

SALES CONTRACTS

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Sales Contracts:

Sales Contracts - the Authority

30 CFR §210.10(c)(20) and 30 CFR §210.203

Sales contracts are part of the information collections required by MMS. The information collection associated with sales contracts, sales summaries and facility data has been approved by OMB under 44 U.S.C. 3501 *et seq.* The information required on sales contracts and other required reporting forms is collected by the Department of the Interior to meet its congressionally mandated accounting and auditing responsibilities relating to Federal and Indian mineral royalty management.

Lessees are required to submit sales contracts in accordance with the statutory authority stated above. This information allows auditors and compliance specialists to tie into tonnages mined and prices sold during any given period, as well as other pertinent information necessary to conduct audits and compliance reviews.

Sales contracts, sales summaries and facility data are used together with Production & Royalty Reports and other data in the mine-level compliance review process to verify that the volume and value of Federal and Indian solid minerals sold, and the royalties on such minerals, were reasonably computed, reported and paid to MMS as required by applicable Federal laws, regulations, and lease terms.

When and What to Submit

You must submit sales contracts, agreements and amendments for the sale of coal and other solid minerals produced from Federal and Indian leases with ad valorem royalty terms. For coal and metal production, submit sales contracts or their updates (e.g.; amendments or confirmation letters) to MMS semi-annually, on March 30 and September 30 of each year. You must submit sales contracts for all other products (sodium, potassium, phosphate, and any other ad valorem leases) only if MMS specifically requests it of you.

Sales contract data can include:

- Master contracts
- Agreements
- Sub-contracts
- Amendments
- Confirmation letters
- Spot coal purchases/contracts
- Other correspondence/legal documents

Ensure the following elements are included in the contracts:

- The source mine and substitute mines
- Price per ton
- Period covered
- Minimum/maximum tonnages
- Quality parameters
- Point of delivery
- Any allowances or adjustments
- Any other pertinent information that is reflective of the purchase

Confirm that all sales contracts contain appropriate signatures and dates – as indication that the contract is legal and binding.

Mail your sales contracts to:

via U.S. Postal Service

Minerals Management Service
Minerals Revenue Management
Solid Minerals and Geothermal CAM
P.O. Box 25165, Mail Stop 390B2
Denver, CO 80225-0165

via Private Courier Service or Overnight Mail

Minerals Management Service
Minerals Revenue Management
Solid Minerals and Geothermal CAM
W. 6th Avenue & Kipling Street
Building 85, Room A-614
Lakewood, CO 80225

If, at the end of each six-month period, any of your previously submitted contracts and amendments are still valid and have not been revised, you do not need to send MMS any updated documentation for those contracts. Mail a letter to MMS at the above address stating that there are not any new contract revisions or amendments to submit for the identified contracts.

Why are Sales Contracts Needed?

MMS uses contracts for compliance purposes including, but not limited to, identifying valuation issues and establishing selling arrangement relationships. Auditors and compliance specialists use sales contracts to connect the sales quantities and gross proceeds, as reported on the P&R Reports and sales summaries.

Additional Information Requests

Federal and Indian lease terms allow MMS to request detailed statements, documents, or other evidence necessary to verify compliance with lease terms and conditions, and applicable rules. We may request additional sales or facility information on an as needed basis.

Access to Company-submitted Information

Sales contracts, sales summaries, facility data and other information submitted under 30 CFR §210, that constitute trade secrets or commercial and financial information that is identified as privileged or confidential, or that is exempt from disclosure under the Freedom of Information Act, 5 U.S.C 552, shall not be available for public inspection or made public or disclosed without the consent of the lessee, except as otherwise provided by law or regulation.