conoco

John E. Clark
Consultant, MMS/State Audit Coordination
Accounting and Information Management
Exploration Production Americas

Conoco Inc.
P. O. Box 1267
Ponca City, OK 74602-1267
(580) 767-5044

June 19, 2000

Office of Informative and Regulatory Affairs
Office of Management and Budget
Desk Officer for the Interior Department
725 17th Street, NW
Washington, D.C. 20503

Dear Sir:

RE: Notice of Information Collection, Production Accounting and Auditing System Reports, Forms MMS-4054, MMS-4055, MMS-4056, and MMS-4058, OMB Control Number 1010-New, 65 Fed. Reg. 31598 (May 18, 2000)

Conoco Inc. (herein Conoco) appreciates the opportunity to comment on the aforementioned forms. Conoco is an operator and royalty payor on federal and Indian leases and is impacted by these forms.

Conoco hereby endorses and incorporates by reference those comments filed by the Council of Petroleum Accountants Societies (COPAS) to the above Notice of Information Collection.

Conoco has no additional comments.

If you would like to discuss this further, please contact me at the above address or at (580) 767-5044.

Sincerely,

John E. Clark

mdb

cc:
Mr. D. E. Gingerich, Ponca City, OK

Abilene
Acadiana
Anchorage
Canada
Colorado
Corpus Christi
Dallas
Fort Worth
Houston
Kansas
Michigan
Mississippi

Council of Petroleum Accountants Societies
COPAS

New Mexico
New Orleans
Ohio
Oklahoma City
Oklahoma-Tulsa
Permian Basin
Rocky Mountain
San Antonio
San Francisco
San Joaquin
San Juan Basin
Wichita Falls

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The Council of Petroleum Accountants Societies (COPAS) appreciates the opportunity to comment on MMS' Notice of Information Collection. COPAS members have extensive experience with Form MMS-2014, Report of Sales and Royalty Remittance, and have been working with MMS on their Reengineering Project. Therefore, we believe our comments will be beneficial to OMB as they review MMS' information collection request.

COPAS would recommend that the issues addressed in the attached comment be resolved prior to OMB's final decision on the forms.

Again, we appreciates the opportunity to comment. If you wish to discuss these comments further, please call (580) 767-5044.

Sincerely,

John Clark

John Clark
Chairperson, COPAS Revenue Standing Committee

mdb

COPAS National Office P.O. Box 1190 Denison, TX 75021-1190
Phone: (903) 463-5463 FAX: (903) 463-5473

cc:
Mr. David Guzy
Chief, Rules and Procedures Staff
Minerals Management Service
Royalty Management Program
P. O. Box 25165, MS 3021
Denver, CO 80225-0165

Mr. Doyle Wofford, COPAS President
Mr. Darrell Gingerich, COPAS Board Liaison

COMMENTS ON FEDERAL REGISTER DATED MAY 18, 2000
OMB CONTROL #1010-NEW
FORMS MMS-4054, MMS-4055, MMS-4056, AND MMS-4058

In Federal Register Vol. 65, No. 97 dated Thursday, May 18, 2000, the Minerals Management Service (MMS) is requesting comments in four specific areas regarding the reengineering of production reporting that will be effective October 1, 2001. The Register requests respondents to submit comments to allow the MMS to: (a) Evaluate whether the proposed collection of information is necessary for the agency to perform its duties, including whether the information is useful; (b) evaluate the accuracy of the agency's estimate of the burden of the proposed collection of information; (c) enhance the quality, usefulness, and clarity of information to be collected; and (d) minimize the burden on the respondents, including the use of automated collection techniques or other forms of information technology. Oil and gas industry comments follow.

While the industry assumes that the information requested by the MMS is generally necessary for the agency to perform its duties, we do not believe the current proposed changes are the most efficient way to obtain this information. The MMS currently has the information available to determine royalty-in-kind (RIK) leases and the oil and condensate product codes. Requiring industry to provide this information is redundant.

The industry believes that the MMS estimate of the financial burden has been grossly understated. Based on very preliminary review, the MMS estimate of $10,000 for those operators currently using Form MMS-3160 to convert to Form MMS-4054 has been underestimated by at least half. Since industry has only recently received mapping rules for translating from Form MMS-3160 to Form MMS-4054, we have had insufficient time to perform a thorough analysis of the cost to convert. While we believe the $1,000 estimate per operator to modify current Form MMS-4054 has also been understated, there has been insufficient time to accurately measure the costs associated with these changes. The

majority of operators currently using the Form MMS-4054 are large companies and would require significant system modifications to accommodate the proposed changes.

The industry believes that the addition of product codes to the Form MMS-4054 does not enhance the quality, usefulness, or clarity of the information to be collected. This same information could be obtained just as easily through the implementation of additional disposition codes.

In recent months, the majority of discussion regarding the MMS reengineering initiative has focused on modifications to Form MMS-2014. Little or no mention had been made regarding modifications to the various production reports prior to receipt of Federal Register dated May 18, 2000. As a result, the industry was unprepared for the number of changes being proposed to the production reports, particularly the addition of product codes to Form MMS-4054. We believe that the addition of product codes would place a significant administrative and financial burden on operators. The use of additional disposition codes instead of

product codes would affect fewer operators and reduce financial burden to all operators while providing the same information to the MMS.