



United States Department of the Interior

OFFICE OF NATURAL RESOURCES REVENUE

P.O. Box 25165
Denver, Colorado 80225-0165

JUN 18 2013

Dear Geothermal Reporter:

This letter addresses reporting instructions on the Report of Sales and Royalty Remittance (Form ONRR-2014) for **Class I Leases** producing geothermal resources used to generate electricity and for use in direct use facilities. The Office of Natural Resources Revenue (ONRR) issued a Dear Geothermal Reporter letter dated April 28, 2010 covering the reporting of Classes I, II, and III Leases. This letter reiterates and clarifies the April 28, 2010 letter on proper reporting of **Class I Leases only** and details revised instructions for reporting the sales type code on the Form ONRR-2014.

Sales Type Codes

On the Form ONRR-2014, Box 11, Titled "Sales Type Code", the reporter is required to enter a sales type code corresponding to the type of sales transaction resulting from their geothermal production. There are three sales type codes used when reporting Form ONRR-2014; ARMS, NARM, and GNST (ONRR Minerals Revenue Reporter Handbook, Chapter 7):

- **ARMS** – Geothermal resources sold under an arm's-length (independent, nonaffiliated party with opposing economic interests, 30 CFR § 1206.351) sales contract
- **NARM** – Geothermal resources sold under a non-arm's-length contract
- **GNST** – Geothermal resources that are not subject to sales transaction, otherwise known as "no sales" resources.

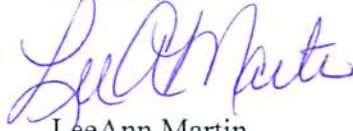
ONRR is expanding the use and reporting for ARMS and NARM and will revise Chapter 7 of the Minerals Revenue Reporter Handbook accordingly as per below:

- **ARMS** – Geothermal resources (i.e. steam or brine) or byproducts sold under an arm's-length sales contract. Also report ARMS when the geothermal resources are used to generate electricity in your or your affiliate's power plant and that generated electricity is sold under an arm's-length sales contract.
- **NARM** – Geothermal resources or byproducts not sold under an arm's-length contract. Also report NARM when the geothermal resources are used to generate electricity and that generated electricity is used by you or your affiliate's utility.

This requirement is effective with the first sales month after the date of this letter. ONRR will not apply this reporting requirement retroactively.

Please refer to 30 CFR Part 1210 for regulatory guidance on geothermal reports and forms. Contact ONRR Reporting and Solid Mineral Services if you have any questions regarding submission of the Form 2014. Your Reporting and Solid Mineral Services contact can be found at <http://onrr.gov/FM/PDFDocs/royassign.pdf>.

Sincerely,



LeeAnn Martin
Manager
Solid Minerals and Reporting Services