

OCSLA respecting rates for gas pipeline services?

5. Does the OCSLA provide sufficient remedial authority for the Commission to ensure nondiscriminatory access by prohibiting discriminatory or excessive rates?

6. Does the OCSLA provide the Commission with sufficient authority to protect the interests of historical customers of existing offshore interstate pipelines if these pipelines were declared to be gathering facilities?

7. Is it feasible, as a matter of law and policy, to adopt a light-handed regulatory approach that relies on complaints about discriminatory access or rates?

8. If such an approach is adopted, is there a need to distinguish between new and existing pipelines to determine how much regulation is necessary? What would be the legal and policy basis for any such distinction?

9. What are the implications of a change in OCS gathering policy on existing OCS interstate pipelines that may wish to retain their jurisdictional status or on existing, interstate pipeline-owned, OCS transmission facilities that wish to retain a transmission classification for those facilities?

10. How much, if any, OCS gas is processed at locations other than onshore or in shallow waters?

B. Should the Commission issue a rule under the NGA declaring all pipeline facilities on the OCS to be nonjurisdictional gathering facilities and simultaneously issue a rule under the OCSLA imposing terms and conditions on OCS facilities to protect existing shippers on existing OCS interstate pipelines or on existing OCS transmission facilities?

1. What would be the practical effect of these rules?

2. Does the Commission have sufficient authority under the OCSLA to prohibit, eliminate or alter rates that are clearly discriminatory or rates that are so high that they would have the effect of denying access to shippers?

3. What would be the impact of the Commission's ceasing to regulate any offshore pipeline rates under the "just and reasonable" standard of sections 4 and 5 of the NGA?

4. Is here a legal basis under the OCSLA for the Commission to regulate generally the level of rates for services performed by OCS pipelines?

5. What conditions could the Commission require under the NGA and/or the OCSLA to protect historical customers of currently regulated OCS pipelines if their facilities are declared to be exempt gathering facilities?

6. Under this option, should the Commission consider allowing all rate regulation to end at any point that a pipeline and a (non-affiliated) shipper agree? (This option would be similar to recent proposals for "recourse rates".<sup>12</sup>)

C. Should the Commission issue a rule under the NGA declaring all pipeline facilities on the OCS to be jurisdictional transportation facilities, but only regulate transportation rates for historical customers on existing interstate pipelines and for non-owner shippers on new facilities?

1. What would be the practical effect of such a rule?

2. Does a "regulatory gap" exist on the OCS that would support the issuance of such a rule?

3. What legal support is there for the Commission's regulating only those pipelines that transport non-owner shipper gas?

4. Is there any need to regulate the rates charged new customers that have not relied upon or have no expectation of NGA regulation?

5. Would the provisions of the OCSLA provide sufficient protection from undue discrimination to both historical and new customers of OCS pipelines?

6. Under this option, should the Commission consider allowing all rate regulation to end at any point that a pipeline and a (non-affiliated) shipper agree? (This option would be similar to recent proposals for "recourse rates".<sup>13</sup>)

D. Should the Commission continue the application of the "modified primary function" test on a case-by-case basis? What would be the effects of this approach?

#### VI. Procedure for Comments

The Commission invites interested persons to submit comments, data, views, and other information concerning the matters set out in this notice.

To facilitate the Commission's review of the comments, commenters are requested to provide an executive summary of their position on the issues raised in the NOI. Commenters are requested to identify the specific question posed by the NOI that their discussion addresses and to use appropriate headings. Additionally, commenters should double space their comments.

The original and 14 copies of such comments must be received by the Commission before 5:00 p.m., Friday, January 12, 1996. Comments should be

<sup>12</sup> Under "recourse rates", pipelines would be free to offer negotiated rates. Customers could choose either negotiated rates or they could choose the pipeline's on-file, cost-of-service rates.

<sup>13</sup> See n. 13 *supra*.

submitted to the Office of the Secretary, Federal Energy Regulatory Commission, 888 First Street, NE., Washington DC 20426 and should refer to Docket No. RM96-5-000.

In addition, commenters are asked to submit their written comments and executive summaries on a 3 1/2-inch diskette formatted for MS-DOS based computers. In light of our ability to translate MS-DOS based materials, the text need only be submitted in the format and version that it was generated (*i.e.* MS WORD, WordPerfect, ASC III, etc.) For Macintosh users, it would be helpful to save the documents in word processor format and then write them to files on a diskette formatted for MS-DOS machines.

By direction of the Commission.

Lois D. Cashell,

Secretary.

[FR Doc. 95-30062 Filed 12-8-95; 8:45 am]

BILLING CODE 6717-01-M

## DEPARTMENT OF THE TREASURY

### Internal Revenue Service

#### 26 CFR Part 1

[INTL-0003-95]

RIN 1545-AT92

#### Source of Income From Sales of Inventory and Natural Resources Produced in One Jurisdiction and Sold in Another Jurisdiction

**AGENCY:** Internal Revenue Service (IRS), Treasury.

**ACTION:** Notice of proposed rulemaking and notice of public hearing.

**SUMMARY:** This document contains proposed regulations governing the source of income from sales of natural resources or other inventory produced in the United States and sold in a foreign country or produced in a foreign country and sold in the United States. This document affects persons who produce natural resources or other inventory in the United States and sell in a foreign country, or produce natural resources or other inventory in a foreign country and sell in the United States. This document also provides notice of a public hearing on these proposed regulations.

**DATES:** Written comments and outlines of oral comments to be presented at the public hearing scheduled for April 10, 1996, at 10 a.m. must be received by March 11, 1996.

**ADDRESSES:** Send submissions to: CC:DOM:CORP:R (INTL-0003-95),