James B. Lewis, Jr.
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VIA FACSIMILE AND MAIL

July 28, 1997

Department of the Interior
Minerals Management Service
Mail Stop 4700
381 Elden Street
Attention: Mr. John Mirabella

Re: Proposed Rule
G & G Explorations of the Outer Continental Shelf

Gentlemen:

Enron Oil & Gas Company ("EOG") appreciates the opportunity to provide comments in response to the notice of proposed rulemaking [Federal Register: February 11, 1997 (Volume 62, Number 28)] to revise the regulations that specify how to conduct G&G exploration and research for oil, gas, and sulphur in the OCS under a permit and to expand the provisions governing research by requiring everyone conducting G&G scientific research in the OCS without a permit to file a notice with the Minerals Management Service ("MMS"). It is EOG's position that the proposed rulemaking creates (i) unnecessary regulations requiring a larger government bureaucracy to monitor the newly created regulated environment, and (ii) potentially the need for more personnel to adhere to the increased regulations and higher costs to the exploration companies diminishing their ability to conduct business in a cost effective manner. It is also questionable whether the "benefits" derived would outweigh the "costs" of implementing the regulations considering that the existing system has provided more than adequate protection to business and government.

EOG would like to emphasize a concern that the proposed revisions may cause an undue burden to independent E&P companies regarding the tracking and reporting requirements relative to "processed, reprocessed and interpreted" licensed data; additional accounting procedures to document associated costs; and the responsibility of copying data; all resulting in additional employee time and cost. Further, if the MMS requests to inspect such data, work station time may have to be reallocated from a geologist or geophysicist in order to make such data available to the MMS.

Also, as written in the new rules, it may be interpreted that a licensee of data will be subject to all of the obligations of the acquiring party. EOG reviewed a sample of master license agreements currently governing the contractual relationships between EOG and the owners of certain proprietary geophysical and geological data resulting from seismic surveys performed by or on behalf of such owners, to determine if provisions exist which subject EOG to the obligations contained in the permits. The agreements reviewed were silent on the issue. If the current provisions are promulgated, a most likely result would be the renegotiation of existing agreements to deal with the issue and a protracted delay in acquiring additional data until such negotiations are concluded which could delay drilling opportunities and ultimately royalty collections.

EOG has reviewed the position letter dated July 27, 1997 submitted by the Independent Petroleum Association of America ("IPAA") to the MMS regarding the proposed rulemaking and hereby advises the MMS of its concurrence and endorsement to the comments set forth.

EOG appreciates your consideration of the above comments and hopes for a mutually agreeable resolution of the issues resulting in a modification of the proposed regulations to avoid the consequences as set forth above and in the IPAA position letter. If you have any questions regarding EOG's position, please feel free to call the undersigned at (713) 853-5722 or Thomas H. Atkins, Division Exploration Manager, at (713) 853-5739.

Yours very truly,

ENRON OIL & GAS COMPANY

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