Dear Payor:

This letter notifies you of a change in the way you report your election to use actual or alternate dual accounting on Indian leases to the Minerals Management Service (MMS). This letter also informs you of a reporting requirement for dual accounting and safety net reporting.

The final rule, "Amendments to Gas Valuation Regulations for Indian Leases" (64 FR 43506) published on August 10, 1999, with an effective date of January 1, 2000, applies to all gas production from Indian oil and gas leases (except leases on the Osage Indian Reservation). The rule requires lessees to elect either actual dual accounting under 30 CFR 206.176, or the alternative method for dual accounting under 30 CFR 206.173.

Previously you elected actual or alternate dual accounting on Indian leases on the Report of Sales and Royalty Remittance (Form MMS-2014) using the calculation method, which MMS eliminated on the redesigned Form MMS-2014. To provide a way for you to report your election for dual accounting, we changed the name of an existing form, Certification for Not Performing Accounting for Comparison (Dual Accounting) (Form MMS-4410), and expanded its use. The enclosed new Form MMS-4410 is now titled Accounting for Comparison (Dual Accounting), OMB Control No. 1010-0104. Effective immediately, you will use the Form MMS-4410 to:

- Certify reasons for not performing dual accounting; and
- Elect to perform actual or alternate dual accounting.

These changes are summarized in the following chart.

<table>
<thead>
<tr>
<th>Original Form MMS-4410</th>
<th>Revised Form MMS-4410</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name</td>
<td>Accounting for Comparison (Dual Accounting)</td>
</tr>
<tr>
<td>Use</td>
<td>Part A: Report and certify the reason for not performing dual accounting on an Indian lease</td>
</tr>
<tr>
<td></td>
<td>Part B: Elect to perform actual dual accounting or alternate dual accounting on all Indian leases within an MMS-designated area</td>
</tr>
</tbody>
</table>

You must submit a Form MMS-4410 by August 1, 2002, with Part B completed for all MMS-designated areas that apply to the Indian leases you report on the Form MMS-2014. Your new
elections are effective for the January 2002 production month forward. You are not required to resubmit Part A on the revised Form MMS-4410 if you currently have the form on file with MMS certifying that no dual accounting is required on specific leases.

Instructions for completing the revised Form MMS-4410 (Parts A and B) are provided on the back of the form. These instructions supersede the instructions provided in III A, III B, and III C of our Dear Payor letter dated December 1, 1999, regarding Indian gas valuation regulation.

Also, please note that annually you must report your safety net price on the Safety Net Report (Form MMS-4411). By June 30 following any calendar year, you must calculate for each month of that calendar year your safety net price. You must calculate a safety net price for each month and for each index zone where you have an Indian lease for which you report and pay royalties. You may print Form MMS-4411 from the MMS Web site.

http://www.mrm.mms.gov/ReportingServices/Forms/AFSOil_Gas.htm

If you have questions about how to report using the Form MMS-4410 or Form MMS-4411, please call Mr. John Barder at (303) 231-3702.

Sincerely,

[Signature]
Lucy Querques Denett
Associate Director
Minerals Revenue Management

Enclosure
Minerals Management Service
Accounting for Comparison (Dual Accounting)
Form MMS-4410
Reporting Instructions

You will find an electronic copy of Form MMS-4410 on the Minerals Management Service (MMS) web site that you may print and complete.

http://www.mrm.mms.gov/ReportingServices/Forms/AFSOil_Gas.htm

We will accept computer-generated forms if they contain the same data required on Form MMS-4410. Mail the Form MMS-4410 to the address below:

Minerals Management Service
Minerals Revenue Management
Indian Oil and Gas Compliance and Asset Management
P.O. Box 25165, MS-396B2
Denver, Colorado 80225-0165

PART A. Certification for Not Performing Dual Accounting.

If you are not required to perform dual accounting, you must notify MMS why it is not required under 30 CFR 206.172, 30 CFR 206.173, and 30 CFR 206.176. You will submit a Form MMS-4410 to report your notification to MMS. This is a one-time notification, until any changes occur in gas disposition.

If a change occurs in your circumstances regarding the disposition of the gas that would require dual accounting, then you must notify MMS in writing by submitting a new Form MMS-4410. Your notification is due by the end of the production month in which the change occurs. You are not required to resubmit a revised Part A on the revised Form MMS-4410 if you currently have the form on file with MMS certifying no dual accounting is required on specific leases.

Numbered Instructions:

1. Enter the payor name and address used to report royalties and transportation deductions on the Report of Sales and Royalty Remittance (Form MMS-2014).
2. Enter your payor code as used on Form MMS-2014.
3. Enter the payor’s contact person.
4. Enter the contact person’s telephone number.
5. Enter the MMS 10-digit lease number for your lease.
6. Enter the MMS-Designated Area where your lease is located. Lease prefixes for designated areas are listed in the Federal Register at 64 FR 66771 and provided on Part B of Form MMS-4410.
7. Check the appropriate box indicating the reason dual accounting is not required on your lease.
8. If you have multiple leases that do not require dual accounting, you may submit one form with an attachment listing all such leases and the reasons dual accounting is not required for each lease.
9. Certify the information in the Form MMS-4410 Part A, and/or your attachment to Part A, by having the lessee’s authorized official sign and date the completed Part A.
10. Print Official’s Name.
11. Print Company Represented.
ACCOUNTING FOR COMPARISON (DUAL ACCOUNTING)
FORM MMS-4410

PART A
CERTIFICATION FOR NOT PERFORMING DUAL ACCOUNTING

1 PAYOR’S NAME __________________________________________ 2 PAYOR CODE _________
ADDRESS _____________________________________________________________
CITY/STATE ___________________________________________ ZIP ____________

3 PAYOR’S CONTACT PERSON __________________________________________

4 TELEPHONE ( ) _____-- _________

5 MMS 10-DIGIT LEASE NUMBER                    6 MMS-DESIGNATED AREA
    ____--___________________--_____                __________________________

7 CHECK THE REASON DUAL ACCOUNTING IS NOT REQUIRED:

☐ Lease terms do not require dual accounting.

☐ None of the gas from the lease is ever processed.

☐ Gas has a Btu content of 1000 Btu’s per cubic foot or less at the lease’s measurement point(s).

☐ None of the gas from the lease is processed until after gas flows into a pipeline with an index
located in an index zone.

☐ None of the gas from the lease is processed until after gas flows into a mainline pipeline not
located in an index zone.

8 If you have multiple leases that do not require dual accounting, you can attach a list of your leases,
but you must provide a specific reason why dual accounting is not required for each listed lease.

I certify that Dual Accounting is not required for gas produced from the lease(s) for reason(s) noted
above or attached.

9 Signature Lessee’s Authorized Official __________________________________ Date ___________

10 Print Official’s Name __________________________________________

11 Company Represented __________________________________________

The Paperwork Reduction Act of 1995 requires us to inform you that this information is being collected to aid the Minerals Management Service in its compliance
efforts and to ensure that Indian mineral lessors receive the maximum revenues from mineral resources on their land consistent with the Secretary’s trust
responsibility. The gathering and reporting the information could require 4 hours per response. Comments on the accuracy of this burden estimate or suggestions
on reducing this burden should be directed to: ICCO, Minerals Management Service, MS 4230, 1849 C Street NW, Washington, DC 20240. This collection of
information is mandatory and responses are considered proprietary (5 U.S.C. 552). An agency may not conduct or sponsor and a person is not required to respond
to, a collection of information unless it displays a currently valid OMB control number.
Minerals Management Service  
Accounting for Comparison (Dual Accounting)  
Form MMS-4410  
Reporting Instructions  

You will find an electronic copy of Form MMS-4410 on the Minerals Management Service (MMS) web site that you may print and complete.  

http://www.mrm.mms.gov/ReportingServices/Forms/AFSOil_Gas.htm  

We will accept computer-generated forms if they contain the same data required on Form MMS-4410. Mail the Form MMS-4410 to the address below:  

Minerals Management Service  
Minerals Revenue Management  
Indian Oil and Gas Compliance and Asset Management  
P.O. Box 25165, MS-396B2  
Denver, Colorado 80225-0165  

PART B. Election to Perform Actual Dual Accounting or Alternative Dual Accounting.  

If you are required to perform dual accounting, you must elect to perform either actual dual accounting, under 30 CFR § 206.176 (64 FR 43506), or the alternative methodology for dual accounting, under 30 CFR § 206.173 (64 FR 43506). You will use the Form MMS-4410, Part B to make your election.  

You must make a separate election to use the alternative methodology for dual accounting that will apply to all of your Indian leases in each MMS-designated area. Lease prefixes for designated areas are listed in the Federal Register at 64 FR 66771.  

You may elect to begin using the alternative methodology for dual accounting at the beginning of any month. The first election to use the alternative methodology will be effective from the time of election through the end of the following calendar year. Afterwards, each election to use the alternative methodology must remain in effect for 2 calendar years. You may return to the actual dual accounting method only at the beginning of the next election period or with written approval by MMS and tribal lessor for tribal leases, and MMS for Indian allotted leases in the MMS-designated area.  

Numbered Instructions:  

1. Enter the payor name and address used to report royalties and transportation deductions on Form MMS-2014.  
2. Enter your payor code as used on Form MMS-2014.  
3. Enter the payor’s contact person.  
4. Enter the contact person’s telephone number.  
5. Select your election to use actual dual accounting by checking the applicable box that coincides with your Indian lease’s (or leases’) MMS-designated area. Lease prefixes for designated areas are listed in the Federal Register at 64 FR 66771 and provided on Part B of Form MMS-4410.  
6. Select your election to use alternative dual accounting by checking the applicable box that coincides with your Indian lease’s (or leases’) MMS-designated area.  
7. Enter the effective date of the election (Month and Year).  
8. Make the election by having the lessee’s authorized official sign and date the completed Part B.  
9. Print Official’s Name.  
I elect to perform Actual Dual Accounting or Alternative Dual Accounting for all leases in the MMS-Designated Area(s), starting with the Effective Date(s) (Month and Year) as noted above.

Signature of Lessee’s Authorized Official _______________________________ Date ____________________

Print Official’s Name _______________________________ Company Represented _______________________________

Form MMS-4410