



**EQUITABLE RESOURCES  
ENERGY COMPANY**

**BALCRON OIL DIVISION**

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VIA FAX (303) 231-3194 (1 pg. transmittal)

**Mr. David S. Guzy, Chief  
Rules & Procedures Staff  
Minerals Management Service  
Royalty Management Program  
P. O. Box 25165, MS 3101  
Denver, CO 80225-0165**

**Re: Comments - Proposed Rulemaking -- Amendments to Gas Valuation  
Regulations for Federal Leases, 60 Fed. Reg. 56007, et seq.**

Dear Mr. Guzy:

Equitable Resources Energy Company, Balcron Oil Division appreciates the opportunity to comment on the above referenced rulemaking. We are an independent oil and gas producer in the Rocky Mountain region and a member of IPAMS.

We are concerned that, although some of the proposals may be helpful, the proposed rule will have a negative economic impact on operations on Federal lands. We support the positive aspects of the proposal such as the continuation of processing and transportation allowance forms and dual accounting, a new definition of venting, deduction of downstream compression and valuation of NGL's at a wellhead MMBtu basis; however, we believe the index system is too complicated for independent oil and gas operators to use.

Although independents will be able to stay on the gross proceeds methodology, the complexity of the proposed valuation methodology in its entirety is contrary to the basic mission of the FACA Committee. Such a complex system, coupled with the requirement to pay on entitlements, whether the producer takes or not, will discriminate against independents and leave them at a competitive disadvantage with major corporations. The safety net and transportation allowances will increase our operation costs thus increasing our overhead; therefore, we endorse the comments made by IPAMS and IPAA.

Sincerely,

**Equitable Resources Energy Company,  
Balcron Oil Division**

**Ronald B. Santi  
Director of Land Affairs**

RBS/lw