



United States Department of the Interior

MINERALS MANAGEMENT SERVICE

Royalty Management Program
P.O. Box 5760
Denver, Colorado 80217-5760

IN REPLY REFER TO:

**DMD/SMS
MS 3113**

MAY - 6 1996

Re: Reporter Training and Product Valuation Seminars

Dear Reporter:

We are soliciting ideas for solid minerals reporter training and valuation seminar locations. These seminars will be held sometime in August or September 1996. They will last two full days, with a possible additional third day scheduled as a workshop for interested reporters.

We want to hear from you, our attendees, as to where you would like to travel to a seminar. You might suggest a location close to your headquarters or mine, or one to which your company may want to travel, i.e., Denver, Reno, or Salt Lake City.

The product valuation session will be held the first day. Proposed coal royalty valuation topics include:

- Meeting the requirement of "arm's-length contract" in 30 CFR § 206.251 (1995).
- Non-arm's-length valuation procedures of 30 CFR § 206.257(c)(2) (1995).
- An overview of valuation under arm's-length sales and a discussion of gross proceeds and various types of payments that are considered to be production payments.
- Meeting the marketable condition requirement at 30 CFR § 206.257(h) (1995).
- Transportation and Washing Allowances -- what reporting changed on March 1, 1996, and what is still required to properly claim an allowance.
- Transportation and Washing Allowances -- when does mining stop and transportation or washing operations begin and what costs may be included in the allowance.

Non-coal solid minerals valuation issues will include:

- An overview of general valuation policy for arm's-length sales.
- The policy for determining the proper value and quantity of primary sodium or potassium products consumed internally to make secondary products.
- Valuing associated and related mineral byproducts recovered from phosphate, potassium, and sodium leases.
- Properly determining the non-arm's-length value under 30 CFR § 206.301 (1995) for non-coal solid minerals sold to affiliated and related parties.
- Allowances for transportation, bagging and tagging, chemical reagents -- when are they applicable, and how to compute them.
- Other payments which may or may not be excluded from gross value.

The reporter training session on the second day will include:

- An overview of our royalty and production accounting computer systems and how they work.
- When and how to complete and submit forms to establish a royalty reporting structure with us.
- How to prepare production reference documents (the mine information form).
- When and how to submit, correct, and adjust royalties reported to us.
- When and how to report, correct, and adjust production and inventory data for mines and processing/storage facilities (on the solid minerals operations and facilities reports).

If sufficient interest exists, we will also include a customized reporter workshop as a third session. During this informal workshop we will work with reporters one-on-one to answer any specific reporting or valuation questions. You may participate in any or all of these sessions, and there is no charge to attend.

If you would like to suggest a particular location for our seminars, please call Ann Woosley at (303) 231-3592 or (800) 525-9167 no later than May 31, 1996. Please tell her your location preference(s), and approximately how many people from your company might attend.

We will notify you by letter of the final times and places for the seminars. Our goal is to provide training to all who wish to receive it so please contact us with your suggestions. We appreciate your input.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Hovanec", with a long horizontal line extending to the right.

John J. Hovanec
Chief, Solid Minerals Section