

KENNETH R. GOOD
EXECUTIVE VICE PRESIDENT



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POGO PRODUCING COMPANY

April 8, 1999

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

Attn: Rules Processing Team

Re: Proposed Rule- Method of Bonus Payment

Gentlemen:

This letter is in response to the notice in the Federal Register dated March 31, 1999, pages 15320-322 regarding rules for payment of bonuses due for Federal offshore Outer Continental Shelf leases.

Pogo Producing Company is an active participant in OCS Lease Sales and welcomes the opportunity to comment. We have used Electronic Funds Transfer (EFT) since its inception including its more recent use for payment of the 1/5 bonus payment due when a bid is the high bid on a tract. We believe it is a most efficient method of transacting the government's business as well as ours.

As you contemplate writing a rule to require a specific payment method for the 1/5 part of the bonus, we do ask your consideration for maintaining the present method, i.e. payment by the apparent high bidder on the day following the sale rather than a prepayment on or before the day of the sale. To date, we have been able to easily meet the deadline of 2:00 p.m. the day after the sale. Our sense is that industry has adjusted very well to this method of payment and considers it routine by now.

Yours very truly,



K. R. Good