



**Chevron**

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**VIA E-MAIL: David\_Guzy@smtp.mms.gov**

**Notice Withdrawing Proposed Rulemaking and Requesting Comments on Supplemental Information (62 FR 19536, April 22, 1997)**

Dear Sir:

Chevron U.S.A. Production Company, a Division of Chevron U.S.A. Inc. ("Chevron"), one of the largest producers of oil from federal leases, offers the following comments on the subject notice.

Chevron strongly objects to the withdrawal by MMS of the November 6, 1995 proposed rule reflecting the consensus of the Federal Gas Valuation Negotiated Rulemaking Committee, 60 FR 56007. The record of the rulemaking is replete with evidence that current gas valuation regulations do not work. It is disingenuous of MMS to state that "its existing regulations are very flexible and therefore are the most appropriate means to face the continued changes in the natural gas market." The "gross proceeds rule," as articulated by MMS, results in enormous valuation uncertainty which could have been averted by the proposed rule. In withdrawing the proposal, MMS impeaches its own credibility. Chevron will certainly remember this when MMS requests industry input in the future.

Chevron adopts the comments submitted by the American Petroleum Institute and the Rocky Mountain Oil & Gas Association.

Respectfully submitted,

George W. Butler

