

## PETROGLYPH OPERATING COMPANY, INC. RESPONSE

30 CFR Part 206, Notice of proposed rulemaking, RIN 1010-AD00

Petroglyph is the lessee of several Tribal mineral leases in North East Utah, (Uinta Basin). The majority of leases, in the Uinta basin, come under the supervision of the Minerals Management Service with the majority of the crude oil production coming from Federal leases. The primary types of crude oil produced in the Uintah basin are Black Wax and Yellow Wax. The only practical outlet for these commodities is a small number of refineries in the Salt Lake City area. Petroglyph would have the following observations with respect to the Proposed Rule for crude oil valuation:

- The primary crude oil product that Petroglyph produces from the aforementioned leases is Black Wax. Most of the Black Wax from the Uinta Basin is produced from Federal leases. The only equitable way to determine major portion pricing is to include the value all Black Wax sold on Tribal and Federal leases (all of which are reported to the MMS). To restrict the Major Portion Pricing sales calculation to only Tribal leases would be limiting the group to too few leases, and too little production.
- Petroglyph produces and markets a small amount of a heavy, sweet, asphalt based crude oil from the aforementioned leases. To our knowledge, we are the only Operator to produce this crude in the Uinta Basin. There is no posting for this type of crude oil by any local refinery. Because of the small amount of this crude, there is no incentive for any local refinery to adapt their operations to be configured in a way to optimize the yield from this crude. Consequently, this asphalt crude has historically sold at a discount as compared to Black Wax Crude. A separate category and method should be established for minority crude oils such as this Asphalt crude, when this situation exists. To group the production of the Asphalt Crude in with the Black Wax or other types of crude, would be inappropriate.
- Petroglyph has contracted with third party software providers to supply software capable of reporting to the MMS by electronic means. These third party software providers will have to adapt their product to include the API gravity weighting as described in the proposed rule, if Petroglyph is to continue to report electronically. However, if Federal leases were excluded from the same reporting responsibility, these software providers are not likely to adapt their software to the new rules for only a handful of companies with Tribal leases. Without the third party software companies adapting to new rules, Petroglyph and all other companies of similar size with tribal leases, would be restricted to paper reporting.

Craig L Saldin  
Division Manager  
Petroglyph Operating Company, Inc.  
555 S Cole Rd  
Boise, ID 83714