



**Date:** 6/16/2000  
**To:** Mr. David S. Guzy  
Chief Rules & Publications Staff  
Minerals Management Service  
Royalty Management Program  
Building 85, Room A613  
Denver, Colorado 80225



**From:** Lisa M. Wasko  
**RE:** Comments Submitted to OMB

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Please find enclosed copies of the comments submitted by Chevron on the following Information Collection Requests:

Report of Sales & Royalty Remittance, Form MMS-2014, OMB Control Number 1010-NEW, 65 FR 31598 (May 18, 2000)

Forms: MMS-3160, MMS-4054, MMS-4055, MMS-4056, MMS-4058, OMB Control Number 1010-NEW, 65 FR 31600 (May 18, 2000)

LMW

Enc. 2

**VIA AIRBORNE EXPRESS**



June 16, 2000

Office of Information and Regulatory Affairs  
Office of Management and Budget  
Desk Officer for the Interior department  
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**K. L. Dawkins**  
Supervisor  
Federal Royalty & Regulatory Reporting

**Notice of Information Collection**  
**Forms: MMS-3160, MMS-4054, MMS-4055, MMS-4056, MMS-4058**  
**OMB Control Number 1010-NEW**  
**65 FR 31600 (May 18, 2000)**

Ladies and Gentlemen:

Chevron U.S.A. Production Company, a Division of Chevron U.S.A. Inc. ("Chevron") welcomes the opportunity to comment on the proposed changes to the referenced production reports. As one of the largest lessors/payors of federal properties, we have a vested interest in simplifying and streamlining the production reporting process.

**General Comments**

Chevron supports the continued separation of the OGOR B & C, the simplification of the well status codes, the discontinuation of the 3160 form, and the recommendation that GPM and Methane Mol% be deleted from Form 4054 and only reported, upon request, on the GAR (Form 4055). Our remaining concerns and comments are addressed below.

**Oil and Gas Operations Report (OGOR), Form MMS-4054**

**1. Amended Reports**

We appreciate the flexibility the MMS is affording industry by allowing operators to choose the option of reporting amended lines by either modifying the reporting line or reporting a replacement line. While it will require additional programming, Chevron prefers the replacement line option as we anticipate it will minimize the manual effort expended today to track adjustments under the current method.

**2. Product Code**

The addition of the Product Code on the OGOR B will require extensive programming changes in our reporting system. No translation functionality currently exists to generate product codes for the OGOR B federal production report. Currently, the product volume columns and the product specific disposition codes identify the product. While we agree that the addition of the product code adds clarity to the disposition of the products, this is of minimal value in light of the added burden on industry to re-program for this change.

Of significant concern to Chevron is that these codes were not provided to OMB in the referenced Information Collection Request and thus the OMB has no way of gauging the magnitude of the impact to industry that this will cause. While we are not indicating an inability to make the necessary system changes, MMS must acknowledge the cost in manpower and dollars associated with a reporting change such as this.

If it becomes a requirement to add the product code column on the OGOR B, it is requested that the positions of the Disposition Code and Product Code columns be reversed. This would allow all dispositions for each Product Code

to be grouped together thus aiding those individuals, primarily partners, who utilize hard copies of the report for booking or analysis.

### **3. Proposed Product Code 02 (Condensate)**

The requirement to break out product 02 from the current programming logic (currently combines 01 and 02) for regulatory reporting would result in multiple lines for the same disposition on the OGOR B for those leases having both oil and gas wells and we would expect your system to accept these multiple lines. However, we believe this change will result in confusion rather than enhancing the clarity of the data and recommend that the combination of Oil/Condensate as Product Code 01 be retained for reporting purposes.

### **4. Disposition Codes**

Again, Chevron is concerned that this Information Collection Request was prematurely submitted to OMB as it lacks sufficient information regarding the use of Disposition and Product Codes to enable the OMB to gauge the added burden on industry to make the necessary system changes that will be required. Of additional concern to us is that the MMS has not finalized the list of disposition codes that will be required. This is evidenced in the expansion of the disposition code from two to four digits. We would urge the MMS to prevent industry the additional costs of reprogramming for codes that they intend to add at a later point in time by providing a complete list of codes now. It is much more efficient and less costly to update the software program once.

As of the latest COPAS meeting with MMS on 6/7/2000, we understood that either product codes or a substantially larger list of disposition codes would be required. Our decision is inconclusive as to what option we would pick, as there are decided disadvantages to both options. Adding product codes requires system redesign as well as maintenance of referential data. While increasing disposition codes does not require systems changes, maintenance of referential data is a concern. Our preference is that no changes are made as the current reporting requirements are viable. Subsequent to the 6/7/2000 meeting, MMS contacted us with an alternative proposal whereby there would be no additional disposition codes, product code would not be required, and MMS would retrieve necessary information in house. It was conveyed to MMS that this was an option that Chevron could easily implement. Therefore, we are urging MMS to communicate this new option to industry and for OMB to receive and accept this new proposal.

Lastly, we also disagree with the requirement to utilize disposition Code 50 (TIK). Excluding this disposition code saves industry from additional reprogramming costs and supports the premise that MMS will not ask industry to supply information that itself can collect.

### **5. Conversion of 3160 History**

Chevron continues to voice our concerns over the lack of information received regarding how the MMS intends to convert historical 3160 data. This information is critical not only in order to proceed with reprogramming our reporting system, but also in order to understand how we will be required to report amendments for time periods prior to the new reporting/data requirements.

As we are electing to report prior period adjustments as replacement reports, the issue of data conversion and dual maintenance of reporting becomes moot. However, if this option was eliminated, then Chevron is strongly opposed to any decision that would result in maintaining dual systems for purposes of reporting prior period adjustments. To that end, we do foresee extreme difficulty in converting our MMS 3160 history into the proposed format, to the extent the better option would be to maintain dual reporting in order to avoid the complications converting data presents.

**6. PASR, Form MMS-4058**

Chevron is in favor with the proposed changes to Form MMS-4058. However, as we currently prepare these as Excel files we need to ensure that the MMS can electronically receive these.

**7. Reporting Burden**

Chevron believes that the MMS has grossly understated the cost to industry involved with the reporting changes being recommended. While lack of finalized specifications and data layouts makes it impossible to provide a detailed estimate, given the limited information we have, we anticipate the system programming costs to Chevron to be in the range of \$250,000-\$300,000. In general, there will be a massive undertaking to design, code, test, and implement these changes.

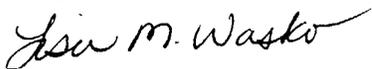
**Summary**

We commend the MMS for its efforts to streamline the production reporting process and are appreciative of the MMS's willingness to work with industry on this initiative as well as their receptiveness to our suggestions. The OMB submission appears premature in light of its lack of completeness, as evidenced in our specific comments above. We urge the MMS again to provide industry with final specifications and data layouts no later than 6/30/2000 to allow us sufficient time to implement the new reporting changes on time.

The MMS is urging an early approval of this ICR to allow industry the requisite lead time for systems programming, however, without sufficient supporting detail, this is a pointless exercise. We must receive finalized data layouts, including descriptions of all data elements no later than 6/30/2000 and would also request that complete and final lists of all codes required for the OGOR records be provided by this date as well. Chevron continues to be concerned about our ability to implement the new reporting changes on time if the MMS cannot finalize and communicate these reporting issues quickly. Additionally, given the amount of time left, we see no way that we will be able to perform parallel testing with MMS consultants in May 2001 as initially planned given the delays in providing industry with the necessary information to initiate programming changes.

Should you have any questions, please feel free to contact me at 925-827-7841 or Ms. Kathryn Dawkins at 925-827-7679.

Sincerely,



Lisa M. Wasko  
Regulatory Coordinator

cc: Mr. David S. Guzy  
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