



ONRR

FEDERAL ADJUSTMENTS



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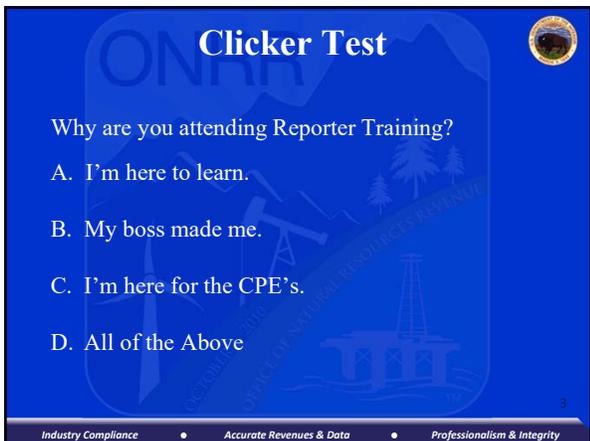
ONRR

Outline

- Overview of adjustments (with videos)
- Overpayments vs over-reporting
- Refunds
- Changes to Recoupment Edits
- Practice!

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Clicker Test

Why are you attending Reporter Training?

- A. I'm here to learn.
- B. My boss made me.
- C. I'm here for the CPE's.
- D. All of the Above

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Video 1

“No impact on royalties” and “additional monies due”

Run time: ~ 4:25

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Brief Video1 Review: Adjustments

Correction made on Form ONRR-2014 to a previously accepted line to report result in either:

- Adjustments that have no effect on payment
- Adjustments that result in additional monies being owed
- Adjustments that result in an over-payment

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Reversal and Rebook

Two-line entry required:

- Reverse original line as accepted into the ONRR financial system
- Enter the correct (rebook) line. ARC required on both lines.
- Reversal / rebook not required on Estimates (TC03)

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Clicker Question!

Does ONRR allow rolled-up (net) accounting for royalties?

- A. Sure, always.
- B. No, only if ONRR approves it beforehand.
- C. Yes, CMP-2014 reports can use net reporting.
- D. Only when the result is positive (no recoupments/refunds).

Example of rolled-up (net) accounting:

Payor reports a line for 100bbbls, but later realizes it should be 110bbbls, so the Payor sends a new 2014, 1 line, reporting the difference:

Volume: 10.00 Value: 400.00 RVPA/RVLA: 40.00

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Clicker Answer!

Does ONRR allow rolled-up (net) accounting for royalties?

B. No, only if ONRR approves it beforehand

Minerals Revenue Reporter Handbook, 6.1.1: “We do not allow single-line adjustments (net adjustments) unless we authorize them in advance.”
— ONRR does not authorize this, except for extremely rare circumstances.

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Adjustment Reason Codes

- 10 Adjustment
Unless instructed otherwise by ONRR, industry can report volume, value, and royalty rate adjustments using ARC 10. This includes Data Mining requests.
- 15 Marginal Property True-Up
- 17 ONRR-Initiated Compliance Adjustment – (CMP2014 Only)
- 32 Estimate Adjustment
- 35 Unit Participating Area/Communitization Agreement Adjustment

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Making an Adjustment That Does Not Effect Royalties

Detail Line Number	1	2
API Well Number		
ONRR Lease Number	0300202750	0300202750
ONRR Agreement Number		NM 10265
Product Code	04	04
Sales Type Code	ARMS	ARMS
Sales MO/YR	072014	072014
Transaction Code	01	01
Adjustment Reason Code	10	10
Sales Volume	-1280.00	1280.00
Gas MMBtu	-1408.00	1408.00
Sales Value	-1760.00	1760.00
Royalty Value Prior to Allowances	-220.00	220.00
Transportation Allowance	0.00	0.00
Processing Allowance	0.00	0.00
Royalty Value Less Allowances	-220.00	220.00
Payment Method Code	03	03

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Making an Adjustment Resulting in Additional Monies Owed

Detail Line Number	1	2
API Well Number		
ONRR Lease Number	0300202750	0300202750
ONRR Agreement Number		
Product Code	01	01
Sales Type Code	ARMS	ARMS
Sales MO/YR	102016	102016
Transaction Code	01	01
Adjustment Reason Code	10	10
Sales Volume	-200.00	200.00
Gas MMBtu		
Sales Value	-7000.00	8000.00
Royalty Value Prior to Allowances	-875.00	-1000.00
Transportation Allowance	0.00	0.00
Processing Allowance	0.00	0.00
Royalty Value Less Allowances	-875.00	1000
Payment Method Code	03	03

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Federal Recoupment Situations



Overpaid but not Over-Reported Royalties

- o No Adjusting Form 2014 Necessary
- o Use credit toward the payment of the next amount due to any lease. Please notify your assigned ONRR Accountant:
<https://onrr.gov/ReportPay/PDFDocs/finserAssign.pdf>

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Federal Recoupment Situations



Overpaid and Over-Reported Royalties

- o Must reverse original entry and then rebook with correct data.
- o Use credit toward the payment of the next amount due to any lease. Please notify your assigned ONRR Accountant:
<https://onrr.gov/ReportPay/PDFDocs/finserAssign.pdf>

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Making an Adjustment Resulting in an Overpayment



Recoupment

ONRR prefers that overpayments are recouped: correct the overpayment on a new positive 2014 report.

Example: 03/2014 was Overpaid, and you are getting ready to submit the 07/2017 ONRR-2014.

03/2014: -\$500
 03/2014: +\$300
 07/2017: +\$600

Send payment for the difference: \$400

- Saves time and money versus establishing a credit/refund!
- Exception: Audit adjustments must be separated onto the CMP-2014 and Data Mining corrections should usually be sent by themselves.

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Making an Adjustment Resulting in an Overpayment



Refund

ONRR prefers overpayments be addressed by recouping or establishing a credit (to use against future reported revenue). If a refund must be requested:

Please contact Hannah Bade at 303-231-3373 or hannah.bade@onrr.gov for instructions.

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Large Reports



2014 reports are limited to 50,000 detail lines

- Must not exceed 1,000 Errors (ONRR can override a maximum of 1,000 Errors per report).
- If over these limits, the report must be split up

Be careful on how reports are split up!

- Reversals and rebooks should be on the same report
- Suggested that large reports be split up by Sales Date instead

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Recoupment Edit (cont.)

Replaced with TC-specific Edits on 01/05/2017:

- 9578: Estimate recoupment amount cannot be greater than current estimate balance.
- 9765: Recoupment not possible; summed amount greater than Recoupment Balance for TC04.
- 9766: Recoupment not possible; summed amount greater than Recoupment Balance for TC05/TC25.

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Recoupment Edit (cont.)

What do these new edits do differently?

These new edits total up the appropriate lines (based on lease, TCs, and dates when applicable).

If positive subtotal, the edits will not trigger.

If negative, that subtotal is compared to the LAB balance. If the negative subtotal exceeds the LAB balance, edits will trigger.

Note: These edits will only appear once in Validation Results, not on all lines.

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Recoupment Edit (cont.)

Example: LAB TC03 Balance = \$100.00

Lease 1: 10/2015	TC01	-\$400.00
Lease 1: 10/2015	TC01	+\$200.00
Lease 1: 10/2015	TC03	+\$200.00
Lease 1: 03/2017	TC01	+\$500.00
Lease 1: 03/2017	TC03	-\$300.00

Question: Will the Edit 9578 trigger for over-recoupment?

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Practice 1



Practice 1 (CSV Format)

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Questions?



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