



January 27, 2006

Sent Via Facsimile: 303-231-3781

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ATTN: RIN 1010-AC29 – Entitlements Vs. Takes

We make the following comments concerning the MMS's advance notice of proposed rulemaking on "Takes vs. Entitlements" reporting.

Generally, we support the comments submitted by the COPAS membership but we do not support a need for the additional regulations proposed. We support the current BLM commingling requirements and feel these requirements, when followed, adequately ensure proper allocation of Federal and Indian production. (Reference 43 CFR 3164.2 and other general guidance provided by BLM.)

Situations Involving Commingling Upstream of the Royalty Measurement Point

We have read your Federal Register notice dated November 29, 2005 and reviewed the 3 options presented associated with the above situation. While we do not support the proposed rules we offer these comments:

1. We support Option 2 "Pure Entitlements". We feel this option is the most consistent with our current payments of royalty and with the MMS's current entitlements versus takes regulations. We agree with COPAS that the other options would result in additional inequities between owners, and significantly drive more work into our current processes.
2. Additionally, we add our support to the COPAS comment that this regulation would NOT apply to current down-hole commingling situations both onshore and offshore. COPAS does not support a change to "Pure Entitlements" for down-hole commingling. We believe the regulations currently in place are working fine in

these situations, and to make a change now would be both costly and unnecessary, as this would impact thousands of onshore wells.

Valuation of Entitlement Volumes

We agree with COPAS. In those situations where a producer/payor is paying royalties on entitlements, those volumes should be based upon the weighted average value of the volumes the producer/payor actually took. Thus, in situations where a payor is paying royalties on 10,000 mmbtus but only took 8,000 mmbtus, the 10,000 mmbtus should be valued on the weighted average price of the 8,000 mmbtus that were actually sold by that producer/payor.

We also agree that situations where the producer/payor did not take any volumes, they should use other information relevant in valuing like-quality gas in determining how to value their entitlement volumes. This could be done by using the value of other like-quality gas sold in the same field or area, or applicable index prices.

Please contact Morris Miller if you have any questions on the above (918) 573-1158.

Thank you,



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