



IPAMS

Independent
Petroleum
Association
of
Mountain
States

From the desk of
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Date: 4/12/99

ORIGINAL

To: David Guzy

With: MMS

Fax: 303-231-3385

Pages (including cover): 3

COMMENTS:

Original to follow by mail.

VERY IMPORTANT DATES

☞ IPAMS Wildcatter of the Year Gala ☞

April 23, 1999

Brown Palace Hotel ♦ Downtown Denver

☞ IPAMS Annual Meeting ☞

June 11 - 13, 1999

Sonnenalp Resort ♦ Vail, Colorado

Golf Tournament at Singletree



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April 12, 1999

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Mr. David S. Guzy
Chief, Rules and Publications Staff
Minerals Management Service
Royalty Management Program
P. O. Box 25165, MS 3021
Denver, CO 80225-0165

RE: Change to Delegated State Audit Functions
64 F.R. 6586, February 10, 1999

Dear Mr. Guzy:

On behalf of the Independent Petroleum Association of Mountain States (IPAMS), I offer comments on the above-referenced proposed rule. In general, IPAMS has no objections to the proposed rule inasmuch as it substantiates what is already occurring with respect to state audits of federal royalty payments. However, we do have two questions regarding the proposed rule.

First, there is new language in the preamble, at page 6586, in the **Supplementary Information** section regarding the withholding of an individual commentor's home address from the rulemaking record, as well as circumstances under which MMS would withhold a respondent's identity, and, that all submissions from organizations or businesses and from individuals identifying themselves as representatives or officials of organizations or businesses, will be made available for public inspection in their entirety.

IPAMS is curious as to the reasoning behind this new language. While we can certainly understand someone's desire to conceal their home address, we can think of no reason for concealing the identity of a respondent to a public rulemaking. This is a public forum in a public process, and all respondents should be identified.

Second, at the end of page 6586 in the third paragraph of the **Analysis** section, MMS states, "This solution will enable those States which currently are delegated audit duties to continue to perform that delegated function, *in spite of staffing, funding, or other limitations...*[and] will enable other States

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Mr. David S. Guzy
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which might desire to take on the delegated audit function to do so *without being fully staffed to the extent necessary...*" (emphasis added). IPAMS questions how a state can possibly perform a delegated function without adequate staffing or funding. In the final rulemaking on Delegation of Royalty Management Functions to States (62 F.R. 43076, August 12, 1997), MMS specifies that in order to assume a delegable function, a state's delegation proposal must contain (among other requirements):

- ◆ a detailed description of the personnel the state has available to perform delegated functions;
- ◆ a detailed description of the facilities the state will use to perform delegated functions;
- ◆ a detailed description of the equipment that will be used to perform delegated functions;
- ◆ how a state will obtain the necessary personnel, facilities and equipment, if they do not already exist; and
- ◆ a statement identifying limitations that would restrict a state from performing a delegable function.

Presumably, if a state were unable to satisfactorily meet these requirements, the delegation would not occur. The language in this proposed rule controverts the Delegation regulations. MMS should clarify this statement in the final rule.

IPAMS appreciates the opportunity to comment on the proposed rule. Please do not hesitate to contact me if you have any questions or would like further explanation of our comments.

Sincerely,



Carla J. Wilson
Director of Tax and Royalty