



United States Department of the Interior

MINERALS MANAGEMENT SERVICE
ROYALTY MANAGEMENT PROGRAM
P.O. BOX 5810
DENVER, COLORADO 80217



IN REPLY
REFER TO:

DOV/TCBI
Mail Stop 3933

CERTIFIED MAIL --
RETURN RECEIPT REQUESTED

Dear Payor:

The enclosed Bill for Collection (invoice) represents royalty due issued under the Minerals Management Service (MMS) Automated Allowance Tracking System for oil and/or gas transportation and/or gas processing allowances.

The MMS issued this invoice because you reported a transportation and/or processing allowance on the Report of Sales and Royalty Remittance (Form MMS-2014) but the appropriate Gas Processing Allowance Summary Report (Form MMS-4109), Oil Transportation Allowance Report (Form MMS-4110), and/or Gas Transportation Allowance Report (Form MMS-4295) was not filed with MMS within the 3-month retroactive period allowed by the oil and gas valuation regulations.

Title 30 CFR §§ 206.105, 206.157, and 206.159 (1992) requires the lessee to submit an initial Form MMS-4110, Form MMS-4295, and/or Form MMS-4109. You must submit your forms prior to or at the same time the allowance is reported on the Form MMS-2014. An initial allowance form received by the end of the month that the Form MMS-2014 is due is considered to be timely received. These regulations also state that an allowance may be claimed retroactively for a period not longer than 3 months prior to the first day of the month that the appropriate allowance form is filed with MMS, unless MMS approves a longer period upon a showing of good cause by the lessee.

For reporting periods succeeding the initial one, you must submit your allowance forms within 3 months after the end of the previous reporting period unless MMS approves an extension of time to file the allowance form. During this 3-month period, or such longer period as approved by MMS, the lessee shall continue to use the allowance rate from the previous reporting period in claiming its deductions on Form MMS-2014.

Use the following options to resolve your invoice:

- 1) If you reported an allowance on a Form MMS-2014 without a timely filed appropriate allowance form on file with MMS:
 - make adjustments on a pink Form MMS-2014 in accordance with the MMS Payor Handbook, Volume II, Section 4; and
 - remit the amount of the invoice in accordance with the following paragraph.

Your payment of the enclosed invoice must be received by the invoice due date. If you pay by electronic funds transfer (EFT), please include your payor code and the invoice number in the Payment Information field of the EFT message. If you pay by check, payment must be made to the address indicated on the invoice. To ensure proper credit, return the remittance copy with your payment and record your payor code and the invoice number on your payment document.

If you were in compliance with the regulations by timely filing an appropriate allowance form but have a reporting error on either the Form MMS-2014, Form MMS-4109, Form MMS-4110, and/or Form MMS-4295, follow the instructions in 2 and 3 below.

- 2) If you reported an allowance on a Form MMS-2014 using an incorrect revenue source, product code, or selling arrangement, and a timely filed appropriate allowance form is on file for the correct revenue source, product code, or selling arrangement:
 - make adjustments on a pink Form MMS-2014 in accordance with the MMS Payor Handbook, Volume II, Section 4, no later than 30 days from receipt of this letter (payor code, accounting identification number, product code, and selling arrangement on the allowance line must match the royalty line);
 - do not remit the amount of the invoice; and
 - in order to timely credit the invoice and avoid automatic follow-up collection procedures:
 - include a list of ABIL lines and the associated amount with your pink Form MMS-2014; and
 - call (800) 551-4728 or (303) 969-6368 when adjusting Form MMS-2014 entries are submitted to MMS.

- 3) If you reported an allowance on Form MMS-2014 using a correct revenue source, product code, or selling arrangement, and a timely filed Form MMS-4109, MMS-4110, or MMS-4295 is on file for an incorrect revenue source, product code, or selling arrangement:
 - submit a corrected Form MMS-4109, MMS-4110, or MMS-4295 (report type 3) no later than 30 days from the receipt of this letter;
 - if a report type 3 is submitted to modify an existing allowance form, changes will be made only if the existing allowance record was not previously utilized on Form MMS-2014;
 - do not remit the amount of the invoice; and
 - call (800) 551-4728 or (303) 969-6368 when corrected allowance forms are submitted to MMS to timely credit the invoice and avoid automatic follow-up collection procedures.

You have the right to appeal the invoice in accordance with the provisions at 30 CFR § 290 (1992). An appeal to the Director, MMS, must be filed within 30 days from the receipt of the invoice at the following address:

ATTN: Appeals - TCBI
Division of Verification
Minerals Management Service
P. O. Box 173702, MS 3933
Denver, Colorado 80217-3702

To satisfy the requirements of the regulations, written statements of reasons--initial and supplemental if necessary--must be filed within 60 days from the receipt date of the invoice showing an argument on the facts and laws as the appellant may deem adequate to justify reversal or modification. Extensions for filing the statements of reasons will not be permitted unless requested in writing within the 30-day period allowed for filing the appeal, showing justification of why the 60-day period is inadequate. Such extensions are subject to the approval of the Deputy Associate Director for Compliance.

In accordance with the provisions of 30 CFR § 243.2 (1992) (57 FR 44991, September 30, 1992), the requirement to pay a demand in excess of \$1,000 will be suspended upon timely MMS receipt of an appeal and your submission of an acceptable surety. The surety instrument must be consistent with the requirements of the above cited regulations and must be submitted within 30 days of receipt of the invoice. The surety amount must equal the appealed principal amount plus interest calculated from the principal due date to 1 year beyond the invoice due date. A schedule of current interest rates is enclosed for your convenience. If you have any questions regarding surety forms or procedures please call (800) 433-9802 or (303) 231-3074.

Pursuant to 30 CFR § 241.51 (1992), failure to comply with this order will be considered a violation and could result in a notice of noncompliance and civil penalty for each day such violation continues.

If you have questions regarding adjusting entries on Form MMS-2014, please call the Royalty Reports and Payments Branch or (800) 525-0309 or (303) 231-3288.

General questions regarding the invoice should be directed to Source One Management, Inc. (SOM) at (800) 551-4728 or (303) 969-6368. The SOM is MMS' support services contractor authorized to act in these matters.

Sincerely,



Theodore E. Hodkowski
Chief, Technical Compliance Branch

Enclosures