



Oryx Energy Company  
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**SENT BY TELEFAX**

August 19, 1996

Minerals Management Service  
Royalty Management Program  
Rules and Procedures Staff  
P. O. Box 25165 MS3101  
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**COMMENTS ON PROPOSED REGULATIONS-AMENDMENTS TO GAS  
VALUATION REGULATIONS FOR FEDERAL LEASES**

Oryx Energy Company, one of the largest independent oil and gas companies in the world, holds over 150 federal leases and pays royalties in excess of \$3.5 million per month. The majority of these leases are in the offshore Gulf of Mexico, but a significant number are onshore.

Oryx has participated in the deliberations of the COPAS Federal Regulatory Affairs Subcommittee which has submitted comments to the MMS on these proposed regulations. Oryx fully supports the comments of COPAS.

In addition, Oryx wishes to comment on one specific item relative to the various options published by the MMS in its April 29, 1996 letter to the Federal Gas Valuation Negotiated Rulemaking Committee. That item related to the manner in which the safety net calculations are made when the index based methodology is utilized. Several of the options included provisions for replacing the MMS calculated safety net with a company based safety net. Utilization of a company based safety net is not in the best interest of all concerned and creates additional hardships for those companies that may have no or very few gross proceeds based payments in a pool or zone. Thus, index based payors should not be required to compare their index payments against their own gross proceeds payments. Instead, the appropriate comparison is the index based payor's index payments against the total reported and audited gross proceeds based payments of all gross proceeds paying companies. Oryx continues to believe that this MMS calculated safety net per the original Committee recommendations provides the best solution overall.

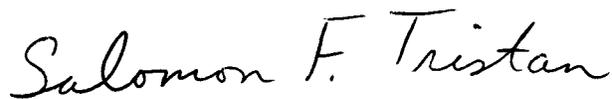
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Oryx appreciates the opportunity to submit these comments. Please contact me at 214-715-3582 if you need additional information.

Sincerely,

A handwritten signature in cursive script that reads "Salomon F. Tristan".

Salomon F. Tristan, CPA  
Manager, Revenue Accounting

SFT:db