



Oryx Energy Company
13155 Noel Road
Dallas TX 75240-5067
PO Box 2880
Dallas TX 75221-2880
972 715 4000

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VIA FACSIMILE (303) 231-3386 AND AIRBORNE EXPRESS

David S. Guzy
Chief, Rules and Publications Staff
Minerals Management Service
Building 85, Denver Federal Center
Denver, Colorado 80225

**COMMENTS ON INTERIM FINAL RULEMAKING: DESIGNATION OF PAYOR
RECORDKEEPING (62 F.R. 42062)**

Dear Mr. Guzy:

Oryx Energy Company appreciates the opportunity to comment on the subject Interim Final Rulemaking. Oryx is one of the largest independent oil and gas exploration and production companies in the world and holds over 150 producing federal leases with royalty payments approximating \$5 million per month. Oryx is the designated payor for a large number of federal lessees and/or operating rights owners and is responsible to them for the accurate and timely payment of their royalty to the Minerals Management Service. As a lessee and operating rights owner in federal leases, Oryx has also designated a large number of payors to pay royalty on our behalf.

Oryx employees are members of the Council of Petroleum Accountants Society (COPAS) as well as the group of companies and trade organizations that is known as the Royalty Fairness Participants that was formed to promote the legislation for the Royalty Simplification and Fairness Act of 1996 that is the subject of this rulemaking. Oryx participated in discussions and the preparation of comments that both groups are filing on this issue and fully supports their comments.

Our overall concern with this Interim Final Rulemaking is that it endeavors to create a large database of information that will not serve the purposes for which it is being designed and will be very expensive for both the government and industry to maintain. The U. S. domestic oil and gas industry increasingly uses various land deals to put together economically viable oil and gas exploration and production operations. They require some form of lease assignments, cross-assignments, farmouts, well bore trades, etc. between lessee/operating rights owners to aggregate the necessary acreage for the projects. The volatility of the current environment for these deals insures that the data the MMS is attempting to capture will be obsolete and unsuitable for the purposes intended. Further, no beneficial purpose will be achieved by the MMS's attempts to maintain this data on an ongoing basis when it is only needed on an exception basis when payment problems occur.

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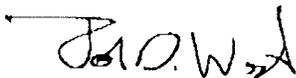
As an example, we received a Dear Payor letter dated January 3, 1997 requesting certain information be provided to the MMS electronically or by diskette by February 28, 1997. After several discussions with MMS representatives to clarify details of the request, Oryx furnished the data in March, 1997. Since then we have participated in numerous industry meetings and discussions about this subject and it has become clear to us that much of the data we supplied did not meet the needs of what the MMS is now proposing. A prime reason is that portions of the data, as it resides in our systems, is not "effective dated" and is accurate only at the time it is filed, not as of the requested date of 9/1/96. The MMS has neither requested we update the data nor provided a method to do so. As stated above it is the nature of this type of information to constantly change.

Oryx believes that the necessary data can be timely obtained from payors, lessees, and/or operating rights owners on an exception basis when a payment problem occurs. A procedure similar to the very successful AFS/PAAS Comparisons, which only requires data on an exception basis, should be implemented by the MMS. We promote the idea that payors be required to furnish data within 30 days of a notice from the MMS that a payment problem has occurred. This will relieve the MMS of having to acquire and maintain a database of the large amounts of data, much of which will be inaccurate, from payors, lessees and operating rights owners.

Most payment problems that occur will continue to be resolved by the payors. Even though the payors may not be technically responsible under RSFA, they never-the-less have the responsibility to the lessees and/or operating rights owners to make their royalty payments accurately and timely. This responsibility will require the payors to respond to the MMS to resolve payment problems. Only when the payor cannot resolve the problem will it be necessary for the MMS to invoke a system of notifying designees that there is a problem with royalty payments on their leases and they are responsible for resolving them. The information necessary for the MMS to notify the lessees and/or operating rights owners can be supplied by the payor during this time.

We believe that a system design based on the foregoing will be much simpler and cost effective for both the MMS and industry and we pledge to work with the MMS to develop such a system. We, therefore, urge the MMS to reconsider this process and cancel the Interim Final Rulemaking.

Sincerely,



John D. West
Revenue Processes and Reporting