

Country	Entity	License requirement	License review policy	Federal Register citation
	Sovfracht Managing Company, LLC, a.k.a., the following four aliases: —LLC Sovfracht Management Company; —Management Company Sovfrakht Ltd.; —Sovfracht Management Company; <i>and</i> —Sovfracht Management Company, LLC. Dobroslobodskaya, 3 BC Basmanov, Moscow 105066, Russia.	For all items subject to the EAR. (See § 744.11 of the EAR).	Presumption of denial	81 FR [INSERT FR PAGE NUMBER] September 7, 2016.
	Sovfracht-Sovmortrans Group, a.k.a., the following two aliases: —Sovfracht-Sovmortrans; <i>and</i> —Sovfrakht-Sovmortrans. Rakhmanovskiy Lane, 4, bld.1, Morskoy House, Moscow 127994, Russia; <i>and</i> Dobroslobodskaya, 3 BC Basmanov, Moscow 105066, Russia.	For all items subject to the EAR. (See § 744.11 of the EAR).	Presumption of denial	81 FR [INSERT FR PAGE NUMBER] September 7, 2016.
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	Technopole Company, 5–183 Entuziastov Street, Dubna, Moscow Region, Russia 141980; <i>and</i> 12 Aviamotornaya Street, Moscow, Russia 111024.	For all items subject to the EAR. (See § 744.11 of the EAR).	Presumption of denial	81 FR [INSERT FR PAGE NUMBER] September 7, 2016.
	*	*	*	*
	Vostokgazprom, OAO, a.k.a., the following two aliases: —Otkrytoe Aktsionerное Obshchestvo ‘Vostokgazprom’; <i>and</i> —Vostokgazprom. d.73 ul.Bolshaya Podgornaya, Tomsk, Tomskaya obl. 634009, Russia.	For all items subject to the EAR when used in projects specified in § 746.5 of the EAR.	See § 746.5(b) of the EAR.	81 FR [INSERT FR PAGE NUMBER] September 7, 2016.
	*	*	*	*
	Yamalgazinvest, ZAO, a.k.a., the following two aliases: —Yamalgazinvest; <i>and</i> —Zakrytoe Aktsionerное Obshchestvo ‘Yamalgazinvest’. d. 41 korp. 1 prospekt Vernadskogo, Moscow 117415, Russia.	For all items subject to the EAR when used in projects specified in § 746.5 of the EAR.	See § 746.5(b) of the EAR.	81 FR [INSERT FR PAGE NUMBER] September 7, 2016.
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Dated: September 1, 2016.  
**Eric L. Hirschhorn,**  
*Under Secretary of Commerce for Industry and Security.*  
 [FR Doc. 2016–21431 Filed 9–6–16; 8:45 am]  
**BILLING CODE 3510–33–P**

**DEPARTMENT OF THE INTERIOR**  
**Office of Surface Mining Reclamation and Enforcement**  
**30 CFR Part 800**  
**[Docket ID: OSM–2016–0006; S1D1S SS08011000 SX064A000 167S180110; S2D2S SS08011000 SX064A000 16XS501520]**  
**Petition To Initiate Rulemaking; Ensuring That Companies With a History of Financial Insolvency, and Their Subsidiary Companies, Are Not Allowed To Self-Bond Coal Mining Operations**  
**AGENCY:** Office of Surface Mining Reclamation and Enforcement, Interior.  
**ACTION:** Decision on petition for rulemaking.

**SUMMARY:** We, the Office of Surface Mining Reclamation and Enforcement (OSMRE), are announcing our final decision on a petition for rulemaking that was submitted by WildEarth Guardians. The petition requested that we revise our current regulations to better ensure that self-bonded companies provide sufficient information to guarantee that reclamation obligations are adequately met and that the self-bonded entity is financially solvent. The Director has decided to grant the petition, although we do not intend to propose the specific rule changes requested in the petition. We will initiate a rulemaking to address this issue as discussed more fully below.  
**DATES:** September 7, 2016.  
**ADDRESSES:** Copies of the petition and other relevant materials comprising the

administrative record of this petition are available for public review and copying at the Office of Surface Mining Reclamation and Enforcement, Administrative Record, Room 252 SIB, 1951 Constitution Avenue NW., Washington, DC 20240.

**FOR FURTHER INFORMATION CONTACT:** Michael Kuhns, Division of Regulatory Support, 1951 Constitution Ave. NW., Washington, DC 20240; Telephone: 202-208-2860; Email: [mkuhns@osmre.gov](mailto:mkuhns@osmre.gov).

**SUPPLEMENTARY INFORMATION:**

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**I. How does the petition process operate?**

On March 3, 2016, we received a petition from WildEarth Guardians (petitioner) requesting that OSMRE amend its self-bonding regulations at 30 CFR 800.23 to ensure that companies with a history of financial insolvency, and their subsidiary companies, are not allowed to self-bond coal mining operations. WildEarth Guardians submitted this petition pursuant to section 201(g) of the Surface Mining Control and Reclamation Act of 1977 (SMCRA), 30 U.S.C. 1201(g), which provides that any person may petition the Director of OSMRE to initiate a proceeding for the issuance, amendment, or repeal of any regulation adopted under SMCRA. OSMRE adopted regulations at 30 CFR 700.12 to implement this statutory provision.

In accordance with our regulation at 30 CFR 700.12(c), we determined that WildEarth Guardians' petition set forth "facts, technical justification and law" establishing a "reasonable basis" for amending our regulations. Therefore, on May 20, 2016, we published a document in the **Federal Register** (81 FR 31880) seeking comments on whether we should deny the petition or whether the changes proposed by petitioners, or other changes beyond what the petitioners have proposed, should be made. On June 20, 2016, we published a document extending the comment period 30 days, until July 20, 2016 (81 FR 39875). We received 117,191 comments during the public comment period.

After reviewing the petition and public comments, the Director has decided to grant WildEarth Guardians'

petition. Pursuant to 5 U.S.C. 553(e) and section 201(c)(2) of SMCRA, 30 U.S.C. 1211(c)(2), we plan to initiate rulemaking and publish a notice of proposed rulemaking with an appropriate public comment period. Although we are still considering the content of the proposed rule, we expect that it will contain updates and improvements to our regulations to ensure that reclamation obligations are adequately met and that any self-bonded entity is financially solvent. However, OSMRE does not intend to propose the petitioner's suggested rule language because it did not address important issues such as the process for evaluating applications for self-bonds, monitoring the financial health of self-bonded entities, and providing a mechanism for replacing self-bonds with other types of financial assurances if the need arises.

**II. What is the substance of the petition?**

The WildEarth Guardians' petition for rulemaking requests that OSMRE amend its self-bonding regulations at 30 CFR 800.23 to ensure that companies with a history of financial insolvency, and their subsidiary companies, are not allowed to self-bond coal mining operations. The petition claims that current rules allow regulatory authorities (RAs) to accept self-bond guarantees from subsidiary companies that are technically insolvent due to the financial status of their parent corporations, potentially shifting the financial burden for substantial mine reclamation costs to American taxpayers in the event the companies do not have the financial resources to complete their mine reclamation obligations.

In its petition, WildEarth Guardians provides draft regulatory language that it alleges will ensure that any entity, including non-parent corporate guarantors, will be subject to appropriate financial scrutiny before being allowed to self-bond. Specifically, WildEarth Guardians requests that we revise our self-bonding regulations to define the term "ultimate parent corporation," limit the total amount of present and proposed self-bonds to not exceed twenty-five (25) percent of the ultimate parent corporation's tangible net worth in the United States, and require that both the self-bonding applicant and its parent corporation meet any self-bonding financial conditions in 30 CFR 800.23, including the requirement that neither have filed for bankruptcy in the last five (5) years.

**III. What do our current regulations regarding self-bonding require?**

Our current regulations at 30 CFR 800.23 set minimum standards for

accepting a self-bond from an applicant. Paragraph (a) provides definitions for the terms "current assets," "current liabilities," "fixed assets," "liabilities," "net worth," "parent corporation," and "tangible net worth." Paragraph (b) sets out the conditions that an applicant must meet before it can be eligible to self-bond. The applicant must designate a suitable agent to receive service of process, paragraph (b)(1); demonstrate continuous operation as a business entity for at least 5 years, paragraph (b)(2); submit financial information satisfying at least one of three financial tests, paragraph (b)(3); and submit various audited and unaudited financial statements, paragraph (b)(4). Paragraph (c) allows an RA to accept a written guarantee for an applicant's self-bond from a parent or "corporate" guarantor as long as the guarantor meets the conditions of paragraphs (b)(1) and (b)(4) of 30 CFR 800.23 and sets out the terms for a corporate guarantee. Paragraph (d) states that, in order for an RA to accept an applicant's self-bonds, the total amount of the outstanding and proposed self-bonds of the applicant must not exceed twenty-five (25) percent of the applicant's tangible net worth in the United States. Paragraph (e) provides the requirements for any indemnity agreements. Paragraph (f) allows an RA to require self-bonded applicants, parent and non-parent corporate guarantors to submit an update of the information required under paragraphs (b)(3) and (b)(4) of this section within 90 days after the close of each fiscal year following the issuance of the self-bond or corporate guarantee. Finally, paragraph (g) requires that, if at any time during the period when a self-bond is posted, the financial conditions of the applicant, parent or non-parent corporate guarantor change so that the criteria of paragraphs (b)(3) and (d) are not satisfied, the permittee must notify the RA and, within 90 days, post an alternate form of bond in the same amount as the self-bond. This paragraph also provides that if the permittee fails to post an adequate substitute bond, the regulatory provisions of § 800.16(e), addressing bond procedures in the event of bankruptcy or insolvency, will apply.

**IV. What comments did we receive and how did we address them?**

We received 117,191 comments on the petition for rulemaking. These comments can be divided into two major groups: those in favor of the rulemaking (over 99%) and those opposed (less than 1%, or fourteen unique comments).

Supporters of the petition expressed concern that the current self-bond

regulations do not adequately protect the public from the risk that a self-bonded entity could declare bankruptcy and not have the funds to complete reclamation. These commenters pointed to multiple recent bankruptcies of self-bonded companies as evidence of the need for OSMRE to revise its self-bonding regulations to prevent those companies from qualifying for self-bonding just prior to declaring bankruptcy. Many commenters also expressed a desire for OSMRE to take some type of immediate action (such as banning self-bonding or providing guidance) until there is sufficient time to complete the formal rulemaking process. In support of the request for more immediate action, commenters pointed to the large amount of self-bonding by financially unstable companies that is at risk of becoming worthless in the ongoing bankruptcies.

Opponents of rulemaking asserted that most coal companies have a history of solvency and that even those companies currently in bankruptcy have continued to meet their reclamation obligations. Commenters also stated that they believed SMCRA and OSMRE's implementing regulations at 30 CFR 800.23 already provide adequate criteria for self-bonding and that the language proposed by petitioners would violate section 525 of the federal bankruptcy code, 11 U.S.C. 525(a), by discriminating against bankrupt entities. Commenters also expressed concern that more stringent self-bonding regulations would unnecessarily limit the flexibility of state RAs in determining whether to allow self-bonding. They assert that this would simply shift reclamation liability from one type of bonding instrument (self-bonding) to another (surety, letter of credit, collateral, or some other financial assurance), which the commenters allege would exacerbate current stresses on the coal market. Several commenters requested that OSMRE deny the petition and allow additional time for us to work with the Interstate Mining Compact Commission and state regulatory authorities to find a non-regulatory solution to the self-bonding problem.

#### V. What is the Director's decision?

After reviewing the petition and supporting materials, and after careful consideration of all comments received, OSMRE has decided to grant the petition. However, we do not plan to propose adoption of the specific regulatory changes suggested by the petitioner. Instead, we are examining broader regulatory changes to 30 CFR part 800 to update OSMRE's bonding regulations and ensure the completion

of the reclamation plan if the regulatory authority has to perform the work in the event of forfeiture.

It is undisputed that the coal market is dramatically different from when our current self-bonding regulations were drafted. Diminished global demand for coal, competition from low cost shale gas, and the unprecedented and continuing retirement of coal-fired power plants are clear signs that the energy industry is undergoing a major transformation. It is incumbent upon OSMRE to protect the public's interests in connection with self-bonding. Without a rigorous financial investigation, both before accepting self-bond and throughout the duration of a self-bond, it is impossible to ensure that the public will be adequately protected from the risk that a self-bonded entity will have insufficient funds to complete all of the required reclamation.

During our evaluation of the petition and the comments, we discovered instances where self-bond applicants did not provide sufficient financial information for state RAs to make informed decisions about whether that applicant was financially stable enough to self-bond. We also discovered that, because the financial condition of some companies changed so quickly, state RAs have experienced difficulties requesting and/or receiving additional financial information from a self-bonded entity when the RA becomes aware that the financial situation of that entity has changed, and enforcing the requirement that a self-bonded entity notify the RA and obtain replacement bond when it no longer qualifies for self-bonding under the regulations. Our current regulations look at companies' historical performance in order to assess their future solvency instead of using criteria that are more forward looking. For example, some companies qualified for self-bonding just months before the company declared bankruptcy, in part by providing year-old financial data that did not reflect the dramatic changes in the coal market and the declining financial health of those self-bonded entities in the intervening year. In other instances, the financial information came too late or too slowly for RAs to take enforcement action before the company declared bankruptcy. Once a self-bonded company files for bankruptcy, obtaining replacement bonds becomes significantly more difficult. We have concluded that the current regulations do not require use of the most appropriate financial tests, both before a self-bond is approved and during the life of a self-bond.

In light of these findings, OSMRE will consider proposing a number of changes

to our regulations. We anticipate reviewing the definitions in 30 CFR 800.23(a), as well as reviewing the existing financial tests and documentation required under 30 CFR 800.23(b), to ensure that the self-bond applicant is financially stable. We also will consider developing a systematic review process for ascertaining whether self-bonded entities remain financially healthy and for spotting any adverse trends that might necessitate replacing a self-bond with a different type of financial assurance. We will also consider if we need to provide an independent third party review of the self-bonding entity's annual financial reports and certification of the current and future financial ability of the self-bonding entity. Lastly, we may propose additional procedures for replacing self-bonds in the event that a company no longer meets the financial tests and to clarify the penalties for an entity's failure to disclose a change in financial status.

As mentioned above, we may also propose revisions to other bonding requirements, and explore the possibility of the creation of new financial assurance instruments to provide industry more options. We will likely explore the potential of requiring diversified financial assurances. Relying on just one type of financial assurance, such as self-bond or a surety bond from just one company, could be risky in an uncertain financial market. We are also likely to explore ways to make sure there is sufficient collateral to cover all reclamation obligations. Under our current regulations, the same small set of assets has been used as collateral for multiple liabilities. In a number of cases, the aggregate amount of these liabilities has been far greater than the value of the assets used as collateral, with the result that reclamation obligations are at risk of not being met. We will explore ways to address this problem, such as assessing the merits of requiring that a percentage of all bonds be supported by collateral that is not subject to any other lien nor used as collateral for any other mine or other liability. In addition, we need to explore the possibility of establishing criteria to create a greater incentive for self-bonded companies to timely complete reclamation and apply for final bond release. Companies that have surety bonds either pay a fee for the bond or have some sort of collateral that is being held by the surety company. These frozen assets give them an incentive to complete reclamation that self-bonded companies do not have. Finally, we will examine concerns raised over certain

sureties' reliance on a cash-flow basis to cover the cost of reclamation when their bonds are forfeited.

We believe that carefully considered revisions to our regulations will better (1) ensure the completion of the reclamation plan as required in section 509(a) of SMCRA, 30 U.S.C. 1259(a), (2) guarantee that an applicant demonstrates a history of financial solvency and continuous operation sufficient for authorization to self-insure as required in section 509(c) of SMCRA, 30 U.S.C. 1259(c), and (3) assure that surface coal mining operations are conducted to protect the environment, 30 U.S.C. 1202(d).

As we begin to examine broader regulatory changes, we will seek specific input from the many stakeholders about their ideas of how to improve our regulations. The state RAs have many years of experience with self-bonding and we will ask that they provide specific suggestions on how to improve our regulations to ensure they have adequate financial assurance to complete reclamation of each mine.

## VI. Procedural Matters and Determinations

This document is not a proposed or final rule, policy, or guidance. Therefore, it is not subject to the Regulatory Flexibility Act, the Small Business Regulatory Enforcement Fairness Act, the Paperwork Reduction Act, the Unfunded Mandates Reform Act, or Executive Orders 12866, 13563, 12630, 13132, 12988, 13175, and 13211. We will conduct the analyses required by these laws and executive orders when we develop a proposed rule.

In developing this document, we did not conduct or use a study, experiment, or survey requiring peer review under the Information Quality Act (Pub. L. 106-554, section 15).

This document is not subject to the requirement to prepare an Environmental Assessment or Environmental Impact Statement under the National Environmental Policy Act (NEPA), 42 U.S.C. 4332(2)(C), because no proposed action, as described in 40 CFR 1508.18(a) and (b), yet exists. This document only announces the Director's decision to grant a petition and initiate rulemaking. We will prepare the appropriate NEPA compliance documents as part of the rulemaking process.

Dated: August 19, 2016.

**Glenda H. Owens,**

*Assistant Director, Office of Surface Mining Reclamation and Enforcement.*

[FR Doc. 2016-21440 Filed 9-6-16; 8:45 am]

BILLING CODE 4310-05-P

## DEPARTMENT OF DEFENSE

### Office of the Secretary

#### 32 CFR Part 252

[Docket ID: DOD-2012-OS-0170]

RIN 0790-AI98

#### Professional U.S. Scouting Organization Operations at U.S. Military Installations Overseas; Technical Amendment

**AGENCY:** Under Secretary of Defense for Personnel and Readiness, DoD.

**ACTION:** Final rule; technical amendment.

**SUMMARY:** On January 25, 2016, the Department of Defense published a final rule, 81 FR 3959-3962, titled Professional U.S. Scouting Organization Operations at U.S. Military Installations Overseas. DoD is making a technical amendment due to the discovery of a mistake regarding the use of nonappropriated funds. A paragraph in the final rule incorrectly stated nonappropriated funds cannot be used to reimburse salaries and benefits of qualified scouting organization employees. Nonappropriated funds may be used to reimburse salaries and benefits of employees of qualified scouting organizations for periods during which their professional scouting employees perform services in overseas areas in direct support of DoD personnel and their families.

**DATES:** This rule is effective September 7, 2016.

**FOR FURTHER INFORMATION CONTACT:** Ms. Patricia Toppings, 571-372-0485.

**SUPPLEMENTARY INFORMATION:** This technical amendment amends 32 CFR part 252 to read as set forth in the amendatory language in this final rule.

#### List of Subjects in 32 CFR Part 252

Military installations, Military personnel, Scout organizations.

Accordingly 32 CFR part 252 is amended as follows:

#### PART 252—PROFESSIONAL U.S. SCOUTING ORGANIZATION OPERATIONS AT U.S. MILITARY INSTALLATIONS OVERSEAS

■ 1. The authority citation for part 252 continues to read as follows:

**Authority:** E.O. 12715, May 3, 1990, 55 FR 19051; 10 U.S.C. 2606, 2554, and 2555.

■ 2. Amend § 252.6 by revising paragraph (a)(6)(i) to read as follows:

#### § 252.6 Procedures.

(a) \* \* \*

(6) \* \* \*

(i) APF is not used to reimburse their salaries and benefits.

\* \* \* \* \*

Dated: August 30, 2016.

**Aaron Siegel,**

*Alternate OSD Federal Register Liaison Officer, Department of Defense.*

[FR Doc. 2016-21254 Filed 9-6-16; 8:45 am]

BILLING CODE 5001-06-P

## DEPARTMENT OF HOMELAND SECURITY

### Coast Guard

#### 33 CFR Part 117

[Docket No. USCG-2016-0847]

#### Drawbridge Operation Regulation; Lake Washington Ship Canal, Seattle, WA

**AGENCY:** Coast Guard, DHS.

**ACTION:** Notice of deviation from drawbridge regulation.

**SUMMARY:** The Coast Guard has issued a temporary deviation from the operating schedule that governs the Montlake Bridge across the Lake Washington Ship Canal, mile 5.2, at Seattle, WA. The Montlake Bridge is a double leaf bascule bridge. The deviation is necessary to allow work crews to replace bridge decking. This deviation allows a single leaf opening with a one hour advance notice during the day, and remains in the closed-to-navigation position at night.

**DATES:** This deviation is effective from 6 a.m. on September 24, 2016 to 6 a.m. on September 26, 2016.

**ADDRESSES:** The docket for this deviation, [USCG-2016-0847] is available at <http://www.regulations.gov>. Type the docket number in the "SEARCH" box and click "SEARCH." Click on Open Docket Folder on the line associated with this deviation.

**FOR FURTHER INFORMATION CONTACT:** If you have questions on this temporary deviation, call or email Mr. Steven Fischer, Bridge Administrator, Thirteenth Coast Guard District; telephone 206-220-7282, email [d13-pf-d13bridges@uscg.mil](mailto:d13-pf-d13bridges@uscg.mil).

**SUPPLEMENTARY INFORMATION:** Washington Department of Transportation has requested a temporary deviation from the operating schedule for the Montlake Bridge across the Lake Washington Ship Canal, at mile 5.2, at Seattle, WA. The deviation is necessary to accommodate work crews to conduct timely bridge deck