



August 15, 1996



VIA FAX AND REGULAR MAIL

Mr. David S. Guzy
Chief, Rules and Procedures Staff
Minerals Management Service
Royalty Management Program
P. O. Box 25165
Mail Stop 3101
Denver, CO 80225-0165

**Re: Minerals Management Service Proposed Rulemaking for
"Amendments to Gas Valuation Regulations for Federal Leases"
30 CFR Parts 202, 206, and 211; 60 FR 56007 (November 6,
1995) and 61 FR 25421 (May 21, 1996)**

Dear Mr. Guzy:

Fina Oil and Chemical Company appreciates the opportunity to submit its written comments to the Minerals Management Service (MMS) on the MMS's May 21, 1996 proposal and the related options formulated at the June 12-14, 1996 meeting of the Federal Gas Valuation Negotiated Rulemaking Committee. Fina Oil and Chemical Company is a producer of gas from Federal onshore and Outer Continental Shelf leases. As such, Fina Oil and Chemical Company has a significant interest in the outcome of this rulemaking.

Fina Oil and Chemical Company recognizes the need for an index-based valuation system for natural gas produced from Federal onshore and Outer Continental Shelf leases. However, the MMS must not lose sight of the fact that an index-based valuation system for natural gas will be unworkable unless it offers simplicity, clarity and a reduction of the administrative burden for all parties.

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The American Petroleum Institute (API) is submitting lengthy comments that address in detail not only the Consensus Rule of the Federal Gas Valuation Negotiated Rulemaking Committee and the options provided by the MMS in its notice to reopen the public comment period on May 15, 1996 (61 FR 25421), but also the additional proposals that were formulated at the June 12-14, 1996 meeting of the Federal Gas Valuation Negotiated Rulemaking Committee. Fina Oil and Chemical Company endorses the comments of the API. Consequently, Fina Oil and Chemical Company supports the Consensus Rule, MMS Option No. 1 (if modified in the manner as suggested in API's comments), or the Unified Industry Proposals No. 1, 2 or 3. Finally, Fina Oil and Chemical Company encourages the MMS to promulgate a final rule on this matter as soon as possible.

Very truly yours,

A handwritten signature in black ink, appearing to read "Neil A. Smoak". The signature is fluid and cursive, with a large initial "N" and a long, sweeping underline.

Neil A. Smoak
Senior Vice President
Exploration and Production