



FINANCIAL SERVICES

Billing (Federal)





Objective



- Understanding the different types of ONRR Invoices and why they are issued
- Recognize Interest invoices and why and how they are calculated
- Understand Interest invoices and how it ties back to reporting and why



ONRR INVOICE



Monthly or routine invoices:

INT late payment - royalty reports or invoices

FIN lease term obligations –unpaid or underpaid

OTH inspections fees

OTH invoices on nonrecurring basis:

Fisherman contingency fund

Liquidated damages

Civil penalty





PAYOR PLAYER



Industry Compliance



Accurate Revenues & Data



Professionalism & Integrity



PAYOR PLAYER



What are the types of Lease Level Obligations for a FIN invoice?

1

2

3

4

5

6

7

8





Invoice



U. S. Department
Office of Natural Res

Customer:

ABC Oil & Gas Company
Attn: Dave David
P. O. Box 34560
Denver, CO 80202-4560

INVOI

Page:

Invoice No:

Invoice Date:

Customer Number:

Distributtee Code:

Due Date:

FED01

1

OTH100000100

04/14/2005

12345

0

08/30/2017

00000100
2005

2017

00

TOTAL AMOUNT DUE:

40.00

For billing questions, please call 1-800-433-9801 EXT

Description	Line	Sales Date	Document ID
	MMS Lease No.	Agency Lease	Lease Name
ASSESSMENT FOR REPORTING OR PAYMENT VIOLATION. PLEASE REMIT ON OI			

Liquidated Dam 1 06/2017

For billing questions, please call 1-800-433-9801 EXT

Description	Line	Sales Date	Document ID	Receipt Date	PAD Number	Amount Due
	MMS Lease No.	Agency Lease	Lease Name			
ASSESSMENT FOR REPORTING OR PAYMENT VIOLATION. PLEASE REMIT ON OR BEFORE THE INVOICE DUE DATE TO AVOID FURTHER CHARGES.						

IOR

Liquidated Damages	1	06/2017		06/30/2017		40.00
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Original

SUBTOTAL:

40.00



**U. S. Department of the Interior
Office of Natural Resources Revenue**

Page: FED01
Invoice No: 1
Invoice Date: OTH100000100
Customer Number: 04/14/2005
Distributtee Code: 12345
Due Date: 0
08/30/2017

INVOICE

Customer:

ABC Oil & Gas Company
Attn: Dave David
P. O. Box 34560
Denver, CO 80202-4560

TOTAL AMOUNT DUE: 40.00

For billing questions, please call 1-800-433-9801 EXT

Description	Line	Sales Date	Document ID	Receipt Date	PAD Number	Amount Due
	MMS Lease No.	Agency Lease	Lease Name			

ASSESSMENT FOR REPORTING OR PAYMENT VIOLATION. PLEASE REMIT ON OR BEFORE THE INVOICE DUE DATE TO AVOID FURTHER CHARGES.



INT

Interest Invoice



- **INTEREST RATES:**
 - Federal & Indian Oil and Gas IRS rates-compounded
 - Federal & Indian Solid Minerals US Treasury Current Value of Funds-simple
- **INTEREST CALCULATION STARTS:**

Royalty:

From due date from sales date
30 days.

Invoices:

FIN-anniversary date of lease
INT & OTH-due date of the invoice

- **INTEREST CALCULATION ENDS:**

PAYMENTS:

Multiple

receipt date is the same, summed
receipt date is different – oldest to newest

$$I = A \left[\left(1 + \frac{R}{N} \right)^N - 1 \right]$$



Interest Schedule & Reports



Interest Schedule

- Type of interest
- Lease number
- Rolled up information

Estimate Report

- Lease estimate amount
- If applicable, document received
- Variance

Late Payment Allocation

- Payments applied
- Due date for each sales month/year





Interest Invoice



U.S. Department of the Interior
Office of Natural Resources Revenue

Please Remit To:

ONRR using Pay.gov or another type of Electronic Funds Transfer.

Page:
Invoice No:
Invoice Date:
Customer Number:
Due Date:

FED01
1
INT100000000
01/17/2017
12345
02/21/2017

INVOICE

Customer:

XYZ INCORPORATED
MS. ANN ACCOUNTANT
123 STREET
ANYTOWN USA 12345

TOTAL AMOUNT DUE : 736.60



For billing questions, please call 1-800-433-9801XONRR EXTENSION

Description	Line	Document ID	PAD Number	Sales Date	Receipt Date	AMOUNT DUE:
	MMS Lease No. Agency Lease			Lease Name		
PLEASE INCLUDE THE CUSTOMER AND INVOICE NUMBERS ON YOUR ELECTRONIC PAYMENT SUBMISSION DATA.						
Interest on Invoices	1	FIN100000000		06/2015		1.38
	1111111111 USA111					
Interest on Invoices	2	FIN100000000		01/2016		3.46
	2222222222 USA2222					
Interest on Invoices	3	FIN100000000		03/2016		31.75
	3333333333 USA333					
Interest on Royalty	4	ROY100000000		03/2016		22.16
	4444444444 USA4444					
Interest on Royalty	5	ROY100000000		01/2016		0.02
	555555555 USA5555					
Interest on Royalty	6	ROY100000000		02/2016		0.07
	6666666 USA6666					
Interest on Royalty	7	ROY100000000		02/2016		0.01
	777777777 USA7777					



Interest Schedule



U. S. Department of the Interior
Office of Natural Resources Revenue

Page No. 1
Run Date 08/06/2016
Run Time 08:33:20

Interest Schedule - Prebill

Report ID: ZEPRT01

Business Unit FED01 DistInvoice: INT100000000

Code: XXX Customer: 12345 ABC COMPANY

Bankruptcy Petition Date: Unique Finding Identifier:

Line Nbr	Reference Doc ID	Lease No.	Pre Ptn	Sale Dt.	Roy/Bill Lease Amt	Receipt Date	Ent Est Rsn Ind	Due Date	Payment Date	Payment Amount	Principal Balance	Accumulated From Assessment	To Dt.	Days Int.	Int. Rate	Amount Due
1	ROY100000000	5000000000		04/30/16	416.59	06/29/16	LPROY N	05/31/16	06/30/16	416.59	416.59	416.59	05/31/16 06/30/16	30	0.04	1.37
											0.00	0.00	06/30/16 06/30/16	0	0.00	0.00
																Total for Bill Line 1 1.37
2	ROY100000000	6000000000		02/29/16	1.62	06/29/16	LPROY N	03/31/16			1.62	1.62	03/31/16 03/31/16	0	0.03	0.00
									06/29/16	1.62	0.00	0.00	06/29/16 06/29/16	0	0.00	0.00
				04/30/16	406.79	06/29/16	LPROY Y	06/30/16	06/30/16	406.79	406.79	406.79	06/30/16 06/30/16	0	0.00	0.00
									06/30/16	406.79	0.00	0.00	06/30/16 06/30/16	0	0.00	0.00
																Total for Bill Line 2 0.02
3	ROY100000000	6000000001		02/29/16	351.66	06/29/16	LPROY N	03/31/16			351.66	351.66	03/31/16 03/31/16	0	0.03	0.00
									06/29/16	351.66	0.00	0.00	06/29/16 06/29/16	0	0.00	0.00
				04/30/16	8,714.81	06/29/16	LPROY Y	06/30/16	06/30/16	8,714.81	8,714.81	8,714.81	06/30/16 06/30/16	0	0.00	0.00
									06/30/16	8,714.81	0.00	0.00	06/30/16 06/30/16	0	0.00	0.00
																Total for Bill Line 3 3.48



Estimate Exception Report



Report ID: ZEP RPT06

U. S. Department of the Interior
Office of Natural Resources Revenue

Estimate Exception Bill Details - Prebill

Business Unit: FED01 Invoice: INT100000000

Dist Code: 0 Customer: 12345 XYX INCORPORATED

Contract	Sale Dt	Document	Line	Receipt dt	Prod Cd	Trans Cd	Royalty Amt	Estimate Amt	Variance	
Line No.: 1	Lease No.: 1111111111									
Beginning Balance								117.79		
1111111111	01/31/2016	ROY100000000	00000001	02/16/2016		03		-10.18		
Ending Balance								107.61		
1111111111	01/31/2016	ROY100000000	00000025	03/14/2016	04	01	116.52			
Line Total								116.52	107.61	8.91
Line No.: 2	Lease No.: 2222222222									
Beginning Balance								68.27		
*** No Change ***										
Ending Balance								68.27		
2222222222	01/31/2016	ROY100000000	00000026	03/14/2016	04	01	78.35			
Line Total								78.35	68.27	10.08
Line No.: 3	Lease No.:XXXXXXXX									
Beginning Balance								926.48		
XXXXXXXXXX	01/31/2016	ROY100000000	00000003	02/16/2016		03		-58.75		
Ending Balance								867.73		
XXXXXXXXXX	01/31/2016	ROY100000000	00000032	03/14/2016	04	01	113.82			
XXXXXXXXXX	01/31/2016	ROY100000000	00000031	03/14/2016	04	01	970.48			
Line Total								1,084.30	867.73	216.57



Late Payment Allocation



Report ID: ZEPRPT03

U. S. Department of the Interior
Office of Natural Resources Revenue

Late Payment Allocation - Prebill

Business Unit: FED01 Invoice: INT100000000
 Dist Code: 0 Document: Customer: 12345 PADXYZ INCORPORATED
 ROY100000000 Number: SEE0316 Receipt Date: 03/14/2016 TOTAL AMOUNT: \$21000.00

Bill Line Nbr	Lease	Doc Line/Item Line	Geo Ind	Nst Ind	Man Flag	Sales Date	TC	ARC	Due Date	Est Ind	Int Ind	Accepted Amount	Al
XXXXXXXXXX		84	N	N	N	02/2014	01	10	03/31/2014	N		\$611.56	
										SUBTOTAL:	N	\$-0.04	
XXXXXXXXXX		38	N	N	N	01/2016	01	00	03/31/2016	Y		\$179.59	
										SUBTOTAL:	N	\$179.59	
												\$179.59	



Interest Examples



- LPINV- Late payment of an Invoice
- LPROY- Late payment of a Royalty (ONRR-2014)
- INEST- Interest on an Estimate





Examples 1



- LPINV- Late payment of an Invoice
FIN Invoice for Non-Term Rent
Rent due date: 5/2019
Fin Invoice Due date: 9/2019
Paid Invoice: 11/2019



Example 2



➤ LPROY- Late payment of a Royalty (ONRR-2014)

Sales date: 4/2019

Due date: 5/2019

Payment date: 6/2019



Example 3



➤ INEST- Interest on an Estimate

Sales date: 4/2019

Due date: 5/2019

Payment date: 6/2019

Estimate was 5,000

Royalty totaled \$10,000



Agreements PA/CA



Interest Calculations resulting from Agreements Agreement (new or revisions)

interest due date will be letter date + one month

Sales Month/Year \leq Letter Date ARC 35

Sales Month/Year $>$ Letter Date, Standard reporting



Interest Example



- Late Payment Allocation Report
 - Incorrect use ARC 10
 - Incorrect use ARC 35





Agreement Example



- Bureau of Land Management' letter date
 - August 17, 2019 received August 24, 2019
 - No interest assessed if received by September 30, 2019
 - ARC 35 should be used for all sales through August 2019
 - Sales Months of September 2016 and later use for adjustments ARC 10 or standing reporting you don't use an ARC
 - Recommendation to report only agreement modifications on report instead of combining agreement adjustments with your regular reporting





Cross Lease Netting



➤ 30 CFR 1218.42

§ 1218.42 - Cross-lease netting in calculation of late-payment interest.

(a) Interest due from a payor on any underpayment for any Federal mineral lease or leases (onshore or offshore) and on any Indian tribal mineral lease or leases for any production month shall not be reduced by offsetting against that underpayment any overpayment made by the payor on any other lease or leases, except as provided in paragraph (b) of this section. Interest due from a payor on any underpayment on any Indian allotted lease shall not be reduced by offsetting against any overpayment on any other Indian allotted lease under any circumstances.

(b) Royalties attributed to production from a lease or leases which should have been attributed to production from a different lease or leases may be offset to determine whether and to what extent an underpayment exists on which interest is due if the following conditions are met:

- (1) The error results from attributing and reporting an equal volume of production, produced from a lease or leases during a particular production month, to a different lease or leases from which it was not produced for the same or another production month;
- (2) The payor is the same for the lease or leases to which production was attributed and the lease or leases to which it should have been attributed;
- (3) The payor submits production reports, pipeline allocation reports, or other similar documentary evidence pertaining to the specific production involved which verifies the correct production information;
- (4) The lessor is the same for the leases involved (in the case of Indian tribal leases, the same tribe is the lessor); and
- (5) The ultimate recipients of any royalty or other lease revenues under any applicable permanent indefinite appropriations are the same for, and receive the same percentage of revenue from, the leases.

TRUE OR
FALSE

CROSS LEASE NETTING (CLN)





Q1. The Royalty Recipients has to be the same.





Q2. The Lessor does not have to be the Same





Q3. Sale Volume doesn't have to be the same





Q4. The Payor must be the same





Q5. The Royalty Value Less Allowance (RVLA) doesn't need to equal





Hope you enjoy
the game!



Cross Lease Netting



➤ Criteria:

- Ultimate royalty recipients is the same
 - Same lessor
 - Equal volume
 - Same payor
 - (RVLA) does not have to be equal to be considered CLN. However, the Sale Volume must be equal. Interest will be accessed on the difference.
- ❖ Highly recommended to report cross lease netting on its own 2014. Not with other or monthly reporting.



Cross Lease Netting Example



Report ID: ZEEPRPT03

U. S. Department of the Interior
Office of Natural Resources Revenue

Page No. 7
Run Date 08/12/2017
Run Time 03:27:57

Late Payment Allocation -Prebill

Business Unit: FED01
Dist Code: 0
Document: ROY100000000

Invoice: INT100000000
Customer: 12345 ABC COMPANY
PAD Number: 062017A

Receipt Date: 07/05/2017 TOTAL AMOUNT: \$0.00

Bill Line Nbr	Lease	Doc Line/Item Line	Geo Ind	Nst Ind	Man Flag	Sales Date	TC	ARC	Due Date	Est Ind	Int Ind	Accepted Amount	Allocated Amount	Pay Seq Nbr
2	60000000000	2	N	N	N	06/2016	01	00	08/01/2016	N		\$1166.46		
										Y		\$1166.46	\$1166.46	1
												\$1166.46	\$1166.46	
	25000000000	1	N	N	N	06/2016	01	10	08/01/2016	N		\$-1166.46		
										N		\$-1166.46		
												\$-1166.46	\$0.00	
												\$0.00	\$1166.46	
												\$0.00	\$1166.46	



Bankruptcy



➤ Petition Date:

- Pre-Petition Date ONRR will NOT send out Letter of Demand to pay.
- Post-Petition Date ONRR WILL send out Letter of Demand to pay.

(NOTE: Goes off of sales date)





Review



➤ ONRR Invoices

- OTH
 - Monthly/Routine or Nonrecurring
 - Inspection Fees
 - Fisherman Contingency Fund
 - Liquidated Damages
 - Civil Penalty
- FIN
 - Monthly/Routine or Nonrecurring
 - Rents (Non-Terminable and Recoupables Only)
 - Nominally Deficient Terminable Rents
 - Advance Rents
 - Right-of-Way, Right-of-Use & Easement
 - Well Fee
 - Storage Fee
 - Bonus (Deferred, Fair Market Value)
 - Minimum Royalty (MR: Payable in Advance)
- INT
 - Monthly/Routine or Nonrecurring
 - Interest Schedule
 - Estimated Report
 - Late Payment Allocation
- Agreements
 - PA/CA
 - Use ARC 35
- Cross Lease Netting
 - All information needs to be the same expect RVLA
- Bankruptcy





QUESTIONS?

THANK YOU!

