

November 5, 1997

Via Airborne Express

Mr. David S. Guzy
Chief, Rules and Procedures Staff
Minerals Management Service
Royalty Management Program
Building 85, Denver Federal Center, Rm. A-212
Document Control Staff, Mail Stop 3021
Denver, CO 80225

Re: Designation of Payor Recordkeeping - 62FED.REG.42062 (August 5, 1997)

Dear Mr. Guzy:

Spirit Energy 76, a business unit of Union Oil Company of California d/b/a/ Unocal, is appreciative of the opportunity to comment on the MMS' Interim Final Rulemaking governing the designation of payor recordkeeping. Spirit Energy 76 ("Spirit") is a federal lessee and because of the impact the payor recordkeeping requirements will have on Spirit's administrative functions, Spirit is an interested party. As such, Spirit believes that the comments submitted herein will be beneficial to Spirit, the MMS and the industry.

Generally speaking, Spirit is of the opinion that the MMS' Interim Final Rule will place a huge and costly administrative burden upon Spirit and the industry. Spirit very often maintains ownership systematically at a unit level and in order to obtain the necessary and requested data, Spirit will be forced to gather the data manually. Numerous other circumstances would also require manual data gathering.

Moreover, much of the data will be difficult for Spirit to locate because of the level of ownership and unavailability of data. Spirit is extremely concerned that the data it may be required to submit to the MMS will not be entirely accurate. Additionally, Spirit is concerned about how the MMS will be able to effectively validate, maintain and utilize the data.

Spirit is also concerned that the Interim Final Rule leaves open the possibility that the MMS can and will request this type and amount of data in the future and/or require payors to maintain this data. Given the massive amount of data which would need to be produced in order to comply with the Interim Final Rule and the associated labor costs, Spirit is concerned with the fact that it may be required to comply with this burdensome request at some time in the future and/or on a permanent basis.

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In addition to the comments made above, Spirit provides the following specific comments to each of the six sections proposed in the MMS' Interim Final Rule.

Section 210.55 - Spirit objects to this section in its entirety as it clearly places the designation burden on a royalty payor when a PIF is filed. Spirit views this as a duplication of effort. Additionally, this section also leaves open the possibility of future massive information requests by the MMS.

Section 218.52(a)(1) - Spirit suggests that this section be changed to read "the AID number or BLM number for the lease".

Section 218.52(a)(4)(i,ii) - Spirit is opposed to requiring percentages of ownership. Attempting to maintain updated ownership information would be burdensome on both the MMS and the lessees.

Section 218.52(a)(5) - Spirit recommends inserting "if known" after "TIN" and "phone number". There is a possibility that the lessee may not have or know this information.

Section 218.52(a)(6) - Spirit recommends that "if known" be inserted after phone number. There is a possibility that the lessee may not have or know this information.


Section 218.52(a)(10) - Spirit recommends that this section be deleted.

Spirit recommends that the MMS delay any enforcement action under this Interim Final Rule until the Royalty Policy Committee and its subcommittee has had the opportunity to review and make recommendations on this issue. Once again, Spirit appreciates and thanks the MMS for the opportunity to comment on the Interim Final Rule.

Should you have any questions or comments please do not hesitate to contact the undersigned at (281) 287-5087 or by facsimile (281) 287-7376.

Best regards,

Spirit Energy 76, a business unit of
Union Oil Company of California

By:  _____

Veronica H. Roa

Its: Attorney

VHR:wh