



IN REPLY
REFER TO:

United States Department of the Interior

MINERALS MANAGEMENT SERVICE
ROYALTY MANAGEMENT PROGRAM
P.O. BOX 25165
DENVER, COLORADO 80225



NOV 14 1986

FAD/STAFF/PAW
Mail Stop 652

Dear Payor:

The Minerals Management Service (MMS), as the result of a Systems Improvement Team study, identified several needed improvements to its automated accounting system. One of the improvements identified, and endorsed by the Royalty Management Advisory Committee, was a system to more efficiently match cash received to royalty documents. The MMS has taken the first step to implement this improvement by making the use of the Payor Assigned Document (PAD) Number a requirement for all payors.

The PAD Number may be any combination of alphanumeric characters selected by the payor, but is limited to six digits. This number must be unique, and used one time only, for any royalty report(s) and payment(s) combination. The PAD Number must appear in block 3a on Forms MMS-2014 or MMS-4014, and on the Electronic Funds Transfer (EFT) transmittal message or within the payee inscription on the check or other payment document.

The MMS has, for some time, required the PAD Number for all payors remitting their payments by EFT. With the receipt of this letter, the required use of the PAD Number is broadened to encompass all payors.

The required use of the PAD Number, along with other system improvements, will allow MMS to more quickly match royalty reports to royalty payments, thereby expediting the disbursement of all monies to the various States, Indian tribes and allottees. Another benefit to the use of this number will be the payors ability to easily identify the specific Form MMS-2014 or MMS-4014 document to research in the event that MMS takes some billing action against that document.

You will soon receive a revision to Volume II of the MMS Oil and Gas Payor Handbook which will give you additional details on the use of the PAD Number. However, if immediate information is necessary, please call your Lessee Contact Branch representative.

Sincerely,

James R. Detlers

Chief, Fiscal Accounting Division