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Dated: April 13, 1999.

Enrique E. Figueroa,

Administrator, Agricultural Marketing Service.

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BILLING CODE 3410–02–P

NORTHEAST DAIRY COMPACT COMMISSION

7 CFR Parts 1306 and 1309

Over-Order Price Regulation

AGENCY: Northeast Dairy Compact Commission.

ACTION: Proposed rule; notice of hearing.

SUMMARY: The Northeast Dairy Compact Commission proposes to amend the over-order price regulation to establish a supply management program. The proposed program is an assessment/refund plan under which the Commission would withhold up to the sum of three million dollars per calendar year, at the rate of $250,000 from each Compact monthly pool. At the end of the Commission's fiscal (calendar) year, the Commission would refund the withheld funds to compact eligible producers who had either reduced their production or only increased production at a rate of one percent or less, as compared to the prior calendar year's production. All eligible producers would receive a flat rate refund amount. In addition to the flat rate refund amount, eligible producers who decreased production would receive a refund based on the hundredweight of milk that the current year's production was less than the prior year's production.

DATES: A public hearing will be held on May 5, 1999 to commence at 9:00 a.m. and to conclude no later than 12:00 p.m. Sworn and notarized written testimony, comments and exhibits may be submitted until 5:00 p.m. on May 19, 1999.

ADDRESSES: The public hearing will be held at Wayfarer Inn, 121 S. River Road, U.S. Route 3, Bedford, New Hampshire. Mail, or deliver, sworn and notarized testimony, comments and exhibits to: Northeast Dairy Compact Commission, 34 Barre Street, Suite 2, Montpelier, Vermont 05602.

FOR FURTHER INFORMATION CONTACT: Kenneth M. Becker, Executive Director, Northeast Dairy Compact Commission at the above address or by telephone at (802) 229–1941, or by facsimile at (802) 229–2028.

SUPPLEMENTARY INFORMATION:

I. Background

The Northeast Dairy Compact Commission (''Commission'') was established under authority of the Northeast Interstate Dairy Compact (''Compact''). The Compact was enacted into law by each of the six participating New England states as follows: Connecticut—Pub. L. 93–320; Maine—Pub. L. 89–437, as amended, Pub. L. 93–274; Massachusetts—Pub. L. 93–370; New Hampshire—Pub. L. 93–336; Rhode Island—Pub. L. 93–106; Vermont—Pub. L. 93–57. In accordance with Article I, Section 10 of the United States Constitution, Congress consented to the Compact in Pub. L. 104–127 (FAIR Act), Section 147, codified at 7 U.S.C. 7256. Subsequently, the United States Secretary of Agriculture, pursuant to 7 U.S.C. 7256(1), authorized implementation of the Compact.

Pursuant to its rulemaking authority under Article V, Section 11 of the Compact, the Commission concluded an informal rulemaking process and voted to adopt a compact over-order price regulation on May 30, 1997.[1] The Commission subsequently amended and extended the compact over-order price regulation.[2] In 1998, the Commission further amended specific provisions of the over-order price regulation.[3] The current compact over-order price regulation is codified at 7 CFR Chapter XIII.

On November 27, 1998, the Commission issued a notice of proposed rulemaking proceedings on several subjects and issues, including whether additional supply management policies and provisions should be incorporated into the over-order price regulation.[4] The Commission held a public hearing to receive testimony on December 11, 1998 in Boxborough, Massachusetts and comments were received until 5:00 p.m. on December 31, 1998.

On January 13, 1999, the Commission held its deliberative meeting, pursuant to 7 CFR 1361.8, to consider all oral and written comments received at the public hearing and the additional comments received by the Commission's published comment deadline of December 31, 1998, and to deliberate and act on the proposed subjects and issues rulemaking regarding whether additional supply management policies and provisions should be incorporated into the over-order price regulation.[5] At that meeting, the Commission referred the supply management issue to its Committee on Regulations and Rulemaking for further study. The Committee was asked to report back to the full Commission no later than the May 1999 meeting with recommendations for addressing supply management and the requirement in Article IV, Section 9(f) of the Compact. That provision requires the Commission, when establishing a compact over-order price, to ''take such action as necessary and feasible to ensure that the over-order price does not create an incentive for producers to generate additional supplies of milk.''

Since promulgation of the Compact Over-order Price Regulation in 1997, the Commission has closely monitored milk production levels in New England. One of the main goals in initially promulgating the Over-order Price Regulation was to at least stabilize the dairy industry supplying the New England consumer milk markets and to increase the local supply of milk.[6]

In the spring of 1998, the Commission recognized that production levels in New England had increased. The Commission's Committee on Regulations and Rulemaking held five public meetings around New England, to receive informal public comment on various supply management proposals and the Commission's responsibilities under Section 9(f) of the Compact. The Commission also conducted a comprehensive rulemaking proceeding beginning in June 1998, held public hearings in July and September 1998 and promulgated a rule in November to be effective January 1, 1999 which limits the payment of the Compact Over-order producer price to milk disposed of within the Compact regulated area, with a seasonally adjusted allowance for diverted and transferred milk.[7]

Also in 1998, the Commission paid 1.762 million dollars to the Commodity Credit Corporation (CCC), as required by condition 5 of the authorization of the Compact, 7 U.S.C. 7256(5). That provision requires the Commission to compensate the CCC for the cost of any purchases of milk and milk products that result from the projected rate of increase in milk production in the Compact regulated area in excess of the national average rate of the increase in milk production.[8] The Commission

[1] 62 FR 29626 (May 30, 1997)

[2] 62 FR 62810 (Nov. 25, 1997)

[3] 63 FR 10104 (Feb. 27, 1998); 63 FR 46385 (Sept. 1, 1998); and 63 FR 65517 (Nov. 27, 1998).

[4] 63 FR 65563 (Nov. 27, 1998).

[5] 64 FR 533 (Jan. 5, 1999).

[6] 62 FR 23039–40 (April 28, 1997); 62 FR 29635 (May 30, 1997); 62 FR 62814 (Nov. 25, 1997).

[7] 63 FR 65517 (Nov. 27, 1998).

[8] During federal fiscal year 1998, the Compact region enjoyed some of the best milk production conditions in many years, weather was warm and feed prices were low. Many other milk producing areas of the country experienced some of the worst

began setting aside funds in an escrow account from the monthly producer pool in March 1998, for February milk, to meet this potential obligation. After the payment to the CCC was made, the CCC escrow account had a balance of approximately $400,000, which the Commission returned to those producers whose production in federal fiscal year 1998 was less than or equal to their production during federal fiscal year 1997. The CCC refund payments were based on the eligible producer's total production for the year.

Based on the oral testimony and written comments and exhibits received in the December 1998 subjects and issues rulemaking proceeding, the informal public comment provided to the Committee on Regulations in the public meetings in the spring of 1998 and the Commission's experience with the CCC refund program, the Commission proposes to implement a supply management program through an assessment and refund payment to producers who either reduce production or maintain their milk production within one percent of the prior year's production level. The proposed program is described in detail below.

II. Proposed Supply Management Program

The proposed supply management program is designed to meet the Commission's responsibilities under Article IV, Section 9(f) of the Compact. That provision provides that ''[w]hen establishing a compact over-order price, the commission shall take such action as necessary and feasible to ensure that the over-order price does not create an incentive for producers to generate additional supplies of milk.'' The proposed supply management program is relatively straightforward to administer and implement and therefore would be a feasible method of addressing supply management. The proposed supply management program is necessary to ensure that the compact over-order price does not create an incentive for producers to increase milk production, as required by section 9(f) of the Compact.

The proposed program would require the Commission to reduce the producer pool by the sum of $250,000 per month, in order to accumulate a total of three million dollars per calendar year in the supply management-settlement fund.[9] By taking an equal sum from each producer pool, the impact on the monthly producer pay price would be minimized, thereby continuing to ensure a sufficient pay price to producers to cover their costs of production. These funds would be accumulated in an escrow account throughout the calendar year in a supply management-settlement fund.

At the conclusion of the calendar year, producers would have 45 days to submit an application to the Commission for a refund from the supply management-settlement fund. There would be two categories of producers eligible for the refund: (1) producers who reduced their production as compared to their prior year's production level; and (2) producers who maintained their production milk level at a rate of increase not more than 1% compared to the prior year's production. All eligible producers would receive a refund based on a flat rate per producer. One-half of the supply management-settlement fund would be distributed to eligible producers on a per producer basis. The amount of the flat rate refund would be determined by dividing the total number of eligible producers into one-half the value of the supply management-settlement fund.

In addition, producers who reduced their milk production, compared to the prior year's production, would receive a refund amount based on a price per hundredweight of reduced production of milk. The assessment/refund program would provide a reward to those producers who reduce their milk production and create an incentive for all producers to maintain a stable, local supply of milk for the New England milk market.

All producers would share equally in the burden of funding this program through a reduction in the producer pay price. Only those producers who reduce or maintain their production level would be eligible for a refund. However, the program would not otherwise restrict the milk production of those producers who, for business reasons unrelated to the compact payments, chose to increase their milk production at a rate greater than 1% per year.

The Commission would also change the regulation regarding any balance left in an account established to meet a potential liability to the Commodity Credit Corporation. The supply management program would be designed to meet the Commission's responsibilities under section 9(f) of the Compact, and therefore, any balance in a CCC escrow account would be returned to the producer-settlement fund for distribution to all producers in the next producer pool.

It is the intention and judgment of the Commission that the combination of the proposed supply management assessment/refund program and the recently promulgated rules limiting compact payments on diverted and transferred milk will operate in coordination to regulate the supply of milk in New England relative to the consumer demand and to ensure that the compact payments do not create an incentive to generate supplies of milk in excess of the tolerance levels prescribed for diverted and transferred milk.

Tables 1 and 2 show how the proposed supply management program would be implemented using the actual figures for the May 1998 and July 1998 compact producer pools. As Tables 1 and 2 demonstrate, setting aside $250,000 from each pool to fund the supply management-settlement fund, would have reduced the producer price by four cents.

TABLE 1.—MAY 1998 COMPACT OVER-ORDER PRODUCER PRICE WITH PROPOSED SUPPLY MANAGEMENT ASSESSMENT

Compact Over-order Obligation		$0.89	
Compact Class I	43.49%	252,572,087	$2,247,891.58
Less: WIC 3%			67,436.75
Less: Supply Management Assessment			250,000.00
Total Producer Milk	100%	580,786,219	1,930,454.83
Add: ½ Unobligated Balance			257,942.40
Adjusted Pool Value		0.376799097	2,188,397.23
Less: Reserve		.046799097	271,802.14
Total Pool Value			1,916,595.09

weather and, as a result, the rate of production in New England exceeded that of the national average. The Commission notes, too, however, that in promulgating the Over-order Price Regulation it intended to stabilize or increase milk production in the region. See discussions at 62 FR 23039–40 (April 28, 1997); 62 FR 29635 (May 30, 1997); and 62 FR 62814 (Nov. 25, 1997)

[9] If there is no producer pool in a particular month, the sum owed to the refund pool would be carried forward and paid from the next available producer pool.

TABLE 1.—MAY 1998 COMPACT OVER-ORDER PRODUCER PRICE WITH PROPOSED SUPPLY MANAGEMENT ASSESSMENT—Continued

Over-order Producer Price		$0.33	
Announced Over-order Producer Price		$0.37	
Reduction due to SM Assessment		$0.04	

TABLE 2.—JULY 1998 COMPACT OVER-ORDER PRODUCER PRICE WITH PROPOSED SUPPLY MANAGEMENT ASSESSMENT

Compact Over-order Obligation		$2.82	
Compact Class I	43.70%	248,178,437	$6,998,631.91
Less: WIC 3%			209,958.96
Less: Supply Management Assessment			250,000.00
Total Producer Milk	100%	567,929,595	6,538,672.95
Add: ½ Unobligated Balance			229,215.01
Adjusted Pool Value		1.191677281	6,767,887.96
Less: Reserve		.041677281	236,697.15
Total Pool Value			6,531,190.81
Over-order Producer Price		$1.15	
Announced Over-order Producer Price		$1.19	
Reduction due to SM Assessment		$0.04	

The Commission offers the following examples to assist interested persons in evaluating the proposed supply management program. Table 3 shows the cost per producer of a reduction in the producer pay price of $.04 per hundredweight on a monthly and annual basis. As discussed above, the $.04 reduction is the cost of setting aside $250,000 per month from the producer pool to fund the supply management-settlement fund.

TABLE 3.—COST OF SUPPLY MANAGEMENT ASSESSMENT TO SELECTED SIZE FARMS

No. cows	Pounds	Reduced rate/cwt	Cost per month	Cost per year
40	700,000	.$04	$23	$280
57	1,000,000	.04	33	400
86	1,500,000	.04	50	600
286	5,000,000	.04	167	2,000

The examples in Tables 4 and 5 assume that each size farm reduces production by five percent compared to the prior year's production. The proposed supply management program would pay one-half of the supply management-settlement fund on a per producer, flat rate basis, and the other half on a rate per hundredweight of the producer's reduced milk production. The values used in the examples are determined by assuming that 1,000 producers are eligible for the supply management refund, and eligible producers reduced milk production by 91 million pounds. These assumptions result in a per producer refund payment of $1,500 and a per hundredweight rate of $1.64.

Table 4 shows the yearly refund different size farms would receive under the proposed supply management program.

TABLE 4.—YEARLY REFUND FROM SUPPLY MANAGEMENT PROGRAM, SELECTED SIZE FARMS

No. Cows	Pounds	Reduced pounds	Reduced rate/cwt	Rate/cwt refund	Per farm refund	Total refund
40	700,000	35,000	$1.64	$574	$1,500	$2,074
57	1,000,000	50,000	1.64	820	1,500	2,320
86	1,500,000	75,000	1.64	1,230	1,500	2,730
286	5,000,000	250,000	1.64	4,100	1,500	5,600

Table 5 shows the yearly financial benefit to different size farms of the proposed supply management program.

TABLE 5.—YEARLY BENEFITS FROM SUPPLY MANAGEMENT PROGRAM, SELECTED SIZE FARMS

No. Cows	Total refund	Less cost	Net refund
40	$2,074	$280	$1,794
57	2,320	400	1,920
86	2,730	600	2,130

TABLE 5.—YEARLY BENEFITS FROM SUPPLY MANAGEMENT PROGRAM, SELECTED SIZE FARMS—Continued

No. Cows	Total refund	Less cost	Net refund
286	5,600	2,000	3,600

Table 6 shows the increased income a producer would have received in 1998, on only the volume of milk produced in excess of the prior year's production, due to the compact producer price. The table uses the assumption that the rate of increased production was 1.8%. This is the rate of increased production in the compact region the Commodity Credit Corporation used to set the amount due from the Compact Commission in 1998. The table also applies the average compact over-order producer price for 1998 of $.286. The last column shows the compact payment to the producer for the increased milk production.

TABLE 6.—YEARLY INCREASED INCOME ON AVERAGE PERCENTAGE INCREASED PRODUCTION

No. Cows	Pounds	% Increase	Increase lbs.	Av. Price	Increase $
40	700,000	1.8	12,600	$.286	$36
57	1,000,000	1.8	18,000	.286	51
86	1,500,000	1.8	27,000	.286	77
285	5,000,000	1.8	90,000	.286	257

Table 7 shows the comparison between the income (reduced income) a producer would not receive due to decreasing production by five (5) percent, and the financial benefit for that production decrease under the proposed supply management program. The table applies the average compact producer price of $.286 for 1998 to compute the value of reduced income and applies the same assumptions as used in Table 5 to show the effect of the proposed supply management program (SMP).

TABLE 7.—COMPARISON OF REDUCED COMPACT INCOME TO SUPPLY MANAGEMENT BENEFITS FOR 5% PRODUCTION DECREASE

No. Cows	Reduced pounds	Average price	Reduced income	Net SMP refund	Net income increase
40	35,000	$.286	$100	$1794	$1694
57	50,000	.286	143	1920	1777
86	75,000	.286	214	2130	1916
285	250,000	.286	715	3600	2885

The Commission is especially interested in comments regarding the level of refund payment that would best meet the purposes of the supply management program.

III. Proposed Technical Amendments to the Over-Order Price Regulation

The Commission proposes to amend §§ 1306.3 (c) and (e) and to add a new Part 1309 to provide the necessary regulations to implement the proposed supply management assessment/refund program. The Commission also proposes to make corresponding technical changes required by the specific amendments and additions to the current regulations.

The Commission proposes to amend § 1306.3(c) to delete subsections (1) and (2) and to specify that any surplus remaining in an escrow account established to meet a potential obligation to the Commodity Credit Corporation (CCC) would be returned to the producer-settlement fund for distribution to all producers. These changes eliminate the current provisions for returning the surplus funds to only those producers who did not increase production in the federal fiscal year. The Commission proposes this change because, with the implementation of the supply management assessment/refund program and the corresponding reduction of the producer pool, the limitation on the CCC refund of a surplus to only those producers who did not increase production would no longer be appropriate.

The Commission proposes to amend § 1306.3, by first redesignating existing paragraphs (e) through (g) as paragraphs (f) through (h) and adding a new paragraph (e). The new paragraph will allow the Commission to withhold $250,000 from the producer pool to fund the supply management-settlement fund. In months when there either is no producer pool or the amount of the pool is insufficient, then the obligation will accrue to the next available pool. This provision will allow the Commission to fund the supply management-settlement fund at an amount up to three million dollars per calendar year.

A new Part 1309 is proposed to provide the regulations to implement the supply management program. Section 1309.1 defines producer qualifications for the refund program. Section 1309.2 defines the procedure for computing the refund prices to be paid to qualified producers. Section 1309.3 would provide the authority for the establishment of a supply management-settlement fund. Finally, § 1309.4 would describe the procedure for issuing payments to producers eligible for a refund under the supply management program.

Official Notice of Technical, Scientific or Other Matters

Pursuant to the Commission regulations, 7 CFR 1361.5(g)(5), the Commission hereby gives public notice that it may take official notice, at the public hearing May 5, 1999, or afterward, of relevant facts, statistics, data, conclusions, and other information provided by or through the United States Department of Agriculture, including, but not limited to, matters reported by the National Agricultural Statistics Service, the Market Administrators, the Economic Research Service, the Agricultural Marketing Service and information, data and statistics developed and maintained by the Departments of Agriculture of the States or Commonwealth within the Compact regulated area.

The Commission will also receive into the record of this rulemaking proceeding the entire record, including the public hearing transcript and written comments and submissions, of the subjects and issues rulemaking proceeding regarding whether additional supply management policies and provisions should be incorporated into the Over-order Price Regulation.

Public Participation in Rulemaking Proceedings

The Commission seeks and encourages oral and written testimony and comments from all interested persons regarding these proposed rules. The Commission continues to benefit from the valuable insights and active participation of all segments of the affected community including consumers, processors and producers in the development and administration of the Over-order Price Regulation.

Date, Time and Location of the Public Hearing

The Northeast Dairy Compact Commission will hold a public hearing to commence at 9:00 a.m., and to conclude no later than 12:00 p.m., on May 5, 1999 at the Wayfarer Inn, 121 S. River Road, U.S. Route 3, Bedford, New Hampshire.

Request for Pre-filed Testimony and Written Comments

Pursuant to the Commission rules, 7 CFR 1361.4, any person may participate in the rulemaking proceeding independent of the hearing process by submitting written comments or exhibits to the Commission. Comments and exhibits may be submitted at any time before 5:00 p.m. on May 19, 1999.

Please note: Comments and exhibits will be made part of the record of the rulemaking proceeding only if they identify the author's name, address and occupation, and if they include a sworn and notarized statement indicating that the comment and/or exhibit is presented based upon the author's personal knowledge and belief. Facsimile copies will be accepted up until the 5:00 p.m. deadline, but the original must then be sent by ordinary mail.

The Commission is requesting pre-filed testimony from any interested person. Pre-filed testimony must include the name, address and occupation of the witness and a sworn notarized statement indicating that the testimony is presented based upon the author's personal knowledge and belief. Pre-filed testimony must be received in the Commission office no later than 5:00 p.m. April 26, 1999 to insure distribution to Commission members prior to the public hearing.

Pre-filed testimony, comments and exhibits should be sent to: Northeast Dairy Compact Commission, 34 Barre Street, Suite 2, Montpelier, Vermont 05602 or by facsimile to (802) 229–2028.

List of Subjects in 7 CFR Parts 1306 and 1309

Milk.

Codification in Code of Federal Regulations

For reasons set forth in the preamble, the Northeast Dairy Compact Commission proposes to amend 7 CFR part 1306 and to add a new part 1309 as follows:

PART 1306—COMPACT OVER-ORDER PRODUCER PRICE

1. The authority citation for part 1306 continues to read as follows:

Authority: 7 U.S.C. 7256.

2. In section 1306.3 revise paragraph (c), redesignate paragraphs (e) through (g) as paragraphs (f) through (h), and add new paragraph (e) to read as follows:

§ 1306.3 Computation of basic over-order producer price.

* * * * *

(c) In any month when the average percentage increase in production in the regulated area comes within 0.25 of the average percentage increase in production for the nation, subtract from the total value computed pursuant to paragraph (a) of this section, for the purpose of retaining a reserve, an amount estimated by the commission in consultation with the USDA for anticipated cost to reimburse the Commodity Credit Corporation (CCC) at the end of its fiscal year for any surplus milk purchases. Should those funds not be needed because no surplus purchases were made by the CCC at the end of its fiscal year or there is a surplus in the fund, it is to be returned to the producer-settlement fund.

* * * * *

(e) Subtract $250,000 from the total value computed pursuant to paragraph (a) of this section and deposit that amount in the supply management-settlement fund, in the event there is no monthly pool because there is no over-order obligation or there is insufficient funds available, the obligation under this section will accrue to the next available pool;

* * * * *

3. A new part 1309 is added to read as follows:

PART 1309—SUPPLY MANAGEMENT REFUND PROGRAM

Sec.

Authority: 7 U.S.C. 7256.

§ 1309.1 Producer qualification for supply management refund program.

A dairy farmer who is a qualified producer pursuant to § 1301.11 of this chapter for the entire refund year and the dairy farmer's milk production during the refund year is less than or the increase is not more than 1% of the milk production of the preceding calendar year.

§ 1309.2 Computation of supply management refund prices.

The compact commission shall compute the supply management refund prices applicable to all qualified milk as follows:

(a) Combine into one total the values, including all interest earned, deducted pursuant to § 1306.3(e) of this chapter for the refund year;

(b) Subtract 50% from the total value computed pursuant to paragraph (a) of this section to be used for the per farm payments to producers who submitted documentation pursuant to § 1309.4(a);

(c) Add the unobligated balance of the supply management-settlement fund;

(d) Divide the resulting amount by the sum of all milk production reduction reported by producers qualified pursuant to § 1309.1 and who submitted documentation pursuant to § 1309.4(a); and

(e) Subtract not less than one (1) cent nor more than two (2) cents for the purpose of retaining a cash balance in the supply management-settlement fund. The result shall be the supply management refund price for the year.

§ 1309.3 Supply management-settlement fund.

(a) The compact commission shall establish and maintain a separate fund known as the supply management-settlement fund. It shall deposit into the fund all amounts deducted pursuant to § 1306.3(e) of this chapter and the amount subtracted under § 1309.2(e). It shall pay from the fund all amounts due producers pursuant to § 1309.4 and the amount added pursuant to § 1309.2(c);

(b) All amounts subtracted under § 1309.2(e), including interest earned thereon, shall remain in the supply management-settlement fund as an obligated balance until it is withdrawn for the purpose of effectuating § 1309.2(c);

(c) The compact commission shall place all monies subtracted under § 1306.3(e) of this chapter and § 1309.2(e) in an interest-bearing bank account or accounts in a bank or banks duly approved as a Federal depository for such monies, or invest them in short-term U.S. Government securities.

§ 1309.4 Payment to producers of supply management refund.

(a) All producers who are qualified pursuant to § 1309.1 shall become eligible to receive payment of the supply management refund computed pursuant to § 1309.2 by submitting to the compact commission documentation that the producer milk production during the refund year is less than or the increase is not more than 1% of the milk production of the preceding calendar year. Such documentation shall be filed with the commission not later than 45 days after the end of the calendar year.

(b) The commission will make payment to all producers qualified pursuant to § 1309.1 and eligible pursuant to paragraph (a) of this section in the following manner:

(1) A per farm payment computed by dividing the amount subtracted pursuant to § 1309.2(b) by the total eligible producers; and

(2) The value determined by multiplying the supply management refund price computed pursuant to § 1309.2(e) by the producer's reduced milk pounds.

Date: April 12, 1999.

Kenneth M. Becker,

Executive Director.

[FR Doc. 99–9521 Filed 4–16–99; 8:45 am]

BILLING CODE 1650–01–P

NUCLEAR REGULATORY COMMISSION

10 CFR Part 39

RIN 3150–AG14

Energy Compensation Sources for Well Logging and Other Regulatory Clarifications

AGENCY: Nuclear Regulatory Commission.

ACTION: Proposed rule.

SUMMARY: The Nuclear Regulatory Commission (NRC) is proposing to amend its regulations governing licenses and radiation safety requirements for well logging. The proposed rule would modify NRC regulations dealing with: low activity energy compensation sources; tritium neutron generator target sources; specific abandonment procedures in the event of an immediate threat; changes to requirements for inadvertent intrusion on an abandoned source; the codification of an existing generic exemption; the removal of an obsolete date; and updating regulations to be consistent with the Commission's metrication policy. The proposed amendments are necessary to reflect developments that have occurred in well logging technology since the existing regulations were adopted.

DATES: The comment period expires July 5, 1999. Comments received after this date will be considered if it is practical to do so, but the Commission is able to assure consideration only for comments received on or before this date.

ADDRESSES: Send comments by mail or addressed to the Secretary, U.S. Nuclear Regulatory Commission, Washington, DC 20555–0001. Attention: Rulemakings and Adjudications Staff.

Hand-deliver comments to: 11555 Rockville Pike, Rockville, Maryland, between 7:30 am and 4:15 pm on Federal workdays.

You may also provide comments via the NRC's interactive rulemaking web site through the NRC home page (http://www.nrc.gov). From the NRC home page, select ''Rulemaking'' from the tool bar. The interactive rulemaking website can then be accessed by selecting ''Rulemaking Forum.'' This site provides the availability to upload comments as files (any format), if your web browser supports that function. For information about the interactive rulemaking site, contact Ms. Carol Gallagher, (301) 415–5905; e-mail CAG@nrc.gov.

Certain documents related to this rulemaking, including comments received and the environmental assessment and finding of no significant impact, may be examined at the NRC Public Document Room, 2120 L Street NW., (Lower Level), Washington, DC. These same documents also may be viewed and downloaded electronically via the interactive rulemaking website established by NRC for this rulemaking.

FOR FURTHER INFORMATION CONTACT: Mark Haisfield, Office of Nuclear Material Safety and Safeguards, U.S. Nuclear Regulatory Commission, Washington, DC 20555–0001, telephone (301) 415–6196, e-mail MFH@nrc.gov.

SUPPLEMENTARY INFORMATION: The Nuclear Regulatory Commission is proposing to amend its regulations to acknowledge and accommodate the use of well logging technology that has been developed since the NRC issued the current well logging regulations (March 17, 1987; 52 FR 8234). This new technology allows licensees to lower a logging tool down a well at the same time that the hole for the well is being drilled instead of requiring drilling to stop, removing drilling pieces, and lowering a logging tool down the well. This technology is commonly referred to as ''logging while drilling.'' This process uses a relatively small radioactive source within the logging tool in addition to the larger radioactive sources currently used in logging a well. The existing regulations were based on the use of larger radioactive sources. These regulations include provisions which are unnecessary and potentially burdensome for the additional small sources. The proposed changes would have no significant impact on public health and safety and the environment while reducing potential burdens to licensees. Licensees would no longer need to comply with unnecessary regulatory requirements for these small sources or to request licensing exemptions from the NRC for actions dealing with these small sources. Other changes are also being proposed to improve, clarify, and update well logging regulations to reduce confusion. These changes may also reduce the need for licensees to request exemptions from unnecessary requirements.

Introduction

Oil and gas come from accumulations in the pore spaces of reservoir rocks (usually sandstone, limestone, or dolomites) and are removed via a well. Because the amount of oil and gas in these pore spaces is dependent upon the rock's characteristics, the oil and gas industry often needs to determine the characteristics of underground formations to predict the commercial viability of a new or existing well.