



Robert G. Leo, Jr.
Attorney

August 28, 1997

David S. Guzy, Chief
Rules and Publications Staff
Royalty Management Program,
Minerals Management Service, MS 3021
P.O. Box 25165
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David Roscker, Desk Officer
Office of Management and Budget
Department of the Interior
725 17th Street, N.W.
Washington, D.C. 20503

Re: **Designation of Payor Recordkeeping
Interim Final Rulemaking
Federal Register - August 5, 1997**

Dear Mr. Guzy and Mr. Roscker:

We have reviewed the Interim Final Rulemaking on "Designation of Payor Recordkeeping" published in the August 5, 1997 Federal Register and a Dear Payor Letter, dated August 14, 1997, signed by Lucy Querques Denett on this subject and will take this opportunity to comment. As written, Amoco Production Company objects to many of the significant requirements set forth in this Interim Final Rulemaking. The basis for the objection is provided below.

1. FOGRSFA requires the lessee to provide the MMS with the names of the companies that are designated by that lessee to pay the MMS royalty on its behalf. Amoco has been working on this requirement for months. The reason Amoco and many other lessees have not yet reported this information is because we were waiting for instructions from the MMS to identify what information is actually needed and in what format they would prefer it. However, FOGRSFA does not require the Payor to provide the information requested under the Final Interim Rulemaking. Using the MMS' estimate of hours spent by lessees to comply with this request for information equals a \$3 million burden on lessees in addition to the financial impact already on the lessees which is clearly required by FOGRSFA in the additional amount of \$1.5 million.

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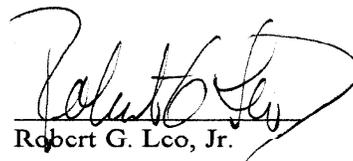


2. It is extremely costly and burdensome (approximately \$3 million on industry alone) to demand Payors provide the MMS with the names of all companies they are paying royalty on behalf of and such a requirement will still result in less than accurate information. As indicated in the Final Interim Rulemaking, the MMS is planning on building a database and a process to maintain the database. There is no authority for such a database and its purpose is unclear. Furthermore, requiring this additional information is not only a violation of the Paperwork Reduction Act, but also FOGRSFA itself, as the cost/benefit of implementing this process can not be justified.
3. Amoco also objects to the MMS' use of the Interim Final Rulemaking. We do not agree that this information gathering requires emergency processing and approval of the ICR, and that the notice and public procedures are not impracticable, or unnecessary, or contrary to the public interest.
4. Amoco does agree that the MMS should have the authority to require Payors to provide this type of information for each property associated with a demand sent to the Payor. This will enable the MMS to also notify the Lessees of these demands as required by FOGRSFA.
5. If the MMS required Amoco to provide all this information for every property it pays Federal Royalties on, Amoco would not be able to provide every piece of information being requested because we do not have all the information, i.e., TINs, names, phone numbers, etc. In fact, in some cases, we may not even know who the operating rights owners are. Furthermore, Amoco would need at least 6 months to provide the information that is currently available for all properties.

To summarize, Amoco has objections to the August 5, 1997 Interim Final Rulemaking as it is written. Furthermore, we believe that if the MMS and industry could re-focus on the intent of FOGRSFA, a more cost efficient process can be identified in obtaining the lessee designation forms and when and if the MMS needs the authority to require Payors to provide information on who they are paying on behalf of.

If you should have any questions, my phone number is (303) 830-4386.

Very truly yours,



Robert G. Lico, Jr.

cc: Bob O. Wilkinson