



# FOREST OIL CORPORATION

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September 27, 2004

Sharron L. Gebhardt  
Minerals Management Service  
Minerals Revenue Management  
Building 85  
Room A-614  
Denver Federal Center  
Denver, CO 80225

Re: MMS Federal Gas Valuation  
Proposal, 30 CFR Parts 206, 69 FR  
43944 (July 23, 2004)

Dear Ms. Gebhardt

Forest Oil Corporation hereby submits the following comment with regard to the Minerals Management Service, July 23, 2004 Federal Gas Valuation proposal.

## 1. Definitions

The MMS is proposing to amend the definition of "transportation allowance" to read as follows:

"Transportation allowance means an allowance for the reasonable, actual costs of moving unprocessed gas, residue gas, or gas plant products to a point of sale or delivery off the lease, unit area, or communitized area, or away from a processing plant. The transportation allowance does not include gathering costs."

It is the view of Forest Oil Corporation that the proposed definition creates an unintended ambiguity as it does not appear to cover the situation where the producer sells or delivers natural gas to its purchaser on the lease, the purchaser transports the natural gas and pays the applicable transportation charge and deducts the transportation charge from the amount that the purchaser pays the producer. In this situation, the producer pays the transportation charge in the form of a reimbursement to its purchaser. The resulting net proceeds received by the producer are the same as the net proceeds that the producer would have received if the producer had sold or delivered the natural gas to its purchaser off the lease and paid the transporting pipeline the applicable transportation charge.

The phrase "or an approved or MMS-initially accepted deduction for costs of such transportation, determined pursuant to this subpart" in the 1988 definition and the phrase "or other point where value is established under this subpart" in the 1996 definition seemed to address the above described situation. Because the proposed definition does not include language addressing the fact situation

described above, Forest hereby requests that the MMS add language to the proposed "transportation allowance" definition to cover the above described situation where the producer sells or delivers natural gas on the lease and pays the applicable transportation charge in the form of a reimbursement to its purchaser. Forest also requests that such language likewise be added to the "transportation allowance" definition for crude oil and condensate for the same reasons.

Very truly yours,

FOREST OIL CORPORATION

A handwritten signature in black ink, appearing to read "John P. Kjelmlyr", written over a horizontal line.

John P. Kjelmlyr  
Agent-in-Fact

JPK:tm