market. ..." See respondent's February 8, 1999, letter, pg. 2.

<sup>10</sup> Two respondents may not be paying bonus prices currently, but their remarks strongly infer that restricted access to the market, occasioned by the trend towards mergers and sharp decreases in production, could dramatically increase their raw material expenditures in the near future.

<sup>11</sup> All five current program participants stress the importance of having Federal royalty oil to trade for crude oil needed to sustain their mix of refined products.

## National Interest Considerations

14 out of 23 respondents (61%) provide jet fuel and other refined products to the U.S. military or other Federal installations. 4 out of 23 (17%) provide refined products to States, cities, counties, and local municipalities.

- DOD's contracting office for bulk fuels, the Defense Energy Support Center (DESC), says that small business accounts for about 20% of total annual domestic procurements involving military jet fuel (JP-5, JP-8) and light distillate for Naval ship propulsion.<sup>12</sup>
- DESC advises that it actively encourages small refiners to participate in the military jet fuel pipeline through its "partial set aside program." Under this program, small refiners within specific geographic locations can negotiate set aside contracts (at competitively bid prices) for partial volumes of jet fuel or distillate earmarked for designated military facilities. The program is beneficial because it a) supports the strategic objective of achieving diversity in supplies and locations, and b) promotes small and/or minority business development.<sup>13</sup>
- While it's debatable that our military readiness would be hampered by discontinuance of the RIK program, DESC readily admits that past and present RIK program refiners have played, and continue to play, prominent roles in the jet fuel supply pipeline for DOD. DESC recommends that this fact should be given appropriate consideration before any final decision is made regarding the future of the program.<sup>14</sup>
- DESC supports the current program refiners' position that RIK oil offers the U.S. Government diversity in suppliers and locations, and cautioned they would not like to see any RIK refinery default on its contractual obligations due to inadequate oil supplies. Three current RIK program participants have active contracts with DESC for the provision of jet fuel and distillate.<sup>15</sup> Each of these program participants has received volumes awarded under DESC's partial set

<sup>12</sup> See telephone conversation of February 10, 1999, between Tom Brozovich (RMP) and Chief, Contracting Division for Bulk Fuels, DESC.

<sup>13</sup> See telephone conversation of March 25, 1999, between Tom Brozovich (RMP) and DESC.

<sup>14</sup> See telephone conversation of December 3, 1998, between Tom Brozovich (RMP) and DESC.

<sup>15</sup> Ibid.

aside program.<sup>16</sup>

- Attachment 6 contains specific information regarding some of the military/Federal installations receiving refined products from survey respondents
- = While only four respondents claim to provide refined products to States and other local government agencies, the scope of what they provide is described below
  - One respondent claims to provide asphalt for road construction and maintenance in the States of Washington and Oregon, supplying about 40% of all asphalt used in Washington. The respondent further states that 70% of the asphalt supplied to Washington is used to support Federal and State funded projects
  - One respondent states it is a major supplier of asphalt for State road construction and maintenance programs in the States of California, Arizona, and Nevada. The company also claims to be the largest supplier of asphalt roofing products in California.
  - One respondent advises it produces motor gasoline and distillates which are marketed in 19 cities in 7 Southeastern States
  - One respondent states it supplies asphalt to cities, counties, and States for road construction and maintenance programs, providing about 35% of Northern California and Northern Nevada demand for paving asphalt, and about 25% of Southern California demand

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<sup>16</sup> See telephone conversation of March 25, 1999, between Tom Brozovich (RMP) and DESC

The Small Business Administration's (SBA) Office of Advocacy believes that the RIK program is beneficial for maintaining a competitive marketplace, and strongly encourages MMS to "reopen the process" (reference to a new sale of royalty oil) to allow for re-entry by old players and access by other small businesses.

- While the SBA's Office of Advocacy is not authorized to speak on behalf of the SBA, it nevertheless provided some unofficial comments and conclusions based on a review done by its special Office of Economic Research; input obtained from industry through conference calls and an industry roundtable meeting; and inquiries to minority groups
- The Office of Advocacy's salient comments include
  - ◆ " continuation of the program is necessary to maintain a competitive marketplace and maintain reasonable oil prices for the industry and the national economy "<sup>17</sup>
  - ◆ "... members of industry that spoke with Advocacy asserted that since the RIK contracts are for a 3-year period rather than the customary 45 to 90 day contracts offered by the major oil companies, the RIK program offers small businesses a type of security "<sup>18</sup>
  - ◆ Some of the refining companies contacted said that decline in RIK program participation has been due to program inefficiencies, price uncertainty, and the potential for retroactive price adjustments, not because of lack of interest in the program. Under MMS' new policies (a reference to process improvements like implementation of negotiated prices), members of industry indicated that additional companies would probably want to re-enter the program or become first-time participants "<sup>19</sup>
  - ◆ The Office of Advocacy is particularly concerned that some small businesses would like to enter the program but cannot because MMS has not reopened the process in several years. As a result, they "implore" MMS to address this issue in the near future "<sup>20</sup>
  - ◆ They question whether MMS has conducted sufficient outreach to educate disadvantaged businesses about program availability and benefits, thereby casting doubt about whether

<sup>17</sup> See Assistant Chief Counsel for Economic Regulation memorandum of March 11, 1999, pg. 2.

<sup>18</sup> Ibid., pg. 3. "Security" in this context refers to long term supplies for refinery operations.

<sup>19</sup> Ibid., pg. 3.

<sup>20</sup> Ibid. pg. 3.

the program would meet the goals of the SBA's Office of Minority Development<sup>21</sup>

### **RIK Program Benefits**

- For the most part, respondents to the Federal Register information collection consider the oil RIK program to be essential to their economic survival and critical to the maintenance of a diversified refining base for purposes of national security. More specifically, they believe that RIK provides the following benefits for themselves and the U.S. Government:
  - ◆ **Stable supply of oil.** As mentioned earlier, during times of low prices and reduced domestic petroleum production, small, independent refiners frequently find it difficult to negotiate anything but short-term or spot contracts. They assert that major oil producers and their fully integrated marketing affiliates will generally reserve the bulk of domestic inventories for their own refineries during "depressed" economic conditions. The oil RIK program helps level the playing field by ensuring that small refiners get a stable supply of the oil they need to remain viable and competitive in today's marketplace.
  - ◆ **Guarantee of equitable prices.** While the RIK program will not give a price break to participating refiners, it will guarantee that participants will be charged fair market value for the royalty oil received in accordance with prevailing regulations. In other words, small refiners will not be subjected to inflated prices deriving from their lack of marketplace influence or affiliation.
  - ◆ **Vital source of trade stock.** As briefly discussed under the "Availability of Oil at Equitable Prices" section above, royalty oil gives small refiners valuable trade stock for obtaining the type and quality of crude oil needed to sustain their mix of refined products.<sup>22</sup>
  - ◆ **Indirect benefit to independent producers.** As discussed earlier and as supported by DOE/EIA's market analysis, independent producers generally bear a larger portion of any domestic production declines than the major oil companies. Since small refiners are frequently an important part of independent producers' customer base, they become an "indirect beneficiary" of the RIK program. One respondent notes that independent producers are losing potential sales markets each time another mega-merger is announced. The result is that in the long run, independents could have so few alternatives for selling their oil, that they will find themselves in a monopolized

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<sup>21</sup> Ibid., pg. 3.

<sup>22</sup> One respondent, in its January 19, 1999, letter, pg. 2, confides that "... Pipeline constraints prevent... from shipping Gulf Coast RIK crude directly to the refinery. The RIK oil purchased is instead used as trade stock and traded to refineries in the Gulf Coast area who also control crude oil near our... refinery."

environment. The long term health of small refiners provides more market stability to independent producers<sup>23</sup>

- ◆ **Self-funding program.** By paying an administrative fee, based on program costs, participating refiners essentially fund the RIK program. Many respondents have carefully cited this fact, arguing that the self-funding nature of the program should be further incentive for the Government to perpetuate the program
- ◆ **Diversified refining base.** Again, as suggested under "National Interest Considerations," the RIK program is important because it affords a stable supply of oil for small, independent refiners many of whom have active contracts for the provision of military jet fuel. One respondent notes that "The small and independent refiner offers the U.S. Government diversity in suppliers and locations for its military jet fuel needs. Without having access to crude oil at equitable prices, the small and independent refineries will obviously not be able to meet the government's requirements for military jet fuel. This would result in the government having to buy its requirements from the remaining mega-merged oil companies, many of which have a foreign ownership interest (emphasis added)"<sup>24</sup>

## Conclusions

- Based on "empirical data" (as provided by the survey respondents), **we conclude that sufficient need exists among small petroleum refining companies to continue the eligible refiner oil RIK program.** This conclusion is predicated on respondents' documented concerns about lack of stable access to the marketplace and the premium prices they frequently must pay to obtain desired feed stock.
- The diversity in supplies and locations offered by small, independent refiners (many of whom rely on RIK oil to fulfill their DESC contractual requirements) **and** the contribution by small businesses to the military jet fuel pipeline combine to make the eligible refiner oil RIK program an important contributor to national security. Furthermore, the program could have implications for several States and local governments, and the SBA's Office of Advocacy unofficially endorses program continuance.

## Recommendation

- **MMS/RMP should continue the program and conduct another RIK sale as soon as possible,** taking additional steps as necessary to ensure widespread coverage among minority/disadvantaged businesses in accordance with the SBA Office of Advocacy's recommendation.

<sup>23</sup> See one respondent's January 25, 1999, letter, pg. 5

<sup>24</sup> See one respondent's January 25, 1999, letter, pg. 2



# United States Department of the Interior

MINERALS MANAGEMENT SERVICE  
Washington, D.C. 20240

APR 26 1999

ARD-FB  
Mail Stop 3131

Memorandum

To: Director

From: Associate Director for Royalty Management

Subject: Royalty-in-Kind Determination of Need Analysis and Recommendation

Attached is our recently completed Royalty-in-Kind (RIK) determination of need analysis paper, which implements a more structured and proactive approach for assessing the status of small refiners in the crude oil marketplace. Based on "empirical data" (as provided by survey respondents) and input from other Federal agencies having a stake in our national interest, we conclude that sufficient need exists to continue the eligible refiner oil RIK program. Therefore, we recommend that MMS/RMP should continue the program and conduct another RIK sale as soon as possible.

Key factors supporting this conclusion and recommendation, which are further developed in the attached paper, include:

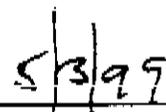
- c. Limited market access. The majority of respondents have either been denied access to the crude oil marketplace in recent months or have concerns about future access due to market trends. The respondents say that prevailing market conditions limit the extent of their access to needed oil supplies. (We recognize that recent OPEC developments have resulted in an upward trend in the price of crude oil. However, such developments can either be temporary or of a more permanent nature, making it purely speculative to assume the outcome will mitigate refiner concerns about limited market access.)
- c. Premium prices. Several respondents must pay a bonus or premium over published prices for the crude oil they need to sustain refinery operations. Even those respondents claiming to only pay market prices have expressed concern that they, too, may soon be subjected to inflated prices in the face of domestic supply cutbacks.

- **National interest considerations.** The Defense Energy Support Center (DESC), DOD's contracting office for bulk fuels, asserts that past and present RJK refiners have played, and continue to play, prominent roles in our military jet fuel supply pipeline. DESC supports respondents' position that RJK oil affords the U.S. Government diversity in suppliers and locations—a condition vital to our national security. Also, the Small Business Administration's Office of Advocacy unofficially endorses program continuance in the interest of maintaining a competitive marketplace. Finally, given the scope of some of the respondents' contributions to their local economies, there could be implications at the state and local levels if the program were discontinued.

Attachment

I concur:

  
\_\_\_\_\_  
Acting Director

  
\_\_\_\_\_  
Date



# United States Department of the Interior

## MINERALS MANAGEMENT SERVICE

Royalty Management Program  
P.O. Box 25165  
Denver, Colorado 80225-0165

IN REPLY REFER TO

ARD/FB/RIK  
MS 3131

DEC 11 1998

Dear Sir or Madam:

The Minerals Management Service (MMS), an agency of the U.S. Department of the Interior, is requesting written comments from interested parties, especially small and/or independent petroleum refiners, regarding their experiences in the crude oil marketplace. We are particularly interested in gathering information on small and/or independent refiners' experiences in acquiring adequate supplies of crude oil refinery feed stock at equitable prices. This Determination of Need process will assist the Secretary of the Interior in deciding whether or not to conduct a sale(s) of Federal Government royalty oil under the Royalty-In-Kind (RIK) program. We have enclosed a copy of the Federal Register Notice (Volume 63, Number 236, of December 9, 1998), which formally solicits feedback from the petroleum refining industry, for your reference.

Please submit written responses to the 13 questions listed in the Federal Register Notice no later than January 25, 1999. Send U.S. Postal Service responses to:

Minerals Management Service  
Royalty Management Program  
Attention: Tom Brozovich, MS 3131  
P.O. Box 25165  
Denver, CO 80225-0165

Send electronic mail (Email) responses to [thomas.brozovich@mms.gov](mailto:thomas.brozovich@mms.gov).

If you have questions regarding this information solicitation, please contact Tom Brozovich at 303-231-3351, FAX 303-231-3711; or Bob Prael, 303-231-3217, FAX 303-231-3508.

Sincerely,

Don Gilman  
Chief, Financial Branch

development of the BLM California Strategic Plan, a status report on Headwaters, and a report on implementation of the Knoxville Management Plan. Managers of the BLM Arcata, Redding and Ukiah field offices will also present reports. Time will be reserved at 4 p.m. for public comments. Depending on the number of persons wishing to speak, a time limit may be established.

On Friday, Jan. 22, members will convene at 8 a.m. at the Konocti Harbor Resort lobby, and depart immediately for a tour of the Payne Ranch property which will be acquired for public use.

Members of the public are welcome on the tour, but they must provide their own transportation. The tour and meeting will conclude by noon.

**FOR ADDITIONAL INFORMATION:** Contact Joseph J. Fontana, public affairs officer, at (530) 257-5381.

Joseph J. Fontana,

Public Affairs Officer

[FR Doc. 98-32675 Filed 12-8-98; 8:45 am]

BILLING CODE: 4310-20-P

## DEPARTMENT OF THE INTERIOR

### Minerals Management Service

#### Agency Information Collection Activities: Submitted for Office of Management and Budget Review; Comment Request

**TITLE:** Solicitation for Comments: Royalty-in-Kind (RIK) Determination of Need

**SUMMARY:** The Minerals Management Service (MMS), an agency of the U.S. Department of the Interior, is requesting written comments from interested parties—particularly from small and/or independent petroleum refiners—regarding their experiences in the crude oil marketplace. Specifically, we are interested in small and/or independent refiners' experiences in gaining access to adequate supplies of crude oil at equitable prices. This Determination of Need process will assist the Secretary of the Interior in deciding whether or not to conduct a sale(s) of Federal Government royalty oil under the Royalty-in-Kind (RIK) program.

**DATES:** Responses must be submitted on or before January 27, 1999.

**ADDRESSES:** Responses should be sent to Tom Brozovich, Accounting and Reports Division, Minerals Management Service, Royalty Management Program, P.O. Box 25165, MS 3111, Denver, Colorado 80225-0165. Current address is Building 85, Room B033, Denver Federal Center,

Denver, Colorado 80225. e-mail address is thomas.brozovich@mms.gov. **FOR FURTHER INFORMATION CONTACT:** Tom Brozovich, Accounting and Reports Division, phone 303-231-3351, FAX 303-231-3713, e-mail thomas.brozovich@mms.gov.

#### Background Information

Under the provisions of the Mineral Leasing Act of 1920 (MLA), as amended (30 U.S.C. § 192) and the Outer Continental Shelf Lands Act (OCSLA) of August 7, 1953, as amended (43 U.S.C. § 1334, 1353), the Secretary of the Interior can take Federal royalty oil in kind, in lieu of royalty payment, and sell it to "eligible refiners" for use in their refineries. The oil RIK program is governed by the regulations at 30 CFR 208, effective December 1, 1987 (52 FR 41908, 10/30/1987).

An "eligible refiner," as defined at 30 CFR § 208.2, means a refiner of crude oil meeting the following criteria to purchase royalty oil:

(1) For the purchase of royalty oil from onshore leases, it means a refiner that has an operating refinery and qualifies as a small and independent refiner as those terms are defined in Sections 3(3) and 3(4) of the Emergency Petroleum Allocation Act, 15 U.S.C. 751 et seq. A refiner that, together with all persons controlled by, in control of, under common control with, or otherwise affiliated with the refiner, inputs domestic crude oil from its own production exceeding 30 percent of total refinery input is ineligible to participate in royalty sales under this part. (In other words, to be eligible under this part, the refiner must receive at least 70 percent of his feeder stock from unaffiliated sources.) Crude oil received in exchange for the refiner's own production is considered to be part of that refiner's own production for purposes of this section.

(2) For the purchase of royalty oil from offshore leases, it means a refiner that has an operating refinery and qualifies as a small business enterprise under the rules of the Small Business Administration (SBA) (13 CFR Part 121). The SBA standard for a small business within the Petroleum Refining Industry is less than or equal to 75,000 bbl per day, and less than or equal to 1,500 employees.

The regulation at 30 CFR § 208.4(a) governs the Determination of Need process and states that:

"The Secretary will ensure that the oil market continues to function. The regulation will include, among other things, the availability of crude oil and the crude oil requirements of the Federal Government, primarily those requirements concerning

matters of national interest and defense. The Secretary will review these items and will determine whether eligible refiners have access to adequate supplies of crude oil and whether such oil is available to eligible refiners at equitable prices. Such determinations may be made on a regional basis."

Given that existing RIK contracts (involving Gulf of Mexico and Pacific Region offshore leases) expire May 1, 1999, MMS has concluded that a Determination of Need would be most beneficial in any decision to hold future royalty oil sales.

**SUPPLEMENTARY INFORMATION:** While the RIK program has been an important source of crude oil for many refiners over the years, it has not been without its problems. From its heyday in the late 1970's and early to mid 1980's, the program has declined from over 60 active contracts (both onshore and offshore) to the current total of only six offshore contracts. Many factors have contributed to the diminished participation, including the following:

- The surplus of crude oil supplies on both the international and domestic markets, which has made it easier for small refiners to purchase the oil they need to run their refineries without having to rely on Federal royalty oil and
- Complexities of the current program, which has been characterized as having burdensome reporting and administrative requirements and valuation uncertainty.

MMS has completed a study of the oil RIK program and is conducting a pilot (Eligible Refiner Oil RIK Pilot, OMB Control Number 1010-0109) to check the results of that study. The pilot is reviewing reporting and delivery issues symptomatic of the current program. This effort should be completed by the end of calendar year 1998, with formal recommendations for streamlining the program to be submitted to the Director, MMS, in early 1999. While it is premature to predict the exact nature or scope of forthcoming program changes, it is not unreasonable to expect:

- Changes to current regulations affording greater clarity and logical business practice in the areas of administrative fees, transportation allowances, operator delivery requirements, resolution of price imbalances and gravity party adjustments, etc., and
- Greater specificity and clarity with regard to RIK contracts, especially with regard to pricing, addressing the valuation of RIK oil for bidding purposes.

Consequently, the current program could undergo dramatic changes.

near future as various pilot efforts reach maturity and resulting recommendations are implemented.

Potential respondents should also note that the mere conduct of a Determination of Need in no way presupposes that there will or will not be a subsequent RIK sale(s). A Determination of Need is a logical first step in identifying general marketplace conditions. However, any decision to conduct an RIK sale(s) will necessarily be predicated on the regulatory criteria of access and equity, i.e., whether a significant number of refiners have limited or no access to the marketplace and/or have experienced difficulty in negotiating a fair price for feeder stocks.

**Information Requested**  
To assist MMS in completing a Determination of Need, please respond in writing or electronically to the following questions:

- (1) How would you describe your business activity—small/independent refiner, other refiner, producer, transporter, etc.?
- (2) For your immediate region or geographic area of operation, how would you characterize the general availability of crude oil?
- (3) Do you currently own or lease an operating refinery? If so, where is it located?
- (4) Is your refinery operating at full or near full capacity? If not, why not?
- (5) Do you meet the RIK program eligibility criteria previously noted for onshore or offshore leases, or both?
- (6) What percentage of onshore versus offshore crude oil volumes are currently being run through your refinery?
- (7) What type of crude is desired to sustain your mix of refined products—Wyoming Sweet, Wyoming Sour, Light Louisiana Sweet, etc.?
- (8) Have you been denied access to desired supplies in the past 12 to 18 months? What was the basis for the denial? For example, was the denial attributable to unavailability of desired crude oil, lack of access to the transportation pipeline, or other means? Please provide documentation supporting a claim of denial.
- (9) Do you have exchange agreements? What are the terms of such agreements?

What are the market values you are receiving for your oil? In other words, how are you getting a premium because of your location and/or other factors? Please identify, by county, where you pay on the exchange (if not on oil).

Have you previously participated in a RIK sale(s) or program? If so, as a program participant, why did you

leave the program? How would you now benefit from receiving Federal royalty oil?

(12) Do you currently provide refined products (heating oil, jet fuel, etc.) to a U.S. military base or Federal installation? If so, identify the recipient facility and how long you have been supplying refined products.

(13) Do you anticipate any near term developments that would change your access to necessary supplies of crude oil at competitive prices?

All correspondence records or information received in response to this Notice, and specifically in response to the questions listed above, are subject to disclosure under the Freedom of Information Act. All information provided will be made public unless the respondent identifies which portions are proprietary. Please highlight the proprietary portions, including any supporting documentation, or mark the page(s) that contain proprietary data.

The Paperwork Reduction Act of 1995 requires us to inform you that this information is being collected by MMS under an approved information collection titled **Royalty-in-Kind (RIK) Determination of Need**, OMB Control Number 1010-0119. We estimate the burden for responding to this information collection 4 hours. Comments on the accuracy of this burden estimate or suggestions on reducing this burden should be directed to the Information Collection Clearance Officer, MS-4230 MMS, 1849 C Street, N.W., Washington, DC 20240 and to the Office of Management and Budget, Office of Information and Regulatory Affairs, Attention: Desk Officer for the U.S. Department of the Interior, OMB Control Number 1010-0119, Washington, DC 20503. Proprietary information is protected by the Federal Oil and Gas Royalty Management Act of 1982 (30 U.S.C. 1733), the Freedom of Information Act (5 U.S.C. 552 (b)(3)), the Indian Minerals Development Act of 1982 (25 U.S.C. 2103) and Department regulations (43 CFR 2). An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number.

December 9, 1998  
Cory D. Jacques, Director  
Assistant Director for Royalty Management  
Docket # 98-12580 Filed 12/8/98 5:21 PM  
www.fedreg.com

DEPARTMENT OF THE INTERIOR

National Park Service

Proposed Land Exchange City of Alexandria and Arlington County, Virginia and Notice of Scheduled Environmental Review Process Workshop

AGENCY: Notice is hereby given that the National Park Service (NPS) is proposing to conduct an exchange of land interests with Commonwealth Atlantic Properties Inc., Commonwealth Atlantic Land Company and Commonwealth Atlantic Land V Inc. hereinafter referred to collectively as Commonwealth. The proposed exchange of land interests concerns two distinct properties located in Alexandria, Virginia, and Arlington County, Virginia, respectively. The National Park Service has scheduled a public workshop as part of its environmental review process to identify and analyze the potential environmental impacts of the proposed exchange.

**FOR FURTHER INFORMATION CONTACT:** Associate Superintendent, Stewardship and Partnerships, National Capital Region, National Park Service, 1100 Ohio Drive, SW, Washington, DC 20242

**SUPPLEMENTARY INFORMATION:** By virtue of an indenture land agreement dated February 12, 1938, the Richmond, Fredericksburg and Potomac Railroad Company (RF&P), predecessor in title to Commonwealth, conveyed to the United States certain land use restrictions over 29.1 acres of land in Arlington County, Virginia, currently owned by Commonwealth and hereinafter referenced as the Indenture Land.

Commonwealth also owns 38.55 acres of land in Alexandria, Virginia, hereinafter referenced as Potomac Greens. By virtue of a Deed of Easement dated August 13, 1984, and in accordance with the terms of a previous Exchange Agreement between the United States and RF&P, the United States conveyed to RF&P a perpetual easement on and across a portion of lands of the George Washington Memorial Parkway, Parkway, for access, including ingress and egress from the northbound and southbound lanes of the Parkway to and from Potomac Greens in return for RF&P's obligation to construct at its cost to the United States a fence, perimeter walls, a parking lot, camps and connections, overhead power lines and ingress and egress to and from the Potomac Greens to the Parkway and other valuable consideration.

253  
Refiner labels (265) for mailing 12/9/98 to solicit  
interest of small business in having an RIK Oil Sale.  
labels prepared by Mary Turton. imported from MSExcel  
created a new table using the label wizard- into microsoft.  
Access. (Open access first) Labels are 5160 (Avery)  
Courier 8.

Microsoft Access  
Reports  
(New Report)  
Select Label Wizard

Must have a list of label names and addresses set up on  
the spreadsheet (Excel or Access, or (?) to query for labels.  
MST

ALDINA ASPHALT  
3246 NE Broadway Street  
Mertrand, OR 97232-1815

Asphalt Engineers, Inc.  
59755 Market Street  
South Bend, IN 46614-4024

Bituminous Roadways, Inc.  
9050 Jefferson Trail  
Inver Grove MN 55077-4410

Cameron Environmental, Inc.  
527 Van Ness Avenue  
Torrence, CA 90501-1424

Coal Technology Corporation  
100 Thomas Road  
Bristol, VA 24201-2063

East Alabama Paving Co., Inc.  
P.O. Box 2630  
Opelika, AL 36803-2630

Fields Corporation  
2240 Taylor Way  
Tacoma WA 98421-4303

Glen Wells Construction Co  
Inc.  
P.O. Box 3104  
Visalia, CA 93278 3104

H & C TRUCKING  
P.O. Box 698  
Moulton, AL 35650 0698

Hercules Sealcoat  
Manufacturing, Inc.  
6596 New Peachtree Road  
Doraville, GA 30340 1307

American International  
Refinery, Inc.  
PO Box Drawer 16866  
Lake Charles, LA 70616

Beacon Oil Company  
525 W. Third Street  
Hanford, CA 93230

Bromley Quarry & Asphalt, Inc.  
P.O. Box 670  
Archibald, KS 66802-0670

Central Missouri Paving Co.,  
Inc.  
P.O. Box 4857  
Poplar Bluff, MO 63902-4857

Coeur D' Alene Asphalt, Inc.  
7560 N. Government Way, Ste 1  
Coeur D' Alene, ID 83815-8795

Energy Resources, Inc.  
1237 28th Street  
Newport News, VA 23607-4215

Frontier Oil Corporation  
5340 So Quebec, Suite 200  
North  
Englewood, CO 80111-1909

Goldmark Engineering, Inc.  
3167 Energy Lane  
Casper, WY 82404-2920

Harney Rock & Paving Company  
PO Box 800  
Hines, OR 97338-0800

Home Oil and Coal Company, Inc.  
P.O. Box 119  
Salisbury, NC 28145-0119

American Tar Company  
2240 Taylor Way  
Tacoma WA 98421-4303

BIPCO  
P.O. Box 28155  
San Diego, CA 92198-0155

Cain Creek Enterprises, Inc.  
N. 301 Cain Creek Road  
Merrill, WI 54452-9020

Chemreal Corp  
P.O. Box 780  
Hall, NY 14463-0280

Craig Paving, Inc.  
118 Hump Road  
Hagerstown, MD 21740-5136

East Energy  
P.O. Box 4666  
Houston, TX 77210-4666

General Asphalt Company, Inc.  
4850 NW 32nd Avenue  
Miami, FL 33166-5619

GP Resources, Inc.  
1006 Pier F Avenue  
Long Beach, CA 90802-6015

Heilman Pavement Specialists  
Inc.  
271 Iron Bridge Road  
Freeport, PA 16729-1701

Howell Hydrocarbons & Chemicals  
PO Box 249  
Channelview TX 77530-0429

Huddard Industrial Cos., Inc.  
PO Box 17226  
Seattle, WA 98107-0926

Jesse P. Taylor Oil Company  
3701 N. Sylvania Avenue  
Fort Worth, TX 76137-5006

Keas Industrial Coatings, Inc.  
724 N. Linwood Avenue  
Turlock, CA 95380-6226

Lawrence Lynch Corp.  
P.O. Box 913  
Falmouth, MA 02541-0913

Maclair Asphalt Co. Inc.  
P.O. Box 496  
Collinsville, IL 62234-0486

Maxus Energy Corporation  
717 N. Harwood Street #3000  
Dallas, TX 75201

Monarch Oil Inc  
P O Box 1189  
Omaha, NE 68103-0189

Northern Ohio Asphalt Paving  
Company  
P O Box 90  
West Hillgrove OH 43467-0090

Oxnard Refining  
PO Box 758  
Oxnard, CA 93032

Petro Source Refining  
Corporation  
8790 W. Colfax Ave Suite 230  
Lakewood CO 80215

Industrial Chemicals Group  
P.O. Box 8283  
Rancho, Santa Fe, CA 92067-  
8283

Jobe Concrete Products, Inc.  
1 McCalligon, Canyon Road  
El Paso, TX 79930-2634

Koster Keuden Waxes, Ltd.  
90 Bourne Blvd  
Sayville, NY 11783-3307

LL&E Petroleum Marketing, Inc.  
P.O. Box 60350  
New Orleans LA 70160-0350

Mariani Asphalt Company  
5201 Causeway Boulevard  
Tampa, FL 33619-6125

Minka Manufacturing, Inc.  
4888 S. Atlanta Road, SE  
Smyrna, GA 30080-7007

Navajo Refining Company  
P O Box 159  
Artesia, NM 88211-0159

Ocuto Blacktop Paving  
Lower Lawrence Street  
Rome NY 13440

Pacific Northern Industrial  
Fuels Inc  
100 West Harrison Suite 200  
R Tower  
Seattle WA 98119 4185

Petron International Inc  
P O Box 1944  
Hutchinson KS 67504 1944

Inoco, Inc  
P.O. Box 80805  
Billings, MT 59108-0805

Jordan Services, Inc  
2100 Scarlet Oak Lane  
Lisle, IL 60532-2855

Lampley & Associates Asphalt  
Paving  
4900 W Florissant Avenue  
St. Louis, MO 63115-1440

Longview Refining Associates  
601 Premier Road  
Longview, TX 75606-3325

Maxant Industries  
P.O. Box 454  
Ayer, MA 01432-0454

Mohave Concrete & Materials  
Inc.  
4502 N State Route 95  
Lake Havasu City AZ 86406-  
9570

Nelson Construction  
P.O. Box 14554  
Boise, ID 83715-6550

Oxford Recycling Incorporated  
2303 W. Oxford Avenue  
Englewood, CO 80110-4340

Petro Star Inc  
201 Arctic Slope Avenue Suite  
Anchorage AL 99518-3030

Pride Companies LP  
PO Box 1217  
Abilene, TX 79604 3217

Pure Asphalt Co  
1100 W. 31st Street  
Chicago, IL 60621-5016

Quintana Petroleum Corporation  
601 Jefferson Street, Suite  
1800  
Houston, TX 77001

RO Pep CO, Inc  
1234 S Caledonia Road  
Junction City AR 71749-9518

Rocky Mountain Asphalt, Inc.  
1910 Rand Avenue  
Colorado Springs, CO 80906-  
2862

Sahara Oil Company of America  
Inc.  
P.O. Box 1427  
Saint Louis, MO 63143-0427

Samitra Enterprises Inc  
902 Porters Drive  
North Wales, PA 19454-2318

San Joaquin Refining Company,  
Inc.  
P.O. Box 5576  
Bakersfield, CA 93388

Sanders Brothers Construction  
Co., Inc.  
PO Box 60969  
Charleston, SC 29419-0969

Service Company  
P.O. Box 6167  
Denver, CO 80206-0167

South Hampton Refining Co.  
PO Box 1636  
Silsbee, TX 77656-1636

Spartan Oil Company, Inc.  
P.O. Box 76359  
Tampa, FL 33675-1359

Star Brite Distributors, Inc.  
4041 SW 47th Avenue  
Fort Lauderdale, FL 3314-4023

Stevenson Cooper, Inc.  
PO Box 18349 - 1039 W. Venango  
St.  
Philadelphia, PA 19140-4313

Tennessee Asphalt Company  
PO Box 1111  
Knoxville, TN 37901-1111

Texas Refinery Corporation  
26711 Virgo Lane  
San Antonio, TX 78260-2733

The Apple-Smith Corporation  
1040 McKinley Avenue  
Columbus, OH 43204-3653

Thompson Tire  
214 S. Church Street  
Marion, VA 24354-3218

Tire Gard Inc.  
216 S. Greenlawn Avenue  
Lima, OH 45807-1375

Tough Patch USA Inc  
P O Box 472125  
Charlotte NC 28247-2125

Treatment Products  
4701 W. Augusta Blvd  
Chicago, IL 60651-3307

Valley Asphalt & Paving, Inc.  
485 Spanish Prairie Road  
Colville, WA 99114-9652

Valveco Petroleum Products  
1400 Dunder Road  
Northbrook IL 60062-2320

Vance Brothers, Inc  
5201 Brighton Avenue  
Kansas City MO 64110-1111

Vessel Services, Inc  
1 Portland Fish Pier  
Portland, ME 04101-4620

VN Racing Fuel  
PO Box 47876  
San Antonio TX 78265-8878

Western Asphalt Inc  
1800 Gilmore Avenue  
Bakersfield CA 93308-6212

Wilson Blacktop Corporation  
P O. Box 128  
Colerain, OH 43916-0128

Age Refining  
S. Press St  
San Antonio, TX 78221

Amerada Hess Refg & Mktg  
1 Hess Plaza  
Woodbridge, NJ 07095

Amoco Oil Company  
474 W 900 N  
Salt Lake City, UT 84103

Amoco Oil Company  
2201 Goodwin Neck Rd  
Yorktown, VA 23692

Amoco Oil Company  
2401 5th Ave S  
Texas City, TX 77590

Amoco Oil Mandan Refinery  
Old Red Trail & Mandan Ave  
Mandan, ND 58554

Arco Alaska Incorporated  
Prudhoe Lisburne Fld  
Prudhoe Bay, AK 99734

Arco Alaska Incorporated  
Kuparuk Fld  
Prudhoe Bay, AK 99734

Arco Products  
980 Corporate Center Dr  
Pomona, CA 91768

Ashland Oil & Refining  
10508 Freedom St  
Garrettsville, OH 44231

Ashland Oil Incorporated  
218 Rowan St  
Morehead, KY 40351

Ashland Oil Incorporated  
100 3rd Ave W  
St Paul Park, MN 55071

Berry Petroleum Company  
658 Ouachita Road 137  
Stephens, AR 71764

Big West Oil-Refinery  
333 W Center St  
North Salt Lake, UT 84054

Calcasieu Refining Company  
7554 Haymark Terminal Rd  
Lake Charles, LA 70605

Calumet Lubricants  
10234 Hwy 157  
Princeton, LA 71067

Canal Refining Company  
Hwy 178 W (Deactivation)  
Church Point, LA 70525

Cenex  
803 Us Hwy 212 S  
Laurel, MT 59044

Chevron USA Incorporated  
106 S Gaffey St  
San Pedro, CA 90731

Chevron USA Incorporated  
6501 Trowbridge Dr  
El Paso, TX 79905

Chevron USA Incorporated  
5924 NW Front Ave  
Portland, OR 97210

Chevron USA Incorporated  
17746 Hwy 98  
Foley, AL 36535

Chevron USA Incorporated  
1001 Bishop St # 1000  
Honolulu, HI 96813

Chevron USA Incorporated  
5691 Perkins Rd  
Oxnard, CA 93033

Chevron USA Incorporated  
2001 Diamond Blvd  
Concord, CA 94520

Citgo Asphalt Refining Company  
Foundation Dr  
Garden City, GA 31408

Citgo Asphalt Refining Company  
4 Paradise Rd  
Paulsboro, NJ 08066

Citgo Petroleum Corporation  
4401 Hwy 108  
Westlake, LA 70669

Clark Oil & Ref Blackstone  
Group  
201 E Hawthorne St  
Hartford, IL 62048

Clark Oil & Ref Blackstone  
Group  
12932 Ashland Ave  
Blue Island, IL 60406

Clark Oil & Ref Blackstone  
Group  
111st & Kedzie Ave  
Blue Island, IL 60406

Clark Ref and Mktg Blackstone  
Grp  
220 E Hawthorne St  
Hartford, IL 62044

Clark Refining & Marketing  
1801 Guitway Dr  
Port Arthur, TX 77640

Coastal Eagle Point Oil Company  
Us Hwy 110 S/295  
Westville, NJ 08091

Coastal Refining & Marketing  
8125 Up River Rd  
Corpus Christi, TX 78409

Colorado Refining Company  
5800 Brighton Blvd  
Commerce City, CO 80022

Conoco  
NW Of City  
Blackwell, OK 74631

Conoco  
5601 Brighton Blvd  
Commerce City, CO 80022

Conoco  
2200 Old Spanish Trl  
Westlake, LA 70669

Conoco  
338 Us Hwy 87 E  
Billings, MT 59101

Conoco  
S Of City.  
Medford, OK 73759

Cross Oil Refining & Marketing  
484 E 4th St  
Smackover, AR 71762

Crown Central Petroleum Corp  
111 Red Bluff Rd  
Pasadena, TX 77506

Crysen Refining  
2355 S 1100 W  
Woods Cross, UT 84087

Diamond Shamrock McKee Refry  
Pb 119  
Sunny, TX 79086

Exxon  
4501 Sonoma Hwy  
Santa Rosa, CA 95402

Exxon  
7997 Plank Rd  
Baton Rouge, LA 70811

Exxon  
2915 Highland Rd  
Baton Rouge, LA 70802

Exxon  
101 S Alexander Dr  
Baytown, TX 77520

Exxon Company USA  
700 Exxon Refinery Rd  
Billings, MT 59101

Farmland Industries  
Incorporated  
Rr 2  
Coffeyville, KS 67337

Farmland Industries  
Incorporated  
400 N Linden St  
Coffeyville, KS 67337

Fina Oil & Chemical Company  
Hwy 166 & 12nd St  
Port Arthur, TX 77642

Fina Oil & Chemical Company  
6 Desto Dr  
Midland, TX 79705

Giant Refining Company  
109 Sullivan Rd  
Bloomfield, NM 87411

Giant Refining Company  
50 Road 4990  
Bloomfield, NM 87411

Gold Line Refining Limited  
11499 Plant Rd  
Jennings, LA 70546  
(Reactivation)

Howell Hydrocarbons & Chemical  
1201 Sheldon Rd  
Channelview, TX 77530

Hunt Refining Company  
1855 Fairlawn Rd  
Tuscaloosa, AL 35401

Huntway Refining Company  
1651 Alameda St  
Wilmington, CA 90744

Huntway Refining Company  
3001 Park Rd  
San Jose, CA 94510

Koch Refining Company  
1700 Nueces Bay Blvd  
Corpus Christi, TX 78407

Little America Refining Company  
5700 E Yellowstone Hwy  
Casper, WY 82609

Mapco Alaska Petroleum Inc.  
1150 H And H Ln  
North Pole, AK 99705

Marathon Oil Company  
1500 S Fort St  
Detroit, MI 48217

Marathon Oil Company  
Marathon Ave  
Robinson, IL 62454

Mobil Oil  
8 E Higgins Rd  
Elk Grove Vlg, IL 60007

Mobil Oil  
2101 S 11th St  
Philadelphia, PA 19148

Montana Refining Company  
1900 10th St NE  
Great Falls, MT 59404

National Cooperative Refinery  
705 E Santa Fe  
Ellenwood, KS 67526

Kern Oil & Refining Company  
7724 E Panama Ln  
Bakersfield, CA 93307

Koch Refining Company  
Hwy 52 & Hwy 66  
Inver Grove Hts, MN 55077

Lunday-Thagard Company  
9302 Garfield Ave  
South Gate, CA 90280

Mapco Petroleum  
543 W Mallory Ave  
Memphis, TN 38109

Marathon Oil Company  
Hwy 61 & Marathon Ave  
Garyville, LA 70051

Marathon Oil Company  
Rr 1  
Robinson, IL 62454

Mobil Oil  
1515 E Lake Cook Rd  
Wheeling, IL 60090

Mobil Oil Corporation  
1795 Burt St  
Beaumont, TX 77701

Murphy Oil USA Incorporated  
2517 E Saint Bernard Hwy  
Meroux, LA 70075

Navajo Refining Company  
501 E Main St  
Artesia, NM 88210

Koch Refining Company  
Sunside Rd  
Corpus Christi, TX 78409

Lion Oil Company  
1000 McHenry St  
El Dorado, AR 71730

Lyondell-Citgo Refining Co. Ltd  
12000 Lawndale St  
Houston, TX 77017

Marathon Oil Company  
17281 John F Kennedy Blvd  
Houston, TX 77032

Marathon Oil Company  
12345 E 1050th Ave  
Robinson, IL 62454

Mobil Oil  
1000 Marlton Pike W  
Cherry Hill, NJ 08002

Mobil Oil  
1600 Nerge Rd  
Elk Grove Vlg, IL 60007

Mobil Oil Refinery  
500 W Saint Bernard Hwy  
Chalmette, LA 70043

Murphy Oil USA Incorporated  
2407 Stinson Ave  
Superior, WI 54880

Navajo Refining Company  
1702 N Freeman Ave  
Artesia, NM 88210

Navajo Refining Company  
2400 W Richey Ave  
Artesia, NM 88210

Navajo Refining Company  
2410 W Richey Ave  
Artesia, NM 88210

Pacific Refining  
4901 San Pablo Ave  
(Deactivation)  
Merced, CA 94547

Paramount Petroleum  
8815 Somerset Blvd  
Paramount, CA 90723

Petro Star Incorporated  
3330 Dodger Rd  
North Pole, AK 99705

Phillips 66  
1001 N Cedar St  
Berger, TX 79007

Phillips 66  
6215 Hwy 36  
Freeport, TX 77541

Phillips 66  
6215 Hwy 36  
Freeport, TX 77541

Phillips 66  
County Road 723  
Freeport, TX 77541

Pride Refining Company  
1940 La Hwy 1 N  
Port Allen, LA 70767

Pride Refining Incorporated  
1209 N 4th St  
Abilene, TX 79601

Quaker State Corporation Ergon  
Inc  
2700 Congo Rd  
Newell, WV 26050

San Joaquin Refining Company  
5125 Broadway St  
Bakersfield, CA 93308

Santa Maria Refining Company  
1660 Sinton Rd  
Santa Maria, CA 93458

Shell Chemical Company  
400 Industrial Pkwy  
Bakersfield, CA 93308

Shell Chemical Company  
473 Hwy 3142  
Hahnville, LA 70057

Shell Chemical Company  
474 W 19th St  
Reserve, LA 70084

Shell Chemical Company  
7594 Hwy 75  
Caldwell, LA 70734

Shell Chemical Company  
15516 River Rd  
Norco, LA 70079

Shell Oil  
100 Old Towne Dr  
Eureka, MO 63025

Shell Oil Company  
1140 Severn Ave  
Metairie, LA 70002

Shell Oil Company  
2700 S Grandview Ave  
Odessa, TX 79764

Shell Oil Company  
5900 Hwy 225 E  
Deer Park, TX 77534

Shell Oil Company  
PO Box 935  
Kenner, LA 70061

Shell Oil Company  
1115 Bayou Black Dr  
Lafayette, LA 70506

Shell Oil Company  
109 Jefferson Hwy  
Jefferson, LA 70121

Shell Oil Company  
1485 Pacheco Blvd  
Martinez, CA 94551

Shell Oil Company  
1111 S Bayou Dr  
Golden Meadow, LA 70357

Sinclair Oil Corporation  
901 W 25th St  
Tulsa, OK 74107

Sinclair Oil Corporation  
N Lincoln Hwy  
Sinclair, WY 82134

Somerset Refinery Inc. Plant  
501 Refinery Rd  
Somerset, KY 42501

Somerset Refinery Incorporated  
101 Refinery Rd  
Somerset, KY 42501

Sound Refining  
2628 Marine View Dr  
Tacoma, WA 98422

Southland Oil Company  
Hwy 11 N  
Sanderville, MS 39477

Southland Oil Company  
7539 U S Hwy 11  
Lumberton, MS 39455

Star Enterprise  
2000 Wrangle Hill Rd  
Delaware City, DE 19706

Star Enterprise  
10700 LA 44  
Convent, LA 70723

Star Enterprise  
2100 Houston Ave  
Port Arthur, TX 77640

Sun Company  
601 County Line Rd  
Radnor, PA 19087

Sun Company  
1505 W 17th St  
Tulsa, OK 74107

Sun Company  
907 S Detroit Ave  
Tulsa, OK 74120

Sun Company  
1700 S Union Ave  
Tulsa, OK 74107

Sun Company  
3100 N Pennsylvania Ave  
Philadelphia, PA 19145

Sun Northeast Refining  
1801 Market St  
Philadelphia, PA 19103

Sun Toledo Refinery Company  
1601 Woodville Rd  
Toledo, OH 43605

Sun Toledo Refinery Company  
1833 Front St  
Toledo, OH 43605

Tesoro Alaska Petroleum Company  
Mile 22 Kenai Spur Hwy  
Kenai, AK 99611

Texaco Refining & Marketing  
6451 Rosedale Hwy  
Bakersfield, CA 93308

Texaco Refining & Marketing  
11250 Los Alamitos Blvd  
Los Alamitos, CA 90720

Texaco Refining & Marketing  
10710 Alondra Blvd  
Norwalk, CA 90650

Texaco Refining & Marketing  
1401 Douglas Rd  
El Dorado, KS 67042

Texaco Refining & Marketing  
600 S Texas Rd  
Anaheim, WA 98221

Texaco Refining Incorporated  
1790 Palq Verde Ave  
Long Beach, CA 90815

Tosco Refining & Marketing Co  
3901 Unick Rd  
Ferndale, WA 98248

Tosco Refining Company  
Avon Rd  
Mantoloking, CA 94551

Tosco Refining Company  
1400 S Park Ave  
Linden, NJ 07036

Total Petroleum Incorporated  
1950 N Alger Rd  
Alma, MI 48801

Total Petroleum Incorporated  
1625 N Commerce St  
Ardmore, OK 73401

Total Petroleum Incorporated  
1625 N Commerce Rd  
Ardmore, OK 73401

U S Oil and Refining  
2121 Rosecrans Ave Ste 2160  
El Segundo, CA 90245

Ultramar Diamond Shamrock Corp  
425 Harbarth St  
Three Rivers, TX 78071

Ultramar Diamond Shamrock Corp  
101 Leroy St  
Three Rivers, TX 78071

Ultramar Refining Diamond  
Shamrock  
2402 E Anaheim St  
Wilmington, CA 90744

United Refining Company  
15 Bradley St  
Warren, PA 16365

Uno-Ven PDV America  
224535 75th St  
Naperville, IL 60565

Uno-Ven PDV America  
1800 N Arlington Heights Rd  
Arlington Hts, IL 60004

Unocal Corporation  
2141 Rosecrans Ave # 4000  
El Segundo, CA 90245

Valero Petroleum Incorporated  
109 Hwy 105 S  
Kilgus Springs, LA 70750

Valero Refining  
9701 Manchester St  
Houston, TX 77012

Valero Refining  
500 Dallas St # 1200  
Houston, TX 77002

Valero Refining  
1301 Loop 197 S  
Texas City, TX 77590

Valero Refining Company  
3900 Up River Rd  
Corpus Christi, TX 78407

Wynnewood Refining c/o Gary-  
Williams Energy Corp  
170 17th Street, Ste 5300  
Denver, CO 80202-5653

Wyoming Refining Company  
740 W Main St  
Newcastle, WY 82701

AGE REFINING INC.  
Frank DeAngel  
7811 S. Preesa  
San Antonio, TX 78223

BIG WEST OIL COMPANY  
Rob Garner  
333 West Center  
North Salt Lake, Utah 84054

CALCASIEU REFINING COMPANY  
Murray McBerwick  
910 Travis Street, Suite 920  
Houston, TX 77002

CANAL REFINING COMPANY  
Michael E. Mockley  
114 East Fifth Street  
Tulsa, Oklahoma 74103

GARY-WILLIAMS  
Don Hamilton  
370 17th Street, Suite 5300  
Denver, CO 80202

GARY-WILLIAMS ENERGY CORP  
Don Hamilton  
370 17th Street, Suite 5300  
Denver, CO 80202

GIANT INDUSTRIES ARIZONA INC.  
Luke K Wethers  
23733 N. Scottsdale Road  
Scottsdale, AZ 85255

GOLD LINE REFINING LTD.  
Earl Thomas  
7324 SM Freeway, Suite 600  
Houston, TX 77074

GULF PETROLEUM MARKETING, INC  
Teresa Morel  
909 Poydras Avenue, Suite 2900  
New Orleans, LA 70112

PLACID REFINING COMPANY  
Dennis Cernosek  
1940 LA Hwy 1 North  
Port Allen, Louisiana 70767

SINCLAIR OIL CORPORATION  
Robert C John  
P. O. Box 10825  
Salt Lake City Utah 84130

U.S. OIL & REFINING COMPANY  
Lisa Curran  
2121 Rosecrans Ave Suite 2360  
EL Segundo, CA 90245-4709

WYOMING REFINING COMPANY  
Dave Miller  
1600 Broadway, Suite 2300  
Denver, CO 80202

\* *total mailings. 264*



U.S. Department of the Interior  
Minerals Management Service  
Office of Communications

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**NEWS RELEASE**

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FOR RELEASE:

December 10, 1998

CONTACT:

Anne-Berry Wade  
(202) 208-3985  
Michael L. Baugher  
(303)231-3162

**MMS TO DETERMINE  
IF ROYALTY-IN-KIND OIL FOR SMALL REFINERS IS NEEDED**

The U.S. Department of the Interior's Minerals Management Service (MMS), is initiating a Determination of Need process to help decide if there should be a sale of federal government royalty oil under its small refiner Royalty-In-Kind (RIK) program.

While royalty payments are usually made in cash, the MMS may also take its royalty percentage "in-kind" such as in actual products. In-kind oil is accepted in lieu of cash royalties from companies producing oil from leases located on federal onshore and offshore lands.

An RIK program for small refiners was initiated by the Department of the Interior to assure small, independent refiners of an adequate supply of equitably-priced crude oil. MMS conducted sales in 1983, 1987 and 1994. Existing RIK contracts expire May 1, 1999. A Determination of Need is not an indication of a pending sale but the first step in identifying general marketplace conditions. The information gathered will be used to assist the Secretary of the Interior in making a determination about a sale.

"In a highly competitive market, small refiners are not always successful in procuring enough crude to assure a dependable production stream," explained MMS Director Cynthia Quarterman. "When needed, MMS conducts a sale of RIK oil to eligible independent small refiners and over the years, the small refiner RIK program has been an important source of crude oil for many refiners."

Recipient refiners pay for the oil at a fair-market price, providing the federal government with no less than it would have received had it accepted cash royalty payments. Additionally, recipient refiners pay costs of operating the program through administrative fees.

"The preservation of small businesses and the jobs they create is one of this Administration's primary goals," said Quarterman. "Making royalty-in-kind oil available to small refiners is a means to help accomplish this objective."

In the December 9, 1998, *Federal Register*, the MMS is requesting comments and written responses to 13 questions from small and independent petroleum refiners, as well as other interested parties, regarding pricing and access to crude oil. Responses for official consideration must be submitted by January 25, 1999, to Tom Brozovich, Minerals Management Service, Royalty Management Program, P.O. Box 25165, MS 3131, Denver, Colorado 80225-0165, or by E-mail to [thomas.brozovich@mms.gov](mailto:thomas.brozovich@mms.gov). He may also be reached by telephone at (303)231-3351 for additional information.

MMS is the federal agency that manages the Nation's natural gas, oil and other mineral resources on the Outer Continental Shelf, and collects, accounts for and disburses about \$6 billion yearly in revenues from offshore federal mineral leases and from onshore mineral leases on federal and Indian lands.

**-MMS-**

MMS Internet website address: <http://www.mms.gov>  
24 hour Fax-on-Demand Service (202) 219-1703

(Code of Federal Regulations)  
[Title 30, Volume 2, Parts 200 to 699]  
[Revised as of July 1, 1998]  
From the U.S. Government Printing Office via GPO Access  
[CITE: 30CFR208.4]

[Page 140-141]

## TITLE 30--MINERAL RESOURCES

### CHAPTER 11--MINERALS MANAGEMENT SERVICE, DEPARTMENT OF THE INTERIOR

#### PART 208--SALE OF FEDERAL ROYALTY OIL--Table of Contents

##### Subpart A--General Provisions

#### Sec. 208.4 Royalty oil sales to eligible refiners.

(a) Determination to take royalty oil in kind. The Secretary may evaluate crude oil market conditions from time to time. The evaluation will include, among other things, the availability of crude oil and the crude oil requirements of the Federal Government, primarily those requirements concerning matters of national interest and defense. The Secretary will review these items and will determine whether eligible refiners have access to adequate supplies of crude oil and whether such oil is available to eligible refiners at equitable prices. Such determinations may be made on a regional basis. The determination by the Secretary shall be published in the Federal Register concurrent with or included in the "Notice of Availability of Royalty Oil" required by 30 CFR 208.5.

(b) Sale to eligible refiners. (1) Upon a determination by the Secretary under paragraph (a) of this section that eligible refiners do not have access to adequate supplies of crude oil at equitable prices, the Secretary, at his or her discretion, may elect to take in kind some or all of the royalty oil accruing to the United States from oil and gas leases on Federal lands onshore and on the OCS. The Secretary may authorize MMS to offer royalty oil for sale to eligible refiners only for use in their refineries and not for resale (other than under an exchange agreement).

(2) All sales of royalty oil from onshore leases will be priced at the royalty value that would have been determined for that oil pursuant to 30 CFR part 206 had the royalties been paid in value rather than taken in kind. All sales of royalty oil from OCS leases will be priced at the fair market value of the oil including associated transportation costs to the designated delivery point, if applicable.

(3) An eligible refiner must have a representative at a sale in order to participate. The Secretary may, at his or her discretion, establish purchase limitations and withhold any royalty oil from any offering.

(4) The MMS will recover the administrative costs of the RIK Program through the collection of administrative fees. The fees will consist of an

[[Page 141]]

initial nonrefundable contract fee for each executed contract and a monthly variable charge applied to each lease under contract. The amount of the initial contract fee shall be determined prior to a sale and published in the "Notice of Availability of Royalty Oil." The initial contract fee will be payable in equal installments due at the end of the first and second months of the contract. These contract fees will be applied against the RIK Program's administrative costs, and the remainder of the administrative costs will be recovered through the

monthly variable charges per lease, which will be billed and payable concurrently with the monthly actual billings for royalty oil. The rate per lease will be determined by dividing the remaining recoverable administrative costs by the total number of leases under contract. The rate may change depending upon whether total administrative costs change and/or whether the number of leases taken in kind changes from one month to another. In instances where production from a lease is sold on a percentage basis to two or more purchasers, each percentage portion of the lease will be considered a separate lease for purposes of administrative fee determination.

(c) Upon a determination by the Secretary under paragraph (a) of this section that eligible refiners do have access to adequate supplies of crude oil at equitable prices, MMS will not take royalties in kind from oil and gas leases for exclusive sale to such refiners. Such determinations may be made on a regional basis.

(d) Interim sales. The MMS generally will not conduct interim sales. However, interim sales may be held at the discretion of the Secretary if substantial addition royalty oil becomes available. The potentially eligible refiners, individually or collectively, must submit documentation demonstrating that adequate supplies of crude oil at equitable prices are not available for purchase. Although sufficient documentation must be submitted, it is not mandatory for each potentially eligible refiner to participate in a submission of such documentation to be determined eligible. The documentation must be submitted to MMS for a determination as to whether an interim sale is needed.

## RIK DETERMINATION OF NEED RESPONDENTS<sup>1</sup>

<u>Company Name</u>	<u>Type of Company</u>
1. Berry Petroleum	Small, independent refiner
2. Calcasieu Refining	Small, independent refiner
3. Cenco Refining (formerly Powerine)	Small, independent refiner
4. Cenex Harvest States	Producer-to-market cooperative system
5. Ergon Inc.	Independent refiner
6. Farmland Industries	Medium-sized, independent refiner
7. Frontier Oil	Small, independent refiner
8. Gary-Williams Energy Corp.	Small, independent refiner
9. Giant Industries Inc.	Independent refiner/wholesale marketer
10. Huntway Refining	Small, independent refiner
11. Kern Oil and Refining	Small, independent refiner
12. Oxnard Refinery	Small, independent producer/refiner
13. Paramount Refining	Small, independent refiner
14. Petro Star Inc.	Small, independent refiner
15. Placid Refining	Small, independent refiner
16. San Joaquin Refining	Small, independent refiner
17. Santa Maria Refining	Small independent producer/refiner
18. Sinclair Oil Corp.	Small, independent refiner
19. Specified Fuels	Small, independent refiner
20. Ultramar Diamond Shamrock	Independent refiner
21. U.S. Oil and Refining	Small, independent refiner
22. Valero Energy Corp.	Independent refiner
23. Wyoming Refining	Small, independent refiner

<sup>1</sup> See Federal Register Notice, Vol. 63, No. 236, December 9, 1998

including confusion over what qualifies as "mountaintop removal" operations, which require variances from federal obligations that mining sites be returned to their approximate original contours (AOC). OSM attributed the problem to the state agency's methods for classifying various mining methods as mountaintop operations, regardless of whether an AOC variance has been obtained or not.

The draft is coming under attack already from citizen organizations, including the Ohio Valley Environmental Coalition. Laura Foreman, an organizer with the Huntington, W.Va.-based group, said in an interview last week she thinks the draft released last week is much weaker than an earlier version. Foreman maintained that OSM has enough evidence of wrongdoing by West Virginia regulators to rescind the state program's federal approval.

"They're just making recommendations and hoping the state will look into the situation properly," Foreman said of the OSM draft. "It's not strong in any way. ... This is like a slap on the wrist."

Foreman said her group and others plan to protest further OSM's treatment of the West Virginia program, including possibly demonstrating at the federal agency's Charleston, W.Va., office.

There are three types of mountain operations: mountaintop removal, with a variance from AOC requirements; mines which extract all the coal seams in the upper fraction of the mountain but return the land to AOC; and steep-slope mines with an AOC variance. Under the federal Surface Mining Control and Reclamation Act, mine lands must be returned to approximate original contours, unless regulators allow a variance.

**Among the other concerns cited in OSM's draft report:**

— The state has issued mountaintop removal permits with "forestry" and "fish and wildlife habitat" listed as postmining land uses, though they are not authorized under the state program. West Virginia has sought OSM approval of an amendment to its state program that would authorize such uses, but has not received an answer yet. In the meantime, OSM has asked the state to immediately discontinue approving permits containing those land use provisions.

— Mountaintop removal permits with AOC variances reviewed by OSM lacked documentation required for approving the designated postmining land use. Though the draft report does not propose any corrective actions, it does ask West Virginia to immediately review its procedures and assure they meet federal mandates.

— OSM found four situations where the state granted steep-slope AOC variances, when mountaintop-removal AOC variances would have been more appropriate because the entire coal seam or seams had been removed. The draft asks the state to implement appropriate classification procedures for operations seeking AOC variances and to review the relevance of AOC variances issued to steep-slope operations.

In its comments, the West Virginia DEP noted OSM has approved various changes in the state program since the federal agency first authorized it in 1981.

Since June 12, the DEP added, it has discontinued approving permits for certain land uses that OSM now questions.

Copies of the draft report are available on the Internet at <http://www.osmre.gov>. — *Bill Loveless*

**MMS PUT OUT A FEELER TO SEE IF SMALL REFINERS WOULD BENEFIT** from a royalty-in-kind sale of oil from federal lands. In a Dec. 9 notice in the *Federal Register*, the Minerals Management Service asked small and independent refiners to respond to 13 questions regarding pricing and their access to crude oil.

The inquiry is part of an existing program at MMS, separate from an ongoing pilot program in Wyoming and the Gulf of Mexico to test the RIK process as an alternative for collecting royalties on federal lands, an agency spokesman noted.

While not indicating a sale will be held, the "Determination of Need" published last week by MMS is "a logical first step in identifying general marketplace conditions" for one, the agency said. The information will be used to help the interior secretary decide whether to order a sale.

Interior started the program to assure small, independent refiners an adequate supply of equitably priced crude oil. It has conducted such sales in 1983, 1987 and 1994.

"In a highly competitive market, small refiners are not always successful in procuring enough crude to assure a dependable production stream," MMS said. "When a need is determined by the Secretary of Interior, MMS conducts a sale of RIK oil to eligible independent refiners."

The refiners pay for the oil at a fair-market price, providing the government with no less than it would have received had it accepted cash royalty payments. The refiners also pay the costs of operating the program through administrative fees.

Responses are due Jan. 25.

For more information, contact Tom Brozovich at (303) 231-3351.

## RIK DETERMINATION OF NEED RESPONDENT DEMOGRAPHICS

- In response to the F R Notice solicitation of Dec 1998, 204 form letter mailings, an official News Release, and advertisement in various fluid mineral publications, we received 23 responses. (23 respondents represent 41 operating refineries—42 when CENCO receives required financing.)
- The type of business activity, as identified by the respondent, is as follows
  - ⇒ 15 small, independent refiners (65%)
  - ⇒ 3 independent refiners (13%)
  - ⇒ 1 medium-sized, independent refiner (4%)
  - ⇒ 2 small, independent producer/refiners (9%)
  - ⇒ 1 producer-to-market cooperative system (4%)
  - ⇒ 1 independent refiner and wholesale marketer (4%)
- In terms of immediate region, or geographic area of operation, for respondents' refinery(ies):
  - ⇒ 7 respondents own and/or operate Gulf Coast/Eastern State refineries
  - ⇒ 12 own and/or operate Pacific or Western Onshore refineries
  - ⇒ 6 own and/or operate Rocky Mountain or North Central Area refineries
  - ⇒ 2 own and/or operate Alaska or Canadian refineriesNote: These statistics do not total 23 because 2 of the respondents have refineries in more than one region.
- In terms of characterizing the general availability of crude oil for the geographic area of operation:
  - ⇒ 17 respondents (74%) say, yes, crude is generally available currently with some comments about occasional difficulty getting desired volumes due to producer cutbacks, producers giving limited supplies to affiliates, etc. Several of these respondents also express concern about near or long term access to the market
  - ⇒ 5 respondents say, no, desired crude is not generally available
  - ⇒ 1 respondent cites N/A (CENCO is awaiting financing to begin operations)
- Regarding operating at full or near-full capacity:
  - ⇒ 13 respondents have refineries operating at or near full capacity.
  - ⇒ 7 respondents have discretely, or implicitly, indicated that they are operating at less than full or near-full capacity
  - ⇒ 1 respondent did not address this issue
  - ⇒ 1 respondent cites N/A (CENCO)

⇒ 1 respondent has 2 refineries at full capacity, and 1 at less than full

• **Regarding satisfaction of program eligibility criteria for onshore, OCS, or both:**

⇒ All we can say at this point, absent the full verification that would normally take place under the application for royalty oil process preceding any future sale, is that 17 respondents (74%) claim eligibility under both

⇒ 1 claims onshore eligibility only.

⇒ 1 claims OCS eligibility only

⇒ 4 claim ineligibility for either program (The irony here is that 1 of those claiming ineligibility under either venue is Giant Refining, which has one of the 6 active RIK contracts. Absent a change to the criteria or a waiver from existing criteria, Giant would not be able to participate in a future sale )

Note: Per the above, 19 of 23 (83%) satisfy onshore and/or OCS eligibility requirements

• **Regarding % onshore versus offshore throughput.**

⇒ 17 respondents have refineries that run 100% domestic onshore crude oil production This includes refiners running Alaska North Slope (ANS), which is considered domestic onshore. (See Email from John Barder, RVD.)

⇒ 2 respondents did not provide a throughput profile.

⇒ 1 respondent runs a 60-40 split favoring domestic onshore production.

⇒ 1 respondent runs a 90-10 split favoring domestic onshore production.

⇒ 1 respondent runs an 80-20 split favoring domestic offshore production.

⇒ 1 respondent cites N/A (CENCO)

• **Regarding denial to the marketplace in the past 12 to 18 months:**

⇒ 14 respondents have not had recent difficulty obtaining crude oil supplies. However, all within this group have directly or indirectly expressed concern about near and long term access as a result of market trends relating to mega-mergers, low prices, production cutbacks, etc. Some also have confided that it's difficult to purchase needed oil "outright"—i.e., they must trade back to the supplier at a strategic location for them to obtain desired crude supplies. (Current RIK refiners frequently use royalty oil to exchange for desired crude.)

⇒ 8 respondents have experienced sporadic, ongoing, or singular denials in recent months, with 1 providing documentation confirming a recent denial with regard to a term contract.

⇒ 1 respondent cites N/A (CENCO)

⇒ In aggregate, 22 respondents (96%) have either been denied access or believe access may be curtailed in the near future due to certain marketplace occurrences like mega-mergers among the major producers, production cutbacks due to low prices, etc.

- Regarding the use of exchange agreements (and, where applicable, the importance of RIK in accommodating such agreements)
  - ⇒ 17 respondents (74%) use exchange agreements in varying degrees to allow them to receive necessary feed stocks for their refineries. All 5 RIK refiners are within this group, and admit using RIK bbl in exchange for desired crude.
  - ⇒ 4 respondents do not use exchange agreements
  - ⇒ 1 respondent did not reply to this question.
  - ⇒ 1 respondent cites N/A (CENCO)
  
- Regarding whether feeder stocks are priced above market
  - ⇒ 10 respondents indicate that purchases are priced at or near market value for their geographic region. Within this group, some concede that this profile could change with prices going up as independent producers cut back on production and research in the face of depressed prices.
  - ⇒ 10 respondents concede that they generally pay a bonus or premium for desired crude
  - ⇒ 2 chose not to comment on this issue.
  - ⇒ 1 respondent cited N/A (CENCO).
  
- Regarding provision of refined products to military bases, Federal installations, or local State agencies, municipalities, etc
  - ⇒ 14 respondents currently provide jet fuel and other refined products to various military bases and other Federal installations. Within this group, 1 respondent claims to provide 29% of military jet fuel consumed in Western Washington and Oregon. The same respondent claims to provide 25% of military diesel fuel consumed in Washington. Another respondent claims to have provided Port Hueneme Naval Base with asphalt since 1938. One other respondent in this group concedes that it supplies about 11% of Defense Energy Support Center (DESC) jet fuel (JP-8) used in California. The same respondent also supplies about 45% of DESC military marine diesel fuel consumed in California. Two other respondents in this group provide 62 million gallons of JP-8/JP-5 to military activities in Alaska, and 72 million gallons of JP-8/JP-5 to military facilities along the Plantation Pipeline System (Southeast United States), respectively
  - ⇒ 4 respondents provide refined products to States, cities, and local municipalities. Within this group, 1 respondent provides gasoline and distillates marketed in 19 cities in 7 States in the Southeast. Another supplies about 35% of Northern California and Northern Nevada demand for paving asphalt, and 25% of Southern California demand. Another in this group supplies roughly 40% of asphalt used in Washington, while another claims to be the major supplier of asphalt for road construction and maintenance in CA, AZ, NV, as well as the largest supplier of roofing asphalt in California.

- Regarding *actual current benefits accruing from the small refiner RIK program, or potential benefits based on perceived near or long term market developments*

- ⇒ 17 respondents (74%) are currently benefitting from the program and/or perceive future benefits based on marketplace trends. Some of the conditions cited, which argue very strongly for program continuance, include: current trend towards mega-mergers among major oil companies, combined with acquisition of independent producers, makes it exceedingly difficult for small refiners to obtain and transport needed crude oil; crude oil accessibility is further curtailed by current low prices, and related production cutbacks—a scenario which typically results in majors giving dwindling supplies to their affiliates first and allotting leftovers to non-affiliates on a short term, or spot market, basis; further reduction of domestic supplies occasioned by the sale of Elk Hills (previously a Naval Petroleum Reserve having a set-aside program for small refiners); and lifting of the Alaska North Slope (ANS) crude export ban.
- ⇒ Within the group of 17 respondents who are either now tangibly benefitting from the program or strongly believe they would benefit, several have commented on RIK's importance to their economic survival AND to national defense. Regarding the latter, the point is driven home that having a diversity of suppliers and locations for our country's military jet fuel needs is paramount for national security. Without having access to crude supplies at equitable prices, small independents would not be able to satisfy current and future government requirements for jet fuel and other refined products like Naval propulsion distillate. In a nutshell, then, these respondents would concede that current marketplace trends, which may persist for the foreseeable future, as well as their lack of competitive clout within that marketplace, argue very strongly for program continuance.



# United States Department of the Interior

## MINERALS MANAGEMENT SERVICE

Royalty Management Program  
P.O. Box 25165  
Denver, Colorado 80225-0165

IN REPLY REFER TO

ARD/FB/RIK  
MS 3131

DEC 11 1998

Dear Sir or Madam:

The Minerals Management Service (MMS), an agency of the U.S. Department of the Interior, is requesting written comments from interested parties, especially small and/or independent petroleum refiners, regarding their experiences in the crude oil marketplace. We are particularly interested in gathering information on small and/or independent refiners' experiences in acquiring adequate supplies of crude oil refinery feed stock at equitable prices. This Determination of Need process will assist the Secretary of the Interior in deciding whether or not to conduct a sale(s) of Federal Government royalty oil under the Royalty-In-Kind (RIK) program. We have enclosed a copy of the Federal Register Notice (Volume 63, Number 236, of December 9, 1998), which formally solicits feedback from the petroleum refining industry, for your reference.

Please submit written responses to the 13 questions listed in the Federal Register Notice no later than January 25, 1999. Send U.S. Postal Service responses to:

Minerals Management Service  
Royalty Management Program  
Attention: Tom Brozovich, MS 3131  
P.O. Box 25165  
Denver, CO 80225-0165

Send electronic mail (Email) responses to: [thomas.brozovich@mms.gov](mailto:thomas.brozovich@mms.gov).

If you have questions regarding this information solicitation, please contact Tom Brozovich at 303-231-3351, FAX 303-231-3711; or Bob Prael, 303-231-3217, FAX 303-231-3508.

Sincerely,

Don Gilman  
Chief, Financial Branch

development of the BLM-California Strategic Plan, a status report on Headwaters, and a report on implementation of the Knoxville Management Plan. Managers of the BLM Arcata, Redding and Ukiah field offices will also present reports. Time will be reserved at 4 p.m. for public comments. Depending on the number of persons wishing to speak, a time limit may be established.

On Friday, Jan. 22, members will convene at 8 a.m. at the Konociti Harbor Resort lobby, and depart immediately for a tour of the Payne Ranch property which will be acquired for public use.

Members of the public are welcome on the tour, but they must provide their own transportation. The tour and meeting will conclude by noon.

**FOR ADDITIONAL INFORMATION:** Contact Joseph J. Fontana, public affairs officer, at (530) 257-5381.

Joseph J. Fontana,

Public Affairs Officer

IFR Doc. 98-32675 Filed 12-8-98, 8:45 am

BILLING CODE 4310-40-P

## DEPARTMENT OF THE INTERIOR

### Minerals Management Service

#### Agency Information Collection Activities: Submitted for Office of Management and Budget Review; Comment Request

**TITLE:** Solicitation for Comments: Royalty-in-Kind (RIK) Determination of Need.

**SUMMARY:** The Minerals Management Service (MMS), an agency of the U.S. Department of the Interior, is requesting written comments from interested parties—particularly from small and/or independent petroleum refiners—regarding their experiences in the crude oil marketplace. Specifically, we are interested in small and/or independent refiners' experiences in gaining access to adequate supplies of crude oil at equitable prices. This Determination of Need process will assist the Secretary of the Interior in deciding whether or not to conduct a solicitation of Federal government royalty oil under the Royalty-in-Kind (RIK) program.

**DATES:** Responses must be submitted on or before January 23, 1999.

**ADDRESSES:** Responses sent via the U.S. Postal Service should be sent to Tom Brozovich, Accounting and Reports Division, Minerals Management Service, Royalty Management Program, P.O. Box 25165, MS 3131, Denver, Colorado 80225-0165. Current address is Building 85, Room B513, Denver Federal Center

Denver, Colorado 80225; e-mail address is [thomas.brozovich@mms.gov](mailto:thomas.brozovich@mms.gov).

**FOR FURTHER INFORMATION CONTACT:** Tom Brozovich, Accounting and Reports Division, phone 303-231-3351, FAX 303-231-3711, e-mail [thomas.brozovich@mms.gov](mailto:thomas.brozovich@mms.gov).

#### Background Information

Under the provisions of the Mineral Leasing Act of 1920 (MLA), as amended (30 U.S.C. § 192), and the Outer Continental Shelf Lands Act (OCSLA) of August 7, 1953, as amended (43 U.S.C. § 1334, 1353), the Secretary of the Interior can take Federal royalty oil in kind, in lieu of royalty payment, and sell it to "eligible refiners" for use in their refineries. The oil RIK program is governed by the regulations at 30 CFR 208, effective December 1, 1987, (52 FR 41908, 10/30/1987).

An "eligible refiner," as defined at 30 CFR § 208.2, means a refiner of crude oil meeting the following criteria to purchase royalty oil:

(1) For the purchase of royalty oil from *onshore leases*, it means a refiner that has an operating refinery and qualifies as a small and independent refiner as those terms are defined in Sections 3(3) and 3(4) of the Emergency Petroleum Allocation Act, 15 U.S.C. 751 et seq. A refiner that, together with all persons controlled by, in control of, under common control with, or otherwise affiliated with the refiner, inputs domestic crude oil from its own production exceeding 30 percent of total refinery input is ineligible to participate in royalty sales under this part. (In other words, to be eligible under this part, the refiner must receive at least 70 percent of his feeder stock from unaffiliated sources.) Crude oil received in exchange for the refiner's own production is considered to be part of that refiner's own production for purposes of this section.

(2) For the purchase of royalty oil from *offshore leases*, it means a refiner that has an operating refinery and qualifies as a small business enterprise under the rules of the Small Business Administration (SBA) (13 CFR Part 121). The SBA standard for a small business within the Petroleum Refining Industry is less than or equal to 75,000 bbl per day, and less than or equal to 1,500 employees.

The regulation at 30 CFR § 208.4(a) governs the Determination of Need process and states that:

The Secretary may evaluate crude oil market conditions from time to time. The evaluation will include, among other things, the availability of crude oil and the crude oil requirements of the Federal Government, primarily those requirements concerning

matters of national interest and defense. The Secretary will review these items and will determine whether eligible refiners have access to adequate supplies of crude oil and whether such oil is available to eligible refiners at equitable prices. Such determinations may be made on a regional basis. \* \* \*

Given that existing RIK contracts (involving Gulf of Mexico and Pacific Region offshore leases) expire May 1, 1999, MMS has concluded that a Determination of Need would be most beneficial in any decision to hold future royalty oil sales.

**SUPPLEMENTARY INFORMATION:** While the RIK program has been an important source of crude oil for many refiners over the years, it has not been without its problems. From its heyday in the late 1970's and early to mid 1980's, the program has declined from over 60 active contracts (both onshore and offshore) to the current total of only six offshore contracts. Many factors have contributed to the diminished participation, including the following:

- The surplus of crude oil supplies on both the international and domestic markets, which has made it easier for small refiners to purchase the oil they need to run their refineries without having to rely on Federal royalty oil; and
- Complexities of the current program, which has been characterized as having burdensome reporting and administrative requirements and valuation uncertainty.

MMS has completed a study of the oil RIK program and is conducting a pilot (Eligible Refiner Oil RIK Pilot, OMB Control Number 1010-0109) to check the results of that study. The pilot is reviewing reporting and delivery issues symptomatic of the current program. This effort should be completed by the end of calendar year 1998, with formal recommendations for streamlining the program to be submitted to the Director MMS, in early 1999. While it is premature to predict the exact nature or scope of forthcoming program changes, it is not unreasonable to expect:

- Changes to current regulations affording greater clarity and logical business practice in the areas of administrative fees, transportation allowances, operator delivery requirements, resolution of delivery imbalances and gravity bank adjustments, etc.; and
- Greater specificity and certainty with regard to RIK contract language, especially with regard to provisions addressing the valuation of RIK oil for billing purposes.

Consequently, the current program could undergo dramatic changes in the

near future as various pilot efforts reach maturity and resulting recommendations are implemented.

Potential respondents should also note that the mere conduct of a Determination of Need in no way presupposes that there will or will not be a subsequent RIK sale(s). A Determination of Need is a logical first step in identifying general marketplace conditions. However, any decision to conduct an RIK sale(s) will necessarily be predicated on the regulatory criteria of "access" and "equity"—i.e., whether a significant number of refiners have limited or no access to the marketplace and/or have experienced difficulty in negotiating a fair price for feeder stocks.

#### Information Requested

To assist MMS in completing a Determination of Need, please respond in writing or electronically to the following questions:

- (1) How would you describe your business activity—small/independent refiner, other refiner, producer, transporter, etc.?
- (2) For your immediate region or geographic area of operation, how would you characterize the general availability of crude oil?
- (3) Do you currently own or lease an operating refinery? If so, where is it located?
- (4) Is your refinery operating at full or near full capacity? If not, why not?
- (5) Do you meet the RIK program eligibility criteria previously noted for onshore or offshore leases, or both?
- (6) What percentage of onshore versus offshore crude oil volumes are currently being run through your refinery?
- (7) What type of crude is desired to sustain your mix of refined products—Wyoming Sweet, Wyoming Sour, Light Louisiana Sweet, etc.?
- (8) Have you been denied access to crude oil supplies in the past 12 to 18 months? What was the basis for the denial? For example, was the denial attributable to unavailability of desired crude, a lack of access to the transportation pipeline, or other reasons? Please provide documentation supporting any claim of denial.
- (9) Do you use exchange agreements? Why?
- (10) Are the feeder stocks you purchase priced above market values for your geographic area? In other words, do you pay a bonus or premium because of your status as a small and/or independent refiner? Please identify, by crude oil type, what you pay on the average per barrel of oil.
- (11) Have you previously participated in the Federal royalty oil program? If a prior program participant, why did you

leave the program? How would you now benefit from receiving Federal royalty oil?

(12) Do you currently provide refined products (heating oil, jet fuel, etc.) to a U.S. military base or Federal installation? If so, identify the recipient facility and how long you have been supplying refined products.

(13) Do you anticipate any near term developments that would change your access to necessary supplies of crude oil at equitable prices?

All correspondence, records, or information received in response to this Notice, and specifically in response to the questions listed above, are subject to disclosure under the Freedom of Information Act. All information provided will be made public unless the respondent identifies which portions are proprietary. Please highlight the proprietary portions, including any supporting documentation, or mark the page(s) that contain proprietary data.

The Paperwork Reduction Act of 1995 requires us to inform you that this information is being collected by MMS under an approved information collection titled Royalty-in-Kind (RIK) Determination of Need, OMB Control Number 1010-0119. We estimate the burden for responding to this information collection is 4 hours. Comments on the accuracy of this burden estimate or suggestions on reducing this burden should be directed to the Information Collection Clearance Officer, MS-4230 MMS, 1849 C Street, N.W., Washington, DC 20240 and to the Office of Management and Budget, Office of Information and Regulatory Affairs, Attention: Desk Officer for the U.S. Department of the Interior (OMB Control Number 1010-0119), Washington, DC 20503. Proprietary information is protected by the Federal Oil and Gas Royalty Management Act of 1982 (30 U.S.C. 1733), the Freedom of Information Act (5 U.S.C. 552 (b)(4)), the Indian Minerals Development Act of 1982 (25 U.S.C. 2103) and Department regulations (43 CFR 2). An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number.

Dated: December 2, 1998

Lucy Querques Denett,

Associate Director for Royalty Management  
IFR Doc. 98-32580 Filed 12-8-98 8:45 am]

BILLING CODE 4310-MR-P

## DEPARTMENT OF THE INTERIOR

### National Park Service

#### Proposed Land Exchange City of Alexandria and Arlington County, Virginia and Notice of Scheduled Environmental Review Process Workshop

AGENCY: Notice is hereby given that the National Park Service (NPS) is proposing to conduct an exchange of land interests with Commonwealth Atlantic Properties Inc., Commonwealth Atlantic Land Company, and Commonwealth Atlantic Land V Inc., hereinafter referred to collectively as Commonwealth. The proposed exchange of land interests concerns two distinct properties located in Alexandria, Virginia, and Arlington County, Virginia, respectively. The National Park Service has scheduled a public workshop as part of its environmental review process to identify and analyze the potential environmental impacts of the proposed exchange.

#### FOR FURTHER INFORMATION CONTACT:

Associate Superintendent, Stewardship and Partnerships, National Capital Region, National Park Service, 1100 Ohio Drive, SW., Washington, DC 20242.

**SUPPLEMENTARY INFORMATION:** By virtue of an indenture land agreement dated February 12, 1938, the Richmond, Frederickshire and Potomac Railroad Company (RF&P), predecessor in title to Commonwealth, conveyed to the United States certain land interests covering 29.1 acres of land in Arlington County, Virginia, currently owned by Commonwealth and hereinafter referenced as the "Indenture Land."

Commonwealth also owns 38.55 acres of land in Alexandria, Virginia hereinafter referenced as "Potomac Greens." By virtue of a Deed of Easement dated August 13, 1984, and in accordance with the terms of a previous Exchange Agreement between the United States and RF&P, the United States conveyed to RF&P a perpetual easement on and across a portion of lands of the George Washington Memorial Parkway (Parkway) for access, including ingress and egress from the northbound and southbound lanes of the Parkway to and from Potomac Greens in return for RF&P's obligation to construct at no cost to the United States a center-piered bridge and all associated ramps and connections necessary for ingress and egress to and from Potomac Greens to the Parkway and other valuable consideration.

253

Refiner labels (~~265~~) for mailing 12/9/98 to solicit interest of small business in having an RIK Oil Sale. labels prepared by Mary Turton. imported from MSEXcel created a new table using the label wizard- into microsoft. Access. (Open access first) Labels are 5160 (Avery) Courier 8.

Microsoft Access  
Reports  
(New Report)  
Select Label Wizard

Must have a list of label names and addresses set up on the spreadsheet (Excell of Access, or (?) to query for labels.

253

Albina Asphalt  
3246 NE Broadway Street  
Portland, OR 97232-1815

American International  
Refinery, Inc.  
PO Box Drawer 16866  
Lake Charles, LA 70616

American Tar Company  
2240 Taylor Way  
Tacoma WA 98421-4303

Asphalt Engineers, Inc.  
59755 Market Street  
South Bend, IN 46614-4024

Beacon Oil Company  
525 W. Third Street  
Hanford, CA 93230

BIPCO  
P O Box 28155  
San Diego, CA 92198-0155

Bituminous Roadways, Inc.  
9050 Jefferson Trail  
Inver Grove MN 55077-4410

Bromley Quarry & Asphalt, Inc.  
P.O. Box 670  
Atchison, KS 66002-0670

Cain Creek Enterprises, Inc.  
N. 301 Cain Creek Road  
Merrill, WI 54452-9020

Cameron Environmental, Inc.  
527 Van Ness Avenue  
Torrence, CA 90501-1424

Central Missouri Paving Co.,  
Inc.  
P.O. Box 4857  
Poplar Bluff, MO 63902-4857

Chemreal Corp.  
P.O. Box 280  
Hall, NY 14463-0280

Coal Technology Corporation  
100 Thomas Road  
Bristol, VA 24201-2063

Coeur D' Alene Asphalt, Inc.  
7560 N. Government Way, Ste 1  
Coeur D' Alene, ID 83815-8795

Craig Paving, Inc.  
118 Hump Road  
Hagerstown, MD 21740-5136

East Alabama Paving Co., Inc  
P.O. Box 2630  
Opelika, AL 36803 2630

Energy Resources, Inc.  
1237 28th Street  
Newport News, VA 23607-4215

Eott Energy  
P.O. Box 4666  
Houston, TX 77210-4666

Fields Corporation  
2240 Taylor Way  
Tacoma WA 98421-4303

Frontier Oil Corporation  
5340 So. Quebec, Suite 200  
North  
Englewood, CO 80111-1909

General Asphalt Company, Inc.  
4850 NW 72nd Avenue  
Miami, FL 33166-5619

Glen Wells Construction Co.,  
Inc  
P.O. Box 3104  
Visalia, CA 93278 3104

Goldmark Engineering, Inc.  
3167 Energy Lane  
Casper, WY 82604-2920

GP Resources, Inc.  
1006 Pier F Avenue  
Long Beach, CA 90802-6215

H & L Trucking  
P.O. Box 698  
Moulton, AL 35650-0698

Harney Rock & Paving Company  
PO Box 800  
Hines, OR 97738-0800

Heilman Pavement Specialties  
Inc.  
271 Iron Bridge Road  
Greepport, PA 16229-1717

Hercules SealCoat  
Manufacturing, Inc.  
6596 New Peachtree Road  
Doraville, GA 30340-1302

Home Oil and Coal Company, Inc  
P.O. Box 139  
Salisbury, NC 28145-0139

Howell Hydrocarbons & Chemicals  
PO Box 249  
Channelview TX 77530-0429

Muddard Industrial Gas, Inc.  
PO Box 17226  
Seattle, WA 98107-0926

Industrial Chemicals Group  
P.O. Box 8283  
Rancho, Santa Fe, CA 92067-  
8283

Inoco, Inc.  
P.O. Box 80805  
Billings, MT 59108-0805

Jesse P. Taylor Oil Company  
3701 N. Sylvania Avenue  
Fort Worth, TX 76137-5006

Jobe Concrete Products, Inc.  
4 McMilligan, Canyon Road  
El Paso, TX 79930-2634

Jordan Services, Inc.  
2100 Scarler Oak Lane  
Lisle, IL 60532-2855

Keas Industrial Coatings, Inc.  
724 W. Linwood Avenue  
Turlock, CA 95380-6226

Koster Keunen Waxes, Ltd.  
90 Bourne Blvd.  
Sayville, NY 11782-3307

Lampley & Associates Asphalt  
Paving  
4900 W. Florissant Avenue  
St. Louis, MO 63115-1440

Lawrence Lynch Corp.  
P.O. Box 913  
Falmouth, MA 02541-0913

LL&E Petroleum Marketing, Inc.  
P.O. Box 60350  
New Orleans LA 70160-0350

Longview Refining Associates  
601 Premier Road  
Longview, TX 75606-3325

Maclair Asphalt Co, Inc.  
P.O. Box 486  
Collinsville, IL 62234-0486

Mariani Asphalt Company  
5201 Causeway Boulevard  
Tampa, FL 33619-6125

Maxant Industries  
P.O. Box 454  
Ayer, MA 01432-0454

Maxus Energy Corporation  
717 N. Harwood Street #3000  
Dallas, TX 75201

Minka Manufacturing, Inc.  
4888 S Atlanta Road, SE  
 Smyrna GA 30080-7007

Mohave Concrete & Materials  
Inc.  
4502 N. State Route 95  
Lake Havasu City AZ 86404-  
9570

Monarch Oil Inc  
P.O. Box 3189  
Omaha, NE 68103-0189

Navajo Refining, Company  
P.O. Box 159  
Artesia, NM 88211-0159

Nelson Construction  
P.O. Box 16550  
Boise, ID 83715-6550

Northern Ohio Asphalt Paving  
Company  
P.O. Box 90  
West Millgrove OH 43467-0090

Ocuto Blacktop Paving  
Lower Lawrence Street  
Rome, NY 11440

Oxford Recycling Incorporated  
2303 W. Oxford Avenue  
Englewood, CO 80110-4340

Oxnard Refining  
PO Box 258  
Oxnard CA 91032

Pacific Northern Industrial  
Fuels Inc  
100 West Harrison, Suite 200,  
N Tower  
Seattle, WA 98119-4185

Petro Star Inc.  
201 Arctic Slope Avenue, Suite  
Anchorage, AL 99518-3030

Petro-Source Refining,  
Corporation  
8790 W Colfax Ave., Suite 230  
Lakewood, CO 80215

Petron International, Inc.  
P.O. Box 1946  
Hutchinson, KS 67504-1946

Pride Companies LP  
PO Box 3237  
Abilene, TX 79604-3237

Pure Asphalt Co  
3300 W. 31st Street  
Chicago, IL 60623-5016

Quintana Petroleum Corporation  
601 Jefferson Street, Suite  
3800  
Houston, TX 77002

RO Pep CO, Inc.  
1234 S Caledonia Road  
Junction City AR 71749-9538

Rocky Mountain Asphalt, Inc.  
1910 Rand Avenue  
Colorado Springs, CO 80906-  
2862

Sahara Oil Company of America,  
Inc.  
P.O. Box 3427  
Saint Louis, MO 63143-0427

Samitra Enterprises Inc.  
902 Porters Drive  
North Wales, PA 19454-2338

San Joaquin Refining Company,  
Inc.  
P.O. Box 5576  
Bakersfield, CA 93388

Sanders Brothers Construction  
Co., Inc.  
PO Box 60969  
Charleston, SC 29419-0969

Service Company  
P.O. Box 6167  
Denver, CO 80206-0167

South Hampton Refining Co.  
PO Box 1636  
Silsbee, TX 77656-1636

Spartan Oil Company, Inc.  
P.O. Box 76359  
Tampa, FL 33675-1359

Star Brite Distributors, Inc.  
4041 SW 47th Avenue  
Fort Lauderdale, FL 3314-4023

Stevenson Cooper, Inc.  
PO Box 38349 - 1039 W. Venango  
St.  
Philadelphia, PA 19140-4313

Tennessee Asphalt Company  
PO Box 1111  
Knoxville, TN 37901-1111

Texas Refinery Corporation  
26711 Virgo Lane  
San Antonio, TX 78260-2233

The Apple-Smith Corporation  
3040 McKinley Avenue  
Columbus, OH 43204-3653

Thompson Tire  
214 S. Church Street  
Marion, VA 24354-3218

Tire Gard Inc.  
216 S. Greenlawn Avenue  
Lima, OH 45807-1375

Tough Patch USA, Inc  
P.O. Box 472125  
Charlotte, NC 28247-2125

Treatment Products  
4701 W. Augusta Blvd.  
Chicago, IL 60651-3307

Valley Asphalt & Paving, Inc.  
485 Spanish Prairie Road  
Colville, WA 99114-9652

Valvtect Petroleum Products  
3400 Dundee Road  
Northbrook, IL 60062-2320

Vance Brothers Inc  
5201 Brighton Avenue  
Kansas City MO 64130-3112

Vessel Services, Inc.  
1 Portland Fish Pier  
Portland, ME 04101-4620

VP Racing Fuels  
PO Box 47878  
San Antonio, TX 78265-8878

Western Asphalt, Inc.  
3800 Gilmore Avenue  
Bakersfield, CA 93308-6212

Wilson Blacktop Corporation  
P.O. Box 128  
Colerain, OH 43916-0128

Age Refining  
S. Press St.  
San Antonio, TX 78223

Amerada Hess Ring & Mktc  
1 Hess Plaza  
Woodbridge, NJ 07095

Amoco Oil Company  
474 W 900 N  
Salt Lake City, UT 84103

Amoco Oil Company  
2201 Goodwin Neck Rd  
Yorktown, VA 23692

Amoco Oil Company  
2401 5th Ave S  
Texas City, TX 77590

Amoco Oil Mandan Refinery  
Old Red Trail & Mandan Ave  
Mandan, ND 58554

Arco Alaska Incorporated  
Prudhoe Lisburne Fld  
Prudhoe Bay, AK 99734

Arco Alaska Incorporated  
Kuparuk Fld  
Prudhoe Bay, AK 99734

Arco Products  
980 Corporate Center Dr  
Pomona, CA 91768

Ashland Oil & Refining  
10508 Freedom St  
Garrettsville, OH 44231

Ashland Oil Incorporated  
218 Rowan St  
Morehead, KY 40351

Ashland Oil Incorporated  
100 1rd Ave W  
St Paul Park, MN 55071

Berry Petroleum Company  
458 Ouachita Road 137  
Stephens, AR 71764

Big West Oil-Refinery  
333 W Center St  
North Salt Lake, UT 84054

Calcasieu Refining Company  
7554 Haymark Terminal Rd  
Lake Charles, LA 70605

Calumet Lubricants  
10234 Hwy 157  
Princeton, LA 71067

Canal Refining Company  
Hwy 178 N (Deactivation)  
Church Point, LA 70525

Genex  
803 Us Hwy 212 S  
Laurel, MT 59044

Chevron USA Incorporated  
106 S Garvey St  
San Pedro, CA 90731

Chevron USA Incorporated  
6901 Trowbridge Dr  
El Paso, TX 79905

Chevron USA Incorporated  
6924 NW Front Ave  
Portland, OR 97210

Chevron USA Incorporated  
17246 Hwy 98  
Foley, AL 36535

Chevron USA Incorporated  
1001 Bishop St # 1000  
Honolulu, HI 96813

Chevron USA Incorporated  
5691 Perkins Rd  
Oxnard, CA 93033

Chevron USA Incorporated  
2001 Diamond Blvd  
Concord, CA 94520

Citgo Asphalt Refining Company  
Foundation Dr  
Garden City, GA 31408

Citgo Asphalt Refining Company  
4 Paradise Rd  
Paulsboro, NJ 08066

Citgo Petroleum Corporation  
4401 Hwy 106  
Westlake, LA 70669

Clark Oil & Ref Blackstone  
Group  
201 E Hawthorne St  
Hartford, IL 62048

Clark Oil & Ref Blackstone  
Group  
12932 Ashland Ave  
Blue Island, IL 60406

Clark Oil & Ref Blackstone  
Group  
131st & Kedzie Ave  
Blue Island, IL 60406

Clark Ref and Mktg Blackstone  
Grp  
220 E Hawthorne St  
Hartford, IL 62048

Clark Refining & Marketing  
1801 Gulfway Dr  
Port Arthur, TX 77640

Coastal Eagle Point Oil Company  
Us Hwy 130 S/295  
Wearville, NJ 08093

Coastal Refining & Marketing  
6125 Up River Rd  
Corpus Christi, TX 78409

Colorado Refining Company  
5800 Brighton Blvd  
Commerce City, CO 80022

Conoco  
NW Of City  
Blackwell, OK 74631

Conoco  
5601 Brighton Blvd  
Commerce City, CO 80022

Conoco  
2200 Old Spanish Trl  
Westlake, LA 70669

Conoco  
338 Us Hwy 87 E  
Billings, MT 59101

Conoco  
S Of City,  
Medford, OK 73759

Cross Oil Refining & Marketing  
484 E 6th St  
Smackover, AR 71762

Crown Central Petroleum Corp  
111 Red Bluff Rd  
Pasadena, TX 77506

Crysen Refining  
2355 S 1100 W  
Woods Cross, UT 84087

Diamond Shamrock McKee Refry  
Pm 119  
Sunray, TX 79086

Exxon  
4501 Sonoma Hwy  
Santa Rosa, CA 95409

Exxon  
7997 Plank Rd  
Baton Rouge, LA 70811

Exxon  
2915 Highland Rd  
Baton Rouge, LA 70802

Exxon  
101 S Alexander Dr  
Baytown, TX 77520

Exxon Company USA  
700 Exxon Refinery Rd  
Billings, MT 59101

Fairland Industries  
Incorporated  
Rr 2  
Coffeyville, KS 67337

Fairland Industries  
Incorporated  
400 N Linden St  
Coffeyville, KS 67337

Fina Oil & Chemical Company  
Hwy 366 & 112nd St  
Port Arthur, TX 77642

Fina Oil & Chemical Company  
6 Dosta Dr  
Midland, TX 79705

Giant Refining Company  
104 Sullivan Rd  
Bloomfield, NM 87413

Giant Refining Company  
50 Road 4990  
Bloomfield, NM 87413

Gold Line Refining Limited  
11499 Plant Rd  
Jennings, LA 70546  
(Reactivation)

Howell Hydrocarbons & Chemical  
1001 Sheldon Rd  
Channelview, TX 77530

Hunt Refining Company  
1855 Fairlawn Rd  
Tuscaloosa, AL 35401

Huntway Refining Company  
1651 Alameda St  
Wilmington, CA 90744

Muntway Refining Company  
3001 Park Rd  
Benicia, CA 94510

Kern Oil & Refining Company  
7724 E Panama Ln  
Bakersfield, CA 93307

Koch Refining Company  
Sunside Rd  
Corpus Christi, TX 78409

Koch Refining Company  
1700 Nueces Bay Blvd  
Corpus Christi, TX 78407

Koch Refining Company  
Hwy 52 & Hwy 55  
Inver Grove Hts, MN 55077

Lion Oil Company  
1000 McHenry St  
El Dorado, AR 71730

Little America Refining Company  
5700 E Yellowstone Hwy  
Casper, WY 82609

Lunday-Thagard Company  
9302 Garfield Ave  
South Gate, CA 90280

Lyondell-Citgo Refining Co. Ltd  
12000 Lawndale St  
Houston, TX 77017

Marco Alaska Petroleum Inc.  
1150 H And H Ln  
North Pole, AK 99705

Mapco Petroleum  
543 W Mallory Ave  
Memphis, TN 38109

Marathon Oil Company  
17281 John F Kennedy Blvd  
Houston, TX 77032

Marathon Oil Company  
1100 S Fort St  
Detroit, MI 48217

Marathon Oil Company  
Hwy 61 & Marathon Ave  
Garyville, LA 70051

Marathon Oil Company  
12345 E 1050th Ave  
Robinson, IL 62454

Marathon Oil Company  
Marathon Ave  
Robinson, IL 62454

Marathon Oil Company  
Rr 3  
Robinson, IL 62454

Mobil Oil  
1000 Marlton Pike W  
Cherry Hill, NJ 08002

Mobil Oil  
E E Higgins Rd  
Elk Grove Vlg, IL 60007

Mobil Oil  
1515 E Lake Cook Rd  
Wheeling, IL 60090

Mobil Oil  
1600 Nerge Rd  
Elk Grove Vlg, IL 60007

Mobil Oil  
2101 S 11th St  
Philadelphia, PA 19148

Mobil Oil Corporation  
1795 Burr St  
Beaumont, TX 77705

Mobil Oil Refinery  
500 W Saint Bernard Hwy  
Chalmette, LA 70042

Morrana Refining Company  
1401 10th St NE  
Great Falls, MT 59404

Murphy Oil USA Incorporated  
2512 F Saint Bernard Hwy  
Meroux, LA 70075

Murphy Oil USA Incorporated  
2407 Stinson Ave  
Superior, WI 54880

National Cooperative Refinery  
901 E Santa Fe  
Ellinwood, KS 67526

Navajo Refining Company  
501 E Main St  
Artesia, NM 88210

Navajo Refining Company  
1202 W Freeman Ave  
Artesia, NM 88210

Navajo Refining Company  
2400 W Richey Ave  
Artesia, NM 88210

Navajo Refining Company  
2410 W Richey Ave  
Artesia, NM 88210

Pacific Refining  
4901 San Pablo Ave  
(Deactivation)  
Merced, CA 94547

Paramount Petroleum  
8835 Somerset Blvd  
Paramount, CA 90723

Petro Star Incorporated  
3330 Badger Rd  
North Pole, AK 99705

Phillips 66  
1001 N Cedar St  
Borger, TX 79007

Phillips 66  
6215 Hwy 36  
Freeport, TX 77541

Phillips 66  
6215 Hwy 36  
Freeport, TX 77541

Phillips 66  
County Road 723  
Freeport, TX 77541

Placid Refining Company  
1940 La Hwy 1 N  
Port Allen, LA 70767

Pride Refining Incorporated  
1209 N 4th St  
Abilene, TX 79601

Quaker State Corporation Ergon  
Inc  
2700 Congo Rd  
Newell, WV 26050

San Joaquin Refining Company  
3129 Standard St  
Bakersfield, CA 93308

Santa Maria Refining Company  
1660 Sinton Rd  
Santa Maria, CA 93458

Shell Chemical Company  
400 Industrial Pkwy  
Saraland, AL 36571

Shell Chemical Company  
473 Hwy 3142  
Houma, LA 70079

Shell Chemical Company  
474 W 19th St  
Reserve, LA 70084

Shell Chemical Company  
7594 Hwy 75  
Geismar, LA 70734

Shell Chemical Company  
15536 River Rd  
Norco, LA 70079

Shell Oil  
100 Old Towne Dr  
Eureka, MO 63025

Shell Oil Company  
3340 Severn Ave  
Metairie, LA 70002

Shell Oil Company  
2707 S Grandview Ave  
Odessa, TX 79766

Shell Oil Company  
5900 Hwy 225 E  
Deer Park, TX 77536

Shell Oil Company  
PO Box 935  
Kenner, LA 70063

Shell Oil Company  
5217 Bayou Black Dr  
Gibson, LA 70356

Shell Oil Company  
309 Jefferson Hwy  
Jefferson, LA 70121

Shell Oil Company  
3485 Pacheco Blvd  
Martinez, CA 94553

Shell Oil Company  
1311 S Bayou Dr  
Golden Meadow, LA 70357

Sinclair Oil Corporation  
902 W 25th St  
Tulsa, OK 74107

Sinclair Oil Corporation  
N Lincoln Hwy  
Sinclair, WY 82334

Somerset Refinery Inc. Plant  
501 Refinery Rd  
Somerset, KY 42501

Somerset Refinery Incorporated  
101 Refinery Rd  
Somerset, KY 42501

Sound Refining  
2628 Marine View Dr  
Tacoma, WA 98422

Southland Oil Company  
Hwy 11 N  
Sandersville, MS 39477

Southland Oil Company  
7539 U S Hwy 11  
Lumberton, MS 39455

Star Enterprise  
2000 Wrangle Hill Rd  
Delaware City, DE 19706

Star Enterprise  
10700 La 44  
Convent, LA 70723

Star Enterprise  
2100 Houston Ave  
Port Arthur, TX 77640

Sun Company  
601 County Line Rd  
Rednor, PA 19287

Sun Company  
1505 W 17th St  
Tulsa, OK 74107

Sun Company  
907 S Detroit Ave  
Tulsa, OK 74120

Sun Company  
1700 S Union Ave  
Tulsa, OK 74107

Sun Company  
3144 W Passyunk Ave  
Philadelphia, PA 19145

Sun Northeast Refining  
1801 Market St  
Philadelphia, PA 19103

Sun Toledo Refinery Company  
1601 Woodville Rd  
Toledo, OH 43605

Sun Toledo Refinery Company  
1813 Front St  
Toledo, OH 43605

Tesoro Alaska Petroleum Company  
Mile 22 Kenai Spur Hwy  
Kenai, AK 99611

Texaco Refining & Marketing  
6451 Rosedale Hwy  
Bakersfield, CA 93308

Texaco Refining & Marketing  
11250 Los Alamitos Blvd  
Los Alamitos, CA 90710

Texaco Refining & Marketing  
10710 Alondra Blvd  
Norwalk, CA 90650

Texaco Refining & Marketing  
1401 Douglas Rd  
El Dorado, KS 67042

Texaco Refining & Marketing  
600 S Texas Rd  
Anacortes, WA 98221

Texaco Refining Incorporated  
1790 Palo Verde Ave  
Long Beach, CA 90815

Tosco Refining & Marketing Co.  
3901 Unick Rd  
Ferndale, WA 98245

Tosco Refining Company  
Aves Rd  
Martinez, CA 94553

Tosco Refining Company  
1400 S Park Ave  
Linden, NJ 07036

Total Petroleum Incorporated  
7950 N Alger Rd  
Alma, MI 48801

Total Petroleum Incorporated  
1025 N Commerce St  
Ardmore, OK 73401

Total Petroleum Incorporated  
Hwy 142 & Cameron Rd  
Ardmore, OK 73401

U.S. Oil and Refining  
2121 Romecrans Ave, Ste 2360  
El Segundo, CA 90245-4709

Ultramar Diamond Shamrock Corp  
425 Harbarth St  
Three Rivers, TX 78071

Ultramar Diamond Shamrock Corp  
301 Leroy St  
Three Rivers, TX 78071

Ultramar Refining Diamond  
-----  
2402 E Anaheim St  
Wilmington, CA 90744

United Refining Company  
15 Bradley St  
Warren, PA 16365

Uno-Ven PDV America  
22w535 75th St  
Naperville, IL 60565

Uno-Ven PDV America  
1800 N Arlington Heights Rd  
Arlington Hts, IL 60004

Unocal Corporation  
2141 Rosecrans Ave # 4000  
El Segundo, CA 90245

Valero Petroleum Incorporated  
309 Hwy 105 S  
Krotz Springs, LA 70750

Valero Refining  
9701 Manchester St  
Houston, TX 77012

Valero Refining  
500 Dallas St # 1200  
Houston, TX 77002

Valero Refining  
1301 Loop 197 S  
Texas City, TX 77590

Valero Refining Company  
5900 Up River Rd  
Corpus Christi, TX 78407

Wynnewood Refining c/o Gary-  
Williams Energy Corp  
370 17th Street, Ste 5300  
Denver, CO 80202-5653

Wyoming Refining Company  
740 W Main St  
Newcastle, WY 82701

AGE REFINING INC.  
Frank DeAngel  
7811 S. Presa  
San Antonio, Tx 78223

BIG WEST OIL COMPANY  
Rob Garner  
333 West Center  
North Salt Lake, Utah 84054

CALCASIEU REFINING COMPANY  
Murray Hetherwick  
910 Travis Street, Suite 920  
Houston, TX 77002

CANAL REFINING COMPANY  
Michael E. Mockley  
114 East Fifth Street  
Tulsa, Oklahoma 74103

GARY-WILLIAMS  
Don Hamilton  
370 17th Street, Suite 5300  
Denver, CO 80202

GARY-WILLIAMS ENERGY CORP.  
Don Hamilton  
370 17th Street, Suite 5300  
Denver, CO 80202

GIANT INDUSTRIES ARIZONA INC.  
Luke K. Wethers  
23733 N. Scottsdale Road  
Scottsdale, AZ 85255

GOLD LINE REFINING LTD.  
Earl Thomas  
712a SW Freeway, Suite 600  
Houston, TX 77074

LL&E PETROLEUM MARKETING, INC.  
Teresa Morel  
909 Poydras Avenue, Suite 2900  
New Orleans, LA 70112

PLACID REFINING COMPANY  
Dennis Cernosek  
1940 LA Hwy 1 North  
Port Allen, Louisiana 70757

SINCLAIR OIL CORPORATION  
Robert C John  
P. O. Box 30825  
Salt Lake City, Utah 84130

U.S. OIL & REFINING COMPANY  
Lisa Carter  
2121 Rosecrans Ave. Suite 2360  
El Segundo, CA 90245-4709

WYOMING REFINING COMPANY  
Dave Miller  
1600 Broadway, Suite 2300  
Denver, CO 80202



U.S. Department of the Interior  
Minerals Management Service  
Office of Communications

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## **NEWS RELEASE**

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FOR RELEASE: DECEMBER 10, 1998

CONTACT: Michael L. Baugher  
(303)231-3162  
A B Wade  
(202)208-3985

### **MMS TO DETERMINE IF ROYALTY-IN-KIND OIL FOR SMALL REFINERS IS NEEDED**

The U.S. Department of the Interior's Minerals Management Service (MMS), is initiating a Determination of Need process to help decide if there should be a sale of federal government royalty oil under its small refiner Royalty-In-Kind (RIK) program.

While royalty payments are usually made in cash, the MMS may also take its royalty percentage "in-kind" such as in actual products. In-kind oil is accepted in lieu of cash royalties from companies producing oil from leases located on federal onshore and offshore lands.

An RIK program for small refiners was initiated by the Department of the Interior to assure small, independent refiners of an adequate supply of equitably-priced crude oil. MMS conducted sales in 1983, 1987 and 1994. Existing RIK contracts expire May 1, 1999. A Determination of Need is not an indication of a pending sale but the first step in identifying general marketplace conditions. The information gathered will be used to assist the Secretary of the Interior in making a determination about a sale.

"In a highly competitive market, small refiners are not always successful in procuring enough crude to assure a dependable production stream," explained MMS Director Cynthia Quarterman. "When needed, MMS conducts a sale of RIK oil to eligible independent small refiners and over the years, the small refiner RIK program has been an important source of crude oil for many refiners."

Recipient refiners pay for the oil at a fair-market price, providing the federal government with no less than it would have received had it accepted cash royalty payments. Additionally, recipient refiners pay costs of operating the program through administrative fees.

"The preservation of small businesses and the jobs they create is one of this Administration's

primary goals," said Quarterman "Making royalty-in-kind oil available to small refiners is a means to help accomplish this objective."

In the December 9, 1998, *Federal Register*, the MMS is requesting comments and written responses to 13 questions from small and independent petroleum refiners, as well as other interested parties, regarding pricing and access to crude oil. Responses for official consideration must be submitted by January 25, 1999, to Tom Brozovich, Minerals Management Service, Royalty Management Program, P.O. Box 25165, MS 3131, Denver, Colorado 80225-0165; or by E-mail to [thomas.brozovich@mms.gov](mailto:thomas.brozovich@mms.gov). He may also be reached by telephone at (303)231-3351 for additional information

MMS is the federal agency that manages the Nation's natural gas, oil and other mineral resources on the Outer Continental Shelf, and collects, accounts for and disburses about \$6 billion yearly in revenues from offshore federal mineral leases and from onshore mineral leases on federal and Indian lands

**.MMS.**

**MMS Website Address: <http://www.mms.gov>  
24 Hour Fax-on-Demand Service: 202-219-1703**

**DEPARTMENT OF THE INTERIOR****Bureau of Land Management****(AK-910-1410-00)****Alaska Resource Advisory Council;  
Meeting****AGENCY:** Bureau of Land Management, Interior.**ACTION:** Notice of Alaska Resource Advisory Council Meeting.

**SUMMARY:** The Alaska Resource Advisory Council will conduct an open meeting Thursday, February 18, 1999, from 9:30 a.m. until 4:30 p.m. and Friday, February 19, 1999, from 9 a.m. until 3 p.m. The council will review BLM land management issues and take public comment on those issues. The meeting will be held at the BLM Alaska State Office, located on the 4th floor of the Anchorage Federal Office Building at 7th Avenue and C Street.

Public comment will be taken from 1-2 p.m. Thursday, February 18. Written comments may be submitted at the meeting or mailed to the address below prior to the meeting.

**ADDRESSES:** Inquiries about the meeting should be sent to External Affairs, Bureau of Land Management, 222 W. 7th Avenue, #13, Anchorage, AK 99513-7599.

**FOR FURTHER INFORMATION CONTACT:** Teresa McPherson, (907) 271-5555.

Dated: December 28, 1998

George P. Oviatt,

Acting Associate State Director

[FR Doc. 99-1160 Filed 1-19-99; 8:45 am]

**BILLING CODE 4310-JA-P**

**DEPARTMENT OF THE INTERIOR****Bureau of Land Management****(ID-930-1920-00-4373; IDI-31741)****Legal Description of Juniper Butte  
Range Withdrawal, Correction; Idaho****AGENCY:** Bureau of Land Management, Interior**ACTION:** Notice.

**SUMMARY:** This notice corrects the total acreage figure and the land description of the public lands withdrawn for the Juniper Butte Range Withdrawal published in 63 FR 251, of December 31, 1998, on page 72326. Two of the parcels listed in the original publication are owned by the State of Idaho and should not have been included in the land description for the Juniper Butte Range. The following two parcels of State land are hereby deleted from the Juniper Butte Range:

**Boise Meridia**

T. 12S., R. 9E.,

Section 36, 5½, containing 320 acres.

T. 13S., R. 10E.,

Section 16, containing 640 acres.

The acreage figure of 32,380.60 in the original publication was also in error. The correct acreage figure for the Juniper Butte Range Withdrawal is approximately 11,796.64 acres in Owyhee County, Idaho.

**EFFECTIVE DATE:** January 20, 1999.

**FOR FURTHER INFORMATION CONTACT:** Jon Foster, BLM Idaho State Office, 1387 S. Vinnell Way, Boise, Idaho 83709, 208-373-3813.

Jimmie Buxton,

Branch Chief, Lands and Minerals

[FR Doc. 99-1222 Filed 1-19-99; 8:45 am]

**BILLING CODE 4310-GG-P****DEPARTMENT OF THE INTERIOR****Minerals Management Service****Agency Information Collection  
Activities: Submitted for Office of  
Management and Budget Review;  
Comment Request****AGENCY:** Minerals Management Service, DOI.**ACTION:** Notice of information collection solicitation.

**SUMMARY:** Under the Paperwork Reduction Act of 1995, the Minerals Management Service (MMS) is soliciting comments on an information collection, Royalty in Kind (RIK) Determination of Need (OMB Control) Number 1010-0119, which expires on May 31, 1999.

**FORM:** None**DATES:** Written comments should be received on or before March 22, 1999.

**ADDRESSES:** Comments sent via the U.S. Postal Service should be sent to Minerals Management Service, Royalty Management Program, Rules and Publications Staff, P.O. Box 25165, MS 3021, Denver, Colorado 80225-0165; courier address is Building 85, Room A613, Denver Federal Center, Denver, Colorado 80225; e-mail address is RMP.comments@mms.gov.

**FOR FURTHER INFORMATION CONTACT:** Dennis C. Jones, Rules and Publications Staff, phone (303) 231-3046, FAX (303) 231-3385, e-mail Dennis.C.Jones@mms.gov.

**SUPPLEMENTARY INFORMATION:** In compliance with the Paperwork Reduction Act of 1995, Section 3506 (c)(2)(A), we are notifying you, members of the public and affected agencies, of this collection of information which

expires May 31, 1999. We are requesting OMB approval for a three year extension of this existing collection authority. Is this information collection necessary for us to properly do our job? Have we accurately estimated the industry burden for responding to this collection? Can we enhance the quality, utility, and clarity of the information we collect? Can we lessen the burden of this information collection on the respondents by using automated collection techniques or other forms of information technology?

MMS on behalf of the Secretary performs Determinations of Need prior to issuing a Notice of Availability of Sale in the Federal Register advising industry of a forthcoming RIK sale. In past practice, the Determination of Need process has been an informal process reacting primarily to expressions of interest from small refiners not already participating in the program as well as indications from participating refiners of their continued interest in the program. We have also received formal expressions of interest from Congressmen on behalf of their refiner constituents, inquiries that we have also factored into our decision-making process.

As part of ongoing process reengineering, MMS has concluded that a proactive, structured, and documented methodology should be established for conducting all future RIK Determinations of Need. The first step in this process is to issue a Federal Register notice requesting specific information from eligible refiners: location of refinery; desirability of offshore versus onshore crude; type of crude desired (e.g., Wyoming Sweet); ability to obtain long-term supply of desired crude (with supporting documentation such as "denial" by major supplier); ability to obtain desired crude at fair market prices (with supporting documentation that desired oil was not available or equitably priced for the area or region in question); and percentage of total refining capacity attributable to Federal oil versus other sources, etc. Feedback from refiners (or other interested parties, like lease owners or operators) will be used by MMS to assess current marketplace conditions—i.e., whether small, independent refiners have access to ongoing supplies of crude oil at equitable prices.

We anticipate that 20 refiners (and other interested parties) will respond to this information collection request. Based on consultation with current program refiners, we estimate that each respondent will spend 4 hours per

response for a total industry burden of 80 hours.

Dated: January 13, 1999.

**R. Dale Fazio,**

*Acting Associate Director for Royalty Management.*

[FR Doc. 99-1224 Filed 1-19-99; 8:45 am]

BILLING CODE 4310-00-0

## DEPARTMENT OF THE INTERIOR

### National Park Service

#### National Register of Historic Places; Notification of Pending Nominations

Nominations for the following properties being considered for listing in the National Register were received by the National Park Service before January 10, 1999.

Pursuant to § 60.13 of 36 CFR Part 60 written comments concerning the significance of these properties under the National Register criteria for evaluation may be forwarded to the National Register, National Park Service, 1849 C St. NW, NC400, Washington, DC 20240. Written comments should be submitted by February 4, 1999.

Carol D. Shull,

*Keeper of the National Register*

### ARIZONA

#### Gila County

Perkins Store, AZ 288, 1.5 mi. SW of Young, Young, 99000108

#### Mohave County

Kingman Army Air Forces Flexible Gunnery School Radio Tower, 7000 Flightline Dr., Kingman, 99000107

### ARKANSAS

#### Saline County

Can Row Historic District, Bounded by Pine, Market, Maple and S. Main Sts., Benton, 99000106

### CALIFORNIA

#### Ventura County

Oxnard, Henry T., Historic District, F and G Sts., between Palm and 5th Sts., Oxnard, 99000109

### CONNECTICUT

#### Fairfield County

Freeman, Mary and Eliza, Houses, 352-4 and 358-60 Main St., Bridgeport, 99000110

### ILLINOIS

#### Du Page County

Channahon School, 3N 784 Church Rd., Bensenville vicinity, 99000114

#### Ford County

Phillips, Alfred, House, 404 N. Melvin St., Gibson City, 99000113

#### Franklin County

Franklin County Jail, 209 W. Main St., Benton, 99000111

#### Livingston County

Route 66, Pontiac to Chenoa (Route 66 through Illinois MPS), Rte. 66, bet. Pontiac Rd. 1600 N and Chenoa Township Rd. 1100 E, Pontiac vicinity, 99000115

#### Macoupin County

Route 66, Girard to Nilwood (Route 66 through Illinois MPS), Rte. 66, between IL 4 S of Girard and IL 4, Nilwood vicinity, 99000117

#### Montgomery County

Route 66, Litchfield to Mount Olive (Route 66 through Illinois MPS), Rte. 66, between IL 16 and Mount Olive Rd., Litchfield vicinity, 99000116

#### Tazewell County

Waltmire Bridge, Locust Rd. over Mackinaw River, approx. 4.9 mi. S of Tremont, Tremont vicinity, 99000112

### IOWA

#### Jefferson County

Commercial Block (Louden Machinery Company, Fairfield Iowa MPS), 106, 108, 110 N. Main St., Fairfield, 99000120  
First Church of Christ Scientist (Louden Machinery Company, Fairfield Iowa MPS), 300 E. Burlington Ave., Fairfield, 99000127  
Fryer, O.F. and Lulu E., House, 902 S. Main St., Fairfield, 99000131

Fulton, Fred and Rosa, Barn (Louden Machinery Company, Fairfield Iowa MPS), 1210 278th Blvd., Selma vicinity, 99000119

Iowa Malleable Iron Company (Louden Machinery Company, Fairfield Iowa MPS), 600-608 N. Ninth St., Fairfield, 99000122

Louden Machinery Company (Louden Machinery Company, Fairfield Iowa MPS), 607 W. Broadway Ave., Fairfield, 99000128

Louden Monorail System in the Auto Repair Shop (Louden Machinery Company, Fairfield Iowa MPS), 117 E. Broadway Ave., Fairfield, 99000129

Louden Whirl-Around (Louden Machinery Company, Fairfield Iowa MPS), 905 E. Harrison Ave., Fairfield, 99000123

Louden, R. B. and Lizzie L., House (Louden Machinery Company, Fairfield Iowa MPS), 107 W. Washington Ave., Fairfield, 99000125

Louden, R.R. and Antoinette, House (Louden Machinery Company, Fairfield Iowa MPS), 905 E. Adams Ave., Fairfield, 99000130

Louden, William and Mary Jane, House (Louden Machinery Company, Fairfield Iowa MPS), 501 W. Washington Ave., Fairfield, 99000118

Luedtke, August and Vera, Barn (Louden Machinery Company, Fairfield Iowa MPS), 1938 185th St., Fairfield vicinity, 99000121

#### Madison County

Midway Stock Farm Barn (Louden Machinery Company, Fairfield Iowa MPS), 0.3 mi. S of jct. of IA 1 and IA 16, Keosauqua vicinity, 99000126

### MARYLAND

#### Montgomery County

Bethesda Theatre, 7719 Wisconsin Ave., Bethesda, 99000133

#### Washington County

Clagett, Robert, Farm, Garrett's Mill Rd., Knoxville vicinity, 99000132

### MASSACHUSETTS

#### Berkshire County

West Stockbridge Grange No. 246, 5 Swamp Rd., West Stockbridge, 99000134

#### Essex County

Osgood Hill, 709 and 723 Osgood St., North Andover, 99000135

### MISSOURI

#### Howard County

South Main Street Historic District, 200, 202, 204 and 208-312 South Main St., Fayette, 99000083

### NEW JERSEY

#### Monmouth County

Clarksburg Methodist Episcopal Church, 512 City Rd. 524, Millstone Township, 99000084

#### Morris County

Ralston Historic District (Boundary Increase), NJ 24 and Roxitucus Rd., Mendham Township, 99000085

### NEW YORK

#### Allegany County

Main Street Historic District, Roughly along Main St., from Orchard St. to Green St., Cuba, 99000087

#### Steuben County

First Baptist Church of Painted Post, 130 W. Water St., Painted Post, 99000088

#### Ulster County

Ontario and Western Railroad Passenger Station, Institution Rd., Napanoch, 99000086

### NORTH CAROLINA

#### Chowan County

Edenton Cotton Mill Historic District, Bounded by E. Church St., Bount's Creek, Queen Anne's Creek, and Wood Ave., Edenton, 99000089

#### Lee County

Buffalo Presbyterian Church and Cemeteries, 1333 Carthage St., Sanford, 99000090

#### Mecklenburg County

Textile Mill Supply Company Building, 1300 S. Mint St., Charlotte, 99000091

### OHIO

#### Defiance County

Dey Road Bridge, 0.35 mi. E of US 24, Defiance vicinity, 99000092

#### Hamilton County

La Tosca Flats, 2700 Observatory Ave., Cincinnati, 99000096

14310-MK-FJ

**DEPARTMENT OF THE INTERIOR**

**Minerals Management Service**

**Agency Information Collection Activities:** Submitted for  
**Office of Management and Budget Review; Comment Request**

**AGENCY:** Minerals Management Service, DOI

**ACTION:** Notice of Information Collection Solicitation

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**SUMMARY:** Under the Paperwork Reduction Act of 1995, the Minerals Management Service (MMS) is soliciting comments on an information collection, Royalty-in-Kind (RIK) Determination of Need (OMB Control Number 1010-0119), which expires on May 31, 1999.

**FORM:** None

**DATES:** Written comments should be received on or before (please enter date 60 days from publication date).

**ADDRESSES:** Comments sent via the U.S. Postal Service should be sent to Minerals Management Service, Royalty Management Program, Rules and Publications Staff, P.O. Box 25165, MS 3021, Denver, Colorado 80225-0165; courier address is Building 85, Room A613, Denver Federal Center, Denver, Colorado 80225; e-mail address is RMP.comments@mms.gov.

**FOR FURTHER INFORMATION CONTACT:** Dennis C. Jones, Rules and Publications Staff, phone (303) 231-3046, FAX (303)

231-3385, e-mail Dennis.C.Jones@mms.gov.

**SUPPLEMENTARY INFORMATION:** In compliance with the Paperwork Reduction Act of 1995, Section 3506 (c)(2)(A), we are notifying you, members of the public and affected agencies, of this collection of information which expires May 31, 1999. We are requesting OMB approval for a three year extension of this existing collection authority. Is this information collection necessary for us to properly do our job? Have we accurately estimated the industry burden for responding to this collection? Can we enhance the quality, utility, and clarity of the information we collect? Can we lessen the burden of this information collection on the respondents by using automated collection techniques or other forms of information technology?

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request. Based on consultation with current program  
refiners, we estimate that each respondent will spend 4  
hours per response for a total industry burden of 80 hours.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Lucy Querques Denett  
Associate Director  
for Royalty Management

**Determination of Need**  
**"Key" Sources of Information or Assistance**  
(See final report of April 1, 1999)

- Dennis Jones, RPS, re: OMB information collection process and preparing/publishing a F.R. Notice soliciting refiner feedback.
- Don Peschka, Contracting Div. for Bulk Fuels, DLA/DESC, 703-767-9305 (FAX 703-767-9044)
- Jennifer Smith, Small Business Admin., Office of Advocacy, 202-205-6943 (FAX 202-205-6928)
- Dept of Energy's website @ <http://eia.doe.gov> → for determining crude oil economic and production trends, as well as current speeches by DOE administrators, etc. Annual Energy Outlook (AEO\_\_) presents short-, mid-, and long-term forecasts of energy supply, demand, and prices through 2020 prepared by the Energy Information Administration (EIA).
- Peter Lagiovane, DOE-HQ, 202-586-8116, for general policy questions related to domestic energy programs, as well as Petroleum Supply Annual, Volume I, for a list of operable refineries (latter is useful when developing a mailing list for marketplace survey purposes).
- Aileen Bohn and Doug MacIntyre, EIA, Office of Oil and Gas, 202-586-4255, re: marketplace trend analysis.

**Basic Steps**  
**RIK Determination of Need Process**

**Note:** These procedures fully implement the recommendations of the Phase II Report, Eligible Refiner Oil RIK Program (Dec 1997).

**Step 1** With advice from Rules & Procedures Section (RPS), **prepare required OMR documents** in anticipation of publishing a F.R. Notice soliciting comments from small and/or independent refiners. *See DN-3.* Pertinent documents include:

- Supporting Statement for Paperwork Reduction Act Submission on RIK Determination of Need
  - Clearance Record
  - OMB 83-1 (18-item justification)
  - Justification Narrative (Parts A & B)
  - Regulation @ 30 CFR § 208.4(a)
  - *Draft* F.R. Notice - Solicitation for Comments
- AD Letter to OMB-Request for Emer. Processing (if approved, this expedites the F.R. issuance)

**Step 2** To allow adequate review and administrative clearance at various MMS organizational levels, **submit above OMB package to RPS no later than 2 to 3 months prior to expedited F.R. publication** (4 to 6 months prior for normal, non-expedited publication)

**Step 3** **Develop address listing for a mass mailing** to be done in conjunction with the F.R. Notice to ensure widespread coverage for the information collection effort. \*Use the following resources, as necessary:

- local RIK sale & billing files re: past and present RIK refiners.
- DOE, Energy Information Administration data (e.g., the *Petroleum Supply Annual, Volume 1*, listing operable refineries, shutdowns, reactivations, etc.);
- DOD/DLA data re: refineries providing jet fuel, distillate, and other refined products to military facilities; and
- Internet web browser applications (e.g., Infoseek or Altavista) to identify current refiner addresses.

**Step 4** **Advise RMP Public Information Officer (PIO) re: the**

**information collection effort** for purposes of creating a News Release to be issued in conjunction with the F.R. Notice. (The News Release is distributed to various oil and gas publications-- e.g., the *Oil and Gas Journal*--and associations. (Note: The PIO will interface with appropriate HQ staff for any required Congressional notification.)

**Step 5** **Issue F.R. Notice (OMB); mass mailing form letters with F.R. Notice enclosed (RMP/ARD); and News Release (RMP/PIO).**

**Step 6** During the F.R. Notice 45-day comment period, or in advance if possible, **solicit marketplace and national security/ economic self-sufficiency/defense comments from other agencies like**

- DOE (e.g., Offices of Economic Impact and Diversity, and Natural Gas and Petroleum Technology);
- DOD/DLA (e.g., Defense Energy Support Center, Chief Contracting Division for Bulk Fuels);
- SBA (e.g., the Offices of Advocacy, and Minority Enterprise Development);
- etc.

**Optional:** As time and resources allow, consult with other groups like the Western Governors' Association, and the Western States Land Commissioners' Association.

**Step 7** **Evaluate refiner and other interested party feedback** with assistance, as appropriate, from other MMS/RMP staff resources. (Assessment criteria can include things like # of eligible refiner respondents demonstrating inability to get ongoing crude supplies at fair market prices; eligible refiners currently providing, or expected to provide, refined products (e.g., JP-4 or JP-8 jet fuel) to military bases and reliant on royalty oil; etc.)

**Step 8** **Brief DAD and below managers** re: solicitation results, analysis, and preliminary recommendations. Revisit analysis and refine recommendations as appropriate.

**Step 9**

Within a reasonable time after expiration of the F.R. deadline

In the event of a future sale(s), **include results of Determination of Need in a F.R. Notice announcing our intent to sell government royalty oil**

for submission of  
comments (e.g.,  
within 2 to 3 months  
after deadline),  
submit written  
report and  
recommendations  
(w/cover memo at  
appropriate  
signatory level) to  
the Director, MMS  
through the Assoc.  
Director for Royalty  
Management Step

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