

Yates Petroleum



From: Susan Klein

To: Betty Ann Danford
Company: Rlty. Mgmt. Pgm.

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Notes:

Date
3/16/98



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MARTIN YATES, III
1912 - 1905
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From: SUSAN KLEIN
MIS Mgr., YATES PETROLEUM CORPORATION

To: MMS

Date: March 16, 1999

Subject: RESPONSE TO PROPOSED CHANGES -
MMS FORMS: MMS-3160, 4054, 4055, 4056, 4058
FEDERAL REGISTER/ VOL. 64, NO 35, TUESDAY, FEBRUARY 23, 1999

Susan Klein
505-748-4147
3/16/99 called & left a message that I need this -

Changes Cost Everyone

- Changes, whether large or small; whether adding or removing data elements, cost all those involved.
- A change will cost the producers by requiring everyone to change their systems.
- A change will cost the government (and taxpayers) by causing the MMS system to also have to be converted.
- Whether streamlined or not, a change is a change, which is a burden and an expense.

Bad Timing - Reduced Revenues

- Considering the slump in the industry, with revenues down, it is not a good time to require everyone to go through a costly programming conversion.

Bad Timing - Shortage of Programming and Technical Staff

- There is currently a shortage of skilled programming and network personnel which would add an additional burden to the producers of having to divert the skills of those who are capable of reprogramming the computer systems in order to comply with any changes required by the MMS.
- Considering the shortage in this area, contract programmers are currently charging premium prices because of the strong demand for their skills. I understand the MMS would have to hire contract personnel to accomplish this change.

Been There - Done That

- Within the last few years, the State of New Mexico completely revised their Oil and Gas Accounting system for tracking Production, Sales, Tax and Royalty reporting from the producers. As far as I know, this change which was very large and has done very little or nothing to benefit those who use the information.
- It was an enormous expense to all involved - the producers and to the State of New Mexico because of the extensive modifications that had to be done to all computer systems. If there is no real benefit to the parties involved, all this does is cost everyone resources for no reason.

Everyone Should Get Together for the Benefit of All

- Because of the need for industry, state and federal government entities to have access to oil and gas production and sales data, why not get everyone together and combine the reporting into a common system to be used by industry and government alike.
- New Mexico - As mentioned above, New Mexico just completed a large change
- Wyoming - we recently received a reporting system change request from Wyoming
- Colorado - also is planning to change reporting system

Copy to Mike & Mick 3/16/99