Oil and Gas Reporter Training
Report of Sales and Royalty Remittance (Form 2014)

OFFICE OF NATURAL RESOURCES REVENUE

OIL AND GAS REPORTER TRAINING

BOOK 1
WELCOME TO THE 2012 ONRR REPORTER TRAINING
Effective October 1, 2011, ONRR was reorganized.

Coordination & Enforcement Management includes (1) State and Indian Coordination and (2) Office of Enforcement.

Audit and Compliance Management includes (1) Texas Audit & Compliance; (2) Central Audit & Compliance; and (3) Western Audit & Compliance.

Financial and Program Management includes (1) Asset Valuation; (2) Financial Management; and (3) Production Reporting & verification.
The Financial and Program Management is broken down into the following 3 branches: Asset Valuation, Financial Management, and Production & Reporting Verification.
The Financial Management is further broken down into the following groups:

• Accounting Services
• Financial Services
• Reporting & Solid Mineral Services
• Data Mining
Reference data enters and maintains the well, lease, agreement information.

Royalty Error Correction – Handles receiving the reports (paper, electronic), error correction for rejected documents, training and assisting reporters in royalty reporting, oversees edits within electronic website and Financial System.

Solid Minerals Services Team 1 (Debt Collection) – Handles all debt collection activities associated with the solid mineral industry (i.e. coal, hardrock, sodium, etc.).

Solid Minerals Services Team 2 (Receivables & Reference) – Handles all receivables and reference activities associated to the solid minerals industry (i.e. coal, hardrock, sodium, etc.).
LAWS AFFECTING ONRR

- **Federal Oil and Gas Royalty Management Act of 1982 (FOGRMA)**
- **Royalty Simplification and Fairness Act of 1996**
- **Energy Policy Act of 2005**

Laws that affect ONRR

- **FOGRMA** – Established the law to ensure that all oil and gas originated on the public lands and on the Outer Continental Shelf are properly accounted for under the direction of the Secretary of the Interior, and for other purposes.
- **RSFA** – An act to improve the management of royalties from Federal and Outer Continental Shelf oil and gas leases, and for other purposes.
  - Industry initiated adjustments – within 6 yrs. of the royalty obligation date.
  - Industry recoupments/adjustments with prior ONRR approval – 7 yrs.
  - Statute of Limitations for the federal government – 7 years.
- **Energy Policy Act of 2005** -- addresses energy production in the United States, including: (1) energy efficiency; (2) renewable energy; (3) oil and gas; (4) coal; (5) Tribal energy; (6) nuclear matters and security; (7) vehicles and motor fuels, including ethanol; (8) hydrogen; (9) electricity; (10) energy tax incentives; (11) hydropower and geothermal energy; and (12) climate change technology.
The CFR provides a codification of the general and permanent rules published in the Federal Register by the executive agencies of the Government. The CFR is available for purchase from the GPO.

Copies are available in your local public library.

The CFRs provide rules published in the Federal Register.

CFRs are available to the Public from the GPO offices.

Copies are also available at your local library.
Regulations affecting oil and gas leasing and the collection of royalties.
Copies of the Minerals Revenue Reporter Handbook are available on-line and hardcopies can be requested by either calling Barbara Fletcher or by emailing requests to Barbara Fletcher.
Important Information

→ Breaks
→ Lunch
→ Questions
ONRR’s reference database system currently contains approximately 70,000 leases.
• Interior’s Office of Natural Resources
Revenue is the federal agency responsible for collecting, auditing and disbursing revenues associated with mineral leases on federal and American Indian lands and the Outer Continental Shelf. Disbursements are made on a monthly basis from royalties, rents and bonuses collected by the ONRR.

• FY 2011 ONRR disbursed $11.2 billion

ONRR is responsible for the management of revenues associated with federal offshore and federal and American Indian onshore mineral leases, as well as revenues received as a result of offshore renewable energy efforts. This revenue management effort is one of the federal government’s greatest sources of non-tax revenues.

ONRR also ensures that the nation’s federal and American Indian natural resources revenues are accurately reported and paid in compliance with laws, regulations and lease terms.

Each year, ONRR achieves optimal value by ensuring that all natural resources revenues are efficiently and accurately collected and disbursed to recipients in a timely manner. The ONRR collects and disburses approximately $10 billion in annual revenues to the U.S. Treasury, five Federal agencies, 38 states, 41 American Indian Tribes, and about 30,000 individual Indian mineral owners.
Reference Data

• ESTABLISH AND MAINTAIN LEASE AND AGREEMENT DATABASE FILES

• IDENTIFY AND RESOLVE REPORTING AND DATABASE INCONSISTENCIES

• SUPPORT PROMPT AND ACCURATE DISTRIBUTION OF ROYALTIES

Reference is primarily responsible for maintaining lease and agreement information. This involves the receipt of 1st productions memos, various decision letters and agreement exhibits from the issuing agencies.

These documents allows ONRR to maintain information regarding:

• Status of leases and agreements (terminable versus non-terminable, segregations, suspensions, etc.)

• Financial terms - royalty rates, rent, MR etc.

• Agreement allocations

Distribution information - state, county, tribal or allotted, fund codes which direct how funds will be distributed.

• For a Federal onshore lease on public lands the distribution is 50% state, 40% Land & Water Conservation Trust Fund & 10% US Treasury.

• For a Federal onshore lease on acquired lands the distribution is normally 100% to the US Treasury
Web site address for who in Reference Data is responsible for what state.

Toll Free
1-800-525-9167

FAX
(303) 231-3707
(303) 231-3107
This chart details the phases leases move through during their life.

- **Federal onshore leases**
  - BLM collects first year rental payment and any bonus, responsible for day-to-day operations, inspections and enforcement. They issue 1st productions, decision letters, etc.
  - ONRR primarily collects, accounts for, disburses, establishes value for, and audits royalty payments.

- **Federal Offshore leases**
  - BOEM performs same duties for offshore leases as the BLM does for onshore leases.
  - ONRR performs same duties for offshore leases as it does for onshore leases.

- **Indian leases**
  - BIA issues lease and collects all rent and administers the lease until the lease becomes producing.
  - BLM issues 1st production memos
  - ONRR collects rents and royalties on producing Indian leases and distributes information to the various BIA offices.

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**ONRR = Office of Natural Resources Revenue**

**BOEM = Bureau of Ocean Energy Management**
Terminable leases are Federal onshore leases that are not held by actual or allocated production. These leases will automatically terminate for nonpayment of rentals.

Nonterminable leases are Federal onshore leases held by actual or allocated production or leases located within a producing agreement.

In some situations, which we will discuss later nonterminable leases can also be in rental status. In those cases, rental must be paid, or the payor will be billed and charged interest.

NOTE: Leases located in an agreement, but uncommitted to the agreement, will remain in terminable rental status because they are not subject to any benefit from the agreement.
A payor is the party who agrees to report and remit the rent or royalty payment due from the sale of mineral products.

Payors may include lessees, operators, purchasers, and working interest owners, but are not restricted to just these parties.

There may be multiple interest owners for a lease or given activity on a lease.

Only one designated payor for rent and minimum royalty is established in our system. Usually the majority interest owner.

Each payor has a unique 5-digit alpha payor code established in our database identifying the company.

This payor code must be included on all reports, payments and correspondence sent to the ONRR.

For multiple interest owners, only one should make payments.
Form 4444 is now required for payor changes, new payor codes, address and phone number changes. This can be found on the ONRR website with instructions.

ONRR requires that the 4444 be mailed as we must have original signatures on file. ONRR will not accept a faxed or emailed form.
ONR converts the Alpha Numeric Agency Assigned Lease Number into a 10-Digit Lease Number.

All ONRR lease numbers consist of 10 digits. Due to system constraints and surface management offices, we have to standardize the numbers.

- The 3 digit prefix identifies the location of the lease as well as whether it is on public or acquired land and when the lease was issued. For Indian leases it identifies the BIA office.

- The next 6 digits are the agency assigned number. If the agency number is less than 6 digits, the number is right justified and left filled with zeros.

- The suffix is usually zero “0”. On older leases it is often an alpha character. This was used when BLM segregated a lease. Currently BLM assigns a new lease number for segregated leases.

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**Lease Number Conversion**

ONRR Converts the Alpha-Numeric Agency Assigned Lease Number into a 10-Digit Lease Number

<table>
<thead>
<tr>
<th>BLM/OEMM Assigned Number</th>
<th>ONRR Converted Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>WYW0308789</td>
<td>0483087890</td>
</tr>
<tr>
<td>WYW96584</td>
<td>0490965840</td>
</tr>
<tr>
<td>OCS-G27591</td>
<td>0540275910</td>
</tr>
</tbody>
</table>

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## Communitization Agreement Number Conversion

<table>
<thead>
<tr>
<th>Communitization Agreement</th>
<th>ONRR Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>OKNM75212</td>
<td>NM_ _ 75212</td>
</tr>
<tr>
<td>WYW157376</td>
<td>W_ _157376</td>
</tr>
<tr>
<td>MTM69248</td>
<td>6910000140</td>
</tr>
</tbody>
</table>

ONRR also converts the agency agreement number into an ONRR number.

Some ONRR agreement numbers issued prior to December 1987 consist of 10 digits. Newer CA’s (issued January 1, 1988 and later) consist of 9 digits

- 3 digit prefix is for the State BLM office issuing the CA. Nevada is N (space) (space). Oklahoma is NM (space)

- 6 digit agency assigned number is a six digit field right justified. For example 12345 would be (space) 12345.

- Communitization Agreement OKNM 75212 in our system would be NM(space)(space)75212
Unit Agreement Number Conversion

Bull Frog Exploratory Unit
Sundance PA
WYW109444A 8910160390

Sun Dog Unit PA “A”
WYW152954A W_ _152954A

Packsaddle Secondary Recovery Unit
WYW153461X W_ _ 153461X

Unit agreements issued prior to December 1987 consist of 10 digits, the first 9 digits are numeric.

Unit Agreements issued January 1, 1988 and later normally consist of 10 digits

- 3 digit prefix is for the State BLM issuing office. Nevada is N (space) (space). Oklahoma is NM (space)
- 6 digit agency assigned number is a six digit field right justified. For example 12345 would be (space) 12345.
- 1 digit suffix (alpha character)

Suffixes used “X” is for an Exploratory or Secondary Recovery Unit. “A” through “AZ” is for Participating Areas
Cross Reference Listings

http://www.onrr.gov/FM/CrossRef.htm

Here is our ONRR Cross Reference website.
This is an example of what you will see when you open the cross reference listings.

For ease in searching, click on the binoculars to query by lease body, unit name or unit number.
The Bureau of Land Management's Legacy Rehost System called LR2000 provides reports on BLM land and mineral use authorizations for oil, gas, and geothermal leasing, rights-of-ways, coal and other mineral development, land and mineral title, mining claims, withdrawals, classifications, and more on federal lands or on federal mineral estate.

**Serial Register Page** - provides all online information about the authorization including status, geographic location, authorized land, customer information, acreage, dates (effective, expiration, etc), and other information.

To get to the Serial Register Page – Click on Run Reports
This is an example of the Serial Register Page.

The following information is provided:

- **Case Type**
- **Commodity**
- **Case Disposition**
- **Total Acres**
- **Serial Number**
- **Name & Address of Lessee(s)**
- Where the lease/agreement is located
- A listing of leasing/agreement actions
The Bureau of Ocean Energy Management, Regulation and Enforcement strives to make all public data available as soon as it is releasable.
This is an example of what will appear after you have entered your search criteria.

The following information is provided:

- **Status**
- **Sale #**
- **Sale Date**
- **Bonus Bid**
- **Initial Acreage**
- **Current Acreage**
- **Per Acre Amt**
- **Royalty Rate**
- **Rental**
- **Original Lessee(s)**

### Table

<table>
<thead>
<tr>
<th>OCS</th>
<th>Sale #</th>
<th>Sale Date</th>
<th>Bonus Bid</th>
<th>Initial Acreage</th>
<th>Current Acreage</th>
<th>Per Acre Amt</th>
<th>Royalty Rate</th>
<th>Rental</th>
</tr>
</thead>
<tbody>
<tr>
<td>OCS 27791</td>
<td>196</td>
<td>8/17/2005</td>
<td>29,898,000</td>
<td>5,760,000</td>
<td>5,760,000</td>
<td>44.95</td>
<td>12.50</td>
<td>9.60</td>
</tr>
</tbody>
</table>

**Description:**
All of Block 594, East Banks, as shown on OCS-Official Protraction Diagram, NG15-01.

**Date of lease expiration:** 11/30/2015
Actual -vs- Allocated Production

- Actual - Lease Basis Production
  - Royalties based on 100% of production
  - Includes any and all wells located on a lease that are not committed to a pooling agreement.
  - Multiple lease basis wells on a lease with the same royalty rate can be reported together.

Actual production is also referred to as lease basis production.

This occurs when you are reporting on production from a well physically located on the lease and the well is not committed to a pooling agreement such as a Unit or Communitization Agreement.

ONRR expects royalties based on 100% of the production from a lease basis well.

Royalties for multiple lease basis wells on a lease with the same royalty rate can be rolled together and reported on one line on the Form ONRR-2014.
This occurs when production from a well is being shared or allocated amongst other federal leases or other non-federal lands.

The ONRR expects royalties based on an allocated % of production.

The two most common types of allocated production are Unitization agreements and Communitization agreements.
Communitization Agreement

- Onshore federal and Indian leases only
- Result of State spacing requirements
- Usually based on 1 formation
- Allocation schedule based on surface acreage
- Usually just 1 well

Communitization Agreements (CA’s) allows for the development of separate tracts of land which could not be independently developed and operated because of state well-spacing requirements.

CA's are usually based on one formation. For example: The Frontier, Dakota, Minnelusa etc.

Production is allocated between leases and other lands within CA boundaries.

An allocation schedule based on surface acreage is issued for each CA by BLM.

ONRR expects to receive royalties based on that allocation schedule.
Boiler Avenue, Spindletop, 1903

This scene illustrates the densest drilling in Texas.

By 1903, more than 400 wells had been drilled on the dome.

There is still product out there, but we are unable to get it out.
Unitization Agreement

- Allows for the sharing of costs
- Reduced risk to environment
- Efficient drilling of wells
- Allows maximum acreage exception
  §43 CFR 3101.2-1
- Yates Decision

Unit agreements are formed to provide for the exploration, development, and operation of an entire structure or area by a single operator so that drilling and production may proceed in the most efficient and economical manner possible.

Maximum acreage is 246,080 acres of Federal oil and gas leases in any one State at any one time.

Yates Decision
  ➢ The Interior Board of Land Appeals ruled that a well completed prior to the expiration date of a unitized lease that is capable of production on a lease basis extends that lease and all others indefinitely until a participating area is approved.
Unit Participating Area (PA)

- Producing portion of Unit agreement
- Usually based on 1 formation
- Allocation schedule based on surface acreage
- Each lease within a PA requires a separate line of reporting
- When reporting on multiple PAs for a lease, a separate line is required for each lease/PA combination

A participating area (PA) is a producing portion within the unit where production is allocated among committed tracts within the PA.

PAs on onshore agreements are usually based on one formation. For example: The Frontier PA, the Bakken PA etc. PAs in offshore agreements may not specify a formation.

An allocation schedule based on surface acreage for onshore units and acre feet for offshore units.

If a lease is in multiple PA’s, a separate 2014 line is required for each lease/agreement combination.

Common Reporting errors:

- Missing Agreement number when reporting royalties on production from an agreement.
- Agreement production reported to one lease when there are several leases receiving an allocation.
Reporting Royalties on Lease Basis Production?

ONRR needs BLM/BOEM approval document to put the lease in a producing status.

Has proper notification been sent to the managing agency, i.e. BLM or BOEM?

Late Disbursement Interest

For wells on Federal property, ONRR needs BLM’s first production memo to make the lease producing in our system.

This is a cooperative effort between the operator, BLM and ONRR.

ONRR cannot enter a first production date into our system until we receive the first production memorandum. If you report and the line or lines reject and you have a copy of the first production memorandum – call your lease and agreement analyst, let them know that you have a copy of BLM’s first production memorandum and then fax or email that memorandum to ONRR.

In the event that you do not have a copy and ONRR has not yet received a copy of the memorandum and you have reported a royalty line, you maybe asked to back this line out until the correct documentation has been received by ONRR.
When do you start Reporting Royalties on Agreements?

Wells located on federal lands should be reported on a lease basis until the CA or PA is approved by the BLM

ONRR needs the approved allocation schedule from BLM to establish the agreement in our system.

When do you start reporting royalties on agreements:

➢ Royalties for wells located on Federal lands should be reported on the lease basis until the BLM approves the CA or PA.

NOTE: When the CA or PA is approved royalties will need to be adjusted. This is necessary because ONRR is unable to distribute royalties on an agreement without an approved allocation schedule

Royalties on fee or state land wells should not be reported to ONRR until the BLM approves either a CA of PA.

You have until the end of the month following the month of the BLM approval date to report and pay royalties to ONRR and not be charged interest.
We will now cover specific examples of how to report on actual and allocated production.

This is an example of lease basis production

- The lease is 100% federal

- 750 barrels of oil are sold in January 2012

REMEMBER: ONRR expects royalties on products removed or sold from a lease
Since this is lease basis production, we expect to receive royalties based on 100% of the production removed or sold from the lease. Therefore, the sales volume on the ONRR Form-2014 will be 750.

This slide is a blow up of a portion of the manual ONRR Form-2014, Report of Royalty Remittance.

This slide and the following slides are being used to illustrate how to report volumes on actual and allocated production.
This is an example of how to report royalties on production from a PA.

The dark green area is the PA.

PAs usually have multiple wells.

All lands committed to the PA receive an allocated % of production from those wells.

In this example, our Federal lease is receiving an allocated share of the production because the area highlighted in yellow is committed to the PA.

The % of production this lease receives from the PA is based on the acreage committed.
In this example, the lease is receiving a 5% allocation from the PA.

➢ During the month of January, 2012 2000 barrels of oil are sold from the PA

➢ The lease would receive 5% of the 2000 barrels or 100 barrels.
### Reporting Royalties based on a Participating Area's Allocation Schedule

<table>
<thead>
<tr>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
<th>11</th>
<th>12</th>
<th>13</th>
<th>14</th>
<th>15</th>
</tr>
</thead>
<tbody>
<tr>
<td>LINE NUMBER</td>
<td>RESERVED FOR PREPARER'S USE</td>
<td>MMS LEASE NUMBER</td>
<td>API WELL NUMBER</td>
<td>MMS AGREEMENT NUMBER</td>
<td>PRODUCT CODE</td>
<td>SALES TYPE CODE</td>
<td>SALES VOLUME (Mcfe/bbl/gal/long ton)</td>
<td>ADJUSTMENT CODE</td>
<td>ADJUSTMENT REASON CODE</td>
<td>ROYALTY VALUE PRIOR TO ALLOWANCES</td>
</tr>
<tr>
<td>1</td>
<td>PA Example</td>
<td>049 012943</td>
<td>A</td>
<td>01 ARMS 012012</td>
<td>01</td>
<td>100 00</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>891 001234</td>
<td>C</td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
</tbody>
</table>

5% allocation x 2000 bbls sold =

100 barrels would be reported on the 2014 as the sales volume for this lease/agreement combination.

**NOTE:** both the ONRR lease number and ONRR agreement number are entered on the 2014. When the agreement number is entered it tells ONRR to expect royalties based on an allocation schedule.

ONRR maintains all of the allocation schedules in our system. Therefore, when ONRR sees a specific lease/agreement combination on the 2014, we know exactly what allocated percentage to expect.

If you left off the agreement number in this example, we would expect the sales volume to be 100% of the lease basis production (2000 barrels for this example) and it would appear as if you reported an underpayment.
This is an example of reporting royalties on CA production

The area with the dashed lines and the number 23 in the center represents Section 23. This is to illustrate a 320 acre CA in a 640 acre section.

The area shaded in blue stripes is the CA.

Notice the well is not even located on our lease, but the lease will still receive an allocated share of production from the well.

The % of production this lease receives from the CA is based on the acreage committed.
In this example, the lease is receiving a 50% allocation from the CA.

- During the month of October, 500 barrels of oil are sold from the CA
- Our lease would receive 50% of the 500 barrels or 250 barrels.
- The portion of the CA outside of our lease would receive the remaining 50%

NOTE: If the remaining 50% portion was a Federal or Indian lease, another line would need to be reported on the 2014.
Reporting Royalties based on a Communitization Agreement's Allocation Schedule

The 250 barrels would be reported as the sales volume on the 2014.

- Note the CA agreement number on the 2014. This number tells ONRR to expect to receive royalties on this lease/agreement combination based on 50% of the CA production.

Note the format of the CA number.
This slide illustrates how all three of the previous examples can be reported on one document

- Please note the 3 separate lines of reporting for the same lease.

- Each line of reporting is for a different source of production on the lease.

  - The 1st is for lease basis production and we would expect royalties to be paid on 100% of production.
  
  - The 2nd is for PA production and we would expect royalties based on an allocated 5% of production.
  
  - The 3rd is for CA production and we would expect royalties based on an allocated 50% of production.
Lease Level Payments

♦ Described by the terms of the lease

♦ INCLUDES:

♦ Rent
♦ Minimum Royalty
♦ Well Fees
♦ Gas Storage Agreement Fees

Lease level payments are defined in the lease instrument. The most common are rent and minimum royalty.

**Rent** -- The amount of rent due is stipulated in your lease terms and is, except in some circumstances, due on or before the lease anniversary date. Approximately 3 months before the lease anniversary date, we usually send a Notice of Rent Due on Your Lease (courtesy notice) to the payor established in our database. Courtesy notices are sent for Federal leases and geothermal site licenses only. If you do not receive a courtesy notice, do not delay payment, as some leases automatically terminate for nonpayment. For those leases that do not terminate and payment is not received by the due date, we will issue an invoice for the amount due. Interest will be assessed for late payment.

**Minimum Royalty** -- Some producing Federal and Indian leases require you to pay a minimum amount of royalty each lease year. The amount of minimum royalty is usually determined by the producing acreage in the lease multiplied by a fee per acre (for example, $2 per acre) and is in addition to any other fees required under regulation or lease terms.

**Well Fees** -- Lease and contract terms may require you to report and pay fees on wells located on certain Federal and Indian leases.

**Gas Storage Agreement Fees** -- The Federal Government may charge you to use subsurface storage

NOTE: If you have any questions about what lease level payment you are required to pay, review your lease document.
Rent

♦ Amount per Acre

♦ May be recoupable on Indian Leases

♦ Due on or before Anniversary date of Lease

♦ Paid on Courtesy Notice or Form MMS-2014 (designated company only)

Rent is based on an amount per acre.

Federal onshore leases are currently being issued with a rental obligation of $1.50 an acre with the rent escalating to $2 in the 6th year. However, rents on older leases range from $.50 an acre up.

NOTE: Rents can be higher than $2 an acre on reinstated leases

Indian leases and a few older federal leases have recoupable rental. Rents can be recouped against royalties. Recouping rents will be discussed later.

Rents are due on or before the anniversary date of the lease

Rents can be reported and paid on either a courtesy notice or 2014.

NOTE: If you have reported your rents on Form 2014, do not remit your courtesy notice. If you have paid your rents via a courtesy notice, do not report your rents on Form 2014.
**ONRR Courtesy Notice**

United States Department of the Interior  
Minerals Management Service - Minerals Revenue Management  
Notice of Annual Rent Due on your Lease: WYW140119

Due Date: 02/01/2005  
As of 01-NOV-2004 our records indicate the following (this may not include recent changes to your lease affecting the annual rent):

<table>
<thead>
<tr>
<th>Acres</th>
<th>Rental Per Acre</th>
<th>Annual Rental Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>400</td>
<td>$2.00</td>
<td>$800.00</td>
</tr>
</tbody>
</table>

Balance of Rent Due: $800.00

Make check payable and mail to:

Department of Interior - MMS  
Box 5640  
Denver, Colorado 80217

Inquiries, Contact:  
MMS Phone: 1-800-525-9167  
Refer to Customer Number: 01978  
MMS Lease Number: 0491401190

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You can report your Federal lease rents by either the courtesy notice or by the Form ONRR-2014; use only one payment document, not both.

Retain the top portion of the courtesy notice for your records and send the bottom portion with your payment.

**NOTE:** If you don’t receive a courtesy notice, the payment is still due.

If you acquire a lease and the CN is received by the prior company, you may submit the courtesy notice received by them but you should also notify ONRR of the change so future CNs will be sent correctly to you. We do receive copies of Record Title Assignments from BLM but sometimes the timing of those notices are not received prior to the Courtesy Notices being sent.
Minimum Royalty

♦ Amount per Acre

♦ Royalties count toward fulfilling obligation

♦ Due on or before last day of lease year

Minimum royalty (MR) is based on an amount per acre.

Federal leases are currently being issued with minimum royalty terms stating MR cannot be less than rent. On new leases that would be $1.50 an acre with the rent escalating to $2 in the 6th lease year.

NOTE: MR can be higher than $2 an acre on reinstated leases

MR is due on or before the last day of the lease year.

Only the difference between the royalties paid during the lease year and the minimum royalty amount is actually due.

- For example: If you have a 200 acre lease with $1.50/acre MR, the MR amount would be $300. If you had royalties totaling $225, the MR due would be $75. ($300-$225=$75). If you had paid royalties totaling $300 or more, MR would not be due.
Rent and Minimum Royalty – Onshore

★ Entire lease in rental status from Anniversary Date until: it receives actual or allocated production
★ Entire lease will be in a minimum royalty status if:
  ★ the lease contains a lease basis well
  ★ the entire lease is within a Participating Area
  ★ the lease is committed to a Sec. Rec. Unit
  ★ the lease is committed to a CA
★ Lease will be in a split rent/min royalty status when:
  ★ part of the acres are within a PA and the
    acreage outside of the PA has no production from
    any other source

There are the different situations which affect rent and minimum royalty status.

- Determining rent and minimum royalty status for a lease can be confusing - if you
  have any questions regarding the status of a lease, first contact your land
  department (as they may have the information you need). In the event that your
  land department does not have the information, contact ONRR.
Rent and Minimum Royalty – Offshore

★ Entire lease in rental status from Anniversary Date until: it receives actual or allocated production

★ Entire lease will be in a minimum royalty status if:
  ★ the lease contains a producing lease basis well
  ★ part of lease is within a Participating Area

There are the different situations which affect rent and minimum royalty status.

-Determining rent and minimum royalty status for a lease can be confusing - if you have any questions regarding the status of a lease, first contact your land department (as they may have the information you need). In the event that your land department does not have the information, contact ONRR.
In this example we have a federal lease with a lease basis well.

- Leases containing a lease basis well (a well not committed to a pooling agreement) are entirely subject to MR.
In this example, we have a lease committed to the Frontier PA and the Dakota PA.

- The portion of the lease within the PA’s is subject to MR, the portion outside of the PA is subject to rent.
In this example we have 2 leases committed to a Communitization agreement.

- Both leases would be entirely subject to MR because the rule is that leases committed to CA's, Secondary Recovery Units or have a lease basis well are entirely subject to MR.
What are overlapping agreements?
CA is entirely within Unit but does not intersect a PA

- CA is considered a separate entity
- All CA royalties will be reported on CA
- All CA production will be reported on CA
CA is entirely within a PA and all CA lands are committed to the PA.

- CA becomes “silent”
- Royalties will be reported on PA
- All CA production should be reported on the PA

Exceptions to the rule

- If a tract in the CA is not committed to the unit
- If the CA and PA are for different formations or products
CA is partially within a PA.

- Royalties from the portion of the CA outside of the PA will be reported on CA
- Royalties from overlapped portion will be reported on PA
- All CA production should be reported on the CA.
Seven Mile Gulch Unit
Dakota A-B Participating Area
Communitization Agreement W-129905

<table>
<thead>
<tr>
<th>LEASE NO.</th>
<th>TRACT</th>
<th>ACRES IN CA</th>
<th>% OF INTEREST</th>
</tr>
</thead>
<tbody>
<tr>
<td>W-24152</td>
<td>1</td>
<td>280</td>
<td>43.75%</td>
</tr>
<tr>
<td>W-24152</td>
<td>2A</td>
<td>240</td>
<td>37.5%</td>
</tr>
<tr>
<td>W-24152</td>
<td>2B</td>
<td>120</td>
<td>18.75%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>640</td>
<td>100.00%</td>
</tr>
</tbody>
</table>

**Tract 2A is overlapped by the Dakota Participating Area, Seven Mile Gulch Unit**
## Royalty Reporting on Communitization Agreement W-129905

<table>
<thead>
<tr>
<th>Lease Number</th>
<th>Total Tract Nos.</th>
<th>Tract Portion</th>
<th>Total Tract Acreage</th>
</tr>
</thead>
<tbody>
<tr>
<td>049-024152-0</td>
<td>1 &amp; 2B</td>
<td>.625000</td>
<td>400.00</td>
</tr>
<tr>
<td>Overlapped -</td>
<td>2A</td>
<td>.375000</td>
<td>240.00</td>
</tr>
<tr>
<td>Report on</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>891-014332-E</td>
<td></td>
<td>1.000000</td>
<td>640.00</td>
</tr>
</tbody>
</table>

Formula for reporting on tracts that are NOT overlapped:

\[
\text{Total CA} \times \text{Ownership} \times \text{Tract} \times \% = \text{Sales Volume Sold} \%
\]

Formula for reporting on overlapped tracts:

\[
\text{Total CA} \times \text{Ownership} \times \text{PA} \times \text{Tract} \times \% = \text{Sales Volume Sold} \%
\]
<table>
<thead>
<tr>
<th>Lease Number</th>
<th>Tract Nos.</th>
<th>Tract Portion</th>
<th>Acreage</th>
</tr>
</thead>
<tbody>
<tr>
<td>049-024152-0</td>
<td>009</td>
<td>.176471</td>
<td>240.00</td>
</tr>
<tr>
<td>049-029907-0</td>
<td>012</td>
<td>.058823</td>
<td>80.00</td>
</tr>
<tr>
<td>State &amp; Fee lands</td>
<td>.764706</td>
<td>1.000000</td>
<td>1360.00</td>
</tr>
</tbody>
</table>

REMEMBER:

Royalties are reported on the lease

Production is reported on the agreement
### Reporting Royalties on CA WYW 129905

<table>
<thead>
<tr>
<th>LINE NUMBER</th>
<th>API WELL NUMBER</th>
<th>MMS LEASE NUMBER</th>
<th>MMS AGREEMENT NUMBER</th>
<th>PRODUCT CODE</th>
<th>SALES TYPE CODE</th>
<th>SALES YEAR/MONTH</th>
<th>TRANSACTION CODE</th>
<th>ADJUSTMENT CODE</th>
<th>ROYALTY VALUE PRIOR TO ALLOWANCES</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>CA</td>
<td>049 024152</td>
<td>0</td>
<td>01 ARMS</td>
<td>012012</td>
<td>01</td>
<td></td>
<td></td>
<td>62 50</td>
</tr>
<tr>
<td>2</td>
<td>PA</td>
<td>049 024152</td>
<td>0</td>
<td>01 ARMS</td>
<td>012012</td>
<td>01</td>
<td></td>
<td></td>
<td>6 62</td>
</tr>
<tr>
<td>3</td>
<td>PA</td>
<td>049 029907</td>
<td>0</td>
<td>01 ARMS</td>
<td>012012</td>
<td>01</td>
<td></td>
<td></td>
<td>2 21</td>
</tr>
</tbody>
</table>

CA Reporting

\[ 100 \times 0.625 = 62.5 \text{ barrels} \]

PA Reporting (100 x 0.375 = 37.5 barrels)

\[ 37.5 \times 0.176471 = 6.6176625 \]

\[ 37.5 \times 0.058823 = 2.2058625 \]

All production would be reported to CA WYW129905
250 barrels of oil produced and sold in 01/2012

250 \times 0.176471 = 44.11775

250 \times 0.058823 = 14.70575
You can consolidate your CA & PA Royalty Reporting

**CA Reporting**

100 x .625 = 62.5 barrels

**CA & PA Reporting**

049-024152-0  
CA (37.5 x .176471 = 6.62)  
PA (250 x .176471 = 44.12)

049-029907-0  
CA (37.5 x .058823 = 2.21)  
PA (250 x .058823 = 14.71)
This section will cover basic reporting information and instructions for ONRR royalty reporters. You should carefully follow these reporting instructions to avoid delays in acceptance of reports and payments.
## Leases Reported and Paid To ONRR

<table>
<thead>
<tr>
<th>Federal Leases (Onshore)</th>
<th>Indian Leases (Tribal &amp; Allotted)</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Royalty (Producing)</td>
<td>• Royalty (Producing)</td>
</tr>
<tr>
<td>• Minimum Royalty</td>
<td>• Advance rent (Producing)</td>
</tr>
<tr>
<td>• Rent – 2014 Report</td>
<td>• Rent (Non-producing leases that committed to producing agreements)</td>
</tr>
<tr>
<td>• Minimum royalty</td>
<td></td>
</tr>
</tbody>
</table>

Submit a Form 2014 if you assume responsibility for reporting and paying the following:

• Royalties on production from Federal or Indian leases and agreements
• Rent or minimum royalty
• Royalties on the sale of test production from the initial lease well before the lease is classified as capable of producing
• Fees on a gas storage agreement
• Royalties on compensatory royalty agreements or assessments against Federal or Indian lands
• Well fees if stated in the lease terms

*Do not combine Federal and Indian leases on the same report. A separate report is required for each.*
Contact Information

Toll Free
1-800-525-0309 Royalty Team
1-800-525-9167 Reference Team
303-231-3650 Local Denver

FAX
(303) 231-3700 or (303) 231-3608

Electronic Commerce Contacts

For assistance with E-commerce, contact the Error Correction Analyst assigned to your company. The contact list can be found at:

If you have a problem with reporting or reference actions, please call a member of the Reporting Services team. We are here to help whether it relates to reference actions or with reporting.
The ONRR Website provides a vast array of information for reporters and payors. By clicking on the Industry heading – it will provide a drop down box that will direct you to Payment Information, Reporting Information, e-Commerce Portal, Handbooks & Manuals, Reporter Letters, Interest Tables, New Payor Checklist, and New Reporter Checklist.

The e-commerce Portal tab will be covered later in a separate, more-detailed presentation.
Clicking on the Payment Information subheading will bring you to this page. This webpage is dedicated to payment information—where to send your check, interest calculation tables, electronic payment information, payment for Indian leases, New Payor checklist, and payment information contacts. The next slide will cover the section Electronic Payment Information.
Electronic Payment Methods

• Pay.Gov – Fast! Easy! Free!
  – Pay.gov is a free, secure, web-based electronic option to make royalty and invoice payments to ONRR. Pay.gov is available 24 hours a day, 7 days a week (holidays included) for customers to submit payments.

• U.S. Treasury Fedwire Deposit System
  – The U.S. Treasury Fedwire Deposit System (Fedwire) allows you to submit electronic payments to the Office of Natural Resources Revenue (ONRR) for same-day processing.
  – You must provide specific information to your bank so that a Fedwire message can be transmitted to the ONRR U.S. Treasury account. Your bank may require additional information that is not required by the ONRR. Required fields for the transfer message to ONRR, and a description of each item on the funds transfer message, are contained within the instructions.

• Automated Clearing House (ACH)
  – You have the ability to remit your payments to ONRR through the Automated Clearing House (ACH) network. Your bank will prepare the ACH payment based on your instructions, and then transfer the funds to ONRR’s bank account. ACH payments require overnight batch processing by the banking industry, which will delay the receipt of funds by ONRR. Check with your bank to understand how long it will take for ONRR to receive an ACH payment, and make sure to time your transfers to meet payment deadlines.

Payments are authorized by 30 CFR 1218.50. ONRR does not accept cash payments.

NOTE: Include your five-digit, ONRR-assigned payor code and an eight-digit, PAD number on all payments and reports. Assign a unique PAD number to each separate Form 2014. Your payor code and PAD number must match on your report and corresponding payment.

Electronic payments. Our regulations require the use of electronic funds transfer (EFT), such as Automated Clearing House (ACH) or FEDWIRE or Pay.gov, to the extent it is cost-effective and practice for payment of any royalty liability.

If you pay by check, please read this.

As of January 1, 2012, you should prepare and send any payments made by check—regardless of different instructions on bills or correspondence—to this address:

Office of Natural Resources Revenue
PO Box 25627
Denver CO 80225-0627

The old ONRR PO boxes—5640, 5760, 5810, 5860, 17110 and 173702—are now closed. All mail sent to those boxes is being forwarded to our new PO Box, which can add days to its delivery. Please read and follow all instructions regarding payments by mail, as well as general correspondence, in the letter sent to all reporters on August 29, 2011, at http://www.onrr.gov/FM/PDFDocs/20110829.pdf
The Reporting Information page is where you will find:

1. Checklists
2. Contacts – Production Reporting, Royalty Reporting and Lease and Agreement Maintenance
3. Electronic Reporting Information
4. Cross Referenced Lease and Agreement Lists
The Handbooks and Manual Page lists all handbooks and manuals available for reporters and operators to reference. This page includes:

- **The Minerals Revenue Reporter Handbook** -- This handbook provides instructions and examples to assist reporters in preparing the Report of Sales and Royalty Remittance (Form 2014), which is required by the Office of Natural Resources Revenue (ONRR) for reporting and paying revenues due on Federal and Indian oil, gas, and geothermal leases. ONRR, a bureau within the Department of the Interior (DOI), is responsible for collecting, accounting for, and disbursing revenues on minerals produced from Federal and Indian lands. ONRR receives and processes these payments through our financial accounting system, using the information reported on the Form 2014.


- **The Oil and Gas Payor Handbook, Volume III—Product Valuation** provides detailed royalty valuation procedures for Federal and Indian oil and gas leases and information on reporting processing and transportation allowances.
Dear Reporter Letters

The Reporter Letter page lists all letters to payors and reporters sent by FM, organized by date and by subject.
The Federal Oil and Gas Royalty Simplification and Fairness Act of 1996 (RSFA), requires ONRR to pay interest on federal oil and gas royalty overpayments. The RSFA also allows royalty reporters to calculate interest on royalties and to report this interest on the Report of Sales and Royalty Remittance, (Form 2014).

This reporting option applies solely to federal oil and gas leases and to reports for sales months January 1997 and later. Reporters may begin reporting interest on overpayments and underpayments on Form 2014 for the October 1997 report month.

Underpayment interest on solid mineral and geothermal leases is calculated as simple interest using the United States Treasury Current Value of Funds Rate. Underpayment interest on oil and gas leases is calculated as compound interest using the Internal Revenue Service underpayment rate for corporate tax payers. Overpayment interest on oil and gas leases is calculated as compound interest using the Internal Revenue Service overpayment rate for corporate tax payers.

This page contains the interest rates used to calculate underpayment and overpayment interest.
The New Payor Checklist page takes you step by step in ensuring that you have requested or submitted the required forms in order to start reporting and paying on Federal/Indian leases and agreements.

It provides answers to the following questions:

- How do I get a payor code?
- How do I get set up for electronic payments and electronic reporting?
- What forms do I need to fill out for reporting?
- What form do I need to fill out to ensure I receive correspondence from ONRR?
- Do I need to submit a W-9?

It also provides information and contacts to support and assist payors.
The Financial Services branch ensures that industry reporters follow Federal laws, regulations and lease terms in their financial reporting to ONRR. Financial Services bills for late payment interest and insufficient estimates on Federal, Indian and Geothermal leases, bills for over-recoupments on Indian leases, and bills for rental, minimum royalty, rights-of-way and other financial term exceptions. Financial Services is the customer service focal point to resolve any financial issues, including billing, database and payment questions.

Accounts receivable and billing assistance is available from analysts, assigned by company name.
The New Operator Checklist page takes you step by step to assure your company is set up correctly to report production for offshore leases/agreements or for onshore Federal and Indian leases/agreements.

It provides answers to the following questions:

- How do I get an operator code?
- What forms do I need to fill out for reporting?
- What form do I need to fill out to ensure I receive correspondence from ONRR?

It also provides information and contacts to support and assist operators.
Reports and Payments

- Include your five-digit, ONRR-assigned payor code and an eight-digit PAD number on all payments and reports.

- Your payor code and PAD number must match on your report and corresponding payment.

- The payment total and the 2014 report total must match.

Include your five-digit, ONRR-assigned payor code and an eight-digit PA number on all payments and reports. Your payor code and PAD number must match on your report and corresponding payment.
**Due Dates**

- Royalties are due the last day of the month following the month the product was sold or removed from the lease.
  - If the last day of the month falls on a weekend or Federal holiday, the royalties are due the next business day.
  - Payments are due by 4 p.m. Mountain Time and are credited when received; postmark does not apply.

- Minimum royalties Payments – Reports and payments for minimum royalties are due to ONRR by 4:00 p.m. Mountain time on or before the last day of the month and year of the lease year, regardless of whether or not there is an estimate established on the lease.

- Rental Payments – Reports and payments for rents are due to ONRR by 4 p.m. Mountain time on or before the lease anniversary date.

- Reports are due by 6 pm Mountain Time if reporting electronically; received by 4 pm Mountain Time if reporting on paper.

**Royalties.** Forms 2014 and related payments are due to ONRR by 4 p.m. Mountain time on or before the last day of the month following the month the product was sold or removed from the lease unless lease terms state that royalties are due otherwise.

**Rentals.** Reports and payments for rents are due to ONRR by 4 p.m. Mountain time on or before the lease anniversary date.

**Minimum royalties.** Reports and payments for minimum royalties are due to ONRR by 4:00 p.m. Mountain time on or before the last day of the month and year of the lease year, regardless of whether or not there is an estimate established on the lease.

**NOTE**

If the last day of the month falls on a weekend or Federal holiday, send us the report and payment by 4 p.m. Mountain time the next business day.

**NOTE**

We credit Form 2014 reports and payments when we actually receive. The receipt date is the date we receive the document; the postmark does not apply.
Authorized Reporting Forms

- Paper Form 2014
  - Only to be used if you are not required to report electronically
  - Photocopies must be 81/2 inches long by 14 inches wide.

- Electronic Form (e-Commerce)
  - ONRR now requires most reporters to submit data electronically

We now require most reporters to submit data electronically. (See Electronic Reporting, Final Rule, 64 FR 38116, July 15, 1999.)

If you are not required to report electronically, you can print copies of Form 2014 from our website. Photocopies must be 81/2 inches long by 14 inches wide.
The information reported on the Form 2014 are:

- Royalties on Federal and Indian leases.
- Minimum royalty on producing leases.
- Rents on producing Indian leases.
- Rents on Federal leases

We will go through each field of the Form 2014. The slides are presented in electronic reporting format so you are able to visually see the separate fields and correct reporting. However, the paper and electronic forms require the same information; the difference between paper and electronic reporting is the way information is input.
This is an example of what the Electronic 2014 (e-Commerce) form looks like.
The 2014 is divided into 3 sections:
The Header, the Detail and the Trailer.
The following screens will provide detailed information on these 3 sections.
We will begin with the Header Section which identifies the report and the company reporting the data.

The Payor Code field identifies the company who is reporting. The payor code is five digits and is assigned by ONRR. A pull down list will show you all the codes that you are authorized to use.
Payor Code. (you will click on the down arrow)

If there is more than one code listed, select the payor code that you will be reporting on.

The payor code is a five-digit number assigned by ONRR and identifies the company. We do have edits that will reject the entire report if an invalid payor code is used.

It is vital that your payor code must be on all payments and reports as already stated in the previous section.

Once you have selected the payor code, the Payor Name Field will automatically populate.

Remember: If you report using more than one payor code, you need to prepare a separate report and matching payment for each payor code.
The Payor Assigned Doc. Number is an eight-number identifier chosen by the payor. This number must be unique. Note: If you are reporting an audit finding, you must use the UFI (Unique Finding Identifier) as the Payor Assigned Doc Number. The UFI is provided in the Issue Letter or Order that you received from ONRR.

This is required on all payments and reports. The same PAD number must be included on the accompanying payment document, including payments made to lockboxes.
• Report Indicator: Select Federal or Indian from drop down
• Separate reports for Federal and Indian leases.

Your report must indicate whether it is for Federal or Indian reporting.
Please remember: You must remit separate reports for Federal and Indian leases. You cannot report Federal and Indian on the same report.
The Detail Section is the area where you will input your lease information.

You notice how there are fields that are stacked on the paper version. When filing electronically, you’ll find it all contained in one very long line which you have to scroll through. Because electronic reporting is required, we will be showing the fields as they appear on the website.
Use this space to communicate with ONRR

Identify property: property name, company lease number – Up to 20 characters

In the Preparer Use Only field, a payor is able to communicate with ONRR. This field is restricted to 20 characters.
Valid ONRR converted lease number

Cross Reference table on our website at:
http://www.onrr.gov/FM/CrossRef.htm

Must be completed with a valid ONRR-converted lease number consisting of 10 digits (a 3-digit prefix, 6-digit body, and 1-digit suffix).

If you do not know the ONRR converted lease number, go to http://www.onrr.gov/FM/CrossRef.htm.
Valid ONRR converted agreement number
Cross Reference table on our website at:
http://www.onrr.gov/FM/CrossRef.htm

When reporting royalties based on production allocated from an agreement, the ONRR converted agreement number should be reported in addition to the lease number in block 7. The agreement number consists of three parts:

Prefix = 3 characters, left justified
Serial No. = 6 characters, right justified
Suffix = 2 characters, left justified
API Well Number For Future Use

Complete or leave blank.

Report this number only if required by ONRR on certain Indian properties and offshore deep water wells under royalty relief. If you are required to report this number, enter a 15-character set that consists of the 12-digit API-assigned well number and the 3-character producing interval indicator; for example, 90080012300S01.
Report the product sold or removed from the lease. Below we have listed some of the product codes associated to Oil and Gas. For a complete list of product codes, please visit Minerals Revenue Handbook Appendix C.

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td>Oil</td>
</tr>
<tr>
<td>02</td>
<td>Condensate</td>
</tr>
<tr>
<td>03</td>
<td>Processed (residue) gas</td>
</tr>
<tr>
<td>04</td>
<td>Unprocessed (wet) gas</td>
</tr>
<tr>
<td>05</td>
<td>Pipeline condensate, retrograde condensate, drip condensate, drip liquid, scrubber/pipeline drip</td>
</tr>
<tr>
<td>06</td>
<td>Plant inlet scrubber</td>
</tr>
<tr>
<td>07</td>
<td>Gas plant products</td>
</tr>
<tr>
<td>09</td>
<td>Nitrogen</td>
</tr>
<tr>
<td>12</td>
<td>Flash gas</td>
</tr>
<tr>
<td>13</td>
<td>Fuel oil</td>
</tr>
<tr>
<td>14</td>
<td>Oil lost</td>
</tr>
</tbody>
</table>
Report the disposition of production by contract type

ARMS -- sold under an Armes Length Contract
NARM -- sold under a Non Arms Length Contract
POOL -- Some companies aggregate their volumes in pools and then sell or exchange their product under multiple contracts. In a pooling situation, you will determine value by computing a weighted average of the prices for all ARMS and NARMS sales at all downstream sales outlets.
ONIX -- Use OINX to report Federal lease oil production that is valued based on index. Use OINX to report Indian lease gas production that is valued based on index regardless of contract type (POP, NARM etc.).
APOP -- POP contracts are defined as sales of gas prior to processing in which the value of the wet, unprocessed gas is based on a percentage of the proceeds the purchaser receives for the sale of residue gas and gas plant products attributable to processing the lessee’s gas. (Use for arm’s length)
NPOP -- POP contracts are defined as sales of gas prior to processing in which the value of the wet, unprocessed gas is based on a percentage of the proceeds the purchaser receives for the sale of residue gas and gas plant products attributable to processing the lessee’s gas. (Use for non- arm’s length)
AG – only used when audit indicates to use this code.

These will be explained further during the valuation training.
This indicates the month and year the product was sold or removed from the lease.

- For Royalties: Use the month the product was sold or removed from the lease.
- For Minimum Royalty: Use the last month/year of the lease year that your minimum royalty obligation is due.
- For Rent: Use the first month/year of the lease year that your rent is due.
It identifies the reason for reporting the line. Report the appropriate transaction code listed in the Minerals Revenue Handbook Appendix E. Our edits are transaction code specific.

Transaction Code Examples:

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td>Royalty Due</td>
</tr>
<tr>
<td>02</td>
<td>Minimum Royalty Payment</td>
</tr>
<tr>
<td>03</td>
<td>Estimated Royalty Payment</td>
</tr>
<tr>
<td>04</td>
<td>Rental Payment</td>
</tr>
<tr>
<td>05</td>
<td>Advance Rental Payment</td>
</tr>
<tr>
<td>11</td>
<td>Transportation Allowance</td>
</tr>
<tr>
<td>15</td>
<td>Processing Allowance</td>
</tr>
<tr>
<td>25</td>
<td>Recoup Advance Rental Payment</td>
</tr>
</tbody>
</table>
Use to identify the reason for an adjustment to a previously accepted line or a special reporting situation

Use a valid ARC: 10, 15, 16, 17, 25, 32, 35, 49, (71, 72 for interest)

This code tells us why you are adjusting a previously reported line or a special reporting situation.

• Adjustments are a two-line entry; report the ARC on both lines.
• Unless instructed otherwise by ONRR, industry can report volume, value, and royalty rate adjustments using ARC 10 - Adjustment.

Here are the codes and descriptions:

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>Adjustment</td>
</tr>
<tr>
<td>15</td>
<td>Marginal Property True UP</td>
</tr>
<tr>
<td>16</td>
<td>Major Portion/dual accounting</td>
</tr>
<tr>
<td>17</td>
<td>ONRR Initiated Compliance Adjustment</td>
</tr>
<tr>
<td>32</td>
<td>Estimate Adjustment</td>
</tr>
<tr>
<td>35</td>
<td>Unit participating/communitization agreement adjustment</td>
</tr>
<tr>
<td>49</td>
<td>Index zone/dual accounting price adjustment</td>
</tr>
<tr>
<td>71</td>
<td>Estimate underpayment/overpayment interest</td>
</tr>
<tr>
<td>72</td>
<td>Audit underpayment/overpayment interest</td>
</tr>
</tbody>
</table>
Report the volume for which you will need to pay royalty

Enter the volume of the product sold or removed from the lease or from the lease-agreement combination that you are reporting and paying royalties.
Report a Gas MMBtu for the following gas products: 03, 04, 12, 15, 16, or 39; Otherwise leave the field blank. And you need to adjust the gas volume and btu heating value to: the standard pressure base of 14.73 psia, standard temperature of 60 degrees F and the same degree of water saturation.

• To calculate: example: 500 Mcf x 1.100 MMBtu/Mcf = 550 MMBtu; in other words, sales volume x Btu factor = Gas MMBtu).

• The Btu and/or MMBtu should be available to you on your gas plant statement.

• We expect reporters to determine and report the correct Gas MMBtu information on all lines.
For product codes 03, 04, 12, 15, 16, or 39, use MMBtu price:

Sales Value = gas MMBtu x MMBtu price

For other product codes, use bbl, gal, Mcf, or long ton price:

Sales Value = sales volume x unit price

➢ For gas products 03, 04, 12, 15, 16, or 39, report gas MMBtu x MMBtu price.

➢ For all other products, report sales volume times the unit price
Royalty Value Before Allowances is now a mandatory field.

Calculation: sales value x royalty rate

Calculation: Sales value x royalty rate.

It is critical to use the correct royalty rate when calculating your payment to ONRR. The lease royalty rate is specified in your lease terms. However, your royalty rate may be modified by various royalty relief programs.

Don’t confuse your royalty rate with your division order percentage. The royalty rate is a component of the DOP.
A transportation allowance is a deduction from royalty due.

Transportation allowance is a deduction from royalty due for the reasonable, actual costs of transporting your production. Make sure you report the allowance with a negative sign.

Your transportation allowance may not exceed 50 percent of the “royalty value prior to allowances” of the product without prior ONRR approval.
A processing allowance is a deduction from royalty due.

Processing allowance is a deduction from royalty due for the reasonable, actual costs of extracting and recovering gas plant products from a gas stream (product code 07). You should report the allowance with a negative sign.

Your processing allowance may not exceed 66 2/3 percent of the “royalty value prior to allowances” of individual gas plant products without prior ONRR approval. All NGL’s recovered at a processing plant are considered a single gas plant product for ONRR reporting purposes and is product code 07.
Royalty Value After Allowances is the royalty value after you deduct transportation and/or processing allowances.

Royalty Value After Allowance is the royalty value after you deduct your transportation and processing allowance deductions.

Calculation: RVPA - TA – PA = RVLA
The payment method code identifies how and to whom payment is made.

Report a payment method on all lines, even if your line is negative or no payment is made.

- Your payment method identifies how and to whom the payment is made.
- Use Payment Method 03 for all electronic payments. This includes Pay.gov
Note the calculate button, the authorizer signature space, and the credit id lines.
CONFIRMATION REPORTS

➢ Available once all rejected lines are corrected

➢ Report will display line as reported by payor and as corrected by ONRR

➢ Companies should use information to make corrections to their history and update any formatting issues for future reporting

➢ Confirmation reports will be posted in the company folders in the Data Warehouse which is accessed through the internet at https://dwportal.mms.gov/

➢ ONRR employees can view rejected lines in the Data Warehouse under Financial Reports, Royalty, ZR2014ER. Input Document ID and click Run

The confirmation report is used to verify corrections made to your report by ONRR.

➢ This report will show your line as originally reported AND how it was corrected by ONRR.

➢ It will be helpful to use this report to make correct adjustments.

➢ ONRR used to mail these reports in the past, now you can now access your payor confirmation reports through your payor folder in the Data Warehouse at https://dwportal.mms.gov.
Royalty Reporting

Commonly Used Transaction Codes

This module contains detailed reporting instructions and examples of how to report by transaction code on Form MMS-2014. The commonly used transaction codes are organized by function.

In addition, ONRR is providing a separate handout that outlines fields that must be completed on your 2014 Report for each different Transaction Code.
## 2014 Commonly Used Transaction Codes

<table>
<thead>
<tr>
<th>Transaction Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td>Royalty Due</td>
</tr>
<tr>
<td>02</td>
<td>Minimum Royalty</td>
</tr>
<tr>
<td>04</td>
<td>Rent (non-recoupable)</td>
</tr>
<tr>
<td>05</td>
<td>Rent (recoupable)</td>
</tr>
<tr>
<td>25</td>
<td>Rent Recoupment</td>
</tr>
<tr>
<td>03</td>
<td>Estimate Reporting</td>
</tr>
</tbody>
</table>

Transaction codes are two-digit codes that describe each payment and recoupment activity. These transaction code activities include, but are not limited to:

- Royalty due from sales,
- Minimum Royalty
- Rent (non-recoupable & recoupable)
- Rent Recoupment
- Estimate Reporting

A transaction code (TC) is required on all lines, and determines which fields must be completed.
Transaction Code 01  
Royalty Due  

- Due Monthly on every lease or lease-agreement combination with sales  
- Separate line for each lease or lease agreement combination, sales type code, product code, and sales month  
- Double entry adjustments  

Lease terms and Federal regulations require lessees to pay royalties on producing Federal and Indian leases. The lessee must pay its royalty obligation as specified by the lease or designated by ONRR.  

Do not combine Federal and Indian leases on the same report. A separate report is required for each.  

Transaction Code 01 is used to report royalty on both Federal and Indian Leases.  
In addition to the transaction code field, please refer to the separate handout that outlines fields that must be completed on your 2014 Report for each different Transaction Code.
### Transaction Code 01

**Detail Line**

<table>
<thead>
<tr>
<th>Field</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Line Number</td>
<td>1</td>
</tr>
<tr>
<td>API Well Number</td>
<td>xx</td>
</tr>
<tr>
<td>MMS Lease Number</td>
<td>0490129432</td>
</tr>
<tr>
<td>MMS Agreement Number</td>
<td>xx</td>
</tr>
<tr>
<td>Product Code</td>
<td>01</td>
</tr>
<tr>
<td>Sales Type Code</td>
<td>ARMS</td>
</tr>
<tr>
<td>Sales MO/YR</td>
<td>072011</td>
</tr>
<tr>
<td>Transaction Code</td>
<td>01</td>
</tr>
<tr>
<td>Adjustment Reason Code</td>
<td>xx</td>
</tr>
<tr>
<td>Sales Volume</td>
<td>1280.00</td>
</tr>
<tr>
<td>Gas MMBtu</td>
<td>00</td>
</tr>
<tr>
<td>Sales Value</td>
<td>704.00</td>
</tr>
<tr>
<td>Royalty Value Prior to Allowances</td>
<td>88.00</td>
</tr>
<tr>
<td>Transportation Allowance</td>
<td>0.00</td>
</tr>
<tr>
<td>Processing Allowance</td>
<td>0.00</td>
</tr>
<tr>
<td>Royalty Value Less Allowances</td>
<td>88.00</td>
</tr>
<tr>
<td>Payment Method Code</td>
<td>3</td>
</tr>
</tbody>
</table>
Implied Relationships

\[
\frac{\text{Royalty Value PA}}{\text{Sales Value}} = \frac{2747.00}{21975.00} = .125
\]

Monitored for royalty rate verification

\[
\frac{\text{Sales Value}}{\text{Sales Volume}} = \text{Price Per Unit} = \frac{21975.00}{439.50} = $50.00
\]

Monitored for reasonable pricing

ONRR uses system edits to determine the validity of the data reported on the Form 2014.

Edits for Transaction code 01 will compare the sales volumes and sales values to determine if the royalty rate and pricing are within established guidelines.

You can determine the royalty rate by dividing your royalty value prior to allowances by sales value.

Be sure that the royalty rate calculated matches the lease terms. If unsure what royalty rate is in the ONRR system, contact the Minerals Revenue Specialist to verify. The current listing of Royalty Error Correction Specialists can be found on the internet at:


Be sure to use the correct Royalty Rate and not the Division Order percentage.

*The Royalty Rate error is now fatal in the eCommerce system and will not allow submission of the 2014 if the royalty rate is not calculated correctly.*
Lease Level Payments

TC 02       Minimum Royalty (MR)
TC 04       Rent (non-recoupable)
TC 05       Rent (recoupable)
TC 25       Recoup Advance Rent

- Payments are based on lease terms
- Do not report the agreement number, product code, or sales type code
- Do not report the sales volume or sales value since they are not associated with the payment
Transaction Code 02
Minimum Royalty (MR)

• Due on producing Federal and Indian leases
• Obligation may be fulfilled by production
• Report and payment must be received on or before the last day of the lease year, regardless of an estimate
• Automatically invoiced if not paid or reported incorrectly with the wrong sales month/year

Some producing Federal and Indian leases require you to pay a minimum amount of royalty each lease year. The amount of minimum royalty is usually determined by the producing acreage in the lease multiplied by a fee per acre and is in addition to any other fees required under regulation or lease terms.

You must submit minimum royalty payments for Federal or Indian leases on Form 2014 on or before the last day of the month of the lease year regardless of whether you established an estimated payment on the lease.

All the acres in a Federal lease are in a minimum royalty status if any one of the following applies:

➢ All the acres are within Participating Agreement (PA)
➢ The lease is committed to a secondary recovery unit
➢ The lease is committed to a Communization Agreement (CA)
➢ The lease contains a producing well or a well capable of production

NOTE: If you are reporting on Southern Ute Leases, you must include the agreement numbers from October 2008 forward per the recent edits in the eCommerce system.

In addition, for electronic reporting, you must complete both the Royalty Value Prior to Allowances field and the Royalty Value Less Allowances field when entering TC 02.
Transaction Code 02
(Minimum Royalty)

**Detail Line**

<table>
<thead>
<tr>
<th>Field</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Line Number</td>
<td>1</td>
</tr>
<tr>
<td>API Well Number</td>
<td>xx</td>
</tr>
<tr>
<td>ONRR Lease Number</td>
<td>0490129432</td>
</tr>
<tr>
<td>ONRR Agreement Number</td>
<td>xx</td>
</tr>
<tr>
<td>Product Code</td>
<td>xx</td>
</tr>
<tr>
<td>Sales Type Code</td>
<td>xx</td>
</tr>
<tr>
<td>Sales MO/YR</td>
<td>072011</td>
</tr>
<tr>
<td>Transaction Code</td>
<td>02</td>
</tr>
<tr>
<td>Adjustment Reason Code</td>
<td>xx</td>
</tr>
<tr>
<td>Sales Volume</td>
<td>xx</td>
</tr>
<tr>
<td>Gas MMBtu</td>
<td>00</td>
</tr>
<tr>
<td>Sales Value</td>
<td>xx</td>
</tr>
<tr>
<td>Royalty Value Prior to Allowances</td>
<td>88.00</td>
</tr>
<tr>
<td>Transportation Allowance</td>
<td>xx</td>
</tr>
<tr>
<td>Processing Allowance</td>
<td>xx</td>
</tr>
<tr>
<td>Royalty Value Less Allowances</td>
<td>88.00</td>
</tr>
</tbody>
</table>

It is important to make sure you are using the correct sales month when reporting minimum royalty.

The following fields must be completed to report Transaction Code 02:

1. ONRR converted 10 digit lease number
2. Sales month/year
3. Transaction code – 02
4. Adjustment reason code – leave this field blank for normal monthly reporting. You must complete this field only when adjusting previous reporting.
5. Royalty value prior to allowances
6. Royalty value less allowances
7. Payment method code

Helpful Tips:

- Track royalties throughout the lease year. If royalties meet or exceed the minimum royalty requirement, the payment is NOT due. Otherwise, report and pay the difference or the full amount due.
- Check within the reporting company or with the operator if there is uncertainty whether minimum royalty is due.
- Minimum royalty payments are due ON or BEFORE the last day of the lease year.
- Be careful to use the correct sales month. The system uses the sales month to post to the lease year.
- If the system checks and finds that the minimum royalty has not been paid, and invoice will be sent by ONRR.
Rental

Transaction Code 04   (non-recoupable)
Transaction Code 05    (recoupable against production)

• Annual Payment
• Payment is due on or before lease anniversary date
• For non-terminable leases, ONRR automatically invoices if not paid

There are two types of rental – recoupable and non-recoupable. Use transaction code 04 to report and pay rent payments that are not recoupable against production. Use transaction code 05 to report and pay rent payments that are recoupable. The amount of rent due is stipulated in the lease terms and is, except in some circumstances, due on or before the lease anniversary date.

Approximately 3 months before the lease anniversary date, ONRR usually sends a Notice of Rent Due on the lease (Courtesy Notice) to the payor established in our database. Courtesy Notices are sent for Federal leases and geothermal site licenses only. If the Courtesy Notice is not received, do not delay payment, as some leases automatically terminate for nonpayment. For those leases that do not terminate and payment is not received by the due date, ONRR will issue an invoice for the amount due. Interest will be assessed for late payment.

Report the rent for Federal leases and geothermal site licenses by submitting the 2014 report and the payment or by returning the bottom portion of the courtesy notice with the payment. Do not report a 2014 and pay on your courtesy notice.
### Transaction Code 04  
(Non-recoupingable Rent)

**Detail Line**

<table>
<thead>
<tr>
<th>Field</th>
<th>Value</th>
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</thead>
<tbody>
<tr>
<td>Line Number</td>
<td>1</td>
</tr>
<tr>
<td>API Well Number</td>
<td>xx</td>
</tr>
<tr>
<td>ONRR Lease Number</td>
<td>0490129432</td>
</tr>
<tr>
<td>ONRR Agreement Number</td>
<td>xx</td>
</tr>
<tr>
<td>Product Code</td>
<td>xx</td>
</tr>
<tr>
<td>Sales Type Code</td>
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<tr>
<td>Sales MO/YR</td>
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<tr>
<td>Transaction Code</td>
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</tr>
<tr>
<td>Adjustment Reason Code</td>
<td>xx</td>
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<tr>
<td>Sales Volume</td>
<td>xx</td>
</tr>
<tr>
<td>Gas MMBtu</td>
<td>xx</td>
</tr>
<tr>
<td>Sales Value</td>
<td>xx</td>
</tr>
<tr>
<td>Royalty Value Prior to Allowances</td>
<td>345.00</td>
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<tr>
<td>Transportation Allowance</td>
<td>xx</td>
</tr>
<tr>
<td>Processing Allowance</td>
<td>xx</td>
</tr>
<tr>
<td>Royalty Value Less Allowances</td>
<td>345.00</td>
</tr>
<tr>
<td>Payment Method Code</td>
<td>3</td>
</tr>
</tbody>
</table>

Example – How to enter a line in your electronic 2014 for non-recoupingable rent.

The required fields for non-recoupingable rent include:

1. ONRR lease number
2. Sales month/year – very important!
3. Adjustment reason code – if adjusting prior reporting
4. Royalty value prior to allowances
5. Royalty value less allowances
6. Payment method code

**Helpful Tip:**

Check the “Data Elements by Transaction Code” handout to verify the fields that must be completed.
Transaction Code 05
(Recoupable Rent)

**Detail Line**
- Line Number 1
- API Well Number xx
- ONRR Lease Number 0490129432
- ONRR Agreement Number xx
- Product Code xx
- Sales Type Code xx
- Sales MO/YR 012012
- Transaction Code 05
- Adjustment Reason Code xx
- Sales Volume xx
- Gas MMBtu xx
- Sales Value xx
- Royalty Value Prior to Allowances 345.00
- Transportation Allowance xx
- Processing Allowance xx
- Royalty Value Less Allowances 345.00
- Payment Method Code 3

The required fields for recoupable rent include:

1. ONRR lease number
2. Sales month/year – very important!
3. Adjustment reason rode – if adjusting prior reporting
4. Royalty value prior to allowances
5. Royalty value less allowances
6. Payment method code

Helpful Tip:
Check the “Data Elements by Transaction Code” handout to verify the fields that must be completed.
Transaction Code 25  
(Recouping Advance Rental Credits)  

- Use in conjunction with TC 05  
- Recoup against current revenue  
- Rent can be recouped up to 100% of current revenue within the current lease year regardless of whether the lease is allotted or tribal (rent must be reported and paid)  

Most Indian lease terms and some Federal lease terms require a rent payment on producing leases at the beginning of the lease year. When reporting and paying monthly royalties, recoup these rent payments against net royalties reported and paid for the lease in the same year. One hundred percent of the current month’s net royalties reported may be offset against the rent payment within the same lease year, subject to no more than the rent payment.  

If the payor fails to recoup prior year rents on Indian leases, these rents are considered an overpayment requiring the use of transaction codes 25, 50, and 51.  

Do not recoup on an Indian lease when any portion of the royalties are taken in kind by the tribe. For this situation, only recoup previous rent payments by requesting a refund directly from the tribe. This requirement also applies to any prior un-recouped rents from a period when royalties were taken in value.  

Report the advance rental credit to ONRR by using transaction code 05. Frequently, payors make their rent payments several months in advance of the actual due date. Remember that rental payments cannot be recouped until royalties are reported and paid within the lease year that the rent applies.
# Transaction Code 25
(Rent Recoupment)

<table>
<thead>
<tr>
<th>Detail Line</th>
<th>1</th>
<th>2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Line Number</td>
<td></td>
<td></td>
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<tr>
<td>API Well Number</td>
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<td>xx</td>
</tr>
<tr>
<td>ONRR Lease Number</td>
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<td>0490129432</td>
</tr>
<tr>
<td>ONRR Agreement Number</td>
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<td>xx</td>
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<tr>
<td>Product Code</td>
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<td>xx</td>
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<tr>
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<td>xx</td>
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<tr>
<td>Sales Volume</td>
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<td>xx</td>
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<td>Sales Value</td>
<td>704.00</td>
<td>xx</td>
</tr>
<tr>
<td>Royalty Value Prior to Allowances</td>
<td>88.00</td>
<td>-88.00</td>
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<tr>
<td>Transportation Allowance</td>
<td>xx</td>
<td>xx</td>
</tr>
<tr>
<td>Processing Allowance</td>
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<td>xx</td>
</tr>
<tr>
<td>Royalty Value Less Allowances</td>
<td>88.00</td>
<td>-88.00</td>
</tr>
<tr>
<td>Payment Method Code</td>
<td>3</td>
<td>3</td>
</tr>
</tbody>
</table>

Example – How to enter a line for transaction code 25 on your 2014 report in eCommerce.

The following fields are required for reporting transaction code 25:

1. **ONRR converted lease number**
2. Sales month/year
3. Adjustment reason code – if needed
4. Royalty value prior to allowances
5. Royalty Value Less Allowances
6. Payment Method Code

Helpful Tip:

Check the “Data Elements by Transaction Code” handout to verify the fields that must be completed.
Estimate Reporting

• What is an estimate?

An estimate is a one-time payment in lieu of an actual royalty payment.

An estimate is a one-time payment in lieu of an actual royalty payment. Royalty payments are normally required by the end of the month following the month the company sold or removed the product from the lease; however, if the payor cannot meet this deadline, the company may establish an estimated royalty payment (estimate) to give them an additional month to report and pay actual royalties and possibly avoid late payment interest charges. An estimate is a one-time payment in lieu of an actual royalty payment for that month; then in subsequent months you report and pay the actual royalties. Royalties are then due the last day of the second month following the month you sold or removed the product from the lease. If that day falls on a weekend or holiday, the due date is extended to the next business day.

Report an estimated payment at the lease level. The sales month must be 1 month prior to the report month shown on the 2014 report. Establishing retroactive estimate balances is not permitted. The 2014 report reflects the estimate sales month for all products on the lease; therefore, you must change the sales month for any product not requiring an estimate.
Estimate Reporting (cont.)

Why establish an estimate?
– Gives an additional month to report and pay actual royalties
– May help reduce late payment interest charges

Is an estimate cost beneficial?
– Estimate reporting may be helpful if sales data is not received timely to report to ONRR

An estimate gives the payor an additional month to report and pay actual royalties, and it may help reduce late payment interest charges.
How an Estimate Works

First report month:
  – Report and pay the one-time estimate payment in lieu of a royalty payment for that month

Then in subsequent months:
  – Report and pay the actual royalties
  – Royalties are now due on or before the last day of the second month following the month the product was sold or removed from the lease

How an estimate works:

For the first report month, report and pay a one-time estimate payment in lieu of a royalty payment for that month.

In subsequent months, report and pay your actual royalties
Royalties are now due the second month following the month the product was sold or removed from the lease.
If that day falls on a weekend or a holiday, it is due the next business day.
How To Determine The Amount Of an Initial Estimate Payment

• Companies should establish their estimate in an amount which equals or exceeds the average monthly royalty liability for the LEASE and PRODUCT

• Adjust the estimate balance up or down as the lease royalty liability changes

To determine the amount of an initial estimate payment, establish the estimate in an amount equal to or exceeding the average monthly royalty liability for the lease and product.

Adjust the estimate balance up or down as the lease royalty liability changes. This is critical for the reason that interest may be due if estimates are too low, however, if an estimate is too high for an extended period of time, ONRR will not pay interest.

For a given lease and sales month, ONRR compares the lease estimate balance to the actual royalty paid. Interest is due on the amount that the royalty payment exceeds the estimate balance. Interest is also due on amounts paid after the due date for estimate reporting.

It is beneficial maintain a record of all estimate payments and adjustments for each lease to possibly prevent an over-recoupment of an estimate balance.

Average monthly royalty payments over the past 6 months to 1 year.
When you establish a new estimate for the first time, use transaction code 03 and no adjustment reason code. Thereafter, use transaction code 03 and adjustment reason code 32 to adjust your estimate balance (even if your estimate is reduced to zero and then you increase the balance at a later date). Use a single line entry on the Form 2014 to increase or decrease the amount of an estimate. The estimate payments are disbursed to the entitled recipient; therefore, you must follow the proper procedures in accordance with Federal and Indian recoupments and refunds.
How to Change the Amount of an Estimate

• Use a single line entry in the 2014 report to increase or decrease the amount of an estimate

• Use transaction code 03 with adjustment reason code 32

To change the amount of an estimate:

Use a single line entry to increase an estimate using transaction code (TC)03 and adjustment reason code (ARC)32

To adjust an estimate use ARC 32 (even with a balance of zero, it is still considered to be a balance).

The system looks at the payor code and lease to identify whether or not there is an estimate balance.

Do not adjust the estimate every month as this is unnecessary if there is no increase or decrease of production.

Once the estimate is established, only increase or decrease if the production changes.

*If you need to move estimates from lease to lease or payor code to payor code, you must contact ONRR. The reporter is not allowed to perform this function*
Transaction Code 03
(Increasing/Decreasing an Estimate)

<table>
<thead>
<tr>
<th>Detail Line</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Line Number</td>
</tr>
<tr>
<td>• API Well Number</td>
</tr>
<tr>
<td>• ONRR Lease Number</td>
</tr>
<tr>
<td>• ONRR Agreement Number</td>
</tr>
<tr>
<td>• Product Code</td>
</tr>
<tr>
<td>• Sales Type Code</td>
</tr>
<tr>
<td>• Sales MO/YR</td>
</tr>
<tr>
<td>• Transaction Code</td>
</tr>
<tr>
<td>• Adjustment Reason Code</td>
</tr>
<tr>
<td>• Sales Volume</td>
</tr>
<tr>
<td>• Gas MMBtu</td>
</tr>
<tr>
<td>• Sales Value</td>
</tr>
<tr>
<td>• Royalty Value Prior to Allowances</td>
</tr>
<tr>
<td>• Transportation Allowance</td>
</tr>
<tr>
<td>• Processing Allowance</td>
</tr>
<tr>
<td>• Royalty Value Less Allowances</td>
</tr>
<tr>
<td>• Payment Method Code</td>
</tr>
</tbody>
</table>

Once an estimate is established, any increase or decrease requires an adjustment reason code 32.

Increase the amount of the estimate by entering a positive value in the royalty value prior to allowances (RVPA) and the royalty value less allowances (RVLA) fields.

Decrease the amount of the estimate by entering a negative value in the royalty value prior to allowances (RVPA) and the royalty value less allowances (RVLA) fields.

Be sure to use the adjustment reason code (ARC) 32 when making the adjustment.
How to Recoup an Estimate

• Recoup Federal estimates anytime

• Recoup Indian estimates according to Indian recoupment limitations (estimate payments are overpayments, not required by terms)

• Estimate payments are disbursed by ONRR to the entitled recipients

How to recoup an estimate:

Follow the proper procedures in accordance with Federal and Indian recoupments and refunds.

Recoup Federal estimates at any time against any lease.

Estimates for Indian leases are lease specific and are subject to recoupment limitations.

Recoup tribal leases at 100% and allotted leases at 50% against current revenue.

Reminder: The estimate payments are disbursed to the entitled recipient.
An estimate is NOT needed for all products

- The estimate sales month will reflect all products on the lease (rolled-up to the lease level)

- Companies need to use the correct sales month for any product not requiring an estimate

Establish an estimate balance at lease level, not for a specific product.
Report the correct sales month depending on which product on the 2104 report will have an established estimate.
Once the estimate is established, report the sales month as 2 months prior to the report month for actual production reporting.
Transaction Code 03  
(Multiple Products and Establishing an Estimate)

<table>
<thead>
<tr>
<th>Detail Line</th>
</tr>
</thead>
<tbody>
<tr>
<td>Line Number</td>
</tr>
<tr>
<td>API Well Number</td>
</tr>
<tr>
<td>ONRR Lease Number</td>
</tr>
<tr>
<td>ONRR Agreement Number</td>
</tr>
<tr>
<td>Product Code</td>
</tr>
<tr>
<td>Sales Type Code</td>
</tr>
<tr>
<td>Sales MO/YR</td>
</tr>
<tr>
<td>Transaction Code</td>
</tr>
<tr>
<td>Adjustment Reason Code</td>
</tr>
<tr>
<td>Sales Volume</td>
</tr>
<tr>
<td>Gas MMBtu</td>
</tr>
<tr>
<td>Sales Value</td>
</tr>
<tr>
<td>Royalty Value Prior to Allowances</td>
</tr>
<tr>
<td>Transportation Allowance</td>
</tr>
<tr>
<td>Processing Allowance</td>
</tr>
<tr>
<td>Royalty Value Less Allowances</td>
</tr>
<tr>
<td>Payment Method Code</td>
</tr>
</tbody>
</table>

Situation: Lease has oil and gas sold for the month of March. Payor only receives the sales data for oil by the report due date.

Scenario: Company receives oil run tickets timely, gas plant statements are received late. What fields must be completed on your monthly report for each product? (You are setting up the estimate for Line 2 for $1000.00)

Line 1.

Line 2.
### Transaction Code 03
(Multiple Products and Establishing an Estimate)

<table>
<thead>
<tr>
<th>Detail Line</th>
<th>1</th>
<th>2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Line Number</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>API Well Number</td>
<td>xx</td>
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</tr>
<tr>
<td>ONRR Lease Number</td>
<td>0490129432</td>
<td>0490129432</td>
</tr>
<tr>
<td>ONRR Agreement Number</td>
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<td>xx</td>
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<tr>
<td>Product Code</td>
<td>01</td>
<td>04</td>
</tr>
<tr>
<td>Sales Type Code</td>
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<tr>
<td>Sales MO/YR</td>
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<td>012012</td>
</tr>
<tr>
<td>Transaction Code</td>
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<td>03</td>
</tr>
<tr>
<td>Adjustment Reason Code</td>
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<td>xx</td>
</tr>
<tr>
<td>Sales Volume</td>
<td>1280</td>
<td>xx</td>
</tr>
<tr>
<td>Gas MMBtu</td>
<td>xx</td>
<td>??</td>
</tr>
<tr>
<td>Sales Value</td>
<td>704.00</td>
<td>??</td>
</tr>
<tr>
<td>Royalty Value Prior to Allowances</td>
<td>88.00</td>
<td>1,000.00</td>
</tr>
<tr>
<td>Transportation Allowance</td>
<td>xx</td>
<td>xx</td>
</tr>
<tr>
<td>Processing Allowance</td>
<td>xx</td>
<td>xx</td>
</tr>
<tr>
<td>Royalty Value Less Allowances</td>
<td>88.00</td>
<td>1,000.00</td>
</tr>
<tr>
<td>Payment Method Code</td>
<td>03</td>
<td>03</td>
</tr>
</tbody>
</table>

**Solution:**

- **Product Code**: 04
- **Sales Type Code**: ARMS
- **Transaction Code**: 01
- **RVPA**: 1000.00
- **RVLA**: 1000.00
- **Payment Method**: 3

**Solution Hint:** If reporting after the 10th of the month, note that the report month changes. If you set up estimates for a particular sales date, you may want to send them in on a separate report if you are having difficulty with corrections and overrides, and you may not be finished by the 10th of the month.
### Transaction Code 03

(Multiple Products and Establishing Estimate cont.)

**Detail Line**

- **Line Number**: 1, 2, 3
- **API Well Number**: xx, xx, xx
- **ONRR Lease Number**: 0540077770, 0540077770, 0540077770
- **ONRR Agreement Number**: xx, xx, xx
- **Product Code**: 01, 04, xx
- **Sales Type Code**: ARMS, ARMS, xx
- **Sales MO/YR**: 022012, ??????, ??????
- **Transaction Code**: 01, 01, 03
- **Adjustment Reason Code**: xx, xx, 32
- **Sales Volume**: 1280, xx, xx
- **Gas MMBtu**: xx, ??, xx
- **Sales Value**: 704.00, ??, xx
- **Royalty Value Prior to Allowances**: 88.00, ??, ??
- **Transportation Allowance**: xx, xx, xx
- **Processing Allowance**: xx, xx, xx
- **Royalty Value Less Allowances**: 88.00, ??, ??
- **Payment Method Code**: 03, 03, 03

Once a payor has established an estimate for a lease, they need to make sure they report the correct sales month and adjust their estimate accordingly.

---

**Scenario:** Company established estimate last month. This is production month February. How would you report oil & gas on your Form 2014 if you have that estimate established and you want to increase your estimate for increased production by $500.00?

**Line 1:**

**Line 2:** Your Sales Value is $12,000. The Royalty Rate is 12.5%, and the price is $5.00. The Btu factor is 1.51.

**Line 3:**
### Transaction Code 03
(Multiple Products and Establishing Estimate cont.)

#### Detail Line

<table>
<thead>
<tr>
<th>Line Number</th>
<th>1</th>
<th>2</th>
<th>3</th>
</tr>
</thead>
<tbody>
<tr>
<td>API Well Number</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
</tr>
<tr>
<td>ONRR Lease Number</td>
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<td>0540077770</td>
<td>0540077770</td>
</tr>
<tr>
<td>ONRR Agreement Number</td>
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<tr>
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<tr>
<td>Sales Type Code</td>
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<td>ARMS</td>
<td>XX</td>
</tr>
<tr>
<td>Sales MO/YR</td>
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<tr>
<td>Transaction Code</td>
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<td>01</td>
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</tr>
<tr>
<td>Adjustment Reason Code</td>
<td>xx</td>
<td>xx</td>
<td>32</td>
</tr>
<tr>
<td>Sales Volume</td>
<td>1280</td>
<td>1589.40</td>
<td>XX</td>
</tr>
<tr>
<td>Gas MMBtu</td>
<td>xx</td>
<td>2,400.00</td>
<td>XX</td>
</tr>
<tr>
<td>Sales Value</td>
<td>704.00</td>
<td>12,000.00</td>
<td>XX</td>
</tr>
<tr>
<td>Royalty Value Prior to Allowances</td>
<td>88.00</td>
<td>1,500.00</td>
<td>500.00</td>
</tr>
<tr>
<td>Transportation Allowance</td>
<td>xx</td>
<td>xx</td>
<td>XX</td>
</tr>
<tr>
<td>Processing Allowance</td>
<td>xx</td>
<td>xx</td>
<td>XX</td>
</tr>
<tr>
<td>Royalty Value Less Allowances</td>
<td>88.00</td>
<td>1,500.00</td>
<td>500.00</td>
</tr>
<tr>
<td>Payment Method Code</td>
<td>3</td>
<td>3</td>
<td>3</td>
</tr>
</tbody>
</table>

Once a payor has established an estimate for a lease, they need to make sure they report the correct sales month and adjust their estimate accordingly.

---

**Solution:**

**Line 2:**

Sales Month: 012012  
Sales Volume: 1,589.40  
Gas MMBtu: 2,400.00  
Sales Value: 12,000.00  
RVPA: 1,500.00  
RVLA: 1,500.00

**Line 3:**

Sales Month: 022012  
RVPA: $500.00  
RVLA: $500.00
The ONRR Financial System uses estimate balances in late payment interest calculations

- The ONRR financial system tracks estimate balances
- For a given lease and sales month, the ONRR financial system compares the lease estimate balance to the actual royalty paid under the estimate
- Interest is due on the amount that the royalty payment exceeds the estimate balance
- Interest is also due on amounts paid after the due date for estimate reporting.

The rationale for ONRR’s tracking of estimate balances is that interest may be due if estimates are too low, however, if an estimate is too high for an extended period of time, ONRR will not pay interest.

For a given lease and sales month, ONRR compares the lease estimate balance to the actual royalty paid. Interest is due on the amount that the royalty payment exceeds the estimate balance. Interest is also due on amounts paid after the due date for estimate reporting. Therefore, it is to your benefit to maintain a record of all estimate payments and adjustments for each lease to possibly prevent an overrecoupment of an estimate balance.
Maintain Estimate Balance Records

- The 2014 estimate balance report summarizes ONRR’s records of estimate transactions.
- Companies can access this monthly report in their company folder through the internet (Data Portal) at https://dwportal.mms.gov/
- Companies should keep a record of their estimate payments by lease and reconcile balances at least yearly

Keep track of estimate balance payments and adjustments for each lease.

Access the estimate balance detail and summary reports through the company specific payor folder in the Data Warehouse Portal.

Check the payor folders weekly for new information

Reconcile estimate balances yearly against the estimate balance detail.

**ONRR will attempt to provide data when requested, but adequate staff is not available to respond to frequent and numerous requests for data.**
Reporting Exercise

• Rocky Mountain Oil & Gas sold unprocessed gas (product code 04) from lease 049-012345-0 for sales month January 2012 to an unaffiliated company
• Lease participates in the Laramie Unit 891-001234-0
• Total agreement production volume is 3000 mcf
• Lease receives a 20 percent allocation from the unit
• Btu content is 1.150
• Price per MMBTU is $5.00
• Lease royalty rate is 12 1/2 Percent
• Payment by EFT

Reporting Exercise for classroom experience
Reporting Exercise Answer

Total agreement production volume x tract percentage x Federal mineral ownership interest = sales volume

\[ 3000 \text{ mcf} \times 0.20 \times 0.5 = 300 \text{ mcf} \]

Sales volume x Btu content = Gas MMBtu

\[ 300 \text{ mcf} \times 1.150 \text{ MMBtu/mcf} = 345 \text{ Gas MMBtu} \]

GAS MMBtu x price per unit = sales value

\[ 345 \text{ MMBtu} \times \$5.00/\text{MMBtu} = \$1,725.00 \text{ Sales Value} \]

Sales value x lease royalty rate = royalty value

\[ \$1,725.00 \times 0.125 = \$215.63 \text{ Royalty Value} \]

Solution to the Reporting Exercise Scenario

If reporting gas product codes (PC 03 or PC 04), the sales value is the sales volume in MCF times the MCF price or the MMBtu times the MMBtu price.
Questions?????
Adjustments, Recoupments & Refunds
Whenever you submit incorrect data on Form 2014, you must make subsequent adjustments to correct the information. **An adjustment is any correction made on Form 2014 to a previously reported line.** You make adjustments to:

- Pay additional monies,
- Recoup overpaid and over reported amounts, or
- Change information that has no effect on payments.

Adjustments, and the way they are reported, are affected by the lease type (Federal or Indian) and the time period.
Adjustment

Correction made on Form 2014 to a previously accepted line to report:

- Additional monies
- Change information that has no effect on payments

Two-line entry required (except estimates):

- Reverse original line as accepted into the MRM financial system, and as converted to the new Form 2014 format
- Enter adjusting line
- Adjustment reason code required on both lines

An adjustment is a correction that you make on the Form 2014 to a previously accepted line to report additional monies or to make a change that does not effect the payment (for example, correct your product code, sales type code, sales month etc.)

- You will adjust a line by reversing the original line as it accepted into the ONRR system, and as converted to the new Form 2014 format (using a valid ARC).

- Then, you will report the line correctly (also using a valid ARC).

- The two-line reversal is not used for estimate reporting. You will increase or decrease an estimate balance using a single-line entry.
• Valid Adjustment Reason Codes (ARC)

10 Adjustment
At the request of industry, we consolidated the ARCs wherever possible. Unless instructed otherwise by MRM, industry can report volume, value, and royalty rate adjustments using ARC 10.

15 Marginal Property True-Up
16 Major Portion/Dual Accounting (post 01/01/2000)
17 MMS-Initiated Compliance Adjustment
32 Estimate Adjustment
35 Unit Participating Area/Communitization Agreement Adjustment
49 Index Zone/Dual Accounting Price Adjustment

Notice the valid and invalid ARC’s for the new Form 2014. We continue to see many rejected lines with invalid ARC’s.

For more information on Adjustment Reason Codes, See the Minerals Revenue Reporter Handbook, Appendix F, Adjustment Reason Codes.
Recoupment

- An adjustment on Form 2014 that results in a net negative total for the transaction.
- ONRR prefers the credit is recovered from the balance of the document.
- Fastest and most cost-efficient way to correct an overpayment.

If you make an adjustment that does effect the monies and results in a net negative total for the transaction, this is considered a recoupment. Then, you can recover the credit from the balance of the document.

- A recoupment is the fastest and most cost-efficient way to correct an overpayment.

- ONRR prefers that you recoup your overpayment in this way.
Refund
A payment made by ONRR to a payor. ONRR prefers overpayments to be recouped against revenue on Form 2014. Otherwise, notify ONRR by telephone, fax, or in writing of a refund request. Include the following:

- Explanation of how overpayment occurred
- Request for a specific amount
- Taxpayer Identification or Social Security Number
- Correcting Form 2014 or copy of check

A refund is when ONRR directs the U.S. Treasury to issue funds to a payor for an overpayment. ONRR PREFERS OVERPAYMENTS TO BE RECOUPED AGAINST REVENUE ON YOUR FORM 2014. However, if you request a refund through ONRR, notify us by telephone, fax, or in writing and include the following:

- A brief explanation of how the overpayment occurred
- A request for a specific amount
- Your taxpayer identification number or social security number if you are an individual. ONRR must include this number on all checks or wire payments made by the U.S. Treasury.
- A properly completed Form 2014 that reverses the originally reported overpayment and then reports the correct data. The net difference represents the amount of your refund request or,
- If you did not report the overpayment on Form 2014, provide a copy of the check or wire transfer information to help us identify your overpayment.
Refund (cont.)

ONRR will send your refund electronically. Include the following:

- Payor name
- Bank name, city, and state
- Nine-digit American Banking Association (ABA) number
- Bank account number and account type (c - checking or s - savings)

The Debt Collection Improvement Act of 1996 requires ONRR to send all Federal payments electronically unless the recipient certifies that they do not have an account at a financial institution.

To process the funds electronically, include the following:

- Payor name
- Your bank name, city, and state
- Your 9-digit American Banking Association (ABA) number
- Your bank account number and account designation (c - checking or s - savings)
- Your taxpayer identification or social security number
Federal Leases

**Adjustment** must be made within 6 years from obligation due date (6-year adjustment period).

**Recoupment** must be taken within 6 years from obligation due date (6-year adjustment period).

**Refund** request must be submitted within 6 years from obligation due date (6-year adjustment period).

You must make adjustments within 6 years from the obligation due date. For example, you must make any adjustments to the December 2005 sales period before the last day of January 2012.

You can adjust overpayments and underpayments discovered during an audit if they exceed the 6-year adjustment period only after a written notice is approved by the Secretary or the applicable delegated State (tolling agreement).

In the event that the lines adjusting lines reject, you must contact your Royalty Error Specialist and provide a copy of the issue letter, audit report, order, and/or data mining email request/order.
Federal Recoupment Situations

• Overpaid/Reported Royalties Correctly
  – No adjusting Form-2014 necessary.
  – Use credit toward the payment of the next amount due to any lease.
  – Please notify your assigned ONRR Accountant.

• Overpaid and Over-Reported Royalties
  – Must reverse original entry and rebook line with correct data.
  – ONRR prefers adjustment be added to the next Form-2014 that has an amount due to ONRR.

Helpful Hint: You must go and review your original lines in the data warehouse and not back out what is in your system. There may be a discrepancy due to overrides, changes, etc.
MAKING AN ADJUSTMENT THAT DOES NOT EFFECT ROYALTIES

Detail Line
- Line Number 1 2
- API Well Number
- MMS Lease Number 049012943A 049012943A
- MMS Agreement Number 8910012340
- Product Code 04 04
- Sales Type Code ARMS ARMS
- Sales MO/YR 072011 072011
- Transaction Code 01 01
- Adjustment Reason Code 10 10
- Sales Volume -1280.00 1280.00
- Gas MMBtu -1408.00 1408.00
- Sales Value -704.00 704.00
- Royalty Value Prior to Allowances -88.00 88.00
- Transportation Allowance 0.00 0.00
- Processing Allowance 0.00 0.00
- Royalty Value Less Allowances -88.00 88.00
- Payment Method Code 3 3

To correct a Federal reporting error that does not effect the monies, reverse the original line as accepted and enter the adjustment to report the correct information using ARC 10.

Remit check in the amount of $0.00 (net difference).

First Step: Go to the Data Warehouse and find the original line (do not use your own history).

Second Step: Reverse your original line using the appropriate adjustment reason code.

Third Step: Rebook your line ensuring that you use the same adjustment reason code as your reversal line.

Don’t forget: Your payment method even if it is a negative royalty.

For estimate adjustments always use ARC 32.

If you are making adjustments for an audit, do not reverse estimates as this is an unnecessary step.
To correct a Federal reporting error that does effect the monies, reverse the original line as accepted and enter the change to the Royalty Value Less Allowance to report the correct information using ARC 10. Remit check in the amount of $88.00 (net total of report).

First Step: Go to the Data Warehouse and find the original line (do not use your own history).

Second Step: Reverse your original line using the appropriate adjustment reason code.

Third Step: Rebook your line ensuring that you use the same adjustment reason code as your reversal line.
Indian Tribal and Allotted Leases

Adjustment
You can make corrections at any time to report:

• Additional monies
• Change information that has no effect on payments (no cross-lease netting)

Refund
ONRR cannot refund payments
• Allotted leases - refund not possible
• Tribal leases - company must request from appropriate Tribe

An adjustment is a correction that you make on the Form 2014 to a previously accepted line to report additional monies or to make a change that does not effect the payment (for example, correct your product code, sales type code, sales month etc.)

• ONRR cannot refund allotted and tribal payments; therefore, be very careful when you report and pay Indian leases.

We are going to discuss some different scenarios to either recoup or get a refund for overpayments on allotted or tribal leases.

• If you overpay an allotted lease and you are the responsible payor to report and pay royalties on the lease and it is producing, you can recoup the overpayment (50 percent) against current revenue on that lease. You must establish that overpayment using Transaction Code 50 (Indian Recoupable Balance). If the lease is not producing, you will be unable to get a refund from the allottee. If you sold the lease and it is producing, you can ask the new payor if they will recoup the overpayment for you by transferring your recoupable balance (TC 50) to them. To recoup your recoupable balance, you must use Transaction Code 51 (Indian Recoupment Taken).

• If you overpay a tribal lease and you are the responsible payor to report and pay royalties on the lease and it is producing, you can recoup the overpayment (100 percent) against current revenue on that lease, or request a refund from the appropriate tribe. You must establish that overpayment using Transaction Code 50 (Indian Recoupable Balance). If you are no longer the responsible payor or the lease is not producing, you can request permission from the tribe to recoup the balance from other tribal leases that you report and pay current revenue. If you sold the lease and it is producing, you can ask the new payor if they will recoup the overpayment for you by transferring your recoupable balance (TC 50) to them. To recoup your recoupable balance, you must use Transaction Code 51 (Indian Recoupment Taken).

NOTE: If you are going to transfer Indian estimates or recoupable balances, you must contact your Royalty Error Specialist to perform this action for you. Reporters/Payors are not allowed to transfer the balances.
# Recoupment Comparison

<table>
<thead>
<tr>
<th>TRIBAL</th>
<th>ALLOTTED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under protection of Indian Tribe</td>
<td>Owned by an individual Indian</td>
</tr>
<tr>
<td>TC 50/51</td>
<td>TC 50/51</td>
</tr>
<tr>
<td>Recoup up to 100% of net current revenues</td>
<td>Recoup up to 50% of net current revenues</td>
</tr>
<tr>
<td>Lease specific</td>
<td>Lease specific</td>
</tr>
<tr>
<td>With written permission from the Tribe, may recoup from other tribal leases</td>
<td></td>
</tr>
</tbody>
</table>

Let’s look at the difference between tribal and allotted lease recoupment procedures.

**Tribal:** The payment is disbursed to the tribe. If you overpay a tribal lease, you can set up a recoupable balance (TC 50) and recoup against current revenue using (TC 51). You can recoup up to 100% of net current revenue against the same lease as the overpayment. If you overpay a tribal lease and are unable to recoup the balance, you can request permission from the tribe to recoup the balance from other tribal leases.

**Allotted:** The payment is disbursed to an individual allottee; therefore, the recoupment is prorated so that the current revenue is not reduced by more than 50 percent. If you overpay an allotted lease, you can set up a recoupable balance (TC 50) and recoup against current revenue using (TC 51) on the same lease as the overpayment. If you overpay an allotted lease and are unable to recoup the balance, you will not be able to get a refund.

Note: Keep track of your recoupable balances by payor code and lease number because if you try to recoup more than the balance, the line will reject.
Indian Recoupment Situations

- **Overpaid - Reported Royalties Correctly**
  - No adjusting Form-2014 necessary.
  - Use credit toward the payment of the next amount due to any Indian lease. Please notify your assigned ONRR Accountant.

- **Overpaid on a Tribal Lease (PMC 7) - Reported Royalties Correctly**
  - No adjusting Form-2014 necessary.
  - Use credit only to reduce future payments to that specific tribal lockbox. Please notify your assigned ONRR Accountant.

- **Overpaid and Over-Reported Royalties**
  - Must reverse original entry and rebook line with correct data
  - Must establish recoupable balance for the specific Indian lease(s) in which the error(s) occurred with a Transaction Code 50.
  - Once TC 50 is established, recoup with TC 51 against current month’s net revenue due on the same lease until fully recouped.
MAKING AN ADJUSTMENT THAT DOES NOT EFFECT ROYALTIES

To correct a Indian reporting error that does not effect the monies, reverse the original line as accepted and enter the adjustment to report the correct information using ARC 10.

Remit check in the amount of $0.00 (net difference).

First Step: Go to the Data Warehouse and find the original line (do not use your own history).

Second Step: Reverse your original line using the appropriate adjustment reason code.

Third Step: Rebook your line ensuring that you use the same adjustment reason code as your reversal line.

Don’t forget: Your payment method even if it is a negative royalty.

For estimate adjustments always use ARC 32.

If you are making adjustments for an audit, do not reverse estimates as this is an unnecessary step.
Indian Tribal Lease vs. Allotted Lease Recoupment Example

- The Reporter reported an incorrect volume:
  Reported 10,000 Mcf
  Should be 1,000 Mcf
- The leases have a 20 percent royalty rate.
- The overpayment occurred on report month February 2012 for January 2012 production.
- A correction will be made on the March 2012 report at which time the March 2012 production will also be reported.

We will go through an example to show you the difference in reporting between Indian allotted and tribal leases.

The lease information shown will remain the same for both examples; only the reporting will be different.
To correct the original line reported on Form 2014:

Go to the Data Warehouse and find the original line (do not use your own history).

**Line 1**: Reverse the original line as accepted into the ONRR’s system (using a valid ARC)

**Line 2**: Enter the adjustment line to report the correct volume (using a valid ARC).

**Line 3**: Use TC 50 to establish a recoupable balance to offset the overpayment. The royalty value for TC 50 is a positive amount and is the difference between line one and line two (your document total will be zero). The sales month will match your royalty line in which the overpayment occurred.

For report month March 2012 and sales month February 2012, you can recoup against the TC 50 balance that you established the prior month.

**Line 4: Current Production**

**Line 5**: Use TC 51 to recoup the overpayment. For Indian tribal leases, you can recoup up to 100 percent of current revenue due for the lease. The sales month will match your royalty line in which you are recouping against.

The royalty value for February production is $865.80. You can recoup 100 percent of $865.80. You own nothing.
To correct the original line reported on Form 2014:

Go to the Data Warehouse and find the original line (do not use your own history).

**Line 1:** Reverse the original line as accepted into the ONRR’s system (using a valid ARC)

**Line 2:** Enter the adjustment line to report the correct volume (using a valid ARC).

**Line 3:** Use TC 50 to establish a recoupable balance to offset the overpayment. The royalty value for TC 50 is a positive amount and is the difference between line one and line two (your document total will be zero). The sales month will match your royalty line in which the overpayment occurred.

For report month March 2012 and sales month February 2012, you can recoup against the TC 50 balance that you established the prior month.

**Line 4: Current Production**

**Line 5:** Use TC 51 to recoup the overpayment. For Indian Allotteded leases, you can recoup up to 50 percent of current revenue due for the lease. The sales month will match your royalty line in which you are recouping against.

The royalty value for February production is $865.80. You can recoup 50 percent of $865.80. You own $432.50.
Transaction Code 25

Advance rental payments (TC 05) are **NOT** considered overpayments.

Recoupments (TC 25) of advance rental payments (TC 05) are **NOT** subject to recoupment limitations within the current lease year (recoup 100%).

Tip: Recoup the current lease year rent before recouping any already established recoupable balance.

- ONRR does not consider advance rentals overpayment therefore, the Indian recoupment procedures do not apply.
- So once you have reported and paid your recoupable rent (TC 05) begin recouping it the following month or two if you have an estimate established, at 100% against your current revenue **within the current lease year**. This applies to both allotted and tribal leases.
- We continue to see payors recoup only 50% on allotted leases within the current lease year.
- Be sure to recoup your current lease year rent before recouping any recoupable balance (TC 50). This is not a rule but a suggestion.
- Note: Be sure to keep track of your recoupable and rental balances.
Indian Lease Example Recouping Current Year Rental

<table>
<thead>
<tr>
<th>Detail Line</th>
<th>Current Royalties</th>
<th>Recouping Rent</th>
</tr>
</thead>
<tbody>
<tr>
<td>· Line Number</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>· API Well Number</td>
<td></td>
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</tr>
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<td>· MMS Lease Number</td>
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<tr>
<td>· MMS Agreement Number</td>
<td>8910012340</td>
<td></td>
</tr>
<tr>
<td>· Product Code</td>
<td>04</td>
<td></td>
</tr>
<tr>
<td>· Sales Type Code</td>
<td>OINX</td>
<td></td>
</tr>
<tr>
<td>· Sales MO/YR</td>
<td>022012</td>
<td>022012</td>
</tr>
<tr>
<td>· Transaction Code</td>
<td>01</td>
<td>25</td>
</tr>
<tr>
<td>· Adjustment Reason Code</td>
<td></td>
<td></td>
</tr>
<tr>
<td>· Sales Volume</td>
<td>720.00</td>
<td>0.00</td>
</tr>
<tr>
<td>· Gas MMBtu</td>
<td>845.00</td>
<td>0.00</td>
</tr>
<tr>
<td>· Sales Value</td>
<td>4329.00</td>
<td>0.00</td>
</tr>
<tr>
<td>· Royalty Value Prior to Allowances</td>
<td>865.00</td>
<td>-800.00</td>
</tr>
<tr>
<td>· Transportation Allowance</td>
<td>0.00</td>
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<tr>
<td>· Processing Allowance</td>
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<td>· Royalty Value Less Allowances</td>
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</tr>
<tr>
<td>· Payment Method Code</td>
<td>3</td>
<td>3</td>
</tr>
</tbody>
</table>

Note: Current year rent must be reported and paid before recouped against current royalties.

Assume the annual rent of $800 was paid and reported by the annual due date of Jan 1, 2012.

**Recoup the current year rent at 100% of the current revenue, regardless of the Indian lease type.**

For report month March 2012 and sales month February 2012, you can recoup the current lease year rent.

- Use TC 25 to recoup the current year rent payment at 100%. Leaving net revenues of $65.00. (Revenue $865.00 – Rent Recoup $800.00 = $65.00)

- The sales month will match your royalty line in which you are recouping against.
Indian Example Recouping
Past Year Rental

<table>
<thead>
<tr>
<th>Detail Line</th>
<th>Current Roy</th>
<th>Recoup Past Rental</th>
<th>Set Up 50</th>
</tr>
</thead>
<tbody>
<tr>
<td>Line No.</td>
<td>1</td>
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<tr>
<td>API No.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lease No.</td>
<td>6340027270</td>
<td>6340027270</td>
<td>6340027270</td>
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<td>Agreement No.</td>
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<tr>
<td>PC</td>
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<tr>
<td>STC</td>
<td>OINX</td>
<td></td>
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<td>012011</td>
<td>012012</td>
</tr>
<tr>
<td>TC</td>
<td>01</td>
<td>25</td>
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<td>ARC</td>
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<td>10</td>
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<tr>
<td>SV</td>
<td>720.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Gas MMBtu</td>
<td>845.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Sales Value</td>
<td>4329.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>RVPA</td>
<td>865.00</td>
<td>-800.00</td>
<td>800.00</td>
</tr>
<tr>
<td>TA</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>PA</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>RVLA</td>
<td>865.00</td>
<td>-800.00</td>
<td>800.00</td>
</tr>
<tr>
<td>PM</td>
<td>3</td>
<td>3</td>
<td>3</td>
</tr>
</tbody>
</table>

REMEMBER – Current Rent Recoupsments are **NOT** Overpayments.
Rent Recoupsments Outside the lease year **ARE** overpayments.

**OVERPAYMENTS NEED A TC50.**

Facts:
Jan 2011 past royalties paid were $850.00
Annual ‘2011 rental $800 was reported/paid timely.

To recoup a past year rental:
1. Rent must be paid.
2. Only recoup up to the total royalties paid during the lease year minus any TC 03 estimates and TC51 Indian Recoupsments.
3. Now follow same procedures to recoup a current year rental (TC 25) except payor must set up a recoupable balance (TC 50) to offset. Payor can begin recouping with TC 50 against any new revenue at the proper rate with TC 51.
Indian Lease Example

Recouping Current/Past Rental and Recoupable Balances

<table>
<thead>
<tr>
<th>Detail Line</th>
<th>Current Roy</th>
<th>Recoup Past Rental</th>
<th>Set Up 50</th>
<th>Current Rent Recoup</th>
<th>Reduce Recoup Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Line No.</td>
<td>1</td>
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<tr>
<td>PC</td>
<td>04</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>STC</td>
<td>OINX</td>
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</tr>
<tr>
<td>TC</td>
<td>01</td>
<td>25</td>
<td>50</td>
<td>25</td>
<td>51</td>
</tr>
<tr>
<td>ARC</td>
<td>10</td>
<td>10</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SV</td>
<td>720.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Gas MMBtu</td>
<td>845.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Sales Value</td>
<td>4329.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>RVPA</td>
<td>865.00</td>
<td>-800.00</td>
<td>800.00</td>
<td>-800.00</td>
<td>-32.50</td>
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<td>TA</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>PA</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>RVLA</td>
<td>865.00</td>
<td>-800.00</td>
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<td>-32.50</td>
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<tr>
<td>PM</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
</tr>
</tbody>
</table>

On same report (lease specific), determine your current net revenues: new royalties minus any current year rent recoupment ($865.00 - $800.00 = $65.00).

Recoup any recoupable balance against the remaining revenue.

If lease is tribal, add TC 51 for -65.00. If allotted, TC 51 = $-32.50 (1/2 $65.00).

Resulting in report total and payment: Tribal = Zero, Allotted = $32.50.

For report month March 2012 and sales month February 2012, you can recoup the current lease year rent, as well as, any TC 50 balance that you established previously or on the current report.

• Use TC 25 to recoup the current year rent payment at 100%. Leaving net revenues of $65.00 left to recoup ($865.00 - $800.00).
• Use TC 51 to recoup any overpayment. For Indian allotted leases, you may not exceed 50 percent of current net revenue due for the lease.
• The sales month will match your royalty line in which you are recouping against.
• You can recoup 50 percent of the net revenue of $65.00 which equals $32.50, assuming that the recoupable balance equals or exceeds $32.50.
Transaction Code 03

Reductions to estimated payments (TC 03) ** ARE subject to recoupment limitations (tribal 100%, allotted 50%)

Tip: Recoup the current lease year rent ** before ** recouping any estimate balance.

- Keep in kind that if you reduce an estimate balance, you ** ARE ** subject to the recoupment limitations (tribal 100%, allotted 50%).

- If recouping both a current year rent and reducing an established estimate balance, recoup the rent at 100% and the remainder is subject to the recoupment limitations (tribal 100%, allotted 50%).

- Note: Be sure to keep track of your estimate balances so that you do not exceed the amount established in ONRR’s system.
**Indian Allotted Example**

**Recouping Rental & Estimate Balances**

<table>
<thead>
<tr>
<th>Detail Line</th>
<th>Current Roy Rent Recoup</th>
<th>Current Estimate</th>
<th>Reduce Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Line No.</td>
<td>1</td>
<td>2</td>
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</tr>
<tr>
<td>API No.</td>
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<tr>
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<td>6340027270</td>
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<tr>
<td>STC</td>
<td>OINX</td>
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<tr>
<td>Sales MO/YR</td>
<td>022012</td>
<td>022012</td>
<td>012012</td>
</tr>
<tr>
<td>TC</td>
<td>01</td>
<td>25</td>
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<tr>
<td>ARC</td>
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<tr>
<td>SV</td>
<td>720.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Gas MMBtu</td>
<td>845.00</td>
<td>0.00</td>
<td>0.00</td>
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<tr>
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<td>4329.00</td>
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<td>0.00</td>
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<tr>
<td>RVPA</td>
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<tr>
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<td>RVLA</td>
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<td>-232.50</td>
</tr>
<tr>
<td>PM</td>
<td>3</td>
<td>3</td>
<td>3</td>
</tr>
</tbody>
</table>

Facts: 2012 annual rent of $400 has been reported/paid and the current estimate balance is $250.00

Recoup the current year rent at 100% of the current revenue. The current net revenue will total $465.00 ($865.00 - $400.00).

Now payor can reduce their estimate balance by 50% of their net revenue = $232.50 (1/2 of $465.00), using TC 03, ARC 32.

For report month March 2012 and sales month February 2012, you can recoup the current year rent as well as any established estimate balance you established the prior month.

- Recoup the current lease year rent with a TC 25 at 100% of the current revenue ($865.00 - $400.00 = 465.00)
- Use TC 03 with ARC 32 to reduce your estimate balance. For Indian allotted leases, you may not exceed 50 percent of current net revenue due for the lease. The sales month will always be one month prior to the report month. In this example, it also matches the sales month of the current production.
- You can recoup 50 percent of the net revenue $465.00 which equals $232.50, assuming that your estimate balance is equal to or greater than $232.50.
Indian Allotted Example

Recouping TC 50 and Estimate Balances

<table>
<thead>
<tr>
<th>Detail Line</th>
<th>Current Roy</th>
<th>Recouping Indian Recoup Balance</th>
<th>Reduce Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Line No.</td>
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<td>3</td>
</tr>
<tr>
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<td>Sales MO/YR</td>
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</tr>
<tr>
<td>PM</td>
<td>3</td>
<td>3</td>
<td>3</td>
</tr>
</tbody>
</table>

Facts: Current recoupable (TC 50) balance is $200 and the current estimate balance is $250.00.

When recouping recoupable and estimate balances against current revenue for allotted leases, the combined recoupment amounts cannot exceed 50% of the current revenue.

Can only recoup up to ½ of $865.80 with combination TC03/51 (865.00 / 2 = 432.50)

For report month January 2004 and sales month November 2003, you can recoup the current year rent as well as any established estimate balance you established the prior month.

- Recoup the current lease year rent with a TC 25 at 100% of the current revenue ($865.80 - $400.00 = 465.80)
- Use TC 03 with ARC 32 to reduce your estimate balance. For Indian allotted leases, you may not exceed 50 percent of current net revenue due for the lease. The sales month will always be one month prior to the report month. In this example, it also matches the sales month of the current.
- You can recoup 50 percent of the net revenue $465.80 which equals $232.90, assuming that your estimate balance is equal to or greater than $232.90.
Indian Allotted Example:

- Lease number is 1234567890
- Agreement Number NM 123456
- Report is being completed on 03-29-2012
- A estimate is on file for $26,000.00
- Recoupable Balance is $50,000.00
- Current Rent was paid $750.00 and $750.00 is left to recoup.
- Current Production is for 02-2012 RVLA is $6,250.00
- A Prior Period Adjustment is being made for Sales Month 05/2011. Adjustment will increase royalties due by $11,500.00

See scenario above. Using the paper 2014 to report answer the questions below.

What will you report on each line for the scenario above?

Line 1:

Line 2:

Line 3:

Line 4:

Line 5:

Line 6:

Line 7:
### Scenario Break Down

- **PPA (Reversal of Original Line)** $\text{-1,000.00}$
- **Rebook Line** $\text{12,500.00}$
- **New Revenue** $\text{11,500.00}$
- **Current Revenue** $\text{6250.00}$
- **Total Revenue** $\text{17,750.00}$
- ***Current Rent Recoup** $\text{-750.00}$

*Current Lease Year not considered over payment. Recoup 100% of Current Revenue.

- **Total Revenue Left** $\text{17,000.00}$
- ***50% of Total Revenue** $\text{8,500.00}$

*50% of Total Revenue (Allotted Lease) is what you can use to decrease estimates and recoup recoupable balances.

- **Estimate Balance Decrease** $\text{-3,000.00}$
- **Recoup Recoupable Balance** $\text{-5,500.00}$

**Reporter owes ONRR $8,500.00**

This is a great example that will aid in you in reporting correctly and keep you out of trouble.
OFFICE OF NATURAL RESOURCES REVENUE

OFFICE OF NATURAL RESOURCES REVENUE
Financial Management
Financial Services

Phone: 1-800-433-9801x Analyst Ext
Fax: 303-231-3372

MAIL

OFFICE OF NATURAL RESOURCES REVENUE
P.O. BOX 5810, MAIL STOP 355B1
DENVER, CO 80217-5810

Supervisors

Hans Meingast, Branch Chief ext. 3382

- James Alexander, ext. 3027
  (Indian) Team 3
- Diane Ford, ext. 3144
  (Federal) Team 2
- Mary Mitchell, ext. 3379
  (Federal) Team 1
- Phil King, ext. 3323
  Staff
- Hannah Price, ext. 3373
  Staff
Accountants

Federal Team 1-- Mary Mitchell x3379
- Niki Alomia x3417
- Mary Ann Atkinson x3321
- Damien Behounek x3503
- James Caldwell x3314
- Jamie Hamlin x3351
- Richard Izzo x3556
- Ron Marshall x3181
- Candace Merrell x3517
- Jonathan Nash Jonathan.Nash@mms.gov
- Noel Rivera Noel.Rivera@mms.gov
- Pola Vigil x3428

Federal Team 2-- Diane Ford x3144
- Nancy Brown x3672
- Lu Croisant x3451
- Deane LeBet x3223
- Alberta Lopez x3295
- Jan Marshall x3300
- Mike Metzgar x3200
- Donna Moorehouse x3489
- John O'Donoghue x3122
- Bob Paolini x3132
- Esperanza Siller-Kavanagh x3787
- Pola Vigil x3428

Accountants

Indian Team-- James Alexander x3027
- Corine Billingsley x3443
- Renee Corsi x3767
- Karen Jeffers x3406
- Diana Ohlsson x3371
- Jennifer Stephens x3596
- Joanne Taylor x3822


Financial Services Contact Lists

• Federal
• Indian

Locate your company contact by finding the appropriate letter of the alphabet.
FINANCIAL SERVICES
EXCEPTION PROCESSING

- DOCUMENT RECEIVED
  - FORM 2014
  - INVOICE REMITTANCE
  - COURTESY NOTICE

- PAYMENT RECEIVED
  - WIRE/ACH
  - CHECK
  - LOCKBOX

- IDENTIFY EXCEPTION
  - INT, FIN, IOR, OTH

- GENERATE INVOICE

- FINANCIAL TERM DATABASE

- ESTIMATE DATABASE

Exception Processing

Types of Invoices

- Interest
  - INT
  - Late payment interest
  - Overpayment Interest
  - Insufficient estimate interest
  - Oversufficient estimate interest

- Financial Term
  - FIN

- Indian Overrecoupment
  - IOR

- Other Invoices
  - OTH
INTEREST
LATE-PAYMENT (Federal & Indian)

The Exception Processing (EP) reviews these closed documents

- **All late-paid Form MMS 2014 lines**
  - Reviews for estimate by lease sales month/year, looks at receipt date of the 2014 and assigns due date
  - Compares due date to receipt date of the applied payment(s)

LATE-PAYMENT (Federal & Indian) cont.

- **All late-paid invoices**
  - **IOR Invoices**
    - Due date is the date of over-recoupment
  - **FIN Invoice**
    - Due date determined from the anniversary date
  - **INT and OTH invoices**
    - Due date assigned according to due date of invoice

- **All late-paid Courtesy Rent Notices**
  - Due date determined from the lease terms
How Multiple Payments Affect Late Payment Interest Calculation

- Payments with different receipt dates prorated over all Form MMS-2014 lines
  - Interest is calculated from the due date to the prorated paid date for the allocated amount
- Payments cannot be applied to a specific line on Form MMS-2014
- Payments are only applied to a specific item if the document contains just one line
- Payments with the same receipt date netted together

Netting

- No cross-lease netting allowed on Indian allotted leases
- Cross-lease netting allowed on Indian Tribal leases only with written permission from the tribe
- Pre RSFA (sales month prior to 1/97) we will allow you to cross-agreement and cross-lease net
- Post RSFA, no netting, we pay on your over-payments and bill on your under-payments, except Indian, Solids and Geothermal.
MULTIPLE PAYMENTS WITH DIFFERENT RECEIPT DATES

Allocation Process

1 ROYALTY LINE FROM A DOCUMENT TOTALLING $100,000

<table>
<thead>
<tr>
<th>Sales Month</th>
<th>Due Date</th>
<th>Amount</th>
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<tbody>
<tr>
<td>09/2007</td>
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THREE PAYMENTS WERE APPLIED

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<thead>
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<th>Date</th>
<th>Amount</th>
<th>Percentage</th>
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</thead>
<tbody>
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<td>10%</td>
</tr>
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</table>

(Total amount of 2014) $100,000

ALLOCATION OF 3 PAYMENTS TO THIS ONE ROYALTY LINE

<table>
<thead>
<tr>
<th>Amount</th>
<th>Percentage</th>
<th>Prorated paid date</th>
</tr>
</thead>
<tbody>
<tr>
<td>$6,000</td>
<td>30%</td>
<td>11/15/2007</td>
</tr>
<tr>
<td>$6,000</td>
<td>60%</td>
<td>12/30/2007</td>
</tr>
<tr>
<td>$6,000</td>
<td>10%</td>
<td>01/31/2008</td>
</tr>
</tbody>
</table>

OVERPAYMENT INTEREST

Federal Only

Federal net negative adjustment (overpayment lines)

A net negative interest invoice can be used as a credit.
INSUFFICIENT ESTIMATE INTEREST
(Indian & Geothermal)

- Insufficiency calculated at lease level
- Interest billed on the insufficient portion only
  On royalty received 2nd month after production and later
- Interest charged for time used in extended estimate period

INSUFFICIENT ESTIMATE EXAMPLE
(Indian & Geothermal)

Sales Month/Year: 01/2009
Due date without an estimate: 02/28/2009
Due date with an estimate: 03/31/2009
Extended estimate period: 03/01/2009 to 03/31/2009

- Interest charged for time used in extended estimate period

Estimate on file: $100
Royalty reported & paid: $300
Insufficient Estimate: $200
INSUFFICIENT ESTIMATE EXAMPLE
(Indian & Geothermal)

- If reported on 03/21/2009
  Customer pays 21 days interest on $200

- If reported on 03/31/2009
  Customer pays 31 days interest on $200

- If reported on 04/16/2009
  - Customer pays 31 days interest on $200
  - Customer pays 16 days late payment interest on $300

Oversufficient Estimate Example
(Federal)

Sales Month/Year: 01/2009
Due date without an estimate: 02/28/2009
Due date with an estimate: 03/31/2009
Extended estimate period: 03/01/2009 to 03/31/2009

- Oversufficient estimate balance ONRR owes you for the time used in the extended estimate period

Estimate on file: $300
Royalty reported and paid: $100
Oversufficient Estimate: $200 or $300
CONT.

**Oversufficient Estimate Example**

(Federal)

- If reported on 03/21/2009
  ONRR pays 31 days interest on $200
- If reported on 03/31/2009
  ONRR pays 31 days interest on $200
- If reported on 04/16/2009
  - ONRR pays 31 days interest on $300
  - Customer pays 47 days late payment interest on $100

---

**REMITTANCE**

Please Remit To:
Minerals Management Service
Minerals Revenue Management
P. O. Box 5810
Denver, CO 80217-5810

Customer:
XYZ Oil & Gas Company
Attn: Dave David
P. O. Box 34560
Denver, CO 80202-4560

Invoice No: INT100000100
Invoice Date: 05/14/2003
Customer Number: 44444
Due Date: 06/30/2003

TOTAL AMOUNT DUE: 2,509.33

For billing questions, please call 1-800-433-9801 EXT 3613

------------------------------------------------------------------------
PLEASE REMIT THIS COPY WITH PAYMENT

------------------------------------------------------------------------

**DO NOT SUBMIT A FORM MMS-2014**
**Please Remit To:**
Minerals Management Service
Minerals Revenue Management
P. O. Box 5810
Denver, CO 80217-5810

**Customer:**
XYZ Oil & Gas Company
Attn: Dave David
P. O. Box 34560
Denver, CO 80202-4560

---

**FED01**

**Page:** 1
**Invoice No:** INT100000100
**Invoice Date:** 05/14/2003
**Customer Number:** 44444
**Due Date:** 06/30/2003

**TOTAL AMOUNT DUE:** $2,509.33

---

**Description** | **Line No.** | **Document ID** | **PAID Number** | **Sales Date** | **Receipt Date** | **Amount Due**
---|---|---|---|---|---|---
Interest on Estimate 1 | 0540106050 | OCS-G 10605 | ESTIMATE | 01/2003 | 03/28/2003 | $(9.31)
Interest on Estimate 2 | 0540106550 | OCS-G 10655 | ESTIMATE | 01/2003 | 03/28/2003 | $9.03
Interest on Royalty 3 | ROY100000123 | 1/2003 | 02/28/03 | 02/28/03 - 2,366.81 | 2,366.81 | 2/28/03 03/31/03 | 31 | 0.0400 | -9.31
Interest on Royalty 4 | ROY100000123 | 1/2003 | 02/28/03 | 04/15/03 | 2,350.30 | 02/28/03 03/28/03 | 28 | 0.0500 | 9.03
Interest on Royalty 5 | ROY100000123 | 12/2002 | 04/15/03 | 11/2002 | 1,005.18 | 04/15/03 06/30/03 | 66 | 0.0500 | 9.03
Interest on Royalty 6 | ROY100000123 | 12/2002 | 04/15/03 | 12/2002 | 1,005.18 | 04/15/03 06/30/03 | 66 | 0.0500 | 9.03
Interest on Royalty 7 | ROY100000155 | 09/2001 | 12/31/02 | 10/31/01 - 100.77 | 100.77 | 11/01/01 02/28/02 | 91 | 0.0500 | 4.54
Interest on Royalty 8 | ROY100000155 | 09/2001 | 12/31/02 | 10/31/01 - 100.77 | 100.77 | 11/01/01 02/28/02 | 91 | 0.0500 | 4.54
Interest on Royalty 9 | ROY100000155 | 09/2001 | 12/31/02 | 10/31/01 - 100.77 | 100.77 | 11/01/01 02/28/02 | 91 | 0.0500 | 4.54
Interest on Royalty 10 | ROY100000155 | 09/2001 | 12/31/02 | 10/31/01 - 100.77 | 100.77 | 11/01/01 02/28/02 | 91 | 0.0500 | 4.54

**SUBTOTAL:** $2,509.33

---

**Interest Schedule**

| Line | Reference | Lease No | Pre Rent | Sale Date | Roy/Bill Date | Receipt Date | Assmnt Date | Exp Date | Due Date | Payment Date | Assessment Base | Accumulated Assessment | From Dt | To Dt | Int Rate | Int Rate | Amount Due |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | 0549106050 | 1/2003 | 03/28/03 | INTER Y 02/28/03 | -2,736.81 | -2,736.81 | 03/31/03 | 31 | 0.0400 | -9.31
| 2 | 0549106050 | 1/2003 | 03/28/03 | INTER Y 02/28/03 | 2,350.30 | 2,350.30 | 02/28/03 03/28/03 | 0 | 0.0500 | 9.03
| 3 | ROY100000123 | 1/2003 | 01/01/02 | LPROY Y 12/31/02 | 109,135.09 | 109,135.09 | 12/31/02 02/28/03 | 63 | 0.0500 | 3,205.44
| 4 | ROY100000123 | 12/2002 | 04/15/03 | LPROY Y 01/31/03 | 33,065.85 | 33,065.85 | 01/31/03 04/15/03 | 105 | 0.0500 | 1,678.44
| 5 | ROY100000123 | 12/2002 | 04/15/03 | LPROY Y 01/31/03 | 33,065.85 | 33,065.85 | 01/31/03 04/15/03 | 105 | 0.0500 | 1,678.44
| 6 | ROY100000123 | 12/2002 | 04/15/03 | LPROY Y 01/31/03 | 33,065.85 | 33,065.85 | 01/31/03 04/15/03 | 105 | 0.0500 | 1,678.44
| 7 | ROY100000123 | 12/2002 | 04/15/03 | LPROY Y 01/31/03 | 33,065.85 | 33,065.85 | 01/31/03 04/15/03 | 105 | 0.0500 | 1,678.44
| 8 | ROY100000123 | 12/2002 | 04/15/03 | LPROY Y 01/31/03 | 33,065.85 | 33,065.85 | 01/31/03 04/15/03 | 105 | 0.0500 | 1,678.44
| 9 | ROY100000123 | 12/2002 | 04/15/03 | LPROY Y 01/31/03 | 33,065.85 | 33,065.85 | 01/31/03 04/15/03 | 105 | 0.0500 | 1,678.44
| 10 | ROY100000123 | 12/2002 | 04/15/03 | LPROY Y 01/31/03 | 33,065.85 | 33,065.85 | 01/31/03 04/15/03 | 105 | 0.0500 | 1,678.44
| 11 | ROY100000123 | 12/2002 | 04/15/03 | LPROY Y 01/31/03 | 33,065.85 | 33,065.85 | 01/31/03 04/15/03 | 105 | 0.0500 | 1,678.44

**Total interest for Invoice:** INT100000100 $2,509.33
### Estimate Exception Bill Details

#### Report Details
- **Run Date:** 05/03/2003
- **Run Time:** 15:26:45

#### Bill Details

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0541000123</td>
<td>ROY100000123</td>
<td>00000001</td>
<td>03/28/2003</td>
<td>03</td>
<td>763.19</td>
<td></td>
<td></td>
<td>2,760.81</td>
</tr>
</tbody>
</table>

#### Ending Balance
- **Date:** 31-Jan-2003
- **Amount:** 3,500.00

### Late Payment Allocation

#### Report Details
- **Run Date:** 05/03/2003
- **Run Time:** 15:26:45

#### Payment Details

<table>
<thead>
<tr>
<th>Payment ID</th>
<th>Receipt Date</th>
<th>Applied Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>887755</td>
<td>04/10/2003</td>
<td>$200,000.00</td>
</tr>
<tr>
<td>886644</td>
<td>04/15/2003</td>
<td>$60,650.68</td>
</tr>
<tr>
<td>886644</td>
<td>04/15/2003</td>
<td>$60,650.68</td>
</tr>
</tbody>
</table>

#### Remaining Payments

<table>
<thead>
<tr>
<th>Payment ID</th>
<th>Receipt Date</th>
<th>Applied Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>887755</td>
<td>04/10/2003</td>
<td>$200,000.00</td>
</tr>
<tr>
<td>886644</td>
<td>04/15/2003</td>
<td>$60,650.68</td>
</tr>
</tbody>
</table>

**Subtotal:** $260,650.68

**Total:** $260,650.68
ROYALTY SIMPLIFICATION AND FAIRNESS ACT OF 1996 (RSFA)

- Federal Oil & Gas onshore and offshore leases are subject to RSFA
  - Interest paid to customers on overpayments
  - Customers can report their own interest
  - ONRR will issue 1099-INT for interest paid to the customer
- Indian, Solid and Geothermal leases are not subject to RSFA

BECAUSE OF RSFA, you now can have two kinds of interest lines from the same ONRR Form-2014

- Estimate interest lines
- Late or overpayment interest lines
INTEREST FORMULA

\[ I = A \left[ \left( 1 + \frac{R}{N} \right)^n - 1 \right] \]

I = Interest Amount
A = Assessment Amount
R = Interest Rate in decimal format
N = Number of days in the year
    (365 or 366)
n = Number of days in the period
    (n is an exponent)

Reporting Your Own Interest

Do I have to?

The answer is NO!
THE CURRENT INTEREST TABLE CAN BE FOUND AT:

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

Formula, interest rates, examples, and explanations are all found here.

FINANCIAL TERM INVOICES (FIN)

(LEASE CONTRACT FINANCIAL PROVISIONS)

- Balance due already late when invoice issued. Interest generated when payment is received.

- Please do not submit 2014 if you have a correct invoice.

- If you need to make a correction: (Reversing/correcting entries still need 2014.)

- Customer Should
  - Reference Invoice Number and Cust ID
  - Electronic Payment
NONTERMINABLE LEASES
(Rent, Advance Rent, Minimum Royalty, Right-of-Way, Right-of-Use & Easement, Well Fee, Storage Fee)

- **Exception Processing for FIN Invoices:**
  - Compares amount due to amount paid
  - Generates Financial exception for identified underpayments

NONTERMINABLE LEASES (cont.)

- **Rent**
  - Due annually by the first day of the lease year

- **Advance Rent**
  - Due annually by the first day of the lease year
  - Report and pay even if it will be recouped

- **Minimum Royalty**
  - Due annually by the last day of the lease year when not met by production
  - Not billed until three months after the due date
NONTERMINABLE LEASES (cont.)

- Right-of-Way, Right-of-Use & Easement
  - Invoices sent out in November
  - Due annually by January 1
  - Not reported on 2014

- Well Fee
  - Reported on 2014
  - Due quarterly or annually

- Storage Fee
  - Reported on 2014
  - Due annually

TERMINABLE LEASES

- Exception Processing:
  - Compares amount due to amount paid
  - Determines underpayment
  - If nominally deficient, generates FIN Invoice for identified underpayment
When lease is terminated for underpayment

- ONRR reports terminable lease underpayment to BLM
- BLM terminates lease(s) and responds to customer inquiries
- Customer’s appeal rights are with BLM, not ONRR (CFR-43)

FIN Invoice could be adjusted if:

- Database Incorrect
  - Customer responsibility has changed
  - Due date is incorrect
- Timing
  - Payment not posted to lease account balance
  - Line on Form MMS-2014 is rejected
  - Payment received but not Form MMS-2014
FINANCIAL TERMS
Indian Leases

- Payment Method 2
- Recoupable rents not paid at beginning of lease year

REMITTANCE

Please Remit To:
Minerals Management Service
Minerals Revenue Management
P. O. Box 5810
Denver, CO  80217-5810

Customer:
ABC Oil & Gas Company
Attn: Dave David
P. O. Box 34560
Denver, CO  80202-4560

For billing questions, please call 1-800-433-9801 EXT 3613

TOTAL AMOUNT DUE: 55,588.98

DO NOT SUBMIT A FORM MMS-2014
Please Remit To:
Minerals Management Service
Minerals Revenue Management
P. O. Box 5810
Denver, CO  80217-5810

INVOICE

Customer:
ABC Oil & Gas Company
Attn:  Dave David
P. O. Box 34560
Denver, CO  80202-4560

Invoice No: FIN100000100
Invoice Date: 02/14/2005
Customer Number: 12345
Due Date: 03/31/2005

TOTAL AMOUNT DUE: 55,588.98

<table>
<thead>
<tr>
<th>Description</th>
<th>Line MMS Lease No.</th>
<th>Due Date</th>
<th>Obligation Amount</th>
<th>Total Payment</th>
<th>Amount Due</th>
</tr>
</thead>
<tbody>
<tr>
<td>Underpaid Minimum Royalty 1</td>
<td>05200081030</td>
<td>02/29/2004</td>
<td>15,000.00</td>
<td>2,611.02</td>
<td>12,388.98</td>
</tr>
<tr>
<td>Underpaid Rent</td>
<td>0530018706</td>
<td>12/31/2004</td>
<td>43,200.00</td>
<td>0.00</td>
<td>43,200.00</td>
</tr>
</tbody>
</table>

SUBTOTAL: 55,588.98

TOTAL AMOUNT DUE 55,588.98

INDIAN OVERRECOUPMENT INVOICES (IOR)

- All 2014 lines must be accepted
- System generates bill line when an exception is found
- Interest implications
- Payment Method 2 will generate letter
INDIAN OVERRECOUPMENTS
IOR INVOICES

Tribal
If recoup more than 100% of the current revenue

Allotted
If recoup more than 50% of the current revenue

WHAT IS CURRENT REVENUE?

- Royalty due for current report month
- All other revenue (i.e. annual rental, net positive adjustments) reported in the same month, less allowances and any tax credits.
- Recoupment of current lease year’s advance rental payment (TC 25). Usually a negative amount but could be either.
WHAT IS A NEGATIVE ADJUSTMENT?

- All net negative adjustments to previously reported sales months (TC 01, 05, 11, 12, 14, and 15)
- Recoupment of a prior year’s rent

TRIBAL LEASE EXERCISE

<table>
<thead>
<tr>
<th>Sales Mo/Yr</th>
<th>TC</th>
<th>Revenue Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Royalty</td>
<td>02/2010 01</td>
<td>$300.00</td>
</tr>
<tr>
<td>Recoupable Rent</td>
<td>02/2010 25</td>
<td>-180.00</td>
</tr>
<tr>
<td>Net Revenue</td>
<td></td>
<td>$120.00</td>
</tr>
<tr>
<td>Negative Adjustment</td>
<td>01/2010 01</td>
<td>-120.00</td>
</tr>
<tr>
<td>Report Total</td>
<td></td>
<td>$ 0.00</td>
</tr>
</tbody>
</table>

No Exception Generated
## ALLOTTED LEASE EXERCISE

<table>
<thead>
<tr>
<th>Sales Mo/Yr</th>
<th>Royalty Adjustments</th>
<th>TC</th>
<th>Current Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>02/2010</td>
<td>$300.00</td>
<td>01</td>
<td>$300.00</td>
</tr>
<tr>
<td>02/2010</td>
<td>-$180.00</td>
<td>25</td>
<td>-$180.00</td>
</tr>
</tbody>
</table>

Can Recoup 50% of Net Revenue: $60.00

## ALLOTTED LEASE EXERCISE (cont.)

<table>
<thead>
<tr>
<th>Sales Mo/Yr</th>
<th>Royalty Adjustments</th>
<th>TC</th>
<th>Current Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>11/2009</td>
<td>-$150.00</td>
<td>01</td>
<td>$200.00</td>
</tr>
<tr>
<td>12/2009</td>
<td>$-50.00</td>
<td>01</td>
<td>$300.00</td>
</tr>
<tr>
<td>01/2010</td>
<td>-$200.00</td>
<td>01</td>
<td>$200.00</td>
</tr>
<tr>
<td>02/2010</td>
<td>-$200.00</td>
<td>01</td>
<td>$300.00</td>
</tr>
<tr>
<td>02/2010</td>
<td></td>
<td>25</td>
<td>-$180.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>$120.00</td>
</tr>
</tbody>
</table>

Total: -$200.00, $320.00
**ALLOTTED LEASE EXERCISE ANSWER**

Current revenue $ 320.00  
Allotted lease 50%  
Available to recoup $ 160.00  
Recoupment taken $-200.00  
Overrecoupment $ -40.00  

A $40.00 Exception is Generated

Once the IOR invoice is paid, MRM's system establishes a recoupable balance (TC 50), which then can be recouped against future royalties with a TC 51.

---

**REMITTANCE**

**DO NOT SUBMIT A FORM MMS-2014**
Please Remit To:
Minerals Management Service
Minerals Revenue Management
P.O. Box 3651
Denver, CO 80217-5810

Customer:
ABC Oil & Gas Company
Attn: Dave David
P.O. Box 34560
Denver, CO 80202-4560

Invoice No: IOR100000100
Invoice Date: 04/14/2005
Customer Number: 12345
Distributee Code: 550
Due Date: 05/31/2005

Total Amount Due: 40.00

Description                             Date          Document ID Receipt Date PAD Number              Amount Due

      ASSESSMENT FOR REPORTING OR PAYMENT VIOLATION. PLEASE REMIT ON OR BEFORE THE INVOICE DUE DATE TO AVOID FURTHER CHARGES.

Allottee Recoupment 1 02/2005  ROY100000444 03/31/2005 40.00

Subtotal: 40.00

Total Amount Due: 40.00

--- End of Report ---
OTH INVOICES
3 Types

- CAM Initiated
  - for occurrences such as royalty rate errors, allowances, improper adjustments, audits, etc.

- Civil Penalties
- Fisherman’s Contingency
- Inspection Fee

CIVIL PENALTIES
30 CFR 241.50-80

- Notice of Noncompliance
  - $500 per day (1st 40 days)
  - $5,000 per day (after 40 days)

- Intentional Violation
  - $10,000 per day
CIVIL PENALTIES – OCS
30 CFR 250.1400 -1409

- Notices of Incidents of Noncompliance
  - $25,000 per day

- Appeal rights are with BOEM
  (30 CFR 290, Subpart A)

APPEALS
30 CFR 290

We may be able to solve the problem without a formal appeal.
APPEALS

- Submit notice to address in ONRR invoice/order stating intent to appeal
- Letter due within 30 days from your receipt of ONRR invoice or order
  - ONRR invoice/order number
  - Dollar amount appealed
- 30 additional days to submit Statement of Reasons (60 days for audit related appeals)

To:
Deputy Associate Director for Minerals Revenue Management
Minerals Management Service
Attn: Appeals Coordinator
P O Box 173702,MS350B1
Denver, CO 80217-3702

ONRR APPEALS PROCESS

- ONRR Dockets Appeal and sends acknowledgement letter to the appellant
- ONRR reviews appeal; if resolved closes appeal
- Appeals Division analyzes legal issues and prepares draft decision
- PMI issues decision
- Appellant can then appeal to IBLA, then the courts
APPEAL SURETY
30 CFR 243

- Payment may be suspended
  - If you submit timely appeal and you provide an acceptable surety:
    - For Indian invoices greater than $1,000
    - For Federal demands greater than $10,000 (or you may self bond)

For surety questions please call 1-800-433-9802 and select option 1 for Kim Werner

PAYMENT REQUIREMENTS

30 CFR 218.50
PAYMENT INSTRUCTIONS

◆ All Reporting
  ✷ http://www.mrm.mms.gov/Reporting Services/PayInfo.htm

◆ Indian Leases and Fund Codes

TYPES OF PAYMENTS

- Wire
- Automated Clearing House (ACH)
- Check
- (TPAY) some tribal payments
- Credits (Please notify analyst before use of credits)
### CHECKS

**FEDERAL EXAMPLE**

<table>
<thead>
<tr>
<th>Name</th>
<th>Check #</th>
</tr>
</thead>
<tbody>
<tr>
<td>Address</td>
<td>Date</td>
</tr>
<tr>
<td>City and State, Zip</td>
<td></td>
</tr>
</tbody>
</table>

Pay to the Order of: ________________________________ $ ___________________

$ ___________________________________________________________________________ Dollars

Cust. ID: __________

Signature: ____________________

PAD/Invoice #: __________________

Federal Indicator (Fed): ____________________

Pay to the order of: Department of the Interior, Minerals Management Service

Check comments: Cust ID ______

PAD No. ________

Federal

---

### CHECKS

**INDIAN ALLOTTED EXAMPLE**

<table>
<thead>
<tr>
<th>Name</th>
<th>Check #</th>
</tr>
</thead>
<tbody>
<tr>
<td>Address</td>
<td>Date</td>
</tr>
<tr>
<td>City and State, Zip</td>
<td></td>
</tr>
</tbody>
</table>

Pay to the Order of: ________________________________ $ ___________________

$ ___________________________________________________________________________ Dollars

Cust. ID: __________

Signature: ____________________

PAD/Invoice #: __________

Agency/Area (allotted): __________

Indian Indicator (I): ____________________

Fund Code (Distributee Code): __________

Pay to the order of: Department of the Interior,MMS for BIA

Check comments: Cust ID ______

PAD No. ________

* __________Agency/Area (allotted)

Indian

Fund Code (Distributee Code)
CHECKS

INDIAN TRIBAL EXAMPLE

<table>
<thead>
<tr>
<th>Name</th>
<th>Check #</th>
</tr>
</thead>
<tbody>
<tr>
<td>Address</td>
<td>Date</td>
</tr>
<tr>
<td>City and State, Zip</td>
<td></td>
</tr>
</tbody>
</table>

Pay to the Order of ________________________________ $ ____________

$ ____________ Dollars

Cust. ID Signature

PAD/Invoice #

*_________Tribe

Indian Indicator (I)

Fund Code (Distributee Code)

Pay to the order of: Department of the Interior, MMS for BIA

Check comments: Cust ID ____________

PAD No. ____________

*_____________Tribe

Indian

Fund Code (Distributee Code)

WIRE REQUIREMENTS

- **Originator**
  - Company Name
  - Contact + Phone #

- **Originator to Beneficiary:**
  - Cust ID (Payor Code)
  - Federal or Indian w/Fund Code
  - PAD or Invoice #
Wire Example

- Format Example
  - Federal
    12345*12345678*F**
    12345*INT123456789*F**
  - Indian
    12345*12345678*I*123*
    12345*INT123456789*I*123*

ACH – Automated Clearing House

- Must be CCD+format
- Send to:
  - Bank Name: TREAS NYC
  - City, State: New York, NY
  - Routing Transit Number: 051036706
  - Receiver Name: Minerals Mgmt Services
  - Account Number: 220037
  - Record Type Code: 6
  - Transaction Code: 22
  - Addenda Indicator: 1
ACH (cont.)

- Submit a single ACH transaction for each item you remit
- Prepare a separate report and payment for your Federal and Indian leases
- Each Indian Fund (DC) Code requires a separate ACH payment
- Contact General Ledger with questions at 303-231-3034 or 303-231-3108

ACH EXAMPLES

- Payment examples:

  Federal
  44444*01200501*F**
  44444*INT10508*F**

  Indian
  44444*01200502/I*530*

  Rent Obligation-Courtesy Notice
  44444*0540123450*F**
TRIBAL LOCKBOX PAYMENTS (TPAYS)

Mail or fax a copy of the check information to your accountant

DEBT COLLECTION

- Federal Debt Collection Follow-up
  - Invoice is issued or a Royalty Document is received
  - Demand to Payor (DTP) issued 15 days from receipt of Roy or due date of Invoice
  - Notice of Demand (NOD) issued 15 days from DTP
  - To Dept. of Treasury 180 days from NOD
DEBT COLLECTION

- INDIAN DEBT COLLECTION FOLLOW-UP
  - DTP issued 20 day from receipt of 2014 or after due date Invoice
  - Potential Treasury Referral Letter
  - To Dept. of Treasury 180 days from DTP

- Solid Minerals – Federal & Indian
  - DTP issued 60 days from receipt of Roy or due date of Invoice
  - NOD – None
  - To Dept. of Treasury 60 days from DTP
### Federal Account Balance

**PETROLEUM**

<table>
<thead>
<tr>
<th>Entry</th>
<th>Date</th>
<th>Item ID</th>
<th>Amount</th>
<th>Due Date</th>
<th>Payee</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>10/01/2020</td>
<td>10000</td>
<td>$100</td>
<td>10/15/2020</td>
<td>PETRO</td>
</tr>
<tr>
<td>2</td>
<td>10/02/2020</td>
<td>20000</td>
<td>$200</td>
<td>10/16/2020</td>
<td>OIL</td>
</tr>
<tr>
<td>3</td>
<td>10/03/2020</td>
<td>30000</td>
<td>$300</td>
<td>10/17/2020</td>
<td>GAS</td>
</tr>
<tr>
<td>4</td>
<td>10/04/2020</td>
<td>40000</td>
<td>$400</td>
<td>10/18/2020</td>
<td>fuels</td>
</tr>
</tbody>
</table>

**Payee Balance:** $1000

The following items are not being worked because of their hold codes.

- Item ID: 10000
  - Item Code: PETRO
  - Hold Reason: Pending

### Indian Account Balance

**CORPORATION**

<table>
<thead>
<tr>
<th>Entry</th>
<th>Date</th>
<th>Item ID</th>
<th>Amount</th>
<th>Due Date</th>
<th>Payee</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>01/01/2021</td>
<td>1000</td>
<td>$100</td>
<td>01/15/2021</td>
<td>CORP</td>
</tr>
<tr>
<td>2</td>
<td>01/02/2021</td>
<td>2000</td>
<td>$200</td>
<td>01/16/2021</td>
<td>INDIA</td>
</tr>
<tr>
<td>3</td>
<td>01/03/2021</td>
<td>3000</td>
<td>$300</td>
<td>01/17/2021</td>
<td>INDIAN</td>
</tr>
<tr>
<td>4</td>
<td>01/04/2021</td>
<td>4000</td>
<td>$400</td>
<td>01/18/2021</td>
<td>INDIA</td>
</tr>
</tbody>
</table>

**Payee Balance:** $1000

The following items are not being worked because of their hold codes.

- Item ID: 1000
  - Item Code: CORP
  - Hold Reason: Pending
OPEN ACCOUNT BALANCE DESCRIPTIONS

- Entry Type
  ROYL = Form 2014
  PYMT = Check, ACH, TPAY (Indian only) or wire not applied to a receivable
  INV = Invoice Issued by ONRR

- Entry Type Explanations
  ROYL = Payor Assigned Document Number (PAD) of 2014
  PYMT = Check, ACH, TPAY or Wire number
  OA = Portion of payment not applied to receivable
  CR-AUTO= Credit Transferred from former accounting system
Porta

Porta Data Warehouse

Use for Royalty, Invoices and Statements of Accounts

Accounts
What is the Portal?

- Gateway to your information
- The Portal contains your company reports and queries
- Interfaces with ONRR’s Data Warehouse
- eCommerce Reporting
- eInvoices
- eStatement of Accounts
- Financial Information

Hopefully this presentation will give you a better understanding of this new world we call “Data Warehouse”

Data Warehouse is your gateway to your data that has been reported on a 2014.

It allows you to query your data as well as view and print reports that have been run by ONRR’s contractor.

The Data Warehouse interfaces with your data that has been reported. Typically is should be in the Data Warehouse 24 hours after it has been received by ONRR.

Note: When submitting by paper it usually takes a week before it has been loaded into the system because of the manual keypunch process. Electronically, if sent after 6 pm MST time, it does not process in ONRR’s system until the next day.
Accessing the Portal

- Log onto the Data Warehouse at https://dwportal.onrr.gov

- Or Access from the ONRR website
## Accessing the Portal

Office of Natural Resources Revenue

<table>
<thead>
<tr>
<th>ONRR</th>
<th>VALUATION</th>
<th>INDUSTRY</th>
<th>PROGRAMS</th>
<th>CONTACTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>THE OFFICE OF NATURAL RESOURCES REVENUE</td>
<td>FEDERAL &amp; INDIAN PROPERTIES/VALUATION</td>
<td>PAYORS &amp; REPORTERS</td>
<td>A LIST OF ONRR PROGRAMS</td>
<td>WHO TO CONTACT</td>
</tr>
</tbody>
</table>

### Financial Management (FM) Division

The ONRR Financial Management division performs an end-to-end financial process which includes receiving revenues and related information; performing edits and other automated quality reviews; correcting data quickly; ensuring that the revenues received with correct information are made available to the proper recipients within the shortest possible time; and ensuring that information describing the revenues is provided timely to recipients. FM manages an accounting function, a reference data function, a reporting function, a production function, and an efficient, state-of-the-art financial system to accomplish its mission.

**FM Directory**

Identifies who to contact in FM to resolve reporter and payer issues, and provides links to frequently used resources. Directory items are arranged by topic, and contacts are arranged by branch.

**Billing and Account Reconciliation**

Provides links to billing, account reconciliation, and debt collection contacts.

**Reporting Information**

Provides links to list of Reporting Services analysts, and to electronic reporting forms and information.

*Attention All Reporters – Please Read – ONRR eCommerce Reporting web site information*
Log onto the Portal from the ONRR website or dwportal

This is the first screen you will see when logging into https://dwportal.mms.gov. I emphasize the https: The “s” means it is a secure location. You will select “Login”.
Log into the Portal using your username and password.

Next is your login screen. This is where you put your “Username” and “Password” that was mailed to you from ONRR. If you have problems, remember that it case sensitive.
You will see this screen the first time you log into the Portal. Select the first option and click save.

The first time you login you will see this display verifying the web browser you want to use. Select the first and select “Save”
To Do’s:

You can change your own password. Change this every 60 days.

After you select browse and then financial folders, the first screen you will always see is this instruction page. You will need to first download the “sprviewer”, which allows you to view and print the financial reports.

The sprviewer has specific directions for loading onto your machine, so please print and read the instructions first.

Also on this page is where you will go to change your password every 60 days.
To Do’s:

First, read the SQRviewer Instructions (print the instructions). Follow the directions to correctly install the software. If you have problems, contact ONRR Customer Support at 1-877-255-6260.

You must download the “sqrviewer” in order to view your reports. This is a one time download. If your computer is upgraded or changed, you will need to reload this file.

Once you have loaded your sqrviewer you are now ready to view and print your financial reports.

To find your financial reports select Financial Reports-Customers and select the payor code range that is for your payor code.
What Data is Available?

- Financial Data
  - Confirmation and Estimate Balance Reports
  - Reports posted to portal by ONRR weekly or monthly
- History Database Reports
  - On Demand Reports
  - Basic Royalty Reports
  - Most up to date company royalty history
  - Query and extract data

Next question: What data is available?

There are 2 types of data that you have access to.

First Financial Reports. Currently there are 3 financial reports. The Confirmation Report that used to be sent to you via the mail and 2 estimate balance reports, one with your current balances by leases and second an estimate activity report, showing your balances at the time of transactions. These reports are run by our contractor monthly for the estimate reports and weekly, once a document has been 100 percent accepted. The reports are then posted to what we call your payor folder. You will see an example of this later in the presentation.

Secondly you have available what is called History Database reports. This has a report name “Basic Royalty Report”. It allows you to actually query on specific parameters. The output will show you both accepted and suspended (rejected) royalty detail lines that have been submitted on a 2014. You will also see an example of this later in the presentation.
What Data is Available?

- Minimum Royalty and Rental Information
  - Federal Leases
  - Minimum Royalty Amounts – No Detail
- Electronic Invoices
  - Invoices
  - Remittance
  - And associated reports
- Electronic Statement of Accounts
- eCommerce Reporting
Financial Folders

Locate the folder containing your payor code.
Financial Folders

Next you will see your payor code number and name. You will then select the folder.

If you have more than one payor code, select the appropriate folder.

Note: You can request access to all your payor codes under one username and password. Be sure to indicate all your payor codes on your System Access Form. You can request both your payor and operator (production data) under one username.
Once in the financial folder you will see your reports outputs. You will make your selection by the date. The most recent date is on top. You can either hit the date or the icon that is to the right.

Just a reminder, the reports are either run weekly or monthly.
When you are wanting to see your 2014 history you will select the folder “History Database” on the left and then “Industry Reports.” This will display 3 reports that you have the ability to query on.

For today’s purposes, the one you are most interested in is the “Basic Royalty Report”

This report will give you your 2014 data that has been processed by ONRR.

Note: If you report production data under the same payor code, you can also run the Basic OGOR Report. As well there is a Basic Receivable Report that shows the status of your reports being applied to payments.

The production demonstration tomorrow will go over the Basic OGOR report, and there are some fine tuning issues that need to be addressed about the Basic Receivable Report.
History reports will be available for 7 days only. If you run numerous reports in a day, you will want to change your versions available to see more outputs.
All payor codes for which your User ID has been granted access is listed in the drop down menu. A query can run for one payor code at a time.
Once you have selected “Basic Royalty Report” the parameter screen will display. You have a number of parameters to select from. You can run your request by Payor Assigned Number (specific to report), by lease, by agreement, trans code, begin and ending sales date and/or report date.

The lease, agreement, and trans code field, you can enter more than one criteria. Be sure to separate each criteria with a comma and always end with a colon regardless if you have more than one or just one criteria.

Example, if wanting to see all your trans code 50/51 transaction, you can put in a lease number and then enter in the trans code field 50,51:

You will want to narrow your query so that you will have the best output results. The less define the query the longer it will take for you to receive an output.
History Database Folder

If you want to save your queries, select save and give the query a name.
### History Database Folder

![Image of the database interface]

#### Instructions:
- **Click on this icon to see your query results in a PDF format.**
- **Click on navigation buttons to move between pages.**
- Your query results are automatically displayed in html. You cannot print a formatted version from this screen.

<table>
<thead>
<tr>
<th>ID</th>
<th>Seq</th>
<th>Set Id</th>
<th>Seq Id</th>
<th>Exp Date</th>
<th>Inv No</th>
<th>Exp No</th>
<th>Exp Sum</th>
<th>Exp TL</th>
<th>Exp Mnt</th>
<th>Exp Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>123</td>
<td>324</td>
<td>456</td>
<td>789</td>
<td>12/31/2023</td>
<td>1000</td>
<td>1111</td>
<td>2222</td>
<td>3333</td>
<td>4444</td>
<td>5555</td>
</tr>
<tr>
<td>234</td>
<td>789</td>
<td>567</td>
<td>321</td>
<td>01/01/2023</td>
<td>2000</td>
<td>3333</td>
<td>4444</td>
<td>5555</td>
<td>6666</td>
<td>7777</td>
</tr>
<tr>
<td>345</td>
<td>987</td>
<td>654</td>
<td>213</td>
<td>02/02/2023</td>
<td>3000</td>
<td>4444</td>
<td>5555</td>
<td>6666</td>
<td>7777</td>
<td>8888</td>
</tr>
<tr>
<td>456</td>
<td>876</td>
<td>765</td>
<td>324</td>
<td>03/03/2023</td>
<td>4000</td>
<td>5555</td>
<td>6666</td>
<td>7777</td>
<td>8888</td>
<td>9999</td>
</tr>
</tbody>
</table>

---
History Database Folder
FYI: ONRR cannot run this particular report format, this report is only for Industry Users. If you have problems and you are working with your MRM contact, be sure to let them know your criteria and they will run the query from the report they have access to.

This completes the Data Warehouse presentation.

Are there any questions.

At the end of the session today, we will have a couple of laptops available for you to do a hands trial if you have your user id and password.

I will also be available all day tomorrow you need any help.

Thank you.

Next we will have Georgia Delong to talk about electronic reporting through Inovis.
On your outputs will show the date and time. To the right your will have a variety of formats to view and/or print your output.

The first ICON is the html format (web version). This a not a clean formatted copy for printing and viewing.

The next icon is your PDF version. If you have the adobe reader on your computer this is a very nice output.

Next you have the SPF version. Again, you will only be able to open this version if you have previously downloaded the spf executable file. This is also a good output, you will have to set your printer to print legal size. It defaults to letter and it will cutoff your data.

The next ICON is a log. It displays your criteria you ran your report for, it also will indicate the error if you don’t receive any data back.

The last ICON is your csv version. This will allow you to open your output in excel and manipulate your data.
Lease Account Balances

- RENT

- MINIMUM ROYALTY
Lease Account Balance

LAB Inquiry Tool
Login Page

Log on using your data warehouse user id and password

User ID: 
Password: 
Login

For assistance, please call the help desk at 1-877-256-6360
# Select Account Type

## LAB Header Information

<table>
<thead>
<tr>
<th>LAB Account Type:</th>
<th>Agency Number:</th>
</tr>
</thead>
<tbody>
<tr>
<td><em>Contract Number:</em></td>
<td>Populate Lab Header</td>
</tr>
</tbody>
</table>

- Rest
- Advanced Royalty
- Bonus
- Estimator
- Gas Storage Agreement
- Idle Recognition
- Minimum Royalty
- Split
- Right of Way
- Rail Fax
Enter Contract or Agency Number

LAB Header Information

- Contract Number: 0540050670

lab1.htm 0540050670
Minimum Royalty

LAB Header Information

LAB Account Type: Minimum Royalty  
Agency Number: [blank]

*Contract Number: 0540050670  
*When entering a contract number, be sure the agency number field is empty.

Populate Lab Header
### Minimum Royalty Header

The header shows the amount reported and the amount due.

<table>
<thead>
<tr>
<th>Date</th>
<th>Reported Amount</th>
<th>Net PNM</th>
<th>Recovered Amount</th>
<th>Surrendered Amount</th>
<th>Paid Amount</th>
<th>Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1/4/1996</td>
<td>$5,000.00</td>
<td>$5,000</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>3/31</td>
</tr>
<tr>
<td>2/4/1996</td>
<td>$5,000.00</td>
<td>$5,000</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>3/31</td>
</tr>
<tr>
<td>1/4/1995</td>
<td>$5,000.00</td>
<td>$5,000</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>3/31</td>
</tr>
<tr>
<td>2/4/1995</td>
<td>$5,000.00</td>
<td>$5,000</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>3/31</td>
</tr>
<tr>
<td>1/4/1994</td>
<td>$5,000.00</td>
<td>$5,000</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>3/31</td>
</tr>
<tr>
<td>2/4/1994</td>
<td>$5,000.00</td>
<td>$5,000</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>3/31</td>
</tr>
<tr>
<td>1/4/1993</td>
<td>$5,000.00</td>
<td>$5,000</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>3/31</td>
</tr>
<tr>
<td>2/4/1993</td>
<td>$5,000.00</td>
<td>$5,000</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>3/31</td>
</tr>
<tr>
<td>1/4/1992</td>
<td>$5,000.00</td>
<td>$5,000</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>3/31</td>
</tr>
<tr>
<td>2/4/1992</td>
<td>$5,000.00</td>
<td>$5,000</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>3/31</td>
</tr>
<tr>
<td>1/4/1991</td>
<td>$5,000.00</td>
<td>$5,000</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>3/31</td>
</tr>
<tr>
<td>2/4/1991</td>
<td>$5,000.00</td>
<td>$5,000</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>3/31</td>
</tr>
<tr>
<td>1/4/1990</td>
<td>$5,000.00</td>
<td>$5,000</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>3/31</td>
</tr>
<tr>
<td>2/4/1990</td>
<td>$5,000.00</td>
<td>$5,000</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>3/31</td>
</tr>
<tr>
<td>10/4/1990</td>
<td>$5,000.00</td>
<td>$5,000</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>3/31</td>
</tr>
<tr>
<td>11/4/1990</td>
<td>$5,000.00</td>
<td>$5,000</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>3/31</td>
</tr>
</tbody>
</table>
You will not be able to access detail

<table>
<thead>
<tr>
<th>LAB Account Type</th>
<th>Contract Type</th>
<th>Land Class Code</th>
<th>Anniversary Date</th>
<th>Total Open Billed</th>
</tr>
</thead>
<tbody>
<tr>
<td>NOIR</td>
<td>LEAS</td>
<td>RED</td>
<td>04/01/1992</td>
<td>$0.00</td>
</tr>
</tbody>
</table>

**LAB Header Information**

- **LAB Account Type:**
- **Contract Number:** 04/05/070
- **Agency Number:**

*When entering a Contract number, be sure the agency number field is empty.*

<table>
<thead>
<tr>
<th>LAB Date</th>
<th>Reported Amount PM02</th>
<th>Reported Amount Not PM02</th>
<th>Recouped Amount</th>
<th>Unremitted Amount</th>
<th>Paid Amount</th>
<th>Amount Due</th>
<th>Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 04/01/1996</td>
<td>$0.00</td>
<td>$17,064.00</td>
<td>$0.00</td>
<td>$17,064.00</td>
<td>$17,064.00</td>
<td>$17,064.00</td>
<td>03/31</td>
</tr>
<tr>
<td>2 04/01/1997</td>
<td>$0.00</td>
<td>$17,064.00</td>
<td>$0.00</td>
<td>$17,064.00</td>
<td>$17,064.00</td>
<td>$17,064.00</td>
<td>03/31</td>
</tr>
<tr>
<td>3 04/01/1998</td>
<td>$0.00</td>
<td>$17,064.00</td>
<td>$0.00</td>
<td>$17,064.00</td>
<td>$17,064.00</td>
<td>$17,064.00</td>
<td>03/31</td>
</tr>
</tbody>
</table>
The End
In this presentation we will go over how to get access to eCommerce and how to start reporting.

We have already covered what goes into the fields so this presentation concentrates on what you can do with the electronic commerce website.
What We Will Be Reviewing

- EMARF Application
- eCommerce Website content
- Uploads
- CSV files
How do I start reporting electronically?

Need a Payor ID or Operator ID, please contact:

- Lee-Ann Martin for Payor ID at leeann.martin@onrr.gov
- Denise McGee for Operator ID at 303-231-3627 or denise.mcgee@onrr.gov
- Fill out EMARF form located: http://www.onrr.gov/FM/Forms/default.htm

You have heard all the great things about the Reporting Website and want to join in on the fun.
Three Ways to login to the eCommerce Website

1. Type in the url: https://onrrreporting.onrr.gov

2. Data Warehouse Portal: https://dwportal.onrr.gov/

3. ONRR Website: INDUSTRY
Financial Management Division

The ONRR Financial Management division performs an essential service, receiving revenues and related information; performing data entry quickly; ensuring that the revenues received with high accuracy; and delivering timely to recipients. FM manages an accounting function, a production function, and an efficient, state-of-the-art financial system to accomplish its mission.

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Identifies who to contact in FM to resolve reporter and payor issues, and provides links to frequently used resources. Directory items are arranged by topic, and contacts are arranged by branch.

**Billing and Account Reconciliation**
Provides links to billing, account reconciliation, and debt collection contacts.

**Reporting Information**
Provides links to a list of Reporter Services activities and to electronic reporting forms and information.
**WARNING TO USERS OF THIS SYSTEM**

END USER AGREEMENT: This computer system, including all related equipment, networks, and network devices (including Internet access), is provided by the agency for authorized use only in accordance with the User policies at the below links. All agency computer systems may be monitored for all lawful purposes, including but not limited to, ensuring that their use is authorized, for management of the system, to facilitate protection against unauthorized access, and to verify security procedures, survivability, and operational security. Any information on this computer system may be examined, recorded, copied and used for authorized purposes at any time. All information, including personal information, placed or sent over this system may be monitored. Therefore, there should be no expectation of privacy with respect to your use of this system.

By logging into this agency computer system, you acknowledge and consent to the monitoring of this system. Evidence of your use, authorized or unauthorized, collected during monitoring may be used for civil, criminal, administrative or other adverse action. Unauthorized or illegal use may subject you to criminal prosecution.

I have read, understood, and will comply with the detailed ONRR Acceptable Use Policy (for users external to ONRR) or Rules of Behavior (for users internal to ONRR).

[YES(proceed)] [NO(log off)]

Go directly to the site: https://onrrreporting.onrr.gov
Application that external users must complete, sign and mail to ONRR to establish access to the ONRR Data Warehouse Portal, where they can use the eCommerce web site for royalty and production reporting, and view their archived Royalty (2014), OGOR and PASR reports and Statement of Account. (May also be used by government auditors to establish access to the MRMSS.)
An original, signed External MRMSS Application Request Form (EMARF) is required for external users to gain access to the Office of Natural Resources Revenue (ONRR) Data Warehouse through the on-line portal. The ONRR Data Warehouse on-line portal is used to report electronically.

Please complete the EMARF according to the procedure below, print it, and obtain required signatures. You must read the ONRR Acceptable Use Policy and mark the box indicating you have read and understand your responsibilities. Mail the completed form to us at the address following these instructions.

Upon receipt, we will confirm all submitted information before approving and processing your request. This process usually takes two weeks.

After you receive your User ID and PIN letter, you must log in every 60 days or your password will become inactive and must be reset. After 90 days, your User ID will be deactivated and you must submit a new “Change User” EMARF to reinstate it.

Now let’s go over the fields please follow along with the emarf instructions.
After you read the ONRR Acceptable Use Policy, check the box indicating you have done so and agree to abide by it. (If you do not check this box, your EMARF will be returned.) Print the form, then sign and date it.

**Supervisor Name/ Signature**

Either you or your supervisor must print their name and telephone number. Your supervisor must sign and date the completed form. If you do not have a supervisor, attach a statement of explanation.

Questions? If you need assistance to complete this form, please contact the IT HelpDesk at 877-256-6260.

Mail the original, completed, signed form to this address (do NOT use overnight delivery): Denver Federal Center
Office of Natural Resources Revenue
IT Help Desk MS 3753
PO Box 25165
Denver CO 80225-0165
New/Updated Features

- New Edits:
  We will go over these after we cover the basics of eCommerce reporting.
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Importing Data Files
Types of Imported Data

All outside data must be formatted in ONRR approved layouts

ASCII files can be created by using ext.TXT

CSV files can be created from Microsoft Excel
Electronic Reporting Information – Form MMS-2014 CSV Record Layout

Contact Information for Billing and Account Reconciliations
Financial Services Federal Company Assignments
Financial Services Indian Company Assignments

Electronic Reporting Information
Form MMS-2014 ASCII Record Layout (effective 2/11/2005)
Form MMS-2014 CSV Record Layout (effective 2/11/2005)
Sample file (effective 2/11/2005)

Oil and Gas Royalty Handbook and Forms
Electronic Reporting Information – Form MMS-2014
CSV Record Layout (cont’)

Instructions

Form MMS-2014 Reporting Instructions - CSV Format
Effective 02/11/2005

Comma Separated Value (CSV) files are first created in an Excel spreadsheet then saved as a CSV file type. All data entry is done in the Excel spreadsheet. Once a CSV file is saved, you will have two files - one with an .xls extension, the other with a .csv extension. NEVER open or double-click the .csv file in Excel! Always make your corrections in your original Excel file, and then re-save it to a CSV file. If you need to view the CSV file, view it in a word processor, such as WordPad. If you open the .csv file in Excel, you will lose ALL of the formatting from the Excel file. If you need assistance or sample files, please contact Ms. Georgia DeLong at 303-231-3687 (Toll Free 1-800-525-0209 ext. 3687) or Ms. Mary Dietrick at 303-231-3318 (Toll Free 1-800-525-0309 ext. 3318).

A. Format Requirements:

All record fields must comply with the following requirements:
1. The file name must end with a .CSV extension.
2. Commas must separate all fields. Fields that are blank still require a comma to delimit their position. A comma is not required after the last field of a record.
3. Federal and Indian data must be submitted as separate documents.
4. Multiple documents can be present in a single file. Headers and Trailers separate the documents. (See examples below.)
5. Each document must begin with Record Type 1 and end with a Record Type 3 and 4. The
### Electronic Reporting Information – Form MMS-2014 CSV Record Layout (cont’)

#### Sample CSV File


| A | B | C | D | E | F | G | H | I | J | K | L | M | N | O | P | Q | R | S | T |
| 1 | 59889 | ROY | 05/2/2001 | ABC COMPANY |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |
| 2 | 2 | 2 | 12/24/13 | 1245 | 123456 | 123456 | 123456 | 123456 | 123456 | 123456 | 123456 | 123456 | 123456 | 123456 | 123456 | 123456 | 123456 | 123456 | 123456 | 123456 |
| 3 | 2 | 2 | 12/24/13 | 1245 | 123456 | 123456 | 123456 | 123456 | 123456 | 123456 | 123456 | 123456 | 123456 | 123456 | 123456 | 123456 | 123456 | 123456 | 123456 | 123456 |
| 4 | 2 | 2 | 12/24/13 | 1245 | 123456 | 123456 | 123456 | 123456 | 123456 | 123456 | 123456 | 123456 | 123456 | 123456 | 123456 | 123456 | 123456 | 123456 | 123456 | 123456 |
| 5 | 2 | 2 | 12/24/13 | 1245 | 123456 | 123456 | 123456 | 123456 | 123456 | 123456 | 123456 | 123456 | 123456 | 123456 | 123456 | 123456 | 123456 | 123456 | 123456 | 123456 |
| 6 | 2 | 2 | 12/24/13 | 1245 | 123456 | 123456 | 123456 | 123456 | 123456 | 123456 | 123456 | 123456 | 123456 | 123456 | 123456 | 123456 | 123456 | 123456 | 123456 | 123456 |
| 7 | 2 | 2 | 12/24/13 | 1245 | 123456 | 123456 | 123456 | 123456 | 123456 | 123456 | 123456 | 123456 | 123456 | 123456 | 123456 | 123456 | 123456 | 123456 | 123456 | 123456 |
To upload a report file from your local computer, click the "Select" button and choose a file.

For faster delivery of multiple reports, compress them into one zip file prior to upload. The system will automatically detect the file type and process accordingly.

Report Files (.csv, .txt, and zip formats only)
### Office of Natural Resources Revenue

#### Document List

**Filter Options**
- **Document Type**: All
- **Status**: All
- **Starting Date**: 3/23/2010
- **Ending Date**: 3/23/2010

### Recent Documents

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**Column Explanation**
- **Document Report ID**: Unique identifier for each document.
- **User-ID**: Identifier for the user who submitted the report.
- **Report ID**: Identifier for the report.
- **Reporter Assigned Department**: Department assigned to the reporter.
- **Reporter Contact**: Contact information for the reporter.
- **Status**: Status of the report (OPEN).
- **Last Update (ST)**: Last update timestamp.
- **Edit Delete**: Options to edit or delete the report.
- **Print**: Option to print the report.
- **Copy**: Option to copy the report.
- **Copy Specific**: Option to copy specific content.
- **Delete**: Option to delete the report.
- **Report**: Name of the report.
Document Upload History

- **Filename**
  - Lists the file names of uploaded documents. Click on the file name link to review the contents of the file.

- **Report Type**
  - Lists the type of document(s) being uploaded.

- **Original Filename**
  - If zipping several files together, the original zip file name is listed.
Doc Upload History (cont.)

- **Upload Status**
  - Shows the status of the document(s) being uploaded. There are four increments.
    - In progress – Document is being loaded to the server
    - Importing – Document is going through the edit process
    - Completed – Document has been edited and no errors occurred during the import process
    - Error – Document has been edited and errors occurred during the import process. Click on the ERROR link to see error messages
Doc Upload History (cont.)

- **Upload Date**
  - This is the date the file was uploaded. Files uploaded are retained for 10 days then removed from the History List.

- **Report ID**
  - The number given to each document when loaded to the Document List.
Office of Natural Resources Revenue

Upload History

Status Legend:
- Uploaded: The file has successfully loaded onto the server.
- Pending: The file is waiting for format validation processing.
- Processing: The file is being validated for format requirements.
- Completed: The file successfully passed format validation and a report has been created. The new report can be viewed in the Documents List.
- Error: The file has failed format validation. Click on the status to view format errors.

Upload History

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<th>Import Start</th>
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</table>
Why do I have to go through two checks for errors?

• The Import process primarily catches any errors occurring due to improper formatting of imported fields.
• The Validation process identifies improper formatting when entering data directly on a new form, as well as compares the data based on transaction requirements.
### Report/Documents

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</tbody>
</table>

#### Line Comments
- Copy
- Delete
- Add Lines
- Go To
- #, more to Display: 25

![Paging Functionality Table]

![Line Comments]

---

![Diagram of Paging Functionality]

---
Lease Associated Errors

- If you are getting errors you have never seen before take a look at the lease number. Lease numbers is now a fatal error.
- Double check your lease number. If your lease number is incorrect then other errors will appear that need a good lease number.
- Don’t panic, if you can’t figure out what is wrong with the lease number call ONRR Reporting Services. We can help you.
# Payment Information

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## General Information
- **Report ID:** 20565
- **Report Status:** Open
- **Override Status:** No override requested

### Report Control Block
- **Check to ONR:** 21,022,303.40
- **Indirect Pay (ID Pay):** 0.00
- **EFT Payments (EFT):** 0.00
- **Round trip for BK (EFT):** 0.00
- **Other (ID Pay):** 0.00
- **Indirect Licenses (ID Lic):** 0.00

### Totals
- **Total All Payments:** 21,022,303.40
- **Number of Detail Lines:** 5

### Credits
- **Net Payment:** 21,022,303.49

### Authorization
- **Authorized By:** [Signature]
- **Date:** 1/26/2011

### Amounts

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Note: The sum of all amounts cannot exceed the sum of (Payment Methods) P49, P63, and P85. Credit amounts cannot reduce or be applied to P49, P63, or P85.
How to Request Override

- Call your Reporting Services Representative.
- Once they agree an override needs to be done.
- Fill in the justification and telephone number.
- Click on submit.
- Fax or email all of your backup for the override to the Reporting Services Representative.
- Wait for a response from ONRR.
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<th>AR/Well Number</th>
<th>Product Code</th>
<th>Sales Date</th>
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ONRR CALLED YOU REGARDING YOUR OVERRIDE

- Once you get the call or e-mail stating that the error(s) have been overridden, go back into your report.
- Click on the Override Button.
- Print the approval if you want documentation.
- Click on the Report Tab.
- Now you can send your report.

DO NOT USE THE UNLOCK BUTTON, unless you really did not want to override the errors!
Validation
Validation cont.
Send

- Ready to send.
- If you still have errors, the system will tell you.
- If not, the document will be sent.
- SENT status means your document has been received by ONRR and will be loaded into our tables.
- Documents are picked up by ONRR as soon as you hit send. Documents are not processed until after 6:00 p.m., but will retain today’s date.
- The system is not available Saturday and Sunday.

RECONCILED is not a feature on the eCommerce website.
### Office of Natural Resources Revenue

**Filter Options**
- **Document Type:** All
- **Status:** All
- **Starting Date:** 9/23/2010
- **Ending Date:**

**Report Documents**

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Application Level Help

The eCommerce Reporting website provides three levels of help: Application Level, Page Level, and Field Level.

For help regarding any aspect of the eCommerce Reporting website, refer to the links in the following list:

- Document List: Help
- Electronic Reporting Contacts
- Electronic Reporting Profile
- Frequently Asked Questions
- FAQ: eCommerce Reporting
- eCommerce Reporting - Help

For more instructions on how to use the eCommerce website, please download a copy of the eCommerce Reporting website - User Guide. This guide provides step-by-step instructions for each feature of the website, explains the purpose and function of features, and shows how to use them.

Help Page Level Help is available in the following areas:

1. Click the "Help" button at the top of the eCommerce Reporting website.
2. A new window opens, displaying useful information pertaining to that particular area.

Field Level Help is available in the following areas:

1. Click on a field.
2. Click the "Help" button.
3. A new window opens, displaying information pertaining to that particular field.

Update Registration Information:

To update any missing or incorrect registration information, you must contact the GDSR/Re: Help Desk. Information cannot be manually updated in the Registration Information page.

GDSR/Re: Help Desk:
- Phone: 845-211-9120
- Toll Free: 877-733-8233
- Email: GDSRReHelpDesk@socialw.org
Tell Us What You Think of Our Site

Provide Feedback:

Name: [Field]

From: Rosalind.Hayes@corn.gov

Feedback (Required):

Max. 4000 characters

Send Feedback
Formulas for Pricing and Royalty Rate

For the 99% edit:
It takes the sum of the RVPA x 99% then compares it to the sum of the Transportation + Processing.
RVPA x .99 = Sum of Allowances

e.g. 1341.01 x .99 = 1327.5999
The 99% equals 1327.59 on the report.

*There is no rounding!*
Implied Relationships

\[
\begin{align*}
\text{Royalty Value PA} & \quad = \quad \text{Royalty Rate} \\
& \quad = \quad \frac{2747.00}{21975.00} = .125 \\
\end{align*}
\]

Monitored for royalty rate verification

\[
\begin{align*}
\text{Sales Value} & \quad = \quad \text{Price Per Unit} \\
& \quad = \quad \frac{21975.00}{439.5} = $50.00 \\
\end{align*}
\]

Monitored for reasonable pricing

Transaction code 01 compares volumes and values to determine if your royalty rate and pricing are within established guidelines.

We verify your royalty rate.

- You can verify the royalty rate you reported by taking your royalty value divided by your sales value equals your royalty rate.
- Report a separate line for each different royalty rate. However, when reporting on a lease with a sliding-scale royalty rate and multiple royalty rates are required because of varying qualities, the different rates can be rolled up and reported on one line.
- Many leases are 12 1/2 percent; however, the rates can vary. Check your lease terms to ensure you report the correct royalty rate. Remember to use your royalty rate and not your division order percent. Royalty rate is a component of the DOP.

**TRAINER INFORMATION:** Royalty rate is a fatal error for Indian oil and gas, and a warning error for all Federal leases; however, MMS does have downstream edits (Compliance).

We monitor for reasonable pricing.

- You can check the pricing you reported by taking the sales value divided by the sales volume equals your price. We will take a more in-depth look at pricing during the Compliance training.

**TRAINER INFORMATION:** Pricing is a fatal error for Indian/ Federal oil leases, and a warning error for Indian/Federal gas leases; however, MMS does have downstream edits (Compliance).
Informative Web Locations


*We are in the process of updating the list with our system Edits.*
Thank You!!!
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### Office of Natural Resources Revenue
#### Form 2014
#### Data Elements by Transaction Code

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<td>C4 EPA Section 224 – County Geothermal Credit Burden</td>
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</table>

X - Required
E - Report only if Required on Indian Lands and Offshore Deep Water Wells under Royalty Relief
B - Required if Reporting a deduction from Royalty Due
A - Required if Reporting Production Attributable to an Agreement
O - Optional
()
M - Required Only on Gas Product Codes 03, 04, 12, 15, 16, & 39

* TC 39 Requires a “Royalty Value Less Allowances” if Allowances are taken. If No Allowance is taken “Royalty Value Less Allowances” will be Blank.

FOR FURTHER INFORMATION ON ANY OF THE ABOVE FIELDS OR TRANSACTION CODES PLEASE REFER TO THE MINERALS REVENUE REPORTER HANDBOOK - OIL, GAS, AND GEO
<table>
<thead>
<tr>
<th>Edit No</th>
<th>Edit message text</th>
<th>Type of Severity</th>
<th>Type of Edit</th>
<th>Logic</th>
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<td>9505</td>
<td>Invalid Payor Code</td>
<td>E</td>
<td>Header</td>
<td>Checking the custid on the document that is being processed is valid in PS_CUSTOMER table.</td>
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<td>9507</td>
<td>Payor Document Number must contain a value</td>
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<td>Header</td>
<td>Checking the Payor Document Number to make sure it's not spaces.</td>
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<td>9516</td>
<td>The F/I Indicator must contain a value</td>
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<td>Header</td>
<td>Checking fed and indian ind to make sure it's not spaces.</td>
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<td>9517</td>
<td>Reported F/I Indicator is inconsistent with F/i Indicator on the lease</td>
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<td>Checking contract nbr to see if exits in ZRF_ALL_CON and not in ZRF_CON_ON_HOLD tables. If the contract nbr exists and land class does not equal to FED or IND create edit.</td>
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<td>9520</td>
<td>Payment Method must contain a valid value</td>
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<td>Detail</td>
<td>Checking Payment meth cd to see if its valid in ZRF_PYMNT_METH table gets the max eff date.</td>
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<td>9522</td>
<td>CIRI lease type requires a Payment Method 02</td>
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<td>Detail</td>
<td>Checking the document that is being processed is indian and land class is equal to MXD or IND. Check contract and sales date on ZRF_DIST table to see subcust qual1 is equal to 505 with the max eff date. If true create edit.</td>
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<td>9523</td>
<td>Payment Method is inconsistent with the F/I Indicator</td>
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<td>9524</td>
<td>Invalid ARC</td>
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<td>Checks adj rsn cd to see if its a valid cd in ZRF_ADJ_RSN_CD table gets the max eff date.</td>
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<td>9525</td>
<td>Invalid TC</td>
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<td>Checks trans cd to see if its valid cd in ZRF_TRANS_CODE table gets the max eff date.</td>
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<td>9526</td>
<td>ARC is invalid for the TC</td>
<td>E</td>
<td>Detail</td>
<td>Checks trans cd and adj rsn cd to see if its valid in ZRF_ARC_TC table gets the max eff date.</td>
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<tr>
<td>9529</td>
<td>ARC 15 (Marginal Property True Up) is invalid for Indian leases</td>
<td>E</td>
<td>Detail</td>
<td>Checks to make sure that the land class cd is equal to IND and detail adj rsn cd equals 15.</td>
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<td>9530</td>
<td>Sales MO/YR format is invalid for the lease anniversary date</td>
<td>E</td>
<td>Detail</td>
<td>Checks for the anniversary on the contract nbr that is being processed in ZRF_DATES table gets the max eff date. If the sales date on the detail line is less than the anniversary in the ZRF_DATES table. Create the edit.</td>
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<tr>
<td>9531</td>
<td>Sales MO/YR must be after the lease anniversary date</td>
<td>E</td>
<td>Detail</td>
<td>Checks for the anniverary on the contract nbr that is being processed in ZRF_DATES table gets the max eff date. If the sales date on the detail line is less than the anniverary in the ZRF_DATES table. Create the edit.</td>
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<tr>
<td>9532</td>
<td>Sales MO/YR must be prior to the lease termination date or relinquished date</td>
<td>E</td>
<td>Detail</td>
<td>Checks prior allowance value and detail sales value to make sure that it's positive value. If prior allowance is greater than 2 or less than or equal 2 or sales value less than -0.10 or sales value greater than 0.10 or sales value equals zero or detail prior allowance value greater than zero and detail sales value is less than or equal to zero create edit.</td>
</tr>
<tr>
<td>9536</td>
<td>Sales Vol must be positive if the RVPA is positive</td>
<td>E</td>
<td>Detail</td>
<td>Checks prior allowance value and detail sales value to make sure that it's negative value and adj rsn cd is valid. If prior allowance is greater than 2 or less than or equal 2 or sales value less than -0.10 or sales value greater than 0.10 or sales value equals zero and adj rsn cd is valid or detail prior allowance value greater than zero and detail sales value is less than or equal to zero create edit.</td>
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<tr>
<td>9538</td>
<td>Sales Vol must negative if RVPA is negative</td>
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<td>Detail</td>
<td>Checks prior allowance value and detail sales value to make sure that it's negative value and adj rsn cd is valid. If prior allowance is greater than 2 or less than or equal 2 or sales value less than -0.10 or sales value greater than 0.10 or sales value equals zero and adj rsn cd is valid or detail prior allowance value greater than zero and detail sales value is less than or equal to zero create edit.</td>
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<td>9548</td>
<td>Invalid Lease Number</td>
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<td>Detail</td>
<td>Checking contract nbr, subdiv equals to 000, status equals active and contract subj cd not equal to 'AGMT' or 'RIK' in ZRF_ALL_CON table and does not exists in ZRF_CON_ON_HOLD tables. If contract nbr does not exists create edit.</td>
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<td>9549</td>
<td>Product Code is not a valid Product Type for the lease</td>
<td>E</td>
<td>Detail</td>
<td>Checks the first position of the contract nbr and product cd. If the first position of the contract nbr is not equal to 'M' and the product cd is not a valid cd in ZRF_PROD_CD table create edit.</td>
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<td>9550</td>
<td>API Well Number must contain a valid value</td>
<td>E</td>
<td>Detail</td>
<td>When WELL-VAL-YES is set to 'true', due to WV-EXISTS = 'X', system will check WELL-REQ-YES and WELL-VAL-NO. If no value in Well number, follow WELL-VAL-NO and move WS-CD-API-SELL-NUF-INV to ERR-CD, present error 9550 create edit.</td>
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<td>9551</td>
<td>Only Indian leases allowed for this TC</td>
<td>E</td>
<td>Detail</td>
<td>Checks to see that the contract nbr is indian and if header fed and ind equals 'F'.</td>
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<td>9552</td>
<td>Only federal leases allowed for this TC</td>
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<td>Detail</td>
<td>Checks to see that the contract nbr is federal and if header fed and ind equals 'I'.</td>
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<td>9553</td>
<td>Only Land Classification Fed/Mixed Allowed for this TC</td>
<td>E</td>
<td>Detail</td>
<td>Checks to make sure that only federal lease go through this edit. If land class does not equal FED or MXD create edit.</td>
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<tr>
<td>9554</td>
<td>The Sales MO/YR must be prior to the Report MO/YR</td>
<td>E</td>
<td>Detail</td>
<td>Checks to make sure that detail sales date is greater than or equal to header report date. If true create edit.</td>
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<td>9555</td>
<td>Sales MO/YR must be one month prior to Report MO/YR</td>
<td>E</td>
<td>Detail</td>
<td>Checks to see if detail sales date equals 12 month and header report date not equal to 1st month and header report year not equal to detail sales date plus 1 create edit.</td>
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<td>9556</td>
<td>Sales MO/YR must be greater than or equal to 01/1997</td>
<td>E</td>
<td>Detail</td>
<td>Checks to see if detail sales date is less than 01/1997. If true create edit.</td>
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<tr>
<td>9557</td>
<td>Sales MO/YR cannot be future dated</td>
<td>E</td>
<td>Detail</td>
<td>Checks to see that detail sales date is not greater than system date. If true create edit.</td>
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<td>9558</td>
<td>Sales Type code must contain a valid value</td>
<td>E</td>
<td>Detail</td>
<td>Checks to see if sales type cd is a valid cd in ZRF_SALE_TYPE table to get the max eff date.</td>
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<td>9559</td>
<td>Sales Value must be positive if the RVPA is positive</td>
<td>E</td>
<td>Detail</td>
<td>Checks to see if detail royalty value is greater than zero and detail sales value is less than or equal to zero create edit.</td>
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<tr>
<td>9560</td>
<td>Sales Value and RVPA must have same sign</td>
<td>E</td>
<td>Detail</td>
<td>Checks to see if detail royalty prior all value is not equal zero and detail sales value is less than or equal to zero or royalty prior all value is greater than zero and detail sales value is greater than zero create edit.</td>
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<tr>
<td>9561</td>
<td>RVLA must be zero</td>
<td>E</td>
<td>Detail</td>
<td>Checks to see if detail royalty less all value is not equal zero create edit.</td>
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<tr>
<td>9562</td>
<td>RVLA must be zero or positive</td>
<td>E</td>
<td>Detail</td>
<td>Checks to see if detail royalty less all value is less than zero create edit.</td>
</tr>
<tr>
<td>9563</td>
<td>The RVLA must be zero or negative</td>
<td>E</td>
<td>Detail</td>
<td>The royalty value prior to allowances must be positive if the adjustment reason code is zero or null. This edit will not be performed if the sales value falls within a range.</td>
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<tr>
<td>9564</td>
<td>RVPA must be positive if the ARC is zero</td>
<td>E</td>
<td>Detail</td>
<td>If detail sales value less than -0.10 or detail sales value greater than 0.10 or detail sales value equals 0 if detail adj rsn cd equals spaces or adj rsn cd equals 00 and RV PRI ALL less or equal to 0 create edit.</td>
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<td>Type of Severity</td>
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<td>9573</td>
<td>RVPA must be negative if the ARC is zero</td>
<td>E</td>
<td>Detail</td>
<td>Checks to see if detail sales value is less than -0.10 or detail sales value is greater than 0.10 or detail sales value is equal to zero and adj rsn cd equal spaces or adj rsn cd equal 00 and detail royalty value prior all is greater or equal to zero create edit.</td>
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<tr>
<td>9574</td>
<td>RVLA must be positive if the ARC is zero</td>
<td>E</td>
<td>Detail</td>
<td>Checks to see if adj rsn cd equal spaces or adj rsn cd equal 00 and detail royalty value less all is less or equal to zero create edit.</td>
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<td>9575</td>
<td>RVPA must be zero</td>
<td>E</td>
<td>Detail</td>
<td>Checks to see if detail tran code exists in ZRF_TRANS_CODE table and royalty zero flag equal to &quot;Y&quot; and royalty value prior all is not equal to zero. If true create edit.</td>
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<tr>
<td>9576</td>
<td>The RVLA cannot be zero</td>
<td>E</td>
<td>Detail</td>
<td>Checks adj rsn cd not equal to 20 and trans cd not 06 and royalty value less all equal to zero. If true create edit.</td>
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<td>9578</td>
<td>Estimate recoupment amount cannot be greater than current estimate balance</td>
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<td>Detail</td>
<td>Checks the detail line that is being processed where account type equals 'ESMT', contract nbr and custid are found in ZLB_LAB_DTL table. This checks to see if the LAB puts lease / payor into the negative. If royalty value greater than what is in ZLB_LAB_DTL table create edit. OR Checks the detail line that is being processed where account type equals 'ESMT', contract nbr,custid and sales date are found in ZLB_LAB_DTL table. This checks to see if the LAB puts lease / payor into the negative. If royalty value greater than what is in ZLB_LAB_DTL table create edit.</td>
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<tr>
<td>9580</td>
<td>Recoupment not possible-insufficient summed amount</td>
<td>E</td>
<td>Detail</td>
<td>Checks on detail lines fro recoupment insufficient summed amount and sufficient summed amount is done separately for MNROY and MRPIA obligation. If true create edit.</td>
</tr>
<tr>
<td>9581</td>
<td>Reported RVLA must equal the RVPA minus allowances</td>
<td>E</td>
<td>Detail</td>
<td>Add detail royalty value prior allowance detail transportation allowance detail processed allowance giving prior transportation processed allowance. Checks to see if detail royalty value less allowance less than prior transportation processed allowance. If true create edit.</td>
</tr>
<tr>
<td>9584</td>
<td>Must use Payment Method 04 for this TC</td>
<td>E</td>
<td>Detail</td>
<td>Checks to see Royalty in Kind transaction the payment method must be 04. If the detail payment meth is not equal to RIK payment meth create edit.</td>
</tr>
<tr>
<td>9585</td>
<td>Payment Method 04 is invalid for this TC</td>
<td>E</td>
<td>Detail</td>
<td>Checks Transaction code invalid for Royalty in Kind and payment method code. If the detail payment meth equal to RIK payment meth create edit.</td>
</tr>
<tr>
<td>9591</td>
<td>Rent provision not found</td>
<td>E</td>
<td>Detail</td>
<td>Checks ZRF_PROV table using the contract nbr, sales date, subdiv equals 000, provision type cd equal 'RENT', rcp provision type cd equals 'RCPRN', rent seq nbr equals 1and has a active status to get the max eff date. If not found create edit.</td>
</tr>
<tr>
<td>9592</td>
<td>Advanced royalty provision not found</td>
<td>E</td>
<td>Detail</td>
<td>Advance royalty provision not found. Select from ZRF_PROV using contract nbr, sales date to max EFFDT, PROV-TYP-CD1 equals 'ADVRY', PROV-TYP-CD2 equals 'RADRY' and status equals 'A' if not found create edit.</td>
</tr>
<tr>
<td>Edit No</td>
<td>Edit message text</td>
<td>Type of Severity</td>
<td>Type of Edit</td>
<td>Logic</td>
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</tr>
<tr>
<td>9593</td>
<td>Minimum royalty or minimum royalty paid in advance provision not found</td>
<td>E</td>
<td>Detail</td>
<td>Minimum royalty or minimum royalty paid in advance provision not found. Note that transaction code 02 is used to report both the minimum royalty and minimum royalty paid in advance, however the new transaction code 52 is used to recoup minimum royalty paid in advance. Select from ZRF_PROV using contract_nbr, sales_date to get max effdt, PROV_TYP_CD1 equals 'MNROY', PROV_TYP_CD2 equals 'MRPIA', and status equals 'A' if not found create edit.</td>
</tr>
<tr>
<td>9594</td>
<td>Well fee provision not found</td>
<td>E</td>
<td>Detail</td>
<td>Checks ZRF_PROV table using the contract_nbr, sales_date, subdiv equals 000, fee provision type cd equals 'WLFE', fee seq_nbr equals '1' and has a active status to get the max eff date. If not found create edit.</td>
</tr>
<tr>
<td>9595</td>
<td>Gas storage flat fee provision not found</td>
<td>E</td>
<td>Detail</td>
<td>Checks ZRF_PROV table using the contract_nbr, sales_date, subdiv equals 000, gas provision type cd equals 'STGFE', gas seq_nbr equals '1' and has a active status to get the max eff date. If not found create edit.</td>
</tr>
<tr>
<td>9596</td>
<td>Gas storage injection fee provision not found</td>
<td>E</td>
<td>Detail</td>
<td>Checks ZRF_PROV table using the contract_nbr, sales_date, subdiv equals 000, gas storage injection provision type cd equals 'INJCT', gas storage injection seq_nbr equals '1' and has a active status to get the max eff date. If not found create edit.</td>
</tr>
<tr>
<td>9597</td>
<td>Gas storage withdrawal fee provision not found</td>
<td>E</td>
<td>Detail</td>
<td>Checks ZRF_PROV table using the contract_nbr, sales_date, subdiv equals 000, gas storage withdrawal provision type cd equals 'WTHDR', gas storage withdrawal seq_nbr equals '1' and has a active status to get the max eff date. If not found create edit.</td>
</tr>
<tr>
<td>9598</td>
<td>Sales Volume cannot be zero</td>
<td>E</td>
<td>Detail</td>
<td>Checks royalty value prior allowance and detail sales value to make sure that sales must not be zero. If royalty value prior allowance is greater than 2 or less than -2 or sales value less than 0.10 or sales value greater than 0.10 or sales volume equals zero create edit.</td>
</tr>
<tr>
<td>9601</td>
<td>Sales Volume must be positive if the Sales Value is positive</td>
<td>E</td>
<td>Detail</td>
<td>Checks to see sales volume must be positive and if sales value is positive. If detail sales volume greater than zero and sales volume is less or equal to zeros create edit.</td>
</tr>
<tr>
<td>9602</td>
<td>Gas MMBTU must not be reported for the specified Product Code</td>
<td>E</td>
<td>Detail</td>
<td>Checks the product cd in table ZRF_PROD_CD on the detail line that's being processed to make sure that the product cd can not report MMBTU and to get the max eff date.</td>
</tr>
<tr>
<td>9603</td>
<td>Gas MMBTU must be reported for the specified Product Code</td>
<td>E</td>
<td>Detail</td>
<td>Checks detail line royalty value prior allowance to see if it greater than 2 or royalty value prior allowance to see if it less than -2. If true Checks the product cd in table ZRF_PROD_CD on the detail line that's being processed to make sure that the product cd can not report MMBTU and to get the max eff date. If MMBTU REQ equals 'Y' and detail gas mmbtu equals zero Create edit.</td>
</tr>
<tr>
<td>9604</td>
<td>ARC must be blank</td>
<td>E</td>
<td>Detail</td>
<td>Checks adj rsn cd to see if its a valid cd in ZRF_ADJ_RSN_CD table. If true Check contract_nbr ,custid and acct type equal to 'ESMT'. If true If detail adj rsn cd not equal to 32 create edit.</td>
</tr>
<tr>
<td>9605</td>
<td>An estimate balance exists so the ARC must be 32</td>
<td>E</td>
<td>Detail</td>
<td>Checks adj rsn cd to see if its a valid cd in ZRF_ADJ_RSN_CD table. If true Check contract_nbr ,custid and acct type equal to 'ESMT'. If true If detail adj rsn cd not equal to 32 create edit.</td>
</tr>
<tr>
<td>Edit No#</td>
<td>Edit message text</td>
<td>Type of Severity</td>
<td>Type of Edit</td>
<td>Logic</td>
</tr>
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</tr>
<tr>
<td>9607</td>
<td>An estimate balance does not exist so the ARC must be blank</td>
<td>E</td>
<td>Detail</td>
<td>Checks ZLB_LAB_HDR table using the contract_nbr, custid and account type equals &quot;ESMT&quot;. If not found and adj rsn cd not equal to spaces or 00 create edit.</td>
</tr>
<tr>
<td>9609</td>
<td>ARC 16 (Major Portion) valid only for non-index Indian leases with gas product</td>
<td>E</td>
<td>Detail</td>
<td>Checks detail adj rsn cd to see if it equals 16 and fed indn val is set to yes and detail sales date is less than 19990131 create edit.</td>
</tr>
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<td></td>
<td>It will check that: 1) the document reported federal indian indicator is Indian 2) the product code is gas 3) A fund adjustment record for the reported sales date must exist for the distributee code attached to the reported lease on 2014 detail line. A fund adjustment record for the reported sales date must exist for any of the multiple distributee codes in order to pass the edit.</td>
</tr>
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<td>If ADJ-RSN-CD equals &quot;16&quot; Select from ZRF_PROD_CD using detail prod cd, detail sales date, setid equals 'MRM', oil and gas ind equals 'G', status equals 'A' if found set PT-PROD-GAS-YES</td>
</tr>
<tr>
<td></td>
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<td></td>
<td>Select from ZRF_ALL_CON, ZRF_FUND_ADJ_CD, ZRF_DIST using contract_nbr, sales date to get max effdt and status equals 'A' if found set ADJ-REC-EXISTS-YES</td>
</tr>
<tr>
<td></td>
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<td></td>
<td>If header FED INDN IND equals 'F' and PT-PROD-GAS-NO or ADJ-REC-EXISTS-NO create edit</td>
</tr>
<tr>
<td>9610</td>
<td>Fund Adjustment Record must exist for ARC 16</td>
<td>E</td>
<td>Detail</td>
<td>Checks adj rsn cd to see if it equals 20 and royalty value prior allowance is not equal to zero or adj rsn cd equals 21 and royalty value prior allowance equal to zero.</td>
</tr>
<tr>
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<td>If true create edit</td>
</tr>
<tr>
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<td></td>
<td>Checks detail royalty value prior allowance to if it greater than 2 or detail royalty value prior allowance to if it less than -2 and min product cd equals 01, 03, 12, 31 or min product cd is greater than or equal to reasonable pricing and min product cd is less than or equal to reasonable pricing.</td>
</tr>
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<td></td>
<td>If true Check fed and indian ind to make sure it valid and header fed indian ind equals F.</td>
</tr>
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<td></td>
<td>Check ZRF_PROD_CD table using detail product cd and sales date to get ogm oil gas ind and to get the max eff date. If ogm oil gas ind equal 'O'</td>
</tr>
<tr>
<td></td>
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<td></td>
<td>Select from ZRF_TOL_XREF table to get min and max tolerance value using deatil product cd , sales date, status equals active and tol1 type equals 'FSUP' and to get the max eff date.</td>
</tr>
<tr>
<td></td>
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<td></td>
<td>output from select TOL1-MIN-RANGE and TOL1-MAX-RANGE Divide detail sale val by detail sale vol giving tol1 unit price. If tol1 unit price is less than TOL1-MIN-RANGE or total unit price is greater than TOL1-MAX-RANGE create edit.</td>
</tr>
<tr>
<td>9611</td>
<td>RVPA is invalid for the ARC</td>
<td>E</td>
<td>Detail</td>
<td>Checks detail royalty value prior allowance to if it greater than 2 or detail royalty value prior allowance to if it less than -2 and min product cd equals 01, 03, 12, 31 or min product cd is greater than or equal to reasonable pricing and min product cd is less than or equal to reasonable pricing.</td>
</tr>
<tr>
<td>9612</td>
<td>Fed Sales Val/Vol not within price limits for specified Product Cd</td>
<td>E</td>
<td>Detail</td>
<td>Checks detail royalty value prior allowance to if it greater than 2 or detail royalty value prior allowance to if it less than -2 and min product cd equals 01, 03, 12, 31 or min product cd is greater than or equal to reasonable pricing and min product cd is less than or equal to reasonable pricing.</td>
</tr>
<tr>
<td></td>
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<td></td>
<td></td>
<td>If true create edit</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Checks detail royalty value prior allowance to if it greater than 2 or detail royalty value prior allowance to if it less than -2 and min product cd equals 01, 03, 12, 31 or min product cd is greater than or equal to reasonable pricing and min product cd is less than or equal to reasonable pricing.</td>
</tr>
<tr>
<td></td>
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<td></td>
<td></td>
<td>If true Check fed and indian ind to make sure it valid and header fed indian ind equals F.</td>
</tr>
<tr>
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<td></td>
<td></td>
<td>Check ZRF_PROD_CD table using detail product cd and sales date to get ogm oil gas ind and to get the max eff date. If ogm oil gas ind equal 'O'</td>
</tr>
<tr>
<td></td>
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<td></td>
<td>Select from ZRF_TOL_XREF table to get min and max tolerance value using deatil product cd , sales date, status equals active and tol1 type equals 'FSUP' and to get the max eff date.</td>
</tr>
<tr>
<td></td>
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<td></td>
<td>output from select TOL1-MIN-RANGE and TOL1-MAX-RANGE Divide detail sale val by detail sale vol giving tol1 unit price. If tol1 unit price is less than TOL1-MIN-RANGE or total unit price is greater than TOL1-MAX-RANGE create edit.</td>
</tr>
<tr>
<td>Edit No#</td>
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<td>Type of Severity</td>
<td>Type of Edit</td>
<td>Logic</td>
</tr>
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</tr>
</tbody>
</table>
| 9613   | Fed Gas MMBTU Val/Vol not within price limits for specified Product Cd | E                | Detail       | Checks detail royalty value prior allowance to see if it greater than 2 or detail royalty value prior allowance to see if it less than -2 and min product cd equals 01, 03, 12, 31 or min product cd is greater than or equal to reasonable pricing and min product cd is less than or equal to reasonable pricing. If true  
Check fed and indian ind to make sure its valid and the header fed indabed equals I and sale vol is not equal zero.  
If true  
Check ZRF_PROD_CD table using detail product cd and sales date to get ogm oil gas ind and to get the max eff date.  
If ogm mmbtu equal "Y"  
Select from ZRF_TOL_XREF table to get min and max tolerance value using detail product cd , sales date, status equals active and tol1 type equals 'FMUP' and to get the max eff date.  
output from select TOL2-MIN-RANGE and TOL2-MAX-RANGE  
Divide detail sale vol by detail sale vol giving tol2 unit price.  
If tol2 unit price is less than TOL2-MIN-RANGE or total unit price is greater than TOL2-MAX-RANGE create edit. |
| 9614   | Ind Sales Val/Vol not within price limits for specified Product Cd | E                | Detail       | Checks detail royalty value prior allowance to see if it greater than 2 or detail royalty value prior allowance to if it less than -2 and min product cd equals 01, 03.  
check fed and header fed ind equals 1.  
If true.  
Check ZRF_PROD_CD table using detail product cd and sales date to get ogm oil gas ind.  
If ogm oil gas ind equal 'O' and ogm mmbtu not equal "Y"  
Select from ZRF_TOL_XREF table to get min and max tolerance value using detail product cd , sales date, status equals active and tol1 type equals 'ISUP'.  
output from select TOL3-MIN-RANGE and TOL3-MAX-RANGE.  
Divide detail sale vol by detail sale vol giving tol3 unit price.  
If tol3 unit price is less than TOL3-MIN-RANGE or total unit price is greater than TOL3-MAX-RANGE create edit. |
| 9615   | Ind Gas MMBTU Val/Vol not within price limits for specified Product Cd | E                | Detail       | Checks detail royalty value prior allowance to see if it greater than 2 or detail royalty value prior allowance to if it less than -2 and min product cd equals 01, 03.  
check fed and header fed ind equals 1.  
If true.  
Check ZRF_PROD_CD table using detail product cd and sales date to get ogm oil gas ind and to get the max eff date.  
If ogm oil gas ind equal 'O' and ogm mmbtu not equal "Y"  
Select from ZRF_TOL_XREF table to get min and max tolerance value using detail product cd , sales date and tol1 type equals 'IMUP' and to get the max eff date.  
output from select TOL4-MIN-RANGE and TOL4-MAX-RANGE.  
Divide detail sale vol by detail sale vol giving tol4 unit price.  
If tol4 unit price is less than TOL4-MIN-RANGE or total unit price is greater than TOL4-MAX-RANGE create edit. |

**EDITS AS OF 02-28-2012**
<table>
<thead>
<tr>
<th>Edit No#</th>
<th>Edit message text</th>
<th>Type of Severity</th>
<th>Type of Edit</th>
<th>Logic</th>
</tr>
</thead>
</table>
| 9617    | Implied Indian royalty rate is not consistent with the lease royalty rate | E                | Logic       | RVPA must be > 2 or < 2  
Mineral product code must be = 01 or 03 (found from ZRF_PROD_CD table)  
z_fed_indn_ind must be = 'I' (found on ZRF_2014_HDR table)  
sale_val field on the ZRF_2014_DTL table <> 0  
Select the corresponding tolerance located on ZRF_TOL_XREF table. This pull is effective dated using the prod_cd and sale_dt from the DTL line. This will be taken into account later with the calculated royalty rate. Users are allowed to report the royrate listed in the table MINUS the tolerance.  
Calculate royrate. This will be used later as part of the compare. Royrate = RVPA/sale value (Both of these values are on ZRF_2014_STGDTL)  
SET PROV-PASSED-FLG-NO to TRUE  
Select PV1.Z_RT_PER * 100 Z_RT_PER_TEMP, PV1.Z_LOW_RT * 100 Z_LOW_RT_TEMP from ZRF_PROV table. |
| 9618    | Invalid Product Code | E                | Detail      | Checks sales date to see if its valid  
select from ZRF_PROD_CD table to see if the product code exists to get the max eff date. If not found create edit. |
| 9620    | Product Type must be Oil and Gas | E                | Detail      | Checks the contract nbr on the detail line that being processed.  
Select from ZRF_ALL_CON using contract nbr to make sure that product type is equal to 01. If product type does not equal 01 from the select create edit. |
| 9621    | The Product Code must be blank | E                | Detail      | Checks the detail line product code.  
If the product code does not equal to spaces create edit. |
| 9623    | Product Code cannot be blank | E                | Detail      | Checks the detail line product code.  
If the product code is equal to spaces or 00 create edit. |
| 9626    | TC is invalid because the lease is not a Section 6 Marginal Property | E                | Detail      | Checks detail adj ran code to see if it equals 15 on detail line that is being processed.  
If the relshp type code is LTOA or CRAA.  
Select from ZRF_PROV table using detail agr nbr, detail sales date, subdiv nbr equals 000, provision type code equals 'MARGP',  
proc date equals sales date minus 1 year, status is equal to active and gets the max eff date.  
if not found create edit. |
| 9627    | TC is invalid for non-recoupable leases | E                | Detail      | Checks Non-recoupable lease.  
Select from ZRF_PROV table using detail contract nbr,detail subdiv nbr equal 000, detail sales date,status is equal to active and provision type code equals 'RENT' gets the max eff date.  
if found create edit. |
| 9628    | TC is invalid for recoupable leases. Use TC 05 | E                | Detail      | Checks recoupable lease.  
Select from ZRF_PROV table using detail contract nbr,detail subdiv nbr equal 000, system date,status is equal to active and provision type code equals 'RCPRN' gets the max eff date.  
if found create edit. |
<table>
<thead>
<tr>
<th>Edit No#</th>
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<th>Logic</th>
</tr>
</thead>
<tbody>
<tr>
<td>9629</td>
<td>Cannot recoup unless min roy paid in adv provision is established for lease</td>
<td>E</td>
<td>Detail</td>
<td>Minimum royalty paid in advanced provision is not found; thus cannot recoup without this provision. Select from ZRF_PROV using contract nbr, detail sales date, prov type equals 'MRPIA' and active status. If not found create edit.</td>
</tr>
<tr>
<td>9631</td>
<td>TC is only valid for gas storage agreements</td>
<td>E</td>
<td>Detail</td>
<td>Checks for lease not a gas storage agreement. Select from ZRF_ALL_CON table using detail contract nbr, subdiv nbr equal to 000, agmt subj code equal to ‘GSA’. If not found create edit.</td>
</tr>
<tr>
<td>9632</td>
<td>TC is invalid for leases without severance tax provisions</td>
<td>E</td>
<td>Detail</td>
<td>Checks lease cannot have a provision type of severance tax. Select from ZRF_PROV table using detail contract nbr, detail subdiv nbr equal 000, system date, status is equal to active and provision type code equals 'SVTAX' gets the max eff date. If not found create edit.</td>
</tr>
<tr>
<td>9633</td>
<td>Transportation Allowance cannot be reported</td>
<td>E</td>
<td>Detail</td>
<td>Checks to see if detail transportation allowance must be null. If detail trnsp allowance is not equal zero create edit.</td>
</tr>
<tr>
<td>9634</td>
<td>Processing Allowance cannot be reported</td>
<td>E</td>
<td>Detail</td>
<td>Checks to see if processing allowance must be null. If detail prcs allowance is not equal zero create edit.</td>
</tr>
<tr>
<td>9638</td>
<td>Processing Allowance cannot be reported for a Product Type of Oil</td>
<td>E</td>
<td>Detail</td>
<td>Checks to see if TC not valid for reported product. If Product code has oil and gas indicator = 'Oil' then processing allowances may not be taken. Select from ZRF_PROV_CD table using setid equal to MRM, detail sales date, detail product code gets the max eff date. Output from select PC-OGI. If PC-OGI equals O and detail process allowance is not equal to zero create edit.</td>
</tr>
<tr>
<td>9639</td>
<td>Invalid Agreement Number</td>
<td>E</td>
<td>Detail</td>
<td>Checks the detail agreement nbr not equal spaces. If true, select from PS_ZRF_ALL_CON using detail agr nbr to find contract nbr, agr sub type equal to 'AGMT', subdiv equal to 000, status equal active and it does not exist in ZRF_CON_ON_HOLD table. If not found create edit.</td>
</tr>
<tr>
<td>9640</td>
<td>Agreement number not related to reported lease or compensatory royalty agreement number</td>
<td>E</td>
<td>Detail</td>
<td>Checks to see if the agreement nbr and contract nbr are valid. If true, select from ZRF_XREF_CON table using detail agr nbr to find contract nbr, detail agr sub type equal to 'AGMT', subdiv equal to 000, status equal active and to get max eff date. Checks from the select the relationship type code equal to LTOA or CRAA. If not found create edit.</td>
</tr>
<tr>
<td>9641</td>
<td>Agreement Number is required for ARC 15 (Marginal Property True-Up)</td>
<td>E</td>
<td>Detail</td>
<td>Checks to see if adj rsn cd is valid and detail adj rsn cd equals 15 and detail agreement nbr equal spaces. If true create edit.</td>
</tr>
<tr>
<td>9655</td>
<td>Transportation Allowance must be negative unless an ARC is reported</td>
<td>E</td>
<td>Detail</td>
<td>Checks to see if the detail transportation allowance is greater than zero and detail adjustment rsn cd equals spaces or detail adjustment rsn cd equals 00 create edit.</td>
</tr>
<tr>
<td>9656</td>
<td>Processing Allowance must be negative</td>
<td>E</td>
<td>Detail</td>
<td>Checks to see if the detail processing allowance is greater than zero and detail adjustment rsn cd equals spaces or detail adjustment rsn cd equals 00 create edit.</td>
</tr>
<tr>
<td>Edit No#</td>
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<td>Logic</td>
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</tr>
<tr>
<td>9657</td>
<td>The sign on the Gas MMBTU must match the sign on the RVPA</td>
<td>E</td>
<td>Detail</td>
<td>Check to see if MMBTU-REQ equals Y and detail gas MMBTU is less than zero and detail royalty value prior allowance is greater than zero or detail gas MMBTU is greater than zero and detail royalty value prior allowance is less than zero create edit.</td>
</tr>
<tr>
<td>9658</td>
<td>Sales Volume must be zero</td>
<td>E</td>
<td>Detail</td>
<td>Checks to see if detail sale volume not equal to zero create edit.</td>
</tr>
<tr>
<td>9659</td>
<td>Gas MMBTU must be zero</td>
<td>E</td>
<td>Detail</td>
<td>Checks to see if detail gas MMBTU not equal to zero create edit.</td>
</tr>
<tr>
<td>9660</td>
<td>Product Code be 01 (Oil) or 02 (Condensate)</td>
<td>E</td>
<td>Detail</td>
<td>Checks to see if product code not equal 01 or 02 create edit.</td>
</tr>
<tr>
<td>9661</td>
<td>Implied Royalty Rate (RVPA/Sale Value) cannot exceed 1.00</td>
<td>E</td>
<td>Detail</td>
<td>Divide detail royalty value prior allowance by detail sale value giving royalty rate. If royalty rate greater than 1 create edit.</td>
</tr>
<tr>
<td>9662</td>
<td>Transportation Allowance cannot be zero</td>
<td>E</td>
<td>Detail</td>
<td>Checks to see if the detail transportation allowance is equal to zero create edit.</td>
</tr>
<tr>
<td>9663</td>
<td>Processing Allowance cannot be zero</td>
<td>E</td>
<td>Detail</td>
<td>Checks to see if the detail processing allowance is equal to zero create edit.</td>
</tr>
<tr>
<td>9665</td>
<td>Sales Value must be zero</td>
<td>E</td>
<td>Detail</td>
<td>Checks to see if the detail sale value is not equal to zero create edit.</td>
</tr>
<tr>
<td>9666</td>
<td>Sales Value cannot be zero</td>
<td>E</td>
<td>Detail</td>
<td>Add five years to system date. Checks the detail sale date to see if it greater than system date create edit.</td>
</tr>
<tr>
<td>9667</td>
<td>Sales Month/Year cannot be greater than current year plus 5 years</td>
<td>E</td>
<td>Detail</td>
<td>Checks detail sale date to see if it greater than system date create edit.</td>
</tr>
<tr>
<td>9668</td>
<td>Transportation/Processing Field must have opposite signs of the RVLA</td>
<td>E</td>
<td>Detail</td>
<td>Checks detail transportation allowance not equal zero or detail processing allowance not equal to zero. If true: Check to see if detail transportation allowance is less than zero and detail royalty value allowance is less than zero or detail processing allowance is less than zero and detail royalty value less allowance is less than zero or detail transportation allowance is greater than zero and detail royalty value less allowance is greater than zero or detail processing allowance is greater than zero and detail royalty value less allowance is greater than zero. Create edit.</td>
</tr>
<tr>
<td>9669</td>
<td>RVPA must match the RVLA</td>
<td>E</td>
<td>Detail</td>
<td>Checks to see if detail royalty value prior allowance is not equal to detail royalty value less allowance. Create edit. RVPA must match the RVLA. If Detail-RV-PRI-ALL does not equal Detail RV-LS-ALL Create edit.</td>
</tr>
<tr>
<td>9670</td>
<td>Z999 or Z700 Sales Type cannot be used for Sales Months after 09/2001</td>
<td>E</td>
<td>Detail</td>
<td>Checks to see if detail sale date is greater or equals 20011031 and detail royalty value prior allowance greater than 2 and detail sale type code equals Z999 or Z700. If true create edit.</td>
</tr>
<tr>
<td>Edit No</td>
<td>Edit message text</td>
<td>Type of Severity</td>
<td>Type of Edit</td>
<td>Logic</td>
</tr>
<tr>
<td>---------</td>
<td>-------------------</td>
<td>------------------</td>
<td>--------------</td>
<td>-------</td>
</tr>
<tr>
<td>9680</td>
<td>All Payment Method '06' lines in a group must net to zero</td>
<td>E</td>
<td>Detail</td>
<td>Located in the GRP-TOT-NOT-ZERO-ERR section. Because the total RVLA for the group is not zero, this routine will place the group not zero message on all lines in the group and place all lines in the group in suspense status. Edit moves WS-CD-PM06-GRP-NET-ZERO to ERR-CD. If group passes with no errors, perform CN000-CREAT-CR-ERR-REC. If there are errors, perform CN000-CREAT-CR-ERR-REC until ERR-ID greater than TOT-ERRS or ERR-IDX-MAX. Move to ERR-IDX if GRP-STATUS does not equal WS-SUSPEND and WS-PRVC; perform CT000-HDR-STAT-UPD and add to GRP-IDX, error displays.</td>
</tr>
<tr>
<td>9681</td>
<td>Only royalty transactions can be offset by this credit</td>
<td>E</td>
<td>Detail</td>
<td>IF CR-OFFS-TR equals &quot;Y&quot; Only royalty transactions can be offset by this credit. Continues if Trans Code = 01, 06, 08, 10, 11, 15, 40, 53, 54. Move WS-CD-ONLY CR-TX-OFFSET to ERR-CD. Search for errors in GRP-LN-NBR, GRP-CON-NBR, GRP-TRANS-CD, GRP-STATUS. If errors, perform CN000-CREAT-CR-ERR-REC until ERR-ID &gt; TOT-ERRS or until ERR-IDX &gt; ERR-IDX-MAX. Display edit 9681.</td>
</tr>
<tr>
<td>9687</td>
<td>The reported lease is not associated (Lease To Credit subdivision) to a credit on this document</td>
<td>E</td>
<td>Detail</td>
<td>THIS PROCEDURE WILL SEARCH THE ARRAY THAT CONTAINED ALL THE CREDIT AND OFFSET TRANSACTIONS FOR ANY TRANSACTIONS LEFT. IF THERE ARE ANY, THEY ARE CONSIDERED TO BE ORPHAN RECORDS THAT ARE NOT ASSOCIATED TO ANY CREDIT CONTRACT. IF PM06-DOC-ID NOT EQUAL SPACES Create edit.</td>
</tr>
<tr>
<td>9722</td>
<td>All Payment Method '06' Lines on Document Must Net to Zero.</td>
<td>E</td>
<td>Detail</td>
<td>Sets the status code to 'SUSP' for all lines in the document with a payment method of '06' when PM06-STATUS does not equal zero.</td>
</tr>
<tr>
<td>9739</td>
<td>Adj for sales mnths more than 6 yrs plus 1 mnth prior to receipt mnth not allowed for Fed leases</td>
<td>E</td>
<td>Detail</td>
<td>Subtract 6 years from header record date year giving FORMAT-SYS-CCYY. Subtract 1 from header record date month giving FORMAT-SYS-MM. move into Header record date YYYY-MM-SYS-DT-TC. If FORMAT-SYS-MM equals 00 move 12 to FORMAT-SYS-MM and subtract 1 from FORMAT-SYS-CCYY. giving YYYY-MM-SYS-DT-TC. Checks detail trans code if it equals 01, 06, 10, 31, 37, 40, 53, 54 and sale date YYYY-MM is less than Header record date YYYY-MM-SYS-DT-TC and header fed ind equals F. Create edit.</td>
</tr>
<tr>
<td>9740</td>
<td>Combined allowances exceed 99% of the RVPA</td>
<td>E</td>
<td>Detail</td>
<td>This edit will sum the transportation and processing allowances and compare that total to the RVPA on the reported line. If that calculated amount is more than 99% of the RVPA, the error will be created. When DTL-TRAN-CD = 01, 10, or 40, move DTL-RV-PRI-ALL to RV-PRI-ALL-ABS, DTL-TRAN-SALL to TRAN-SALL-ABS, and DTL-PRCS-ALL to PRCS-ALL-ABS. Then add TRAN-SALL-ABS to PRCS-ALL-ABS giving the ALLOW-TOTAL. Then multiplies RV-PRI-ALL-ABS by .99, giving 99-PERCENT. If ALLOW-TOTAL exceeds 99-PERCENT, error will display.</td>
</tr>
<tr>
<td>9741</td>
<td>Sales type code must be blank</td>
<td>E</td>
<td>Detail</td>
<td>Checks detail trans code to if it equals 02, 03, 04, 05, 07, 16, 17, 18, 19, 21, 22, 25, 43, 46, 50, 51, 52 and detail sale type cd is not equals to spaces create edit.</td>
</tr>
<tr>
<td>9742</td>
<td>If the RVLA is negative an ARC must be present</td>
<td>E</td>
<td>Detail</td>
<td>Checks detail trans code to if it equals 01, 02, 04, 05, 06, 10, 14, 16, 17, 18, 19, 31, 37, 38, 40, 43, 46, 50, 53, 54 and detail royalty value less allowance is less than zero and detail adj rsn cd is equal spaces. Create edit.</td>
</tr>
<tr>
<td>Edit No#</td>
<td>Edit message text</td>
<td>Type of Severity</td>
<td>Type of Edit</td>
<td>Logic</td>
</tr>
<tr>
<td>---------</td>
<td>--------------------------------------------------------</td>
<td>------------------</td>
<td>--------------</td>
<td>--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>9743</td>
<td>RVPA must match the RVLA</td>
<td>E</td>
<td>Detail</td>
<td>Checks detail trans code to if it equals 02, 03, 04, 05, 06, 07, 12, 13, 14, 16, 17, 18, 19, 21, 22, 25, 31, 37, 38, 42, 43, 46, 50, 51, 52, 53 and detail royalty value less allowance is not equal to detail royalty value prior allowance. Create edit.</td>
</tr>
<tr>
<td>9744</td>
<td>Sales volume must be positive if the sales value is positive</td>
<td>E</td>
<td>Detail</td>
<td>Checks detail trans code to if it equals 01, 06, 10, 31, 37, 38, 40, 43, 46, 53, 54 and detail sale value is less than -0.1 or detail sale value is greater than 0.1 and detail adj rsn cd is equals to spaces and detail royalty value less allowance is greater than zero and detail sale volume is less than or equal to zero. Create edit.</td>
</tr>
<tr>
<td>9745</td>
<td>Sales volume is required for this transaction code</td>
<td>E</td>
<td>Detail</td>
<td>Checks detail trans code to if it equals 18, 19 and equals detail sale volume equals zero. Create edit.</td>
</tr>
<tr>
<td>9746</td>
<td>RVLA must match the transportation allowance field</td>
<td>E</td>
<td>Detail</td>
<td>Checks detail trans code to if it equals 11 and detail royalty value less allowance is not equal to detail transportation allowance. Create edit.</td>
</tr>
<tr>
<td>9747</td>
<td>RVLA must match the processing allowance field</td>
<td>E</td>
<td>Detail</td>
<td>Checks detail trans code to if it equals 15 and detail royalty value less allowance is not equal to detail processing allowance. Create edit.</td>
</tr>
<tr>
<td>9748</td>
<td>Indian lease total is less than zero</td>
<td>E</td>
<td>Detail</td>
<td>Checks header fed indn ind to see you are processing an indian document and accepted line fig hold is equal to 'N' and PYMT METH is not equal '06' and ADJ RSN CD is not to '96', '97', '98' select from ZRY_2014_STGDTL using docid and contract nbr to pull all detail lines for that contract and tallies RVLA volumes to see if a negative value exists for that contract nbr. If true create edit.</td>
</tr>
<tr>
<td>9749</td>
<td>Duplicate Line detected, revise report</td>
<td>E</td>
<td>Detail</td>
<td>This edit will fire when a sales type of APOP is not reported with product code 04. If header FED-INDN-IND equals 'F' AND detail STYP-CD equals 'APOP', If detail PROD-CD not equal '04' create edit.</td>
</tr>
<tr>
<td>9750</td>
<td>APOP Sales Type Code is only allowed for Federal leases with Product Code 04</td>
<td>E</td>
<td>Detail</td>
<td>If header FED-INDN-IND equals 'F' Select from ZRF_ALL_CON using contract nbr, subdiv nbr, status. If the contract nbr is found and MINL-PROD-CD is equal to '01' . If RV-PRI-ALL(DTL-IDX) &lt;&gt; 0 DIVIDE ABS-TRANS BY RV-PRI-ALL GIVING AVTA-OVER-RVPA IF AVTA-OVER-RVPA &lt;= 0.50 SUBTRACT ABS-TRANS FROM RV-PRI-ALL GIVING RVPA-MINUS-AVTA IF RVPA-MINUS-AVTA &lt;= 0 DIVIDE PRCS-ALL-ABS BY RVPA-MINUS-AVTA GIVING AVPA-OVER-RVMA IF AVPA-OVER-RVMA &gt; 0.666667 Select from ZRF_EXCEP_PRCS using contact nbr or agreement nbr If not found create edit.</td>
</tr>
<tr>
<td>Edit No#</td>
<td>Edit message text</td>
<td>Type of Severity</td>
<td>Type of Edit</td>
<td>Logic</td>
</tr>
<tr>
<td>---------</td>
<td>-----------------------------------------------------------------------------------</td>
<td>------------------</td>
<td>--------------</td>
<td>---------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
</tbody>
</table>
| 9752    | Only Section 6 leases can be reported using TC 37 and TC 38                       | E                | Detail       | If header FED-INDN-IND equals ‘F’  
Select from ZRF_ST_CNTY using contract_nbr, sales_date to get max_effect_date  
If not found create edit.                                                                                                           |
| 9753    | Southern Ute Leases must have an API Well Number Reported                          | E                | Detail       | If header FED-INDN-IND equals ‘I’ and detail API-WNBR equals SPACE  
Select from ZRF_DIST DST1 using contract_nbr, sales_date to get max_effect_date  
If the above select returns CIRI-DIST-CD = 312 or CIRI-DIST-CD = 600 create(edit. |
# 2014 Worksheet

## Report Month is March 2012

<table>
<thead>
<tr>
<th>Line No.</th>
<th>Preparers Use</th>
<th>Lease No.</th>
<th>Agreement Number</th>
<th>API Well</th>
<th>PC</th>
<th>Sales Type Code</th>
<th>Sales Date</th>
<th>TC</th>
<th>ARC</th>
<th>Sales Volume</th>
<th>Gas MMBTU</th>
<th>Sales Value</th>
<th>RVPA</th>
<th>TA</th>
<th>PA</th>
<th>Rvla</th>
<th>PM</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>PPA</td>
<td>1234567890</td>
<td>NM 123456</td>
<td>01 ARMS</td>
<td>05/2011</td>
<td>01 10</td>
<td>-1000.00</td>
<td>0.00</td>
<td>-10000.00</td>
<td>-1000.00</td>
<td>0.00</td>
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<td>0.00</td>
<td>0.00</td>
<td>-1000.00</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>REBOOK</td>
<td>1234567890</td>
<td>NM 123456</td>
<td>01 ARMS</td>
<td>05/2011</td>
<td>01 10</td>
<td>10000.00</td>
<td>0.00</td>
<td>100000.00</td>
<td>12500.00</td>
<td>0.00</td>
<td>10000.00</td>
<td>0.00</td>
<td>0.00</td>
<td>12500.00</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>CURRENT</td>
<td>1234567890</td>
<td>NM 123456</td>
<td>04 ARMS</td>
<td>02/2012</td>
<td>01</td>
<td>10000.00</td>
<td>11000.00</td>
<td>50000.00</td>
<td>6250.00</td>
<td>0.00</td>
<td>0.00</td>
<td>6250.00</td>
<td>0.00</td>
<td>0.00</td>
<td>6250.00</td>
<td>3</td>
</tr>
</tbody>
</table>

4. **Reoup Rent**

5. **Decrease Estimate**

6. **Reoup Recoupable Balance**
Introduction to eInvoice:

The eInvoice application provides electronic versions of Invoices, Remittances, and associated reports. These files are stored within Hyperion Data Warehouse folders and are available for review and download. Invoices and Remittances are in a print format. The reports are in a text delimited format, allowing for easy import into spreadsheets. The text files can also be imported into databases.

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Frequently Asked Questions

1. How do I import the Report text files (.txt) into a Spreadsheet?

Note: These screen prints are from Excel 2007. Any spreadsheet application should be able to import the txt files. Database applications can also import delimited files.

1. Choose “Open” from the MS Excel dropdown. Expand the “Files by Type” dropdown to choose the Text Files (*.prn, *.txt, *.csv) file type.
2. Under the Text Import Wizard box, Step 1 of 3: Select the Delimited radio button and click the [Next] button.

3. Under the Text Import Wizard box, Step 2 of 3: Select the “Other” checkbox. Enter the “pipe” character (|). Ensure that the Text qualifier is “.” Click the [Next] button.
4. Under the Text Import Wizard box, Step 3 of 3: Ensure the Column Data format is General. Click the [FINISH] button.

5. The resulting File will have a single apostrophe (’) preceding the text fields that contain numbers. This is to ensure that the leading 0’s will remain in the field. There may also be a series of # signs (######) showing in cells. This means that the columns need to be expanded. Expand the cells by double clicking on the boarding column lines.

If you need help importing the text files, contact the MMS Help Desk:
MMS.Customer.Support@mms.gov
303-231-3333 or 877-256-6260 (toll-free)

2. My customer folder has only the Invoice and Remittance, but no reports. Should I be concerned?
You should not be concerned. This can be normal. There are processing scenarios which result in no reports, such as when manual invoices are processed. If you have any additional questions about your reports, please call your servicing accountant.
3. I have an Indian lease and I have an Indian Over-recoupment report. I do not see an invoice that pertains to the items on the report. When will the invoice be prepared?

The Indian Over-recoupment (IOR) report is not an invoice. It is for information only. This report is generated because there were exceptions to the regular processing. These exceptions are showing on the IOR report, prior to the invoice preparation. The exceptions will be researched and may or may not be resolved. If they are not resolved, they will appear on a future invoice, issued at a later date.

4. I am still getting printed copies of the Federal Invoices and Remittances even after I asked for the print to be discontinued.

If a company asks for their federal invoice print to be discontinued, the reports will no longer be printed or mailed. However, the invoices and remittances will continue to be printed and mailed due to regulatory and policy requirements.

5. Why must the Indian invoice documentation continue to be printed?

Indian documentation must be printed and mailed due to regulatory and policy requirements.

6. My email address has changed. I subscribed to my Data Warehouse folder with my previous email address. How do I change my email address?

To change your email address, click on your company folder name and click on the “Subscribe” link. Enter your new email address.

7. What is the naming convention for the zip files?

The zip file name contains much information. The format includes: Invoice type and number, Invoice run date, and Customer ID.

8. How do I unzip the zip file?

The files were zipped using WINZIP. You can unzip the file with WINZIP or with any other zip software that is compatible with WINZIP files. There are many.

9. The reports are in a delimited text file. What do they look in printed format?
Interest Schedule

Late Payment Allocation

Estimate Exception Bill Details
**Indian Recoupment Detail**

### Report ID: SIREC0002

<table>
<thead>
<tr>
<th>Program</th>
<th>Report Date</th>
<th>Run Time</th>
<th>Page No.</th>
<th>Run Date</th>
<th>Run Time</th>
<th>Page No.</th>
</tr>
</thead>
</table>

#### Markdown Table

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
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<td>30</td>
<td>64,500.02</td>
<td>26</td>
<td>30</td>
<td>64,500.02</td>
<td>26</td>
</tr>
<tr>
<td>27</td>
<td>44</td>
<td>30,200.90</td>
<td>27</td>
<td>44</td>
<td>30,200.90</td>
<td>27</td>
</tr>
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<td>28</td>
<td>6,375.67</td>
<td>29</td>
<td>28</td>
<td>6,375.67</td>
<td>29</td>
</tr>
</tbody>
</table>

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10. How do I get a User Id and Password for access to the Data Warehouse?

   a. If you are a non-DOI Government or Industry Users, use the MRM Application Request Form (MARF)) and Instructions. They are found at this link: http://www.mrm.mms.gov/ReportingServices/Forms/Forms.htm.

   b. If you are an MMS employee, use the MARF found on the MMS Pipeline. To find the form, type ‘MARF’ in the search text block for the Adobe Form Library

11. How do I use the Hyperion Data Warehouse?

   **Hyperion Data Warehouse Instructions:**

   To login to the MRM Internet Brio Portal:

   1. Launch your Internet browser on your desktop.
   3. Select the Brio Login button. When you initially select this button, a page will appear prompting for your browser type and version. Examples of browser types are Netscape Communicator, Microsoft Internet Explorer, Netscape Navigator, and Microsoft Pocket Internet Explorer. If you do not know your browser version, refer to the “About Your Browser” section in its help tool. Select the appropriate browser and version, and then save your settings. This page will not appear when you log on in the future.
   4. When prompted, enter your username and password. Note – your username and password are case sensitive.

   Once logged into BRIO, if your homepage is NOT the Browse page, click Browse from the drop down menu option on the top left corner of the BRIO homepage to access the MRM Internet BRIO Portal Folders. The folders will be displayed at the left of the screen. The following is a description of the information contained in the BRIO folders:

   1. Broadcast Messages – this is where MRM posts announcements and other general information.
   2. Financial Reports Customers – this is where MRM posts Financial Reports. You will see a different folder for each of your reporter numbers. You may not see any reports in this folder at first as the reports are run either weekly, monthly, quarterly or yearly. Once the reports are run, they will be posted into this folder. Examples of reports in this folder are Payor Detailed Estimate Activity Report and Confirmation Reports. You will also see a folder titled Helpful Hints. This is where MRM posts tips about using the Internet Portal.
   3. History Database – in this folder there is another folder labeled Industry Reports. It contains three reports that allow you to retrieve your company specific production (OGOR), royalty (2014), and payments information. History database reports are retained in memory for three hours, after that time you have to rerun the report.
Viewing Reports

To view reports in the financial or history database folders you will need to download the SQR Viewer. This is a one-time set up requirement on each computer from which the Internet Portal will be accessed. To download the SQR Viewer:

1. Click on the Financial Reports folder. You will see 2 file links on the right side of your browser. The first is labeled, “Installing SQR Viewer”. This contains the instructions for downloading the SQR Viewer. The second file, labeled “sqrviewer,” is the Windows Executable that you will select to begin the download.
2. Read the instructions first and then click on the Windows Executable File.
3. Follow the instructions to install SQR Viewer.
4. After you have installed the SQR Viewer, you can double click the icon to open your report.

Saving Reports

To save a financial or history database report, you must create a file name that does not have any spaces. Additionally, the folder in which the file is saved cannot have any spaces in its name. If there are spaces in the file or folder name, your file will not open.

Running History Database Reports

1. Click on the History Database Reports folder.
2. Click on the Industry Reports folder.
3. Click on the name of the report you wish to run. A window will open that will let you input the applicable parameters for that report.
4. Enter the parameters, such as sales month and lease number.
5. Click the Run Query button. When the report is finished running, you will be returned to the Industry Reports folder.

If you have any questions about the Financial Reports, how to run a History Database Query, or the data you retrieve, please contact your MRM representative. If you do not know who your representative is, please call 1-800-525-0309 and press 0. The operator will direct you to your representative.

To receive your password or to ask a question about your Hyperion (BRIO) Portal access, please contact MMS Customer Support:

MMS.Customer.Support@mms.gov
303-231-3333 or 877-256-6260 (toll-free)
1. Introduction to e-Statement of Accounts (eSOA).

A secure, electronic collaboration environment to help MMS properly match unapplied payments to corresponding open receivables!

MMS’s goal is to have a zero account balance of receivables and payments for every customer. The eSOA application provides an electronic collaboration environment to help accomplish this goal. It provides an annotation area for companies to let MMS know how and where to match payments with receivables.

NOTE: All annotations trigger an immediate notification to your servicing accountant, telling them that an annotation has been made.

2. How do I request a Refund?
1. Enter the “Refund” annotation in the Requested Action column on the eStatement of Account. Print the page with the item information and the word “Refund” entered within the Requested Action line.

2. Fax or Mail the refund request on company letterhead, making sure to include the following information:

   a. Company Name
   b. Company Contact First and Last Name
   c. Company Contact Title
   d. Phone number
   e. Bank Name
   f. Bank Address
   g. ABA# (Bank Routing Number)
   h. Account #
   i. Target account (Checking or Savings)
   j. Name on Account
   k. Bank contact name
   l. Bank contact phone number

   **IMPORTANT NOTE:** All above information must be received and presented on Company letterhead or a refund cannot be processed.

   Fax to: 303-231-3372 ATTN: REFUNDS

   Mail to:
   MMS/MRM
   PO Box 25165
   Denver, CO 80225
   ATTN: Refunds

3. Can our company file a protest or appeal using the e-Statement of Account (eSOA)?

   No.

   eSOA cannot be used to in any way to document or file a formal appeal or protest. The eSOA annotations contained in this system are notes and general communication.

   **NOTE:** Annotations in eSOA do not, in any way, constitute a formal legal statement or response.

4. Request for timely collaboration - How to avoid a debt collection.
If MMS does not receive instructions on how to match payments and receivables, they may be subject to the First-In-First-Out (FIFO) method of accounting. If the FIFO matching results in an under-payment account balance, MMS will contact industry to request additional payment. Account balances in an under-payment status need to be resolved in the timeframes specified, or a Notice of Non-Compliance may be issued. The Notice of Non-Compliance could result in substantial penalties.

The Debt Collection process will be initiated for unpaid receivables fifteen days after the due date of an invoice, or the receipt date of a royalty document. The Debt Collection Improvement Act of 1996 requires all unpaid debt to be referred to the Department of the Treasury (Treasury) for collection no later than 180 days after due. Once debt has been referred to Treasury, any payment to clear the debt must be made to Treasury. Treasury will add administrative fees to the amount due. Under certain circumstances, a receivable will be placed in “Hold” status, to indicate an action has been taken by the Industry customer, or that MRM is researching the validity of the receivable. In some cases, the Debt Collection process is suspended while the receivable is on “Hold.” The items falling under this scenario will be listed at the end of the e-Statement of Account page within this application. For additional information regarding Hold Codes, see the FAQ-What are the HOLD code Definitions?

If FIFO matching results in an over-payment account balance, MMS may contact the industry customer to initiate a refund, or instruct them to deduct the refund amount from a future payment. MMS may initiate the refund process for unidentified payments greater than 180 days old. If sufficient information to complete the refund process has been requested, but is not received, the debt may be transferred to Treasury.

5. How do I request access to the e-Statement of Account (eSOA)?

User-ID and Password Access is gained through the MMS MRM Application Request Form (MARF). The MARF Form and Instructions are found on the MMS Financial Management Website at the link below. Once on the webpage click on the Forms link. If User Access or logon help is needed, contact the MMS Help Desk at 303-231-3333.


6. What are the system field definitions?

Login Page:
**Username and Password:** Username provided through the MARF process.

[Login] Button: Press the Login button to accept the Rules of Behavior and proceed to the eSOA Search Page.

**Search Page:**

**FAQs and Refund Info:** This link provides information on: How to obtain a Refund, information for the use of eSOA, and Frequently Asked Questions.

[Logout] Button: Logs you completely out of the eSOA application, and brings you to the Login Page. Re-input of the User ID and Password will be required to return to the system.

**Customer ID:** This field will be blank when the Search page comes up. Enter the five-character customer code associated with the User ID. It is possible to have multiple customer ID codes for one User ID. If the Customer ID is not known, use the Customer ID Lookup Tool.

**Customer ID Lookup Tool:** Click on the button next to the Customer ID Lookup Tool label to search for a Customer ID. Enter the Customer name in the text box. The % is the wildcard character. You can enter the beginning characters and the % to find the Customer ID. If you are an Industry customer, your company ID’s will be listed when you first come to the Customer ID search screen. To select the Customer ID, click on the selected ID from the Customer ID Lookup Tool dropdown list. The system will enter the selected ID in the Customer ID textbox on the previous eSOA Search Page. For more information, see the FAQ-How do I use the Customer ID Search Button.

**Federal/Indian Account Radio Buttons:** The default selection is Federal. Select the radio button to choose whether you are searching for Federal or Indian items.

**Open/Closed Items:** The default selection is Open. Select the radio button to choose whether you are searching for Open or Closed Items. If you choose Closed, date criteria (see Start Date and End Date) must be present to restrict the range of selected items.

**Item ID/Payment #:** The default is blank (all Items). Enter Item ID or Payment ID for the item that you would like to view or annotate. The % wildcard character can be used.

**Start Date and End Date:** Leave Start Date blank if you are requesting all Open items. The End Date defaults to the current date, but can be changed by typing over the date with a new date. If you select Closed Items, and the dates are not entered, the Start Date defaults to 30 days prior to today’s date. The Start Date default can be changed by typing over the default date with a new date. The Start and End dates refer to the
Accounting/Issue Date column on the Statement of Account page. Dates must be entered in mm/dd/yyyy format. NOTE: The “/” must be entered with the date.

[SEARCH] Button: Click to complete Search, and go to the Statement of Account Page.

**Statement of Account Page:**

The data and headings on this page will vary according to criteria entered in the Search Page. Brackets {} are used in the descriptions below to show the areas where the words displayed within the Page Title will be affected by these Search Page choices and entries.

**To Print:** For ease of use, a separate Print function is not located within the eSOA screens. Use the Internet Browser [File] -> Print Menu options, or click on the [Export] button to Export and print from MS Excel.

**As Of:** Current Date and Time (Eastern Standard Time).

**Customer ID:** Customer ID for the Items displayed.

[Return to Search] Button: Return to the Search page.

[Logout]: Log out of the e-Statement of Accounts system. This brings you back to the Login Page. To return, re-enter your User ID and password.

**FAQs and Refund Info:** This link provides information on how to obtain a Refund, information for the use of eSOA, and Frequently Asked Questions.

**Page Title:**

{Federal or Indian} Statement of Account- {Open or Closed} Items.

**Company Name**

Date range for the provided data, if any. If the user supplied Start and End dates on the Search Page, they will be displayed here. If the user did not supply Start and End dates, no dates will display.

[Export] button: Exports the Items displayed within this section to MS Office Excel.

**Entry Type:**

- a. INV - Invoice issued by MMS.
- b. ROYAL – Form MMS-2014, with either a positive or negative balance remaining.
- c. PYMT – A payment (check, wire, or Indian lockbox payment) or portion of a payment that has not been applied to a receivable.

**Accounting/Issue Date:** This date is part of the date range, if any, entered on the Search page. The actual timeframe defined by this date depends on the Entry type. It represents one of the below timeframes:
a. Date MMS receives the Royalty Report (MMS-2014)
b. Date MMS receives the payment
c. Invoice Issue Date

**Item ID/Payment #**: If an Item ID/Payment # was specified on the Search page, those items listed will be associated with that Item ID or Payment #. If this field was left blank, the items listed will fall between the specified date ranges. Depending on the Entry Type, The Item ID/Payment # is defined as:

a. ROYAL-- the Payor Assigned Document Number, chosen by the customer for each Royalty document submitted.
b. INV – the MMS-generated invoice number.
c. PYMT – the Item ID/Payment # is number of the check, the wire, or an Indian lockbox payment.

- If the receipt of the money was prior to 11/2001, the number may be a system-generated number from MMS’ former accounting system instead of the customer’s check or wire number.
- If the prefix is “OA”, the payment was not fully applied to any receivable but was put “On Account”. This could mean that the whole check or payment was put On Account or part of the check or payment was put On Account. Payments may be put on account for the following reasons:
  a. When the lease is terminated or expired
  b. When the payment is a duplicate payment
  c. When MMS has not been able to identify a lease or other receivable for the funds submitted

- CR-AUTO indicates a credit transferred from MMS’ former accounting system. The source of the credit was either a negative royalty document or invoice. These credits are currently available for use to pay a positive royalty documents or invoices.
- If the PYMT is an Indian lockbox payment, it can be used only to pay a receivable for the Indian tribe that owns the lock box.

**Amount Remaining**: The current unpaid amount of a receivable or the unused amount of a payment. This may not be the original amount; a portion of the receivable may have been paid, or some part of the payment may have been used elsewhere.

**Original Amount**: The original amount of the receivable or payment. This will be blank for the PYMT Entry Type.
**Dist Code (Indian Only):** The Indian Distributee Code that identifies the Tribe or Bureau of Indian Affairs agency for which money has been deposited. This field will be blank for Federal items.

**Hold Code:** Hold code pertaining to the Item. Search for Hold Codes within this FAQ file to see a description of hold codes.

**Document #/Payment Reference:** If this item has an ENTRY TYPE of INV or PYMT, this will be the same number as Item ID/Payment#. If the ENTRY TYPE is ROYL, it will contain the ROY number assigned internally by MMS. If there is a document referenced on the payment, it will show here. If there are multiple references, only the first will be displayed.

**# Of Ann:** Number of Annotations for the item. This count includes the Most Recent Annotation, shown on this page, and all previous annotations (within the selected date range), shown on the Annotation History page. All annotations made within the date range are visible by clicking on the [Add/View] button next to the Item.

**Most Recent Annotation:** Displays the most recent annotation made for this item. To view additional annotations, click on the [Add/View] button next to the Item.

**Annotation History-[Add/View] Button:** Click on the [Add/View] Button to add or view instructions or comments for action regarding this item. The information may include direction on payment application, submission of ROYLs for unapplied payments, submission of payment for unpaid ROYLs or Invoices, or the use of OA money for future Rent/Minimum Royalty/Royalty obligations. All Industry users are able to both ADD and VIEW annotations. The MMS Accountant’s ability to add annotations is dependant on their USER-ID assigned permissions. They may be able to both ADD and VIEW annotations, or simply VIEW them.

**Total of Above Items:** This field contains the calculated total of amount remaining (displayed in the Amount Remaining Column) for all line items in the datagrid above. A datagrid is a collection of data returned from a query. This field is at the end of all the items returned for the criteria selected. To see this total, you may need to select the next page, scroll down, or page down.

**Breakdown of Above Entry Types:** Total by entry type of the items in the datagrid. This field is at the end of all the items returned for the criteria selected. To see this breakdown total, you may need to select the next page, scroll down, or page down. There will be no Entry type summaries for Closed Items.

**Field definitions for items in suspended box:** All field definitions within this area of the page are described above, under the Statement of Accounts page.

**[Export Suspended Items] Button:** Exports the Items displayed within this section to MS Office Excel. These items are those for which data collection has been suspended due to
situations described by the HOLD code. Please see the FAQ-What are the Definitions for the Hold Codes.

For Questions call: This is your servicing accountant contact name and number. Please contact them for any questions regarding the Statement of Accounts. This field is at the end of all the items returned for the criteria selected. You may need to select the next page, scroll down, or page down to see this contact information.

**Annotation History Page:**

To Print: Use the Internet Browse Print Menu option, or Export to Excel and print from there.

As Of: Current Date and Time (Eastern Standard Time).

Customer ID: Customer ID for the Items displayed, based on the selection in the Search page.


[Logout]: Log out of the e-Statement of Accounts system. This brings you back to the Login Page. To return, re-enter your User ID and password.

Page Title:

ANNOTATION HISTORY-{ITEM ID}
Company Name
If a Date range was requested, through the Start and End Dates, the range will be shown here.

Item Information:

Entry Type:

- a. INV – Invoice issued by MMS
- b. ROYAL – Form MMS-2014, with either a positive or negative balance remaining
- c. PYMT – A payment (check, wire, or Indian lockbox payment) or portion of a payment that has not been applied to a receivable

Accounting/Issue Date: This date is part of the date range, if any, entered on the Search page. The actual timeframe defined by this date depends on the Entry type. It represents one of the below timeframes:

- a. Date MMS receives the Royalty Report (MMS-2014)
- b. Date MMS receives the payment
c. Invoice Issue Date

**Item ID/Payment #:** If an Item ID/Payment # was specified on the Search page, those items listed will be associated with that Item ID or Payment #. If this field was left blank, the items listed will fall between the date ranges specified. Depending on the Entry Type, The Item ID/Payment # is defined as:

a. **ROYAL**— the Payor Assigned Document Number, chosen by the customer for each Royalty document submitted.
b. **INV** – the MMS-generated invoice number.
c. **PYMT** – the Item ID/Payment # is number of the check, wire, or an Indian lockbox payment.

- If the receipt of the money was prior to 11/2001, the number may be a system-generated number from MMS’ former accounting system instead of the customer’s check or wire number.
- If the prefix is “OA”, the payment was not fully applied to any receivable but was put “On Account”. This could mean that the whole check or payment was put “On Account” or part of the check or payment was put “On Account”. Payments may be put on account for the following reasons:
  a. When the lease is terminated or expired
  b. When the payment is a duplicate payment
  c. When MMS has not been able to identify a lease or other receivables for the funds submitted.

- **CR-AUTO** indicates a credit transferred from MMS’ former accounting system. The source of the credit was either a negative royalty document or invoice. These credits are currently available for use to pay a positive royalty documents or invoices.
- If the PYMT is an Indian lockbox payment, it can be used only to pay a receivable for the Indian tribe that owns the lock box.

**Amount Remaining:** The current unpaid amount of a receivable or the unused amount of a payment. This may not be the original amount, as a portion of the receivable may have been paid, or some part of the payment may have been used.

**Original Amount:** The original amount of the receivable or payment. This will be blank for the PYMT Entry Type.

**Dist Code (Indian Only):** The Indian Distributee Code that identifies the Tribe or Bureau of Indian Affairs agency for which money has been deposited. This field will be blank for Federal items.

**Hold Code:** Hold code pertaining to the Item. Search for Hold Codes within this FAQ file to see a description of hold codes.
Document #/Payment Reference: If this item has an ENTRY TYPE of INV or PYMT, this will be the same number as Item ID/Payment#. If the ENTRY TYPE is ROYL, it will contain the ROY number assigned internally by MMS. If there is a document referenced on the payment, it will show here. If there are multiple references, only the first will be displayed.

# Of Ann: Number of Annotations for the item. This count includes the Most Recent Annotations, shown on this page, and all previous annotations (within the selected date range), shown on the Annotation History page. All Annotations made within the date range are visible by clicking on the [Add/View] button next to the Item.

Most Recent Annotation: The most recent annotation made for this item. To view additional annotations, click on the [Add/View] button next to the Item.

Annotation History-[Add/View] Button: Click on the [Add/View] Button to add or view instructions or comments for action regarding this item. The information may include direction on payment application, submission of ROYLs for unapplied payments, submission of payment for unpaid ROYLs or Invoices, or the use of OA money for future Rent/Minimum Royalty/Royalty obligations. All Industry users are able to both ADD and VIEW annotations. The MMS Accountant’s ability to add annotations is dependant on their USER-ID assigned permissions. The accountant may be able to ADD and VIEW annotations, or simply VIEW them.

Add Annotation: (127 character Limit): This is a data entry area for communication between MMS and customers. The annotation may include direction on payment application, submission of ROYLs for unapplied payments, submission of payment for unpaid ROYLs or Invoices, or the use of OA money for future Rent/Minimum Royalty/Royalty obligations, or general comments/questions. Customers may also use this space to identify payments associated with privately acquired leases that will not be reported on the MMS-2014.

[SUBMIT] Button: Submits all input into this field is electronically forwarded to the accountant working the account. No data may be changed after hitting the SUBMIT button.

Annotation History Section:


Date Submitted: Date the annotation was entered. This date is populated automatically by the system.

User ID: User ID for the user that entered the annotation. This is populated automatically by the system.
Annotation: The comments or instructions entered. The annotations may be entered by MMS or Industry Users.

[Export] Button: Exports Annotation History to MS Office Excel.

7. How do I use the Customer ID Lookup Tool?

1. This tool is designed to help find the Customer ID, through searching by Customer Names. Click on the magnifying glass button next to the Customer ID field.

2. If you are an Industry user, you will see all the Customer ID’s that are associated with your User ID. If you’d like to narrow down for a specific company name, type in all or part of the Company name. The % is the wildcard character. To complete the Customer ID field on the previous page (Search page), click on the Customer ID associated with your selected customer name.

3. The system will bring you back to the Search Screen, and your Customer ID selection will be shown within the Search Page Customer ID text box.
8. How do I add an Annotation?

1. Use the Search screen to find the Item or Payment ID that you would like to annotate. To find all items meeting the Search Criteria, leave the Item ID field blank.

2. Once the item is found, the most recent annotation will display on this screen (See A). Click on the Add/View button (See B) to either view the annotation history, or to add an additional annotation.
3. Type the Annotation in the block provided. Click on the [Submit] button to record the annotation. Once it is submitted, the annotation cannot be changed. An Annotation notification will be sent immediately to your servicing accountant.

9. How do I delete Annotations?
Once you hit the [Submit] button, you cannot delete annotations. You could add another annotation explaining your error, or call the servicing accountant.

10. What if the Search does not find anything?
First check all your selection criteria, including the dates. If the search still does not find anything, search with the other CLOSED/OPEN radio button selected. Sometimes, only part of a payment is closed, and you will find the information listed under the OPEN items.

11. What are the Hold Code definitions?
1. **Active Debt Collection follow-up** - Debt collection is actively being pursued for items with the following Hold Codes.
   - BLM  
     Waiting for info from agency/Rental Payment
   - CAM  
     Compliance Team
   - CAS  
     Cash Apps hold
   - DCS  
     Debt Collection hold
   - DOJ  
     Solicitor Office hold
   - FCB  
     Financial Compliance hold
   - FIF  
     Awaiting FIFO
   - NSA  
     No Surety posted – Appealed
   - TPY  
     Researching Indian Lockbox Payment
2. **Suspended Debt Collection follow-up** - Debt collection is not being pursued for items with the following Hold Codes.

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABD</td>
<td>Appealed – Bond posted</td>
</tr>
<tr>
<td>ACD</td>
<td>Appealed – CD posted</td>
</tr>
<tr>
<td>ACT</td>
<td>At Court</td>
</tr>
<tr>
<td>ALC</td>
<td>Appealed – LOC posted</td>
</tr>
<tr>
<td>ALS</td>
<td>Appealed – by lessee</td>
</tr>
<tr>
<td>APD</td>
<td>Appealed – paid</td>
</tr>
<tr>
<td>ASB</td>
<td>Appealed – Self bonded</td>
</tr>
<tr>
<td>ATR</td>
<td>Appealed – Treasury Note posted</td>
</tr>
<tr>
<td>AUT</td>
<td>Appealed – Under surety threshold</td>
</tr>
<tr>
<td>BPR</td>
<td>Bankrupt – Pre-petition</td>
</tr>
<tr>
<td>CON</td>
<td>Contract Settlement</td>
</tr>
<tr>
<td>ENF</td>
<td>Enforcement hold</td>
</tr>
<tr>
<td>HAC</td>
<td>Hold awaiting full credit</td>
</tr>
<tr>
<td>HPD</td>
<td>Payment is being applied</td>
</tr>
<tr>
<td>INS</td>
<td>Installment</td>
</tr>
<tr>
<td>LPR</td>
<td>Lease Problem Report</td>
</tr>
<tr>
<td>PFP</td>
<td>Performance Plan - OE</td>
</tr>
<tr>
<td>TOP</td>
<td>Treasury offset hold</td>
</tr>
<tr>
<td>TRH</td>
<td>Ready for Treasury</td>
</tr>
<tr>
<td>TRC</td>
<td>Treasury Research</td>
</tr>
<tr>
<td>TRS</td>
<td>Sent to Treasury</td>
</tr>
<tr>
<td>RIK</td>
<td>RIK hold</td>
</tr>
<tr>
<td>SYS</td>
<td>System Problem clearing the document</td>
</tr>
</tbody>
</table>

12. **How do we update our company address?**

Company addresses must be changed through the use of the MMS Form 4444, which can be found on the MMS Financial Management Website. Once at the website, click on the FORMS link and enter MMS-4444 in the SEARCH text box. Per the instructions, please mail the 4444 form to the address provided on the form.


NOTE: Faxed or emailed copies will not be accepted.

13. **How can I submit my comments or suggestions on the eSOA system?**

We encourage you to submit your comments on the eSOA system. Please email all comments or suggested improvements to MRMFMProductionSC@mms.gov

NOTE: Please type “eSOA Suggestion” in the SUBJECT line of the email.