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**Marathon Oil Company**

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June 22, 1998

***Overnight Mail***

Attention: Desk Officer for the Interior Department (OMB Control No. 1010-0075)
Office of Information and Regulatory Affairs
Office of Management and Budget
725 17th St., N.W. - Room 10202
Washington, D.C. 20503

**Re: Agency Information Collection Activities - Minerals Management Service**
**Gas Transportation and Processing Allowances**
**OMB Control Number: 1010-0075**
**63 FR 30775 (Friday, June 5, 1998)**

Dear Sir/Madam:

Marathon Oil Company appreciates the opportunity to comment on the Minerals Management Service's proposal for the collection of information found on Form MMS-4295 and Form MMS-4109, governing payor requests to deduct costs associated with the transportation and processing cost deducted from royalty payments on Indian leases .

This request for comments (63 FR 30775) appears to be nearly identical to the request for comments solicited on November 5, 1997 (62 FR 59878). Accordingly, attached is a copy of the comments submitted by Marathon on December 3, 1997. Please consider these comments in connection with the latest request.

Marathon thanks you for the opportunity to provide comments to this collection of information. If you have questions regarding our comments, please contact Linda Brown at (419) 421-2457.

Sincerely,

Dow L Campbell

Dow L. Campbell

(92741)

cc: Minerals Management Service
Royalty Management Program
Rules and Publications Staff
P.O. Box 25165, MS 3021
Denver, Colorado 80225-0165

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December 3, 1997

*Overnight Mail*

Attention: Desk Officer for the Interior Department
Office of Information and Regulatory Affairs
Office of Management and Budget
Washington, D.C. 20503

725 17th St., N.W.
Rm. 10202

**Re: Agency Information Collection Activities - Minerals Management Service**
**Gas Processing and Transportation Allowances - Indian Leases**
**62 FR 59878 (Wednesday, November 5, 1997)**

Dear Sir/Madam:

Marathon Oil Company ("Marathon") appreciates the opportunity to comment on the Minerals Management Service's ("MMS") proposal for the collection of information found on Form MMS-4295 and Form MMS-4109 (collectively the "Forms"), governing payor requests to deduct costs associated with the transportation and processing cost deducted from royalty payments on Indian leases . We would like you to consider the following comments regarding the proposed collection of information by use of the Forms on Indian leases.

## Use of Forms

The MMS claims the purpose of the Forms is to ensure MMS the costs deducted from value of the products can be established to determine whether the royalty amount tendered represents the proper royalty due for minerals being removed from Indian lands. The filing of a pre-approved Form does not establish validity of an allowance, it only creates additional collection of paperwork.

Marathon believes that the government should eliminate the requirements of filing the allowance Forms on Indian leases. The Forms have only proven to be a device for the MMS to appear to be fulfilling their trust responsibilities to Indians for their leases. By requiring the payor to submit the Forms this alerted the MMS the payor expected to have some monetary cost associated with the processing and/or transportation of that product off the lease. The MMS-2014, monthly report of sales, should be the mechanism used by the MMS to collect the necessary data in determining if royalty tender is within the regulation's limitations.

## Collection of Information

The Forms do not provide the data support necessary to assure the accuracy of the deductible cost. The regulations at 30 CFR 212 require payors to make and retain accurate and complete records necessary to demonstrate the accuracy of royalty payments. And the MMS claims that without such information, they cannot evaluate the correctness of values or allowances reported and claimed. We agree with that; however, we believe the MMS continues to require information that could be obtained through the audit process. Marathon contends that

contracts, invoices, or non-arm's-length allowance cost documentation should be made available only upon audit and review. There are many cases where the royalty payor is unaware of the information pertaining to the disposition of the product, either transportation and/or processing. In many cases the royalty payor may be paying on behalf of other lessees and not have immediate access to the data necessary for document support. Again another duplication of paperwork will be created by requiring a payor to provide document support so the MMS can file away in storage and then have that same data requested again during an audit, because MMS cannot locate their support.

**General Comment**

The MMS amended valuation regulations eliminating allowance forms-filing requirements and associated sanctions for lessees of Federal leases only (61 FR 5448, dated February 12, 1996), and should now eliminate the forms-filing requirements for Indian leases.

The use of the Forms is a duplication of paper work and does not reduce the time required for a payor to clarify or collect the necessary data needed by MMS to approve or deny a request. Accordingly, the use of the Forms actually increases rather than reduces paperwork as anticipated under the Paperwork Reduction Act of 1995.

Once again, Marathon thanks you for the opportunity to provide comments to this collection of information. If you have questions regarding our comments, please contact Linda Brown at (419) 421-2457.

Sincerely,

Dow L Campbell

Dow L. Campbell

[LGB:84986]

cc: Minerals Management Service
Royalty Management Program
Rules and Publications Staff
P.O. Box 25165, MS 3021
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