

HOGAN & HARTSON  
L.L.P.

Writer's Direct Dial  
202-637-6460

ONE TABOR CENTER  
1200 SEVENTEENTH STREET, SUITE 1500  
DENVER, COLORADO 80202-5840  
TEL (303) 800-7300  
FAX (303) 899-7333

July 30, 1998



*BY HAND DELIVERY*

Minerals Management Service  
Royalty Management Program  
Rules and Publications Staff  
P.O. Box 25165, MS 3021  
Building 85  
Denver Federal Center  
Denver, Colorado 80225

**Re: Second Further Supplementary Proposed Rule  
Establishing Oil Value for Royalty Due on Federal Leases**

Dear Sir or Madam:

Enclosed please find the comments of Mobil Oil Corporation in response to the Minerals Management Service's Second Further Supplementary Proposed Rule Establishing Oil Value for Royalty Due on Federal Leases.

Very truly yours,

A handwritten signature in cursive script that reads 'Leslie A. Benton'.

Leslie A. Benton\*

LB9/lb9

*Enclosures*

cc: Deborah B. Haglund (via First-Class Mail)

\*Writer not admitted to D.C. Bar

WASHINGTON, D.C.  
BRUSSELS BUDAPEST LONDON MOSCOW PARIS\* PRAGUE WARSAW  
BALTIMORE, MD BETHESDA, MD COLORADO SPRINGS, CO LOS ANGELES, CA MCLEAN, VA  
WASHINGTON OFFICE: 555 THIRTEENTH STREET NW, WASHINGTON DC 20004-1109 TEL: (202) 637-5600 FAX: (202) 637-5910

\*Affiliated Office

**COMMENTS OF MOBIL OIL CORPORATION**  
**July 31, 1998**  
**on "Establishing Oil Value for Royalty Due on Federal Leases"**  
**Department of the Interior**  
**MINERALS MANAGEMENT SERVICE**  
**63 Fed. Reg. 38355, July 16, 1998**

**COMMENTS OF MOBIL OIL CORPORATION**  
**July 31, 1998**  
**on "Establishing Oil Value for Royalty Due on Federal Leases"**  
**Department of the Interior**  
**MINERALS MANAGEMENT SERVICE**  
**63 Fed. Reg. 38355, July 16, 1998**

Mobil Oil Corporation ("Mobil") submits these comments in response to MMS' Second Further Supplementary Notice captioned "Establishing Oil Value for Royalty Due on Federal Leases," published July 16, 1998, in the Federal Register. ("Second Further Supplementary Notice").

The short time period between July 16, when MMS released the Second Further Supplementary Notice, and July 31, when comments are due thereon, makes it extremely difficult to analyze in any detail the possible ramifications that the current proposal may have. However, even upon a cursory reading of the Second Further Supplementary Notice, it is clear that the current proposal does not address the fundamental problems inherent in the earlier versions of the rule, nor the issues raised in previous comments that Mobil has filed with MMS. In fact, the current proposal may create new problems. Therefore, Mobil reaffirms and incorporates by reference its comments (including all exhibits thereto) submitted in response to the original proposed rule on May 28, 1997 and the supplementary proposed rule on August 4 and November 5, 1997, and again on April 7, 1998. Mobil also adopts and incorporates by reference the comments contained in the report of the Barents Group L.L.C., "Analysis of The Department of Interior, Minerals Management Service's Second Further Supplementary Proposed

Rule Establishing Oil Value for Royalty Due on Federal Leases,” dated July 31, 1998, and submitted to MMS regarding the Second Further Supplementary Notice.