



United States Department of the Interior

MINERALS MANAGEMENT SERVICE

Royalty Management Program
P.O. Box 25165
Denver, Colorado 80225-0165



IN REPLY REFER TO:

FM/RS
Mail Stop 3500

OCT 6 2000

Dear Reporter:

The Minerals Management Service (MMS) is eliminating several of the electronic reporting options used by reporters to submit production and royalty reports. Effective June 1, 2001, MMS will accept only the American National Standards Institute's (ANSI) Accredited Standards Committee (ASC) X12 Electronic Data Interchange (EDI) reporting format. This change will result in the elimination of magnetic tape/cartridge reporting as well as electronic mail, template software, and diskette reporting formats.

Your company is one of about two dozen magnetic tape/cartridge reporters who submit production and/or royalty reports to MMS each month. We are notifying you of this change now in order to allow sufficient time for you to implement another electronic reporting methodology. We encourage you to consider EDI as your replacement reporting option.

Electronic Data Interchange is the exchange of routine business transactions in a computer-readable format using ASC X12 standards. EDI provides a common electronic interchange language between you and your company's business clientele that will result in greater efficiency. EDI reporters send their ANSI ASC X12 EDI files directly to MMS through various Value Added Networks available in the open market. EDI offers you the following benefits:

- . A standard format for petroleum industry regulatory reporting
- . Two-way electronic communication with MMS
- . Secure data transmissions
- . Automated receipt notification

You can find information about EDI implementation on the MMS web site at <http://www.rmp.mms.gov>. Click on Reporting Information, then on Electronic Reporting, then on Electronic Data Interchange Handbook.

Our electronic commerce contractor, the Harbinger Corporation (Harbinger), can provide you with an electronic reporting software package if you are unable to generate an ANSI ASC X12 EDI transaction set and your royalty data volumes are not significant (i.e., less than 2,000 MMS-2014 lines per report). This package imports proprietary ASCII or CSV file formats stored in the reporter's electronic systems. Upon completion of this import

Dear Reporter

2

process, the reporter simply accesses the Internet and transmits the files directly to Harbinger's server via Secure Socket Layer technology. Harbinger automatically converts the files received to an ANSI ASC X12 EDI format and forwards those documents to MMS for processing. An additional Harbinger option is designed for reporters who submit a small number of lines each month that must be manually entered into an electronic form residing on the Internet. In all likelihood, this option would not be a viable one for your company.

Reporters who send in more than 2,000 MMS-2014 lines per month on a single report may still select the Harbinger software noted above instead of the recommended X12 EDI format. However, please note that processing times of over 2 hours for such large files are not uncommon. To date, processing times for our production data volumes on the Monthly Report of Operations (Form MMS-3160) and the Oil and Gas Operations Report (Form MMS-4054) have not been adversely affected by the number of report lines.

We strongly encourage you to begin planning now for an alternative electronic reporting methodology with which to submit your monthly MMS reports. The only reporting options available after June 1, 2001, will be EDI, the Harbinger options, and paper. Mr. Tim Allard of our Information Technology Center will be glad to answer any questions you have regarding ANSI ASC X12 standards and how you can implement this reporting format for your company in advance of the June 1 deadline. You may contact Tim at 1-800-619-4593, or 303-275-7007. You can also e-mail him at the following address: mms.ec.mail@mms.gov.

If you are interested in the Harbinger software option, contact Mr. Ralph Spencer of my staff at 1-800-525-0309 ext. 3095, or 303-231-3095. You can also e-mail him at Ralph.Spencer@mms.gov.

We look forward to working with you as you transition to a new electronic reporting method. Please don't hesitate to call on us for implementation assistance.

Sincerely,


Michael A. Miller
Chief, Financial Management