Subject: The Electronic Payment Requirement for Royalty and Invoice Payments, and the Pay.gov Option

Dear Reporter,

The MMS regulations at 30 CFR § 218.51(b) state, “If MMS instructs you to use EFT, you must use EFT for all payments to MMS . . .” This letter constitutes our instruction to you, under these regulations, to begin making royalty and invoice payments to the MMS electronically beginning May 5, 2010. Payments made with Courtesy Notices (rent, recoupable rent, gas storage, rights-of-way, deferred bonuses, and well fees) and tribal lockbox payments are specifically excluded from this requirement.

Up to this time, Fedwire and ACH (bank-to-bank transfers) were the only electronic payment options available to payors. The MMS now offers a new free, web-based, secure option to make royalty and invoice payments to the MMS using Pay.gov, which deposits funds directly into the U.S. Treasury. Pay.gov became available May 5, 2010.

Payors may NOT use Pay.gov for the following:

- Payments made with Courtesy Notices (rent, recoupable rent, gas storage, deferred bonuses, and well fees), or
- Tribal lockbox payments.

The requirement stated above supersedes any previous Orders to submit electronic payments via ACH or Fedwire. This mandate also supersedes any previous appeals granted by MRM based on the expense of Fedwire and ACH payments.

Detailed instructions, including samples of payments via Pay.gov, are on the MMS web site at the following address:

http://www.mrm.mms.gov/ReportingServices/PayInfo.htm

If you have questions about how to enter a payment using Pay.gov, you may contact Barbara Lambert at 303-231-3289, or Linda Hutchings at 303-231-3118, or Kathy Amos at Kathryn.Amos@mms.gov.

Robert Prael
Chief, Financial Management

cc: Office of Enforcement