

**RULES PROCESSING TEAM**

**MAY 23 2003**



May 23, 2003

Department of the Interior  
Minerals Management Service  
Mail Stop 4024  
381 Elden Street  
Herndon, VA 20170-4817

ATTN: Rules Processing Team

Re: Proposed Rule - Oil and Gas and Sulphur Operations in the Outer Continental Shelf  
– Revision of Requirements Governing Outer Continental Shelf Rights-of-Use and  
Easement and Pipeline Rights-of-Way (68 Fed. Reg. 20091, April 24, 2003).

As representatives of the Nation's natural gas and oil industry, the American Petroleum Institute, the Domestic Petroleum Council, the Independent Petroleum Association of America, the International Association of Drilling Contractors, the National Ocean Industries Association, the Natural Gas Supply Association, and the US Oil & Gas Association appreciate the opportunity to respond to your request for comments on the proposed rule. Our seven national trade associations represent thousands of companies, both majors and independents, engaged in all sectors of the U.S. oil and natural gas industry, including exploration, production, refining, distribution, marketing, equipment manufacture and supply, and other diverse offshore support services. Either directly or indirectly, we are all working to explore for and produce hydrocarbon resources from the nation's Outer Continental Shelf (OCS) in an environmentally sensitive manner. The proposed regulation is, therefore, of particular importance to us.

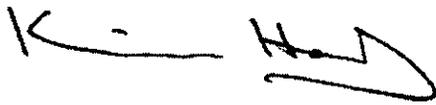
The regulation would modify requirements governing rights-of-use and easements and pipeline rights-of-way on the Outer Continental Shelf (OCS). It would increase rental rates for pipeline rights-of-way, and establish rentals for rights-of-use and easements. The seven associations represented here support the proposed regulation, because it will enable the development of needed

infrastructure to keep domestic natural gas and oil supplies flowing to consumers.

Pipeline rights-of-way and rights-of-use and easements are established tools that industry uses to develop OCS natural gas and oil resources. Laying pipelines to facilitate the gathering of production is a common practice followed by many operators in the Gulf of Mexico. Also, the occasional siting of platforms on blocks not leased to operators is an option that allows operators to develop certain reservoirs, including marginal subsea field developments, most efficiently. The proposed rental increase for pipeline rights-of-way and the new rental fees for rights-of-use and easements are reasonable and will allow leaseholders to use areas outside the lease and right-of-way areas for accessory structures that support deepwater operations.

We appreciate the opportunity to comment on the proposed rule. If you have any questions or need additional information, please feel free to contact Kim Harb at (202)737-0926.

Sincerely,



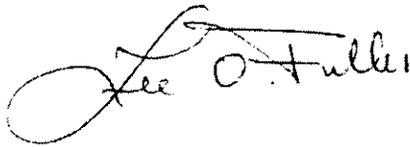
---

National Ocean Industries Association



---

American Petroleum Institute



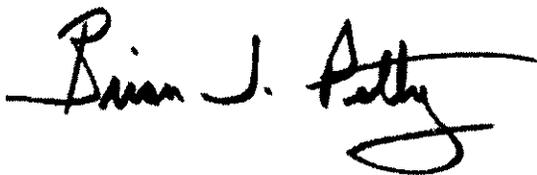
---

Independent Petroleum Association of America



---

US Oil & Gas Association



---

International Association of Drilling Contractors



---

Domestic Petroleum Council



---

Natural Gas Supply Association