



Santa Fe Energy Resources, Inc.

Kathy Hager
Vice President, Public Affairs

May 27, 1997



Mr. David S. Guzy
Chief, Rules and Procedures Staff
Minerals Management Service
Royalty Management Program
Building 85, Denver Federal Center
Denver, CO 80225

Dear Mr. Guzy:

RE: Notice of Proposed Rulemaking, 62 Fed. Reg. 3742 (January 24, 1997)

Santa Fe Energy Resources, Inc. takes this opportunity to make comments on the notice of proposed rulemaking regarding federal royalty oil valuation by the Minerals Management Service.

Santa Fe Energy is in complete agreement with and strongly supports the objections detailed by the Domestic Petroleum Council. In addition, Santa Fe Energy also agrees with and supports the Independent Petroleum Association of America in their comments. The use of a federal royalty-in-kind program or an improvement in the current benchmarks will be a better system for the lessee and lessor than a NYMEX based system.

The management of Santa Fe Energy thanks you for the opportunity to comment on this subject.

Very truly yours,

Kathy Hager

/mlk