

**CNG Producing
Company**

A **CNG** COMPANY

CNG Tower
1450 Poydras Street
New Orleans, LA 70112-6000
(504) 593-7356

PAUL P. GREGG
Senior Vice President and Chief Financial Officer

December 18, 1998

Mr. Todd McCutcheon
Chief, Policy & Management Improvement
Minerals Management Service
U.S. Department of the Interior
P. O. Box 25165 - MS 9200
Denver, CO 80225

Dear Mr. McCutcheon:

I am writing to express the strong support of CNG Producing Company (CNG) for the Minerals Management Service's (MMS) subsea gathering and transportation initiative described in the MMS notice at 63 FR 56217 (October 21, 1998).

CNG is an independent producer with substantial production and reserves in the Gulf of Mexico. CNG is ranked by Offshore magazine (June, 1998 edition) as the third largest producer of oil and gas from water depths greater than 1500 feet.

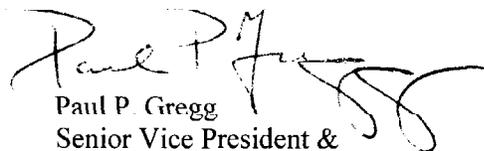
CNG remains optimistic about the potential for new discoveries of oil and gas reserves, both in the deepwater Gulf and on the Outer Continental Shelf. However, exploitation of such discoveries will require very substantial capital expenditures and the use of new and innovative technologies. In the current climate of depressed commodity prices, it is especially important that the MMS recognize that new subsea pipeline technologies can play a critical role in moving oil and gas from offshore leases to market centers in a safe and cost effective manner.

CNG has also sought a transportation allowance for CNG's movement by pipeline of subsea gas production from the deepwater Popeye field to a "host" facility on the O.C.S. Regrettably, the MMS denied that allowance and CNG was forced to appeal. However, the MMS is now reconsidering that decision in light of this initiative and we are gratified by this action.

CNG has reviewed the comments jointly filed by the Independent Petroleum Association of America and the Domestic Petroleum Council. We urge expeditious adoption of the recommendations set forth therein.

CNG very much appreciates the very significant resources MMS is committing to work with CNG and other producers in this very important area. We look forward to a further constructive exchange of information and ideas.

Very truly yours,



Paul P. Gregg
Senior Vice President &
Chief Financial Officer