Dear Reporter:

The Minerals Management Service (MMS) will conduct reporter training in Houston, Texas, on various subjects related to royalty and production reporting. The enclosed agenda will give you a brief description of the various topics to be covered. You are cordially invited to attend this training. The location and dates are shown below.

Sheraton Crown Hotel  
15700 John F. Kennedy Boulevard  
Houston, Texas 77032  
(713) 442-5100

<table>
<thead>
<tr>
<th>Date</th>
<th>Subject Matter</th>
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<tbody>
<tr>
<td>September 19-20, 1995</td>
<td>Report of Sales and Royalty Remittance (Form MMS-2014)</td>
</tr>
<tr>
<td>September 21, 1995</td>
<td>Monthly Report of Operations (Form MMS-3160)</td>
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Training will begin at 8:30 a.m. and end at approximately 4:30 p.m. each day.

Except for your own travel and related expenses, this training is provided to you at no charge. Please contact the hotel listed above directly to make room reservations as needed. The MMS has not reserved rooms for reporters attending this training.

The training is designed for those reporters who are new to our reporting systems, those who have reported for some time but need a refresher course, or those who may be having difficulty and would like some assistance. These sessions are informal and designed to provide as much information as possible in a short amount of time.

To reserve space for yourself and/or other employees in your firm, you must call our toll-free voice mail reservation number at 1-800-525-0306 or locally at (303) 231-3301 no later than Friday, September 8, 1995. Reservations will be accepted on a first-come, first-serve basis. You may register for all or any part of the 3-day training.
If you have any questions concerning any part of the training seminar, please ask when you leave your reservation message and we will return your call. Also, please indicate any special accommodations or auxiliary aids you or other attendees may require at the time you make your reservation.

Sincerely,

[Vernon B. Ingraham's signature]

Vernon B. Ingraham
Chief, Reports and Payments Division

Encl osures
Establishing Your Data Base

Explains how to prepare the Payor Information Form (PIF) which is used to establish your company as a payor. Provides an explanation of revenue source types and their importance in proper reporting.

Reporting Principles and Basis Form Preparation

How and when to report and pay royalties will be covered in this segment of the training. Also includes information on who reports and pays, payment requirements, due dates, and report acceptance. Each section of the Report of Sales and Royalty Remittance (Form MMS-2014) will be reviewed and explained.

Commonly Used Transaction Codes

Explains the coding and specific reporting requirements relating to the more commonly used transaction codes: royalty due; royalty-in-kind; rent; minimum royalty and estimated royalty payments.

Adjustments, Refunds, and Recoupments

This session will discuss how to properly report adjustments and how to recoup overpaid Federal royalties. Also included is the proper method of establishing a balance to recoup Indian tribal and allotted overpayment.

Billing and Appeals

Each month MMS generates bills for a variety of exception processing routines. This session explains each type of bill (i.e. ABIL, CBIL, IBIL, GBIL, TBIL, etc.) and the conditions that create them. Also includes an explanation of the appeal process.

PAAS/AFS Comparison

This session will discuss how exceptions are generated when there is a discrepancy between the sales/transfer volumes reported by the operator on the production report and the sales quantity reported by the payor on the royalty report.

Product Valuation

An overview of MMS method of determining product value with emphasis on commonly encountered valuation issues. Basic allowance regulations and exceptions under the regulations. This does not include an explanation of allowance form preparation.
Overview

This session explains the organization of Minerals Management Service (MMS). Also explained is the Production Accounting and Auditing System (PAAS) and MMS and surface management agency responsibilities.

Reporting Principles

Who must report, when to report, where to report, and production reporting methods will be covered in this section. Subjects covered will include: who reports, authorized reporting formats, mailing addresses, due dates, editing, and report acceptance.

Form MMS-3160 Preparation

This session walks through a field by field explanation of the preparation of the Monthly Report of Operations, Form MMS-3160. By reviewing and explaining each section of the form MMS will relate the technical, mechanical details as well as giving attendees ideas where they can save time and energy with work saving tips. This section is the heart of the production reporting requirements.

Amended Reports

The MMS receives thousands of amended reports each month. This session will aid the reporter in determining how to properly prepare and submit amended reports.

Confirmation Reports

Each month MMS sends to the operator confirmation of changes to well data and changes or additions made to the Form MMS-3160. This session will, hopefully, remove some of the mystery about the Well and MMS-3160 confirmation reports received by operators.

Assessment/Order to Report/Appeal Overview

Each month MMS generates liquidated damage assessments for late or erroneous production reporting. This session explains why assessments are generated and what the reporter can do so that none are received. Also included is an explanation of the Order to Report and Appeals process.

AFS/PAAS Comparison

This session will discuss how exceptions are generated when there is a discrepancy between the sales/transfer volumes reported by the operator on the production report and the sales quantity reported by the payor on the royalty report.