



IN REPLY
REFER TO:

United States Department of the

MINERALS MANAGEMENT SERVICE

Royalty Management Program

P.O. Box 5760

Denver, Colorado 80217-5760



DEC 23 1992

Mail Stop 3110

Dear Payor:

This letter discusses three important and timely issues relevant to all solid minerals royalty payors: (1) the mandatory change to the form used to report solid minerals royalties to the Minerals Management Service (MMS), (2) the requirement to report rent in accordance with lease terms, and (3) the recent MMS reorganization.

The MMS has eliminated the Report of Sales and Royalty Remittance - Solid Minerals (Form MMS-4014), and now requires all royalty reporting to be on the revised Report of Sales and Royalty Remittance (Form MMS-2014, enclosure 1), pursuant to the Federal Register 57 FR 52719 (November 5, 1992) (enclosure 2). Effective with the December 1992 sales month (reported in January 1993), all solid minerals reporting must be submitted on the Form MMS-2014.

Enclosure 3 provides a comparison of the field differences between the revised Form MMS-2014 and the Form MMS-4014. Modifications to the AFS Payor Handbook -- Solid Minerals reflecting these changes will be issued in the near future. Please note: The Royalty Quantity field is now required information for ad valorem leases, and must be provided on future Form MMS-2014 reports. Separate Forms MMS-2014 and payments must be submitted for Indian and Federal leases.

By the second week of January 1993, you will receive a Model Form MMS-2014 for the December 1992 sales month, which will contain preprinted data. This data is based on the previous submission of a Payor Information Form (PIF) establishing your unique reporting responsibility. Model Forms MMS-2014 will continue to be sent for each subsequent sales month. The Model Form MMS-2014 must be completed and returned each month. If you need to alter or end your reporting responsibilities, a revised PIF must be filed with MMS. Submitting a PIF to end date a report line will result in that line being removed from the Model Form MMS-2014. Lease level reporting (rent, minimum royalty, advance minimum royalty) does not preprint on the Model Form MMS-2014. When applicable, lease level report lines must be added to the Form MMS-2014 by the payor.

If you wish to use a company generated facsimile of the Model Form MMS-2014, the format must be approved by MMS. Any company generated facsimiles of the Model Form MMS-4014, previously approved by MMS must be resubmitted for written approval using the new Form MMS-2014 format. Please contact Georgia DeLong at (303) 231-3687 for more information regarding company facsimiles.

All Form MMS-2014 reports and payments sent via U.S. Postal Service must be addressed to:

Minerals Management Service
 Royalty Management Program
 P. O. Box 5810
 Denver, Colorado 80217-5810

All Form MMS-2014 reports and payments delivered to MMS offices by special couriers or overnight mail must be addressed to:

Minerals Management Service
 Royalty Management Program
 Building 85, Denver Federal Center
 Room A-212, Document Control Staff
 Denver, Colorado 80225

Certain lease terms require the concurrent payments of recoupable rent and advance minimum royalty at the commencement of each lease year. Pursuant to lease terms, the rent may be immediately recouped against the advance minimum royalty, using the same sales month as the recoupable rent payment.

Effective immediately, please ensure that report lines for all applicable leases are reported separately and are not netted together. Rental (transaction code (TC) 05), advance minimum royalty (TC 32), and rental recoupment must be reported on three separate lines on the Form MMS-2014.

Effective November 4, 1992, MMS reorganized and consolidated most of the solid minerals functions to enhance the processing of MMS solid minerals royalty and production reporting, and to improve services offered to our customers. The newly formed Solid Minerals staff consists of John J. Hovanec, Kay Hall, Mel Horton, Roxanne Kochevar, Randy Meyer, Pat Mulcahy, and Cindi Smith-Wells. The Solid Minerals staff can be reached at 1-800-525-9167. If you have questions pertaining to any bills related to erroneous, late, or non-reporting penalties, please refer to the demand letter that accompanies the invoice for a telephone contact and related correspondence address.

All mail other than Forms MMS-2014 and payments must be addressed to:

Minerals Management Service
 Royalty Management Program
 Solid Minerals Staff
 P. O. Box 5760
 Denver, Colorado 80217-5760

For further information, please contact Mr. John J. Hovanec, Chief, Solid Minerals Staff, Data Management Division, at (303) 231-3368.

Sincerely,

A handwritten signature in black ink, appearing to read 'H. Erich Gross', written in a cursive style.

H. Erich Gross
Chief, Data Management Division

3 Enclosures

REPORT OF SALES AND ROYALTY REMITTANCE
Comparison of Form MMS-2014 and Form MMS-4014 Fields

Fields 1 through 7 - same for both forms.

Field 8, Form 2014 REGULATED PRICE CODE - Not used

Field 9, Form 2014, same as Field 8, Form 4014

Field 10, Form 2014, same as Field 9, Form 4014

Field 11, Form 2014, same as Field 10, Form 4014

Field 12, Form 2014, same as Field 11, Form 4014

Field 13, Form 2014, same as Field 12, Form 4014

Field 14, Form 2014, - Not used for solid minerals.

Field 15, Form 2014, - Not used for solid minerals.

Field 16, Form 2014, same as Field 16. Form 4014

Field 17, Form 2014, ROYALTY QUANTITY - Multiply the Sales Quantity by the royalty rate stated in your lease using the same units as stated in Item 13. For leases with other than ad valorem royalty rates, this column is left blank.

Field 18, Form 2014, same as Field 17, Form 4014

Field 19, Form 2014, same as Field 18, Form 4014

Field 20, Form 2014, same as Field 19, Form 4014

Field 21, Form 2014, same as Field 20, Form 4014

Field 22, Form 2014, same as Field 21, Form 4014

Field 23, Form 2014, same as Field 22, Form 4014

Field 24, Form 2014, same as Field 23, Form 4014

Fields 25, 26, 27, and 28; Form 2014 - Not used for solid minerals.

Field 29, Form 2014, same as Field 28, Form 4014

Field 30, Form 2014, same as Field 29, Form 4014

Field 31, Form 2014, same as Field 30, Form 4014