



**James C Pruitt**  
Vice President  
Government Relations  
Department

**Texaco**

1050 17th Street NW  
Suite 500  
Washington DC 20036

December 17, 1998

Mr. Martin C. Grieshaber  
Minerals Management Service  
P.O. Box 25165  
MS 9200  
Denver Co 80225-0165

Re: Deepwater Transportation  
63 FR 56217 (October 21, 1998)

Dear Mr. Grieshaber:

On October 2, 1998, MMS announced a workshop to discuss distinctions between gathering and transportation in deepwater as they relate to permissible deductions in calculating royalty value, 63 FR 56217 (October 21, 1998). The workshop was held in New Orleans on November 16, 1998. At the workshop, the MMS requested written comments by December 16, 1998, and thereafter granted an extension until December 18, 1998 to receive comments. Texaco Inc., on behalf of itself and its affiliate, Texaco Exploration and Production Inc., appreciates the opportunity to submit these comments.

As can be judged by the attendance at the workshop and the interest expressed by the participants, this issue is of great significance to producers developing deepwater leases in the Gulf of Mexico. Three representatives of Texaco participated in two industry panels at the workshop. We urge MMS to carefully consider the workshop panel presentations. We are hopeful that the discussion will lead MMS to a workable policy based on the purpose and function of the movement of production.

As for written comments, Texaco adopts as its own the comments filed by the American Petroleum Institute. Texaco is available for further discussion and would be pleased to provide any additional information the MMS might require on deepwater subsea transportation.

Sincerely,



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**Walter Cruickshank**  
Associate Director Policy and Management Improvement