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**TELECOPY COVER LETTER**

April 16, 1999

Please deliver the following pages to:

ATTN: Dennis Jones  
 COMPANY/FIRM: Minerals Management Service  
 CITY & STATE: Denver  
 Client/Matter No: 115542.1  
 Telecopier No: (303) 231-3385

FROM: Patricia Dunmire Bragg  
 MY DIRECT DIAL NUMBER: (918) 699-2920

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**ADDITIONAL MESSAGE:**

**The following comments replace the previously filed comments that were sent via facsimile earlier this date (see confirmation sheet attached). The previously filed comments contained an inadvertent error on the signator page that has been corrected within this fax transmission.**

Confirmation Requested:

The information contained in this facsimile message is privileged and confidential and is intended only for the use of the addressee. If the reader of this message is not the addressee, or the person responsible for delivery to the addressee, you are hereby notified that any dissemination, distribution or copying of the message is strictly prohibited. If you have received this message in error, please immediately notify us by telephone and return the original message to us at the above address via the U.S. Postal Service. Thank you.

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TELECOPY COVER LETTER

April 16, 1999

Please deliver the following pages to:

ATTN: Desk Officer for the Interior Department  
 COMPANY/FIRM: Office of Management and Budget  
 CITY & STATE: Washington  
 Client/Matter No: 115542.1  
 Telecopier No: (202) 395-7285

FROM: Patricia Dummire Bragg  
 MY DIRECT DIAL NUMBER: (918) 699-2920

NUMBER OF PAGES (including this cover sheet): 5

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ADDITIONAL MESSAGE:

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*via facsimile (202) 395-7285  
and certified mail, return receipt requested*

April 16, 1999

Desk Officer for the Interior Department  
Office of Information and Regulatory Affairs  
Office of Management and Budget  
Washington, DC 20503

**Re: Agency Information Collection Activities: Submitted for Office of Management  
and Budget Review, OMB Control No. 1010-0107  
64 Fed. Reg. 51 dated March 17, 1999**

Dear Desk Officer:

The undersigned companies are pleased to have the opportunity to comment on the above referenced agency information collection. The undersigned companies are lessees and payors who report and pay federal royalties. As such, they are impacted by the information collection. Having participated in the congressional dialogue surrounding the passage of the Federal Oil and Gas Royalty Simplification and Fairness Act (FOGRSFA), these commenters are aware of the objectives of FOGRSFA to streamline and simplify the royalty reporting process.

These signatories previously filed comments with the OMB on the MMS Federal Register Notice dated November 13, 1998. At the time of the November 13<sup>th</sup> publication, MMS' request was not consistent with the actions and recommendations of the Secretary of Interior's Royalty Policy Committee (RPC) Report on the subject. As noted in our January 12, 1999 comments, the RPC, after studying the issue, had recommended an approach which reduced the required reporting and

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thus reduced the burden to lessees and payors.

In its current submission to OMB, MMS has in large part, conformed its request to the RPC report and industry's comments. MMS is to be commended for incorporating RPC's recommendations and the comments filed by the below named signatories. The current request is a substantial improvement in reducing the burden on industry to provide information. With this commendation, we have the following comments which we believe will improve the efficiency of the collection and reduce the corresponding burden.

1. On the proposed Form 4425, some of the information is mandatory while other items are discretionary. It appears the form and its instructions should more clearly identify these two types of information.
2. On the proposed Form 4425, the instructions at the bottom state "*We may require some payors to provide us information regarding the lessees on whose behalf they are paying if we need to inform those lessees that they must certify to MMS in writing their respective payors as their designees*". In its narrative comments to OMB, MMS has stated that the initial population of the database has been completed with information from payors and that payors will only be requested to submit information "on an exception basis". It would therefore appear that the instructions should be clarified by stating. "*We may, on an exception basis, request some payors to provide us information regarding the lessees on whose behalf they are paying if we need to inform those lessees that they must certify to MMS in writing their respective payors as their designees.*"
3. The Form 4425 indicated that an "end date" is mandatory. This would be true when the lessee simply changes payors. If however, a lessee transfers and assigns its interest, there should be a mechanism which would both accomplish the transfer and also identify the termination date for royalty payment responsibility on a lease. It seems reasonable to assume that the assignment process could and should accomplish both purposes;
4. Due to the occurrence of transfers and acquisitions which take place periodically and which involve large numbers of leases, MMS should provide for the ability to file such information without the need to complete a separate, individual Form 4425 on each and every lease when it would be inefficient and duplicative to do so. Under these circumstances, we would suggest that the MMS and lessee should agree on an alternative method of providing the necessary information to

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MMS.

5. In its submission to OMB, the MMS has indicated that the Form 4425 will be obsoleted by its "Reengineering" efforts, which are estimated to be operative by 2001. It would therefore seem appropriate that the request of any or all of the information be permitted only until 2001, at which time the OMB should assess the further need for any or all the information; and
6. We continue to strongly urge the MMS to adopt the recommendations of the RPC on the "Lessee/Designee Data Base Management Plan", which provides that
  - "Updates to the LPU (Lessee Payor Update) database in the foreseeable future being made as follows:
    - (a) lessees/operating rights owners in the confirmation process
    - (b) designation forms completed by lessees/operating rights owners
    - (c) case by case requests to payors for lessee/operating rights owner information"
  - "For onshore Federal leases, MMS and BLM are to discuss modification to the BLM's Automated Lease Management Record System (ALMRS) to include effective dated operating rights owner information. If this can be accomplished, MMS will be able to update the lessee portion of the LPU database from this source. Until this occurs, the updates to LPU to identify lessees and operating rights owners will be through the process outlined in the previous bullet".

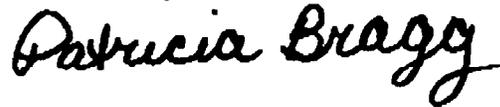
In addition, the Notice of Information Collection Solicitation (63 Fed. Reg. 63493) states that the BLM "maintains records of operating rights owners and lessees." Any information collection should only be performed on the form attached to the RPC subcommittee report for a limited time period sufficient enough to allow the BLM system to become operational. With the BLM system in place, there may be no need for submission of some or all of the information on the form. Any information required to be submitted to the MMS, which is within the jurisdiction and responsibility of the BLM, will by definition be unnecessarily duplicative and burdensome. An early expiration date would provide much needed incentive to the BLM/MMS to conclude this design process and implement less burdensome and more effective cost information collection efforts.

The undersigned companies appreciate the opportunity to comment on this important provision of FOGRSFA and look forward to continuing to work with the OMB, MMS and the States on its implementation. Please call if you have any questions or if we can be of assistance.

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Sincerely,



Patricia Dunmire Bragg  
on behalf of

BP Amoco  
Chevron U.S.A. Production Company  
Coastal Oil & Gas Corporation  
Conoco, Inc.  
Marathon Oil Company  
OXY U.S.A., Inc.  
Texaco, Inc.  
Vastar Resources, Inc.

cc: Dennis Jones  
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