Dear Payor:

This is to inform you that the Minerals Management Service (MMS) has developed two new Adjustment Reason Codes (Codes 53 and 54) for use on the Forms MMS-2014 and MMS-4014. These codes are to be used to report adjustments to sales or royalty volumes/values that are being made as a result of an inquiry from the Production Accounting Division (PAD). These inquiries include both oral and written communication concerning the comparison of sales information reported to the Auditing and Financial System (AFS) and to the Production Accounting and Auditing System (PAAS). The codes are to be used when amending previously submitted lines or reporting new information previously omitted. A brief description of each code and when it is to be used follows.

Adjustment Reason Code 53 should be used to report pre-AFS conversion adjustments when the adjustment is being made as the result of an inquiry from PAD concerning an AFS-PAAS Comparison.

Adjustment Reason Code 54 should be used to report post-AFS conversion adjustments when the adjustment is being made as the result of an inquiry from PAD concerning an AFS-PAAS Comparison.

Effective immediately, these codes can be used with Transaction Codes 01, 06, 10, 37, 38, 39, 40, 41, and 42 and for all products and sales periods.

Modifications to the MMS Oil and Gas Payor Handbook reflecting these additions will be issued in the near future.

If you have any questions regarding this change, please contact your Lessee Contact Branch representative.

Sincerely,

[Signature]

James R. Detmers
Chief, Fiscal Accounting Division