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September 29, 1997

David Guzy, Chief, Rules and Publications Staff
Royalty Management Program
Minerals Management Service
PO Box 25165, MS 3021
Denver, CO 80225

Re: Designation of Payor Recordkeeping Proposed Rule

Dear Mr. Guzy,

Thank you for the opportunity to comment on the Designation of Payor Recordkeeping proposed rule.

Part I of the Summary states that "This rule gives MMS the authority to collect the information necessary to match a lessee to that underpaid (or untimely paid) royalty line." The intent of this rule is to account for the small percentage of royalty payments that are exceptions. Its result is to grant the MMS sweeping authority in requesting mountains of data from payors.

Regarding frequency of reporting Part I of the Summary states "...MMS will request data from *time to time*..." (emphasis added). Make this statement more specific. What critical events must take place for the MMS to request new or updated data?

Regarding quantity of information Section 210.55 states "MMS may require you to submit additional information, forms, or reports other than those specifically referred to in this subpart." Before the MMS proposes a rule on payor recordkeeping, they should determine what records they want kept. It is impossible to agree to a statement as broad and open-ended as this one.

Narrow the scope of this rule to request information for only those properties identified as underpaid or untimely paid. There is no benefit to providing this data on the thousands of properties having a single payor with no history of royalty problems.

Finally, Sections 210.55 and 218.52 requests the same information from both the lessee and the designee. You do not need the lessee's TIN, phone number, copies of the written designation and lessee status (title owner or operating rights owner) from both parties. Get this information from the lessee.

In summary, this proposed rule is flawed because it grants the MMS with authority far in excess of what is required to do the job. It authorizes MMS to request as much information as frequently as it wants.

Thank you for your consideration.

Sincerely,

Tom Kravchak

Tom Kravchak
Revenue Manager

cc: file