

Dated: August 11, 2003.

**Aurene M. Martin,**

*Assistant Secretary—Indian Affairs.*

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## DEPARTMENT OF THE INTERIOR

### Minerals Management Service

#### Outer Continental Shelf (OCS) Beaufort Sea Alaska, Oil and Gas Lease Sale 186

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

**ACTION:** Final Notice of Sale (NOS) 186, Beaufort Sea.

**SUMMARY:** The MMS will open and publicly announce bids received for blocks offered in Oil and Gas Lease Sale 186 on September 24, 2003, in accordance with provisions of the OCS Lands Act (43 U.S.C. 1331-1356, as amended) and the implementing regulations (30 CFR part 256).

**DATES:** Public bid reading will begin at 9 a.m. on Wednesday, September 24, 2003, at the Wilda Marston Theatre, Z. J. Loussac Public Library, 3600 Denali Street, Anchorage, Alaska. All times referred to in this document are local Anchorage, Alaska times, unless otherwise specified.

**ADDRESSES:** A FNOS 186 package containing this Notice of Sale and several supporting and essential documents referenced herein are available from: Alaska OCS Region, Information Resource Center, Minerals Management Service, 949 East 36th Avenue, Room 330, Anchorage, Alaska 99508-4302, Telephone: (907) 271-6438 or 1-800-764-2627.

These documents are also available on the MMS Alaska OCS Region Internet site at <http://www.mms.gov/alaska>.

**Filing of Bids:** Bidders must submit bids to the Alaska OCS Region, 949 East 36th Avenue, Third Floor, Anchorage, Alaska 99508, between the hours of 8 a.m. and 4 p.m. on normal business days, prior to the Bid Submission deadline of 10 a.m., Tuesday, September 23, 2003. If bids are mailed, the envelope containing all of the sealed bids must be marked as follows:

*Attention:* Mr. Tom Warren, Contains Sealed Bids for Sale 186.

If bids are received later than the time and date specified above, they will be returned unopened to the bidders.

Bidders may not modify or withdraw their bids unless the Regional Director, Alaska OCS Region receives a written modification or written withdrawal request prior to 10 a.m., Tuesday, September 23, 2003. Should an unexpected event such as an earthquake or travel restrictions be significantly disruptive to bid submission, the Alaska OCS Region may extend the Bid Submission Deadline. Bidders may call (907) 271-6010 for information about the possible extension of the Bid Submission Deadline due to such an event.

**Note:** Four blocks in the easternmost Beaufort Sea area are subject to jurisdictional claims by both the United States and Canada. This Notice refers to this area as the Disputed Portion of the Beaufort Sea. The section on Method of Bidding identifies the four blocks and describes the procedures for submitting bids for them.

**Area Offered for Leasing:** MMS is offering for leasing all whole and partial blocks listed in the document "Blocks Available for Leasing in OCS Oil and Gas Lease Sale 186" included in the FNOS 186 package. All of these blocks are shown on the following Official Protraction Diagrams (which may be purchased from the Alaska OCS Region):

- NR 05-01, Dease Inlet, revised September 30, 1997
- NR 05-02, Harrison Bay North, revised September 30, 1997
- NR05-03, Teshekpuk, revised September 30, 1997
- NR 05-04, Harrison Bay, revised September 30, 1997
- NR 06-01, Beechey Point North, approved February 1, 1996
- NR 06-03, Beechey Point, revised September 30, 1997
- NR 06-04, Flaxman Island, revised September 30, 1997
- NR 07-03, Barter Island, revised September 30, 1997
- NR 07-05, Demarcation Point, revised September 30, 1997
- NR 07-06, Mackenzie Canyon, revised September 30, 1997

Official block descriptions are derived from these diagrams; however, not all blocks included on a diagram are being offered. To ascertain which blocks are being offered and the royalty suspension provisions that apply you must refer to the document "Blocks Available for Leasing in OCS Oil and Gas Lease Sale 186." The Beaufort Sea OCS Oil and Gas Lease Sale 186 Locator Map is also

available to assist in locating the blocks relative to the adjacent areas. The Locator Map is for use in identifying locations of blocks but is not part of the official description of blocks available for lease. Some of the blocks may be partially encumbered by an existing lease, or transected by administrative lines such as the Federal/State jurisdictional line. Partial block descriptions are derived from Supplemental Official OCS Block Diagrams and OCS Composite Block Diagrams, which are available upon request at the address, phone number, or internet site given above.

**Lease Terms and Conditions:** On February 20, 2003, MMS published a Notice of Availability (68 FR 8306) of the proposed Notice of Sale for Sale 186, which included proposed lease terms and conditions providing for a minimum bid amount of \$62 per hectare and a rental rate of \$13 per hectare, consistent with past OCS sales in the Alaska OCS Region. After further consideration, MMS has determined that the minimum bid levels for Sale 186 should be reduced and rentals set on a sliding scale. MMS announced the intent to make these changes in a **Federal Register** notice published July 17, 2003, (68 FR 42420) to give potential bidders and other interested parties ample time to consider these changes in preparing for the lease sale. These changes, now adopted do not affect minimum royalty requirements, or royalty suspension volumes.

*Initial Period:* Ten years.

*Minimum Bonus Bid Amount:* Offer all blocks in Zone A with a minimum bid of \$37.50 per hectare and all blocks in Zone B with a minimum bid of \$25 per hectare. Refer to the Beaufort Sea OCS Oil and Gas Lease Sale 186 Locator Map mentioned above.

*Rental Rates:* The Lessee shall pay the Lessor, on or before the first day of each lease year which commences prior to a discovery in paying quantities of oil or gas on the leased area, a rental as shown in the table below.

*Minimum Royalty Rates:* The Lessee shall pay the Lessor, at the expiration of each lease year which commences after a discovery of oil and gas in paying quantities, a minimum royalty of \$13 per hectare, or fraction thereof, until the start of royalty-bearing production.

*Royalty Rates:* A 12½ percent royalty rate will apply for all blocks.

## SUMMARY TABLE OF MINIMUM BIDS, MINIMUM ROYALTY RATES AND RENTAL RATES

Terms (values per hectare)	Zone A	Zone B
Royalty Rate .....	12½% fixed .....	12½% fixed
Minimum Bid .....	\$37.50 .....	\$25.00
Minimum Royalty .....	\$13.00 .....	\$13.00
Rental Rates:		
Year 1 .....	\$7.50 .....	\$2.50
Year 2 .....	\$7.50 .....	\$3.75
Year 3 .....	\$7.50 .....	\$5.00
Year 4 .....	\$7.50 .....	\$6.25
Year 5 .....	\$7.50 .....	\$7.50
Year 6 .....	\$12.00 .....	\$10.00
Year 7 .....	\$17.00 .....	\$12.00
Year 8 .....	\$22.00 .....	\$15.00
Year 9 .....	\$30.00 .....	\$17.00
Year 10 .....	\$30.00 .....	\$20.00

**Royalty Suspension Areas:** Royalty suspension provisions apply to first oil production. Royalty suspensions on the production of oil and condensate, prorated by lease acreage and subject to price thresholds, will apply to all blocks. Royalty suspension volumes (RSV) are based on 2 zones, Zone A and Zone B, as depicted on the Locator Map and listed in the document "Blocks Available for Leasing in the Beaufort Sea OCS Oil and Gas Lease Sale 186." More specific details regarding royalty suspension eligibility, applicable price thresholds and implementations are included in the document "Royalty Suspension Provisions, Sale 186" in the final NOS 186 package. Minimum royalty requirements apply during RSV periods. Depending on surface area and zone, leases will receive a RSV as follows:

Hectares	Zone A million barrels RSV	Zone B million barrels RSV
770 or less .....	10	15
771–1540 .....	20	30
1541 or above .....	30	45

The RSV only applies to liquid hydrocarbon production, *i.e.*, oil and condensates. Natural gas volumes that leave the lease are subject to original lease-specified royalties. The market value of natural gas will be determined by MMS's Minerals Revenue Management (MRM) office. MRM will value the natural gas from Sale 186 based on its potential uses and applicable market characteristics at the time the gas is produced.

The lessee must pay royalty on production that would otherwise receive royalty suspension from automatic relief (in 30 CFR 260), and such production will count towards the RSV, in any calendar year during which

the arithmetic average of the daily closing prices for the nearby delivery month on the New York Mercantile Exchange (NYMEX) for oil exceeds the adjusted product price threshold.

(a) The adjusted ceiling price threshold for light sweet crude oil in any year, say *t*, is determined by inflating an oil price of \$28 per barrel beginning in base year 1994. This base year price is modified by the percentage change in the implicit price deflator for the interval between 1994 and year *t*, resulting in the adjusted oil price threshold for year *t*. For example, if the deflator from 1994 through 2003 indicates that inflation totaled 15 percent, then the adjusted price threshold in calendar year 2003 would become \$32.20 per barrel for oil. Royalty on all oil production in calendar year 2003 would be due if the 2003 average NYMEX oil price exceeded \$32.20 per barrel.

(b) MMS will provide notice when adjusted price thresholds are exceeded.

(c) In cases where the actual average price for the product exceeds the adjusted price threshold in any calendar year, royalties must be paid in the following calendar year. (See 30 CFR 260.122(c) for more detail.)

A fixed oil price floor applies, below which oil and condensate would be produced both royalty-free except for the required minimum royalty of \$13 per hectare, and would not count against the RSV. Until the total RSV allocation is exhausted, if the arithmetic average of the daily closing oil prices for the specified time period is below the price floor, then any oil produced during that time period would be royalty-free and would not be subtracted from the lease's remaining RSV. If the arithmetic average of the daily closing oil prices falls below the floor price after the original RSV is exhausted, the lessee

receives no additional royalty-free production.

(a) The price floor for light sweet crude oil is set at a fixed \$18 per barrel with no adjustment for inflation. The comparison with the price floor is based on the arithmetic average of the daily closing prices for the "nearby delivery month" on the NYMEX for light sweet crude oil with no adjustments for inflation. "The period of assessment" for which the average daily prices are calculated is a quarter of a calendar year with the calendar year quarters being January–March, April–June, July–September, and October–December.

(b) MMS will provide notice in the **Federal Register** or directly to lessees when the average NYMEX quarterly oil price is below \$18 per barrel.

The price ceiling and floor provisions expire when aggregate production excluding floor production volumes of oil (and condensate) has used up the lease's original RSV amount.

For purposes of the RSV, a lease operating under an approved unit agreement must have its own qualifying well, as defined in 30 CFR 250.115. Otherwise, production allocated to it from a well in another lease in the unit is not eligible for royalty relief.

Stipulations and Information to Lessees: The documents entitled "Lease Stipulations for Oil and Gas Lease Sale 186" and "Information to Lessees for Oil and Gas Lease Sale 186" contain the text of the Stipulations and the Information to Lessees that apply to this sale. This document is included in the FNOS 186 package.

Method of Bidding: Procedures for the submission of bids in Sale 186 are described in paragraph (a) below. Procedures for the submission bids for the four blocks in the Disputed Portion of the Beaufort Sea will differ as described in paragraph (b) below.

(a) *Submission of Bids.* For each block bid upon, a bidder must submit a separate signed bid in a sealed envelope labeled "Sealed bid for Oil and Gas Lease Sale 186, not to be opened until 9 a.m., Wednesday, September 24, 2003." The total amount of the bid must be in whole dollars; any cent amount above the whole dollar will be ignored by MMS. Details of the information required on the bid(s) and the bid envelope(s) are specified in the document "Bid Form and Envelope" contained in the final NOS 186 package.

(b) *Submission of Bids in the Disputed Portion of the Beaufort Sea.* Procedures for the submission of bids on blocks 6201, 6251, 6301, and 6361 in Official Protraction Diagram NR 07-06 will differ from procedures in paragraph (a) above as follows:

Separate, signed bids on these blocks must be submitted in sealed envelopes labeled only with "Disputed Portion of the Beaufort Sea," Company Number, and a sequential bid number for the company submitting the bid(s). The envelope thus would be in the following format: Disputed Portion of the Beaufort Sea Bid. Company No: 00000. Bid No: 1.

On or before September 24, 2008, the MMS will determine whether it is in the best interest of the United States either to open bids for these blocks or to return the bids unopened. The MMS will notify bidders at least 30 days before bid opening. Bidders on these blocks may withdraw their bids at any time after such notice and prior to 10 a.m. of the day before bid opening. If the MMS does not give notice by September 24, 2008, the bids will be returned unopened. The MMS reserves the right to return these bids at any time. The MMS will not disclose which blocks received bids or the names of bidders in this area unless the bids are opened.

The MMS published a list of restricted joint bidders, which applies to this sale, in the **Federal Register** at 68 FR 22415 on April 28, 2003. Bidders submitting joint bids must state on the bid form the proportionate interest of each participating bidder, in percent to a maximum of five decimal places, e.g. 33.33333 percent. MMS may require bidders to submit other documents in accordance with 30 CFR 256.46. MMS warns bidders against violation of 18 U.S.C. 1860 prohibiting unlawful combination or intimidation of bidders. Bidders must execute all documents in conformance with signatory authorizations on file in the Alaska OCS Region. Partnerships also must submit or have on file a list of signatories authorized to bind the partnership. Bidders are advised that MMS considers

the signed bid to be a legally binding obligation on the part of the bidder(s) to comply with all applicable regulations, including paying the one-fifth bonus bid amount on all high bids. A statement to this effect must be included on each bid (see the document "Bid Form and Envelope" contained in the FNOS 186 package).

**Bonus Bid Deposit:** Each bidder submitting an apparent high bid must submit a bonus bid deposit to MMS equal to one-fifth of the bonus bid amount for each such bid submitted for Sale 186. Under the authority granted by 30 CFR 256.46(b), MMS requires bidders to use electronic funds transfer (EFT) procedures for payment of the one-fifth bonus bid deposits, following the detailed instructions contained in the document "Instructions for Making EFT Bonus Payments" included in the FNOS 186 package. All payments must be electronically deposited into an interest-bearing account in the U.S. Treasury (account specified in the EFT instruction) by 1 p.m. Eastern Time the day following bid reading. Such a deposit does not constitute and shall not be construed as acceptance of any bid on behalf of the United States. If a lease is awarded, MMS requests that only one transaction be used for payment of the four-fifths bonus bid amount and the first year's rental.

*Please Note:* Certain bid submitters [i.e., those that do NOT currently own or operate an OCS mineral lease OR those that have ever defaulted on a one-fifth bonus payment (EFT or otherwise)] will be required to guarantee (secure) their one-fifth bonus payment prior to the submission of bids. For those who must secure the EFT one-fifth bonus payment, one of the following options may be provided: (1) A third-party guarantee; (2) an Amended Development Bond Coverage; (3) a Letter of Credit; or (4) a lump sum payment in advance via EFT. The EFT instructions specify the requirements for each option.

**Withdrawal of Blocks:** The United States reserves the right to withdraw any block from this sale prior to issuance of a written acceptance of a bid for the block.

**Acceptance, Rejection, or Return of Bids:** The United States reserves the right to reject any and all bids. In any case, no bid will be accepted, and no lease for any block will be awarded to any bidder, unless the bidder has complied with all requirements of this Notice, including the documents contained in the associated final NOS Sale 186 package and applicable regulations; the bid is the highest valid bid; and the amount of the bid has been determined to be adequate by the authorized officer. The Attorney General

of the United States may also review the results of the lease sale prior to the acceptance of bids and issuance of leases. Any bid submitted which does not conform to the requirements of this Notice, the OCS Lands Act, as amended, and other applicable regulations may be returned to the person submitting that bid by the Regional Director and not considered for acceptance. To ensure that the Government receives a fair return for the conveyance of lease rights for this sale, high bids will be evaluated in accordance with MMS bid adequacy procedures.

**Successful Bidders:** As required by MMS, each company that has been awarded a lease must execute all copies of the lease (Form MMS-2005 (March 1986) as amended), pay by EFT the balance of the bonus bid amount and the first year's rental for each lease issued in accordance with the requirements of 30 CFR 218.155, and satisfy the bonding requirements of 30 CFR 256, subpart I. Each bidder who is a successful high bidder must have on file in the Alaska OCS Region a currently valid certification (Debarment Certification Form) certifying that the bidder is not excluded from participation in primary covered transactions under Federal non-procurement programs and activities. A certification previously provided to that office remains currently valid until new or revised information applicable to that certification become available. In the event of new or revised applicable information, MMS will require a subsequent certification before lease issuance can occur. Persons submitting such certification should review the requirements of 43 CFR, part 12, subpart D. A copy of the Debarment Certification Form is contained in the FNOS 186 package.

**Affirmative Action:** MMS requests that, prior to bidding, Equal Opportunity Affirmative Action Representation Form MMS 2032 (June 1985) and Equal Opportunity Compliance Report Certification Form MMS 2033 (June 1985) be on file in the Alaska OCS Region. This certification is required by 41 CFR 60 and Executive Order No. 11246 of September 24, 1965, as amended by Executive Order No. 11375 of October 13, 1967. In any event, prior to the execution of any lease contract, both forms are required to be on file in the Alaska OCS Region.

**Jurisdiction:** The United States claims exclusive maritime resource jurisdiction over the area offered. Canada claims such jurisdiction over the four easternmost blocks included in the sale area. These blocks are located in Official Protraction Diagram NR 07-06 as block

numbers 6201, 6251, 6301, and 6361. Nothing in this Notice shall affect or prejudice in any manner the position of the United States with respect to the nature or extent of the internal waters, the territorial sea, the high seas, or sovereign rights or jurisdiction for any purpose whatsoever. Bid submission procedures pertaining to blocks in this Disputed Portion of the Beaufort Sea are described in paragraph (b) under Method of Bidding.

Notice of Bidding Systems: Section 8(a)(8) (43 U.S.C. 1337(a)(8)) of the OCS Lands Act requires that, at least 30 days before any lease sale, a Notice be submitted to Congress and published in the **Federal Register**. This Notice of Bidding Systems is for Sale 186, Beaufort Sea, scheduled to be held on September 24, 2003.

In Sale 186, all blocks are being offered under a bidding system that uses a cash bonus and a fixed royalty of 12 1/2 percent with a royalty suspension of up to 30 million barrels of oil equivalent per lease in Zone A of the sale area or with a royalty suspension of up to 45 million barrels of oil equivalent per lease in Zone B of the sale area. The amount of royalty suspension available on each lease is dependent on the area of the lease and specified in the Sale Notice. This bidding system is authorized under 30 CFR 260.110(a)(7), which allows use of a cash bonus bid with a royalty rate of not less than 12 1/2 percent and with suspension of royalties for a period, volume, or value of production, and an annual rental. Analysis performed by MMS indicates that use of this system provides an incentive for development of this area while ensuring that a fair sharing of revenues will result if major discoveries are made and produced.

Specific royalty suspension provisions for Sale 186 are contained in the document "Royalty Suspension Provisions, Sale 186" included in the FNOS 186 package.

Dated: August 15, 2003.

**Thomas A. Readinger,**  
*Acting Director, Minerals Management Service.*

[FR Doc. 03-21472 Filed 8-20-03; 8:45 am]

**BILLING CODE 4310-MR-P**

## DEPARTMENT OF THE INTERIOR

### National Park Service

#### Notice of Inventory Completion: Phoebe A. Hearst Museum of Anthropology, University of California, Berkeley, Berkeley, CA, and U.S. Department of the Interior, Bureau of Indian Affairs, Washington, DC

**AGENCY:** National Park Service, Interior.

**ACTION:** Notice.

Notice is here given in accordance with the Native American Graves Protection and Repatriation Act (NAGPRA), 25 U.S.C. 3003, of the completion of an inventory of human remains and associated funerary objects in the possession of the Phoebe A. Hearst Museum of Anthropology, University of California, Berkeley, Berkeley, CA, and in the control of the U.S. Department of the Interior, Bureau of Indian Affairs, Washington, DC. The human remains and associated funerary objects were removed from the tribal lands of the Navajo Nation, Arizona, Utah, & New Mexico, Apache County, AZ.

This notice is published as part of the National Park Service's administrative responsibilities under NAGPRA, 25 U.S.C. 3003 (d)(3). The determinations within this notice are the sole responsibility of the museum, institution, or Federal agency that has control of the Native American human remains and associated funerary objects. The National Park Service is not responsible for the determinations within this notice.

An assessment of the human remains, and catalog records and associated documents relevant to the human remains, was made by Phoebe A. Hearst Museum of Anthropology professional staff in consultation with representatives of the Navajo Nation, Arizona, Utah, and New Mexico.

In 1924, human remains representing at least two individuals were removed from the "West bank of Pueblo Colorado Wash," in the Cornfields District, Apache County, AZ, by Albert B. Reagan, who donated the human remains to the Phoebe Hearst Museum of Anthropology in the same year. No known individuals were identified. The one associated funerary object is a cotton cloth fragment.

Based on museum records that identify the human remains as a "partial Navajo skeleton" and the geographical location of the burials, the human remains are determined to be Native American. The presence of an associated funerary object of European

origin dates the burials to a post-European contact time period. Consultation evidence indicates that the region was inhabited by Navajo culture groups at the time of European contact. The current descendants are the Navajo Nation, Arizona, Utah, and New Mexico. The west bank of Pueblo Colorado Wash, Cornfields District, Apache County, AZ, is within the exterior boundaries of the tribal lands of the Navajo Nation, Arizona, Utah, and New Mexico.

Officials of the U.S. Department of the Interior, Bureau of Indian Affairs and the Phoebe A. Hearst Museum of Anthropology have determined that, pursuant to 25 U.S.C. 3001 (9-10), the human remains described above represent the physical remains of at least two individuals of Native American ancestry. Officials of the U.S. Department of the Interior, Bureau of Indian Affairs and the Phoebe A. Hearst Museum of Anthropology also have determined that, pursuant to 25 U.S.C. 3001(3)(A), the one object described above is reasonably believed to have been placed with or near individual human remains at the time of death or later as part of the death rite or ceremony. Lastly, officials of the U.S. Department of the Interior, Bureau of Indian Affairs and the Phoebe A. Hearst Museum of Anthropology have determined that, pursuant to 25 U.S.C. 3001 (2), there is a relationship of shared group identity that can be reasonably traced between the Native American human remains and associated funerary object and the Navajo Nation, Arizona, Utah, and New Mexico.

Representatives of any other Indian tribe that believes itself to be culturally affiliated with the human remains and associated funerary object should contact C. Richard Hitchcock, NAGPRA Coordinator, Phoebe A. Hearst Museum of Anthropology, University of California, Berkeley, Berkeley, CA 94720, telephone (510) 642-6096, before September 22, 2003. Repatriation of the human remains and associated funerary object to the Navajo Nation, Arizona, Utah, and New Mexico may proceed after that date if no additional claimants come forward.

The Phoebe A. Hearst Museum of Anthropology is responsible for notifying the Navajo Nation, Arizona, Utah, and New Mexico that this notice has been published.

Dated: July 8, 2003.

**John Robbins,**

*Assistant Director, Cultural Resources.*

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**BILLING CODE 4312-50-M**