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 San Juan Basin  
 Wichita Falls

June 19, 2000

Office of Informative and Regulatory Affairs  
 Office of Management and Budget  
 Desk Officer for the Interior Department  
 725 17th Street, NW  
 Washington, D.C. 20503

Dear Sir:

RE: Notice of Information Collection, Production  
 Accounting and Auditing System Reports,  
 Forms MMS-4054, MMS-4055, MMS-4056, and  
 MMS-4058, OMB Control Number 1010-New,  
 65 Fed. Reg. 31598 (May 18, 2000)

The Council of Petroleum Accountants Societies (COPAS) appreciates the opportunity to comment on MMS' Notice of Information Collection. COPAS members have extensive experience with Form MMS-2014, Report of Sales and Royalty Remittance, and have been working with MMS on their Reengineering Project. Therefore, we believe our comments will be beneficial to OMB as they review MMS' information collection request.

COPAS would recommend that the issues addressed in the attached comment be resolved prior to OMB's final decision on the forms.

Again, we appreciate the opportunity to comment. If you wish to discuss these comments further, please call (580) 767-5044.

Sincerely,

John Clark  
 Chairperson, COPAS Revenue Standing Committee

mdb

**Office of Information and Regulatory Affairs**

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**June 19, 2000**

**cc:**

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

**Mr. Doyle Wofford, COPAS President  
Mr. Darrell Gingerich, COPAS Board Liaison**

**COMMENTS ON FEDERAL REGISTER DATED MAY 18, 2000  
OMB CONTROL #1010-NEW  
FORMS MMS-4054, MMS-4055, MMS-4056, AND MMS-4058**

In Federal Register Vol. 65, No. 97 dated Thursday, May 18, 2000, the Minerals Management Service (MMS) is requesting comments in four specific areas regarding the reengineering of production reporting that will be effective October 1, 2001. The Register requests respondents to submit comments to allow the MMS to: (a) Evaluate whether the proposed collection of information is necessary for the agency to perform its duties, including whether the information is useful; (b) evaluate the accuracy of the agency's estimate of the burden of the proposed collection of information; (c) enhance the quality, usefulness, and clarity of information to be collected; and (d) minimize the burden on the respondents, including the use of automated collection techniques or other forms of information technology. Oil and gas industry comments follow.

While the industry assumes that the information requested by the MMS is generally necessary for the agency to perform its duties, we do not believe the current proposed changes are the most efficient way to obtain this information. The MMS currently has the information available to determine royalty-in-kind (RIK) leases and the oil and condensate product codes. Requiring industry to provide this information is redundant.

The industry believes that the MMS estimate of the financial burden has been grossly understated. Based on very preliminary review, the MMS estimate of \$10,000 for those operators currently using Form MMS-3160 to convert to Form MMS-4054 has been underestimated by at least half. Since industry has only recently received mapping rules for translating from Form MMS-3160 to Form MMS-4054, we have had insufficient time to perform a thorough analysis of the cost to convert. While we believe the \$1,000 estimate per operator to modify current Form MMS-4054 has also been understated, there has been insufficient time to accurately measure the costs associated with these changes. The

majority of operators currently using the Form MMS-4054 are large companies and would require significant system modifications to accommodate the proposed changes.

The industry believes that the addition of product codes to the Form MMS-4054 does not enhance the quality, usefulness, or clarity of the information to be collected. This same information could be obtained just as easily through the implementation of additional disposition codes.

In recent months, the majority of discussion regarding the MMS reengineering initiative has focused on modifications to Form MMS-2014. Little or no mention had been made regarding modifications to the various production reports prior to receipt of Federal Register dated May 18, 2000. As a result, the industry was unprepared for the number of changes being proposed to the production reports, particularly the addition of product codes to Form MMS-4054. We believe that the addition of product codes would place a significant administrative and financial burden on operators. The use of additional disposition codes instead of

**product codes would affect fewer operators and reduce financial  
burden to all operators while providing the same information to the  
MMS.**