



AA PRODUCTION, INC.

February 1, 1996

Mr. David S. Guzy
Rules and Procedures
Mineral Management Service
Royalty Management Program
P.O. Box 25165, MS 3101
Denver, Colorado 80225-0165



RE: ~~Comments--Proposed Rulemaking--Amendments to Gas Valuation~~
Regulations for Federal Leases, 60 Fed. Reg. 56007, et seq.

Dear Mr. Guzy:

AA Production, Inc. is an independent producer in the Rocky Mountain region and a member of the Independent Petroleum Association of Mountain States (IPAMS). We oppose the proposed rule because of the increase of time and expense to fill out the forms will further beleaguer a shrinking petroleum industry. It seems our federal bureaucracies have creativity only to shrink the vital domestic petroleum industry and send private sector tax business, jobs, small town revenues, and university student hours outside the United States. This type of additional bureaucratic red tape would (1) unduly burden an already overworked and ever-shrinking independent petroleum industry work force and (2) sap the US domestic petroleum independent's strength that administer the oil and gas properties. These additional forms would contribute to earlier abandonment of properties, more job losses, inability to raise investment capital and additional confusion for the public and the bureaucrats who they are designed to help. The data these forms are designed to provide already exists in the public domain if the federal bureaucracies had the discipline to compile it. As a nation we need to find other ways of generating economic activity besides extortionary filing fees and disguised public works projects.

The proposed rule seems heavy and predatory and would force standards that the legislature and government in general is unwilling and unable to meet themselves while at the same time reducing the expectation of getting to a positive profit margin through the inability to predict the cost and consequence of increased regulatory overhead.

We endorse the comments made by IPAMS and IPAA.

Sincerely,


Don Greenwood
Manager of Geology