

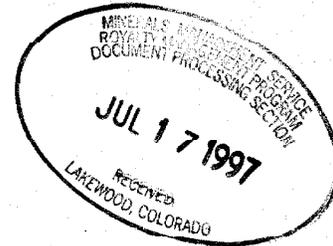


John E. Clark  
Consultant, Mid-Continent Accounting Section  
Accounting and Information Management  
Upstream North America

Conoco Inc.  
P.O. Box 1267  
Ponca City, OK 74602-1267  
(405) 767-5044

July 16, 1997

Mr. David S. Guzy  
Chief, Rules and Procedures Staff  
Minerals Management Service  
Royalty Management Program  
P O Box 25165 MS3101  
Denver CO 80225-0165



Dear Mr. Guzy:

**RE: Amendments to Gas Valuation Regulations for Federal Leases, 62 Fed. Reg. 19536 (April 22, 1997)**

Conoco Inc. ("Conoco") welcomes this opportunity to submit comments to the Minerals Management Service ("MMS") with respect to the above referenced notice withdrawing proposed rulemaking and requesting comments on supplemental information.

Conoco is a wholly-owned subsidiary of E.I. DuPont de Nemours and Company. In 1996, its worldwide production of crude oil, condensate, and natural gas liquids averaged 378,000 barrels per day and its worldwide natural gas production averaged 1,285 million cubic feet per day. During the five-year period ending December 31, 1996, Conoco remitted royalty payments to the MMS in excess of \$393 million.

In its notice withdrawing the Federal Gas Valuation proposed rule, MMS asked for comments on two additional options. Conoco does not believe there is enough detail provided on either option to form an opinion. Conoco is willing to discuss either option as an alternative to the current gas valuation regulations. We do not believe that the current regulations address the complex situations that exist in the current gas market.

If you have any questions, please contact me at the above address or at (405) 767-5044.

Sincerely,

John E. Clark

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cc:

R. R. Fritz  
D. E. Gingerich  
R. C. Harvey  
K. J. Peck