

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



RE: Notice of Information Collection
Report of Sales and Royalty Remittance Form MMS-2014
OMB Control Number 1010-NEW
65 Federal Register 31598 (May 18, 2000)

Dear Sir:

Apache Corporation (Apache) appreciates the opportunity to comment on MMS' Notice of Information Collection. Since Apache remits monthly royalties to the Minerals Management Service using the current Form MMS-2014, we believe our comments will be beneficial to the OMB.

Apache applauds the MMS efforts to re-engineer its business process and to develop a new financial accounting system. The oil and gas industry has often complained of duplication of reporting under the current system. An overall review to streamline and simplify the current reporting is a worthy objective.

There are many aspects of the proposed Form MMS-2014 that Apache believes will meet the goal of simplification. Namely,

- The elimination of the Payor Information Form (Form MMS-4025) as a pre-requisite to the acceptance of the MMS-2014
- Transportation Allowances reported on the same transaction line as the product sales line
- Processing Allowances reported on the same transaction line as the product sales line, and
- Elimination of API gravity.

However, there are several issues that have not been clarified or are expanding the reporting requirements of lessees. The OMB should carefully consider whether the expansion of reported data allows the MMS to meet its goal of streamlining reporting. These additional data elements also do not support the MMS goals of reducing the volume of lines reported, minimizing errors, and reducing costs.

These issues include:

- The addition of a sales type code
- The addition of the API well number
- The addition of the royalty rate
- The addition of the unit price, and
- Changes in the definition of payment method codes.

Some of these issues will require significant program changes in a payor's revenue accounting system, as well as changes in the royalty reporting systems. The MMS estimate of payor costs was \$250,000 for the industry group who have their own automated reporting systems. If the new form was a matter of reformatting or re-arranging the data currently provided, the \$250,000 cost estimate would probably be sufficient for a single user. However, the requirement of reporting data elements that are not currently in the royalty reporting systems will require all upstream programs to be modified or expanded to carry that information through the systems to the royalty reporting programs. Apache is unable to determine an estimate of costs until the data elements required are more clearly defined and an analysis is performed to determine where the data currently resides in Apache's systems, if at all. In those cases where the data is currently not in Apache's systems, new systems will need to be developed to meet the MMS reporting requirements.

In summary, Apache recommends that the OMB disapprove the proposed Form MMS-2014. The changes necessary to meet the new form reporting requirements will generate excessive reported lines, a high error rate (due to confusion over reporting requirements), and will be cost prohibitive.

Sincerely,



Tammy Naron
Regulatory Affairs Manager

Copy:

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