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James C. Pruitt
 Vice President
 Government Relations
 Department

Texaco

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RULES PROCESSING TEAM

January 9, 2001

JAN 09 2000

Walt Rosenbusch
 Director, Minerals Management Service
 US Department of the Interior
 Mail Stop 4024
 381 Elden Street
 Herndon, Virginia 20170-4814

Attention: Rules Processing Team

RE: Minerals Management Service Proposed Rule, Relief of Reduction in Royalty Rates -- Deep Water Royalty Relief for OCS Oil and Gas Leases Issued after 2000. Federal Register Vol. 65, No. 222, Pages 69259-69275, November 16, 2000.

Dear Walt:

Texaco Exploration and Production Inc. ("Texaco") appreciates the opportunity to provide comments on the above referenced Minerals Management Service's ("MMS") proposed rule.

Since passage of the Deep Water Royalty Act in 1995, Texaco has participated in a cooperative effort with MMS focused on future royalty relief policies resulting from Deepwater Royalty Relief Act. This effort has been productive and we anticipate continuation of this dialog will be necessary and mutually beneficial as MMS develops and implements royalty relief policies.

This latest rulemaking addressing the discretionary royalty relief program is especially of interest to Texaco because it provides lessees an additional option when evaluating the feasibility of developing a marginal discovery in deepwater. By providing comments to MMS on proposed rulemakings similar to this one, your agency will be in a better position to implement a comprehensive royalty relief program that accomplishes its objectives and provides industry with a more efficient and effective program.



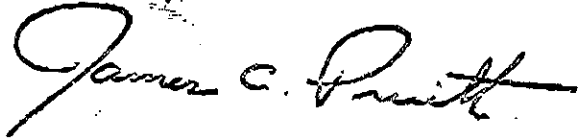
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Under separate letter, the National Ocean Industries Association, American Petroleum Institute, Domestic petroleum Council, Independent Petroleum Producers Association, the US Oil & Gas Association, and the International Association of Geophysical Contractors submitted comments to the above referenced proposed rule. Texaco concurs with the comments and recommendations provided in the National Ocean Industries et al comments.

If I can provided you with additional information on this important rulemaking, please contact us.

Sincerely,

A handwritten signature in black ink that reads "James C. Pruitt". The signature is written in a cursive style with a long horizontal stroke at the end.

James C. Pruitt