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February 6, 2002

ChevronTexaco

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

Attention: Rules Processing Team

**Re: Oil and Gas and Sulphur Operations
On the Outer Continental Shelf
Suspension of Operations for
Exploration Under Salt Sheets
Proposed Rule Comments**

Gentlemen:

Chevron U.S.A. Inc. ("Chevron") appreciates the opportunity to provide the Minerals Management Service ("MMS") with comments regarding the proposed rule to modify 30 CFR 250.175. Clarification of MMS' authority to grant Suspension of Operations (SOO) on offshore leases where salt complicates subsurface geological interpretations is prudent in the management of OCS exploration and development.

For ease in reviewing our comments, we have re-typed the proposed 30 CFR 250.175 (b) highlighting the deletions and additions Chevron submits for MMS' consideration. In most cases our proposed modifications are an attempt to clarify the text of the proposed rule to help reduce or eliminate some of the misunderstandings that could arise as a result of the wording in the proposed rule. We have added a "Note" by each deletion or addition to explain our recommendation. The modifications we proposed are shown below:

250.175 When may the Regional Supervisor grant an SOO?

(b) The Regional Supervisor may grant an SOO not to exceed 3 years on a lease located *(Note: Inserted for clarity only.)* in the ~~Western~~ *(Note: We see no need to limit the application of the SOO to only the Western Gulf of Mexico. Since the granting of an SOO is strictly at the discretion of MMS, MMS will control under what circumstances and on what leases MMS will grant an SOO.)* Gulf of Mexico when all of the following conditions are met:

- (1) The lease was issued with an initial lease term of 5 years, or with an initial term of 8 years with a requirement to drill within 5 years;
- (2) The lessee has collected and analyzed appropriate geophysical information prior to the end of the third lease year, unless within the first three years of the lease term the lease had been suspended in which case the time for collecting and analyzing the geophysical information shall be extended for a period equal to such previous suspension or suspensions. *(Note: There are various reasons a*

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lease could be suspended during the primary term. By adding this language, the lessee will not be penalized for failing to complete the collection and analysis of geophysical information on a lease in the first three years of the lease term when the lessee may have been prohibited from gathering such information because of a suspension event.) ;

(3) The geophysical information confirms indicates (Note: The word "confirm" is more absolute than "indicates." The drill bit is the best way to confirm the existence and thickness of salt.) the presence of a salt sheet as well as evidence that a drillable objective may exist beneath all or a portion of (Note: For clarity only.) the salt sheet;

(4) The applicant has completed or is near completion of (Note: Processing of data has been problematic in industry. If the lessee can demonstrate he is close to completing this reprocessing, he should not be penalized for failing to complete the reprocessing before submitting the SOO application.) additional reprocessing covering all or a portion of the applicable geophysical information (Note: This will give the lessee the flexibility to concentrate his efforts on the areas of interest and not spent time or money on lower priority areas of the data set.) prior to submitting the application for suspension; and

(5) The applicant demonstrates that additional time is necessary to gather new geophysical data or to reprocess or reinterpret existing data to further define drilling objective beneath a salt sheet.

Chevron appreciates the opportunity to provide comments on the proposed rule. Should there be any questions regarding our comments, please do not hesitate contacting the undersigned at (504) 592-6726.

Sincerely,



J. Keith Couvillion
Land Consultant

JKC
MMS Comments Ltr SOO 2-6-02