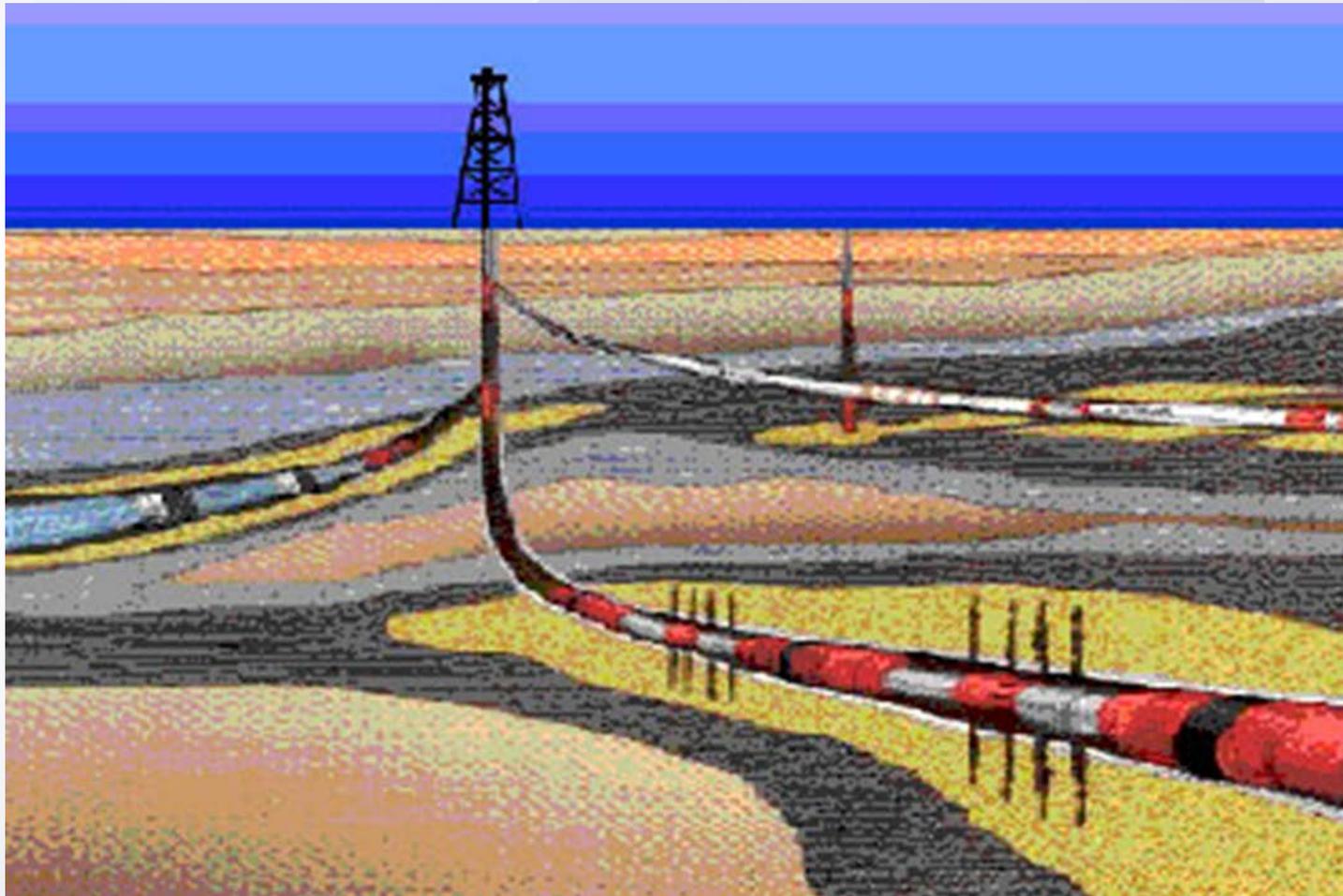


Overlapping Agreements





Objectives

In this course we are going to:

- Explain what an Overlap is and identify the main components.
- Discuss the new Overlap policies released by BLM and what that means to the Future of Overlaps.
- Complete an Overlap under the prior BLM Policy
- Complete an Overlap under the new ND BLM Policy, including:
 - Mapping the CA Overlap
 - Completing an ONRR-2014 form for the CA Overlap



Agreement Overlaps

An Agreement Overlap is when land of any type (Federal, Indian, Fee or State) is in more than one agreement and the same formation and is overlapping each other.

Total Overlap – CA is completely overlapping an Agreement(s).

- CA completely overlaps ONE Agreement - CA becomes silent and all Reporting, OGOR's and 2014's, are submitted on the agreement that CA is Overlapping (RARE).
- If the total overlap consists of MORE THAN ONE Agreement the CA is NOT silent and OGOR reporting stays with the New CA, the 2014's are submitted on the agreements the CA overlaps.

Partial Overlap – CA is partially within the Agreement

- OGORs: Each Agreement will report it's own Production.
- ONRR-2014: CA production allocated to the overlapped portion of the CA is then reallocated to the Overlapped Agreement in accordance with that Agreements allocation schedule.



Let's Review

When does a CA fall Silent and All Reporting is done on the overlapped CA?

- A. CA Overlaps MORE than one Agreement
- B. CA Overlaps ONE Agreement
- C. CA Partially Overlaps an Agreement

The Future of Overlaps

Issued July 3, 2018



BLM and BIA have implemented a new policy changing how CA overlaps are done (*BLM Permanent Instruction Memorandum No. 2018-012*). This policy was issued July 3, 2018 and applies to any CA that has an **effective date** after the IM's issue date. This only applies to CA's that overlap an existing CA. This Instruction Memorandum can be found on BLM's website.

- BLM/BIA will approve a new CA when the CA overlaps an existing CA(s) **ONLY** when the new CA will allocate production and associated royalties from the new CA directly to the leases within the boundary of the new CA.
- BLM/BIA will continue to follow the existing policy when processing a new CA that would partially overlap an existing PA for the same formation within an approved Federal or Indian exploratory oil and gas unit.



What does this mean?

When approving a new CA that overlap's an existing CA, BLM/BIA will no longer allocate production and associated royalties from the new CA to the existing underlying CA(s) that the new CA overlap's.

Each new CA will be a **“Stand-Alone”** agreement and will not change the allocation of production or associated royalties for the underlying CA.

There will be no reference to an Overlap in the letter or on the SRP. Royalty reporting is based on the lease to agreement allocation for all production. 2014's will be submitted with both the lease and agreement numbers.





North Dakota IM

North Dakota issued a Supplement IM to the new BLM/BIA policy on July 27, 2018; *PIM 2018-004*.

This IM applies to any CA **approved after** July 27, 2018. This Instruction Memorandum can be found on BLM's website.

- North Dakota will continue to allocate to overlapped Base CA's that are within the boundary of the new CA.
- When a new CA overlaps an existing overlapping CA the agencies will **NO LONGER** further allocate out to existing overlapping CA's that are not within the boundary of any Base CA.



Oil and Gas Reporting

- **OGOR** – All production is reported on the source agreement.
- **ONRR-2014** – CA production allocated to the portion overlapping another agreement is then reallocated to that overlapped agreement in accordance with the overlapped agreements allocation schedule.
- **New Overlap Policy** - issued July 3, 2018 and applies to any CA with an EFFECTIVE date after the issue date.
- **ND Overlap Policy** - issued July 27, 2018 and applies to any CA with an APPROVAL date after the issue date.



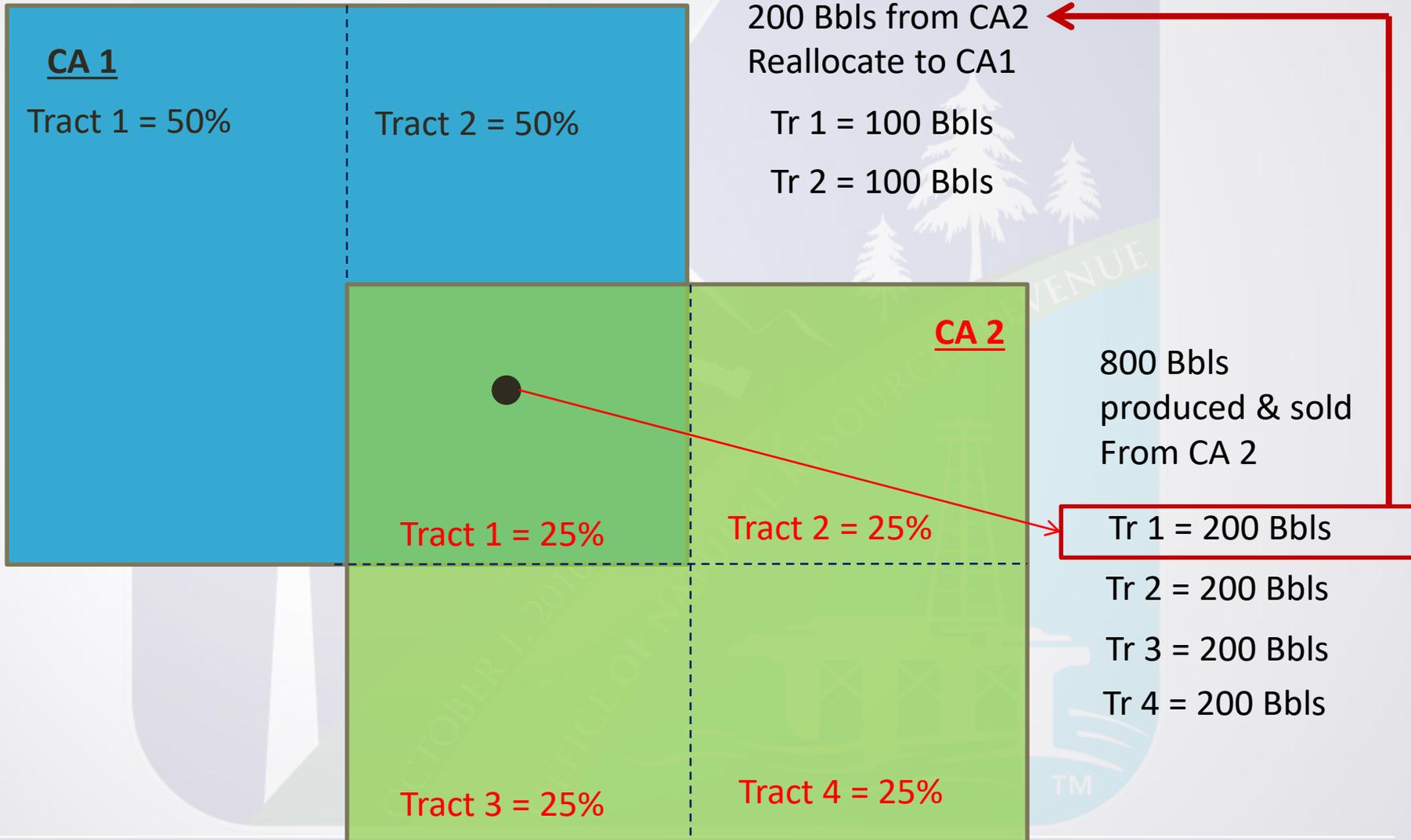
Let's Review

A new Wyoming CA with an effective date of August 1, 2018 overlaps an existing PA, this CA WILL fall under BLM/BIA's new Overlap Policy?

- A. True
- B. False



Partial Overlap Example



Total Overlap Example



400 Bbls from CA 3
Reallocate to CA 1

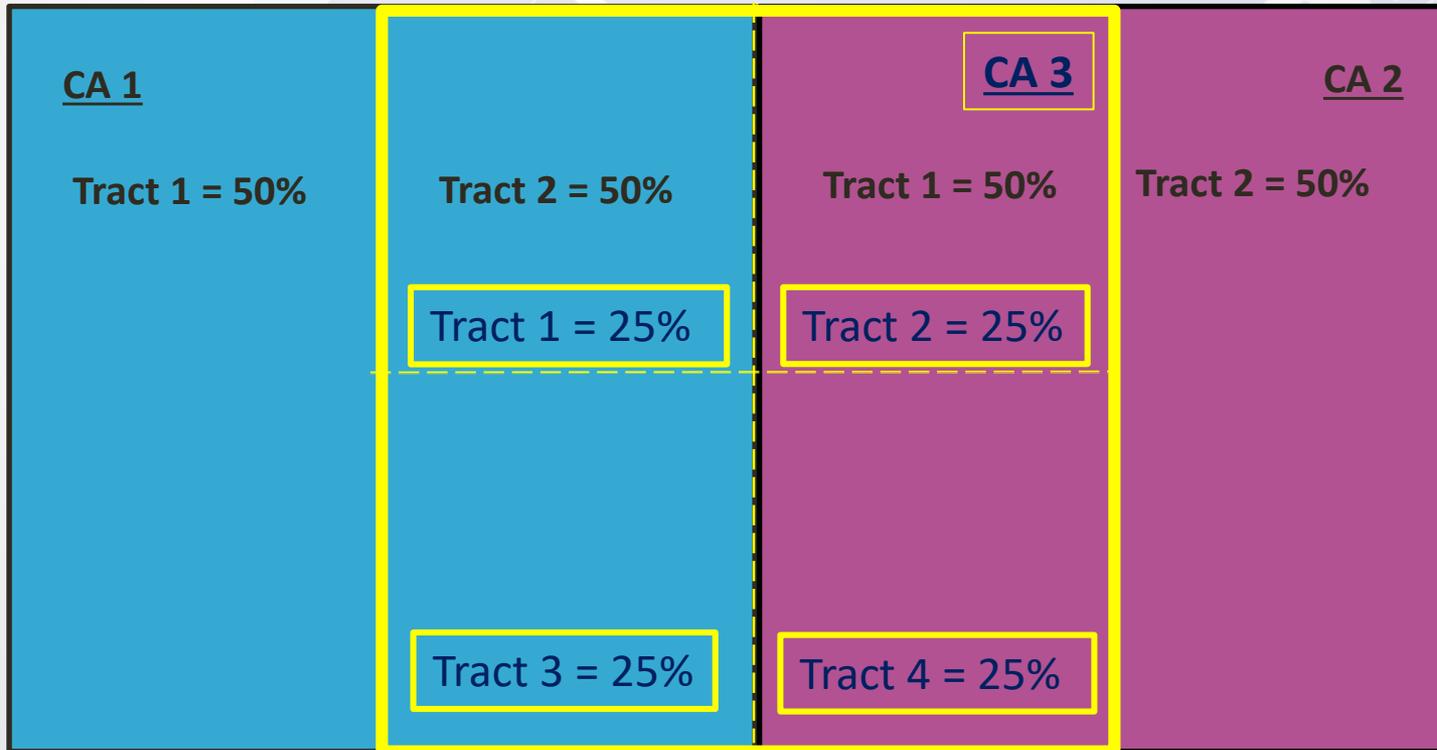
Tr 1 = 200 Bbls

Tr 2 = 200 Bbls

400 Bbls from CA 3
Reallocate to CA 2

Tr 1 = 200 Bbls

Tr 2 = 200 Bbls



800 Bbls
produced & sold
From CA 3

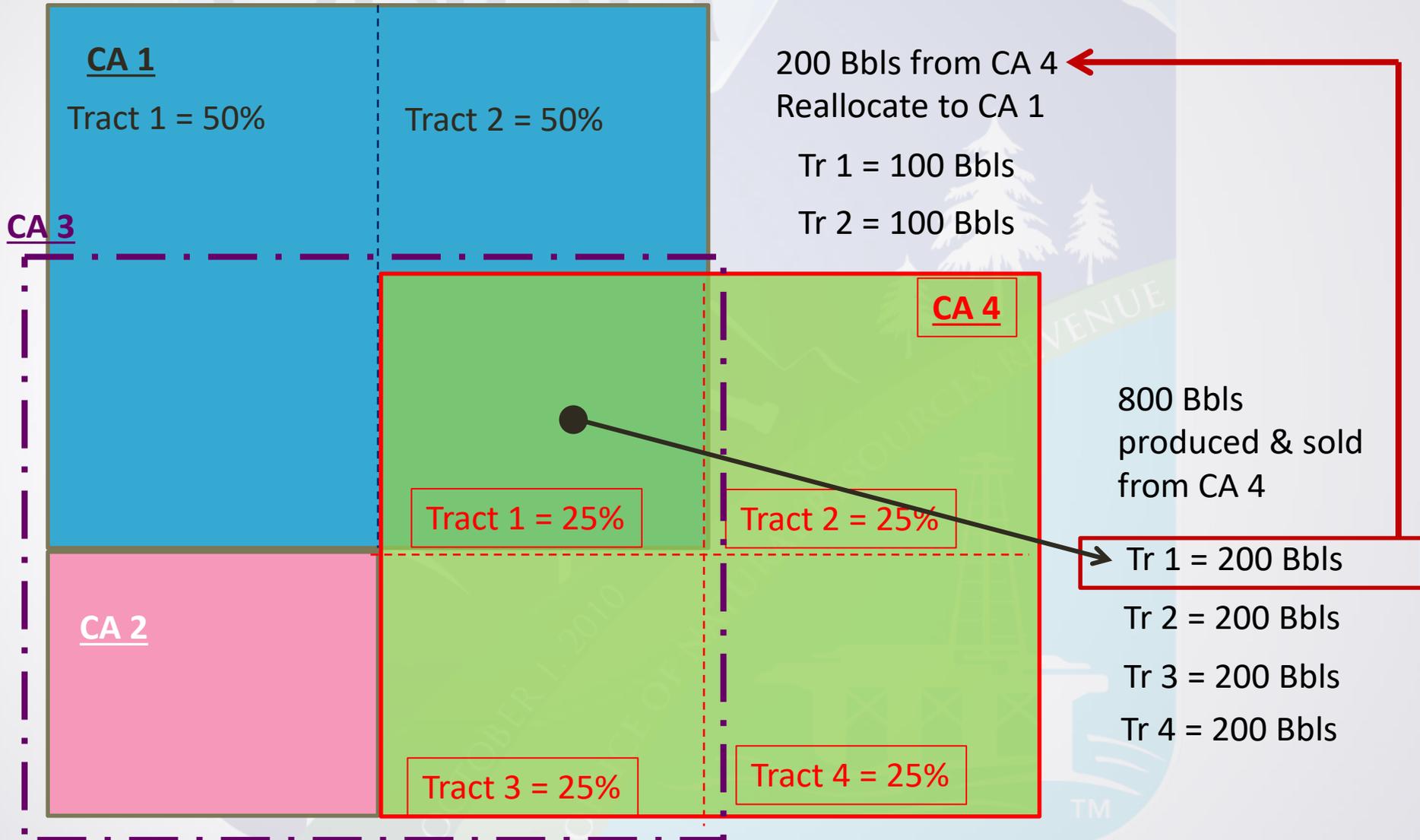
Tr 1 = 200 Bbls

Tr 2 = 200 Bbls

Tr 3 = 200 Bbls

Tr 4 = 200 Bbls

Partial Overlap-New ND IM Example



Total Overlap-New ND IM Example



400 Bbbls from CA 5
Reallocate to CA 2

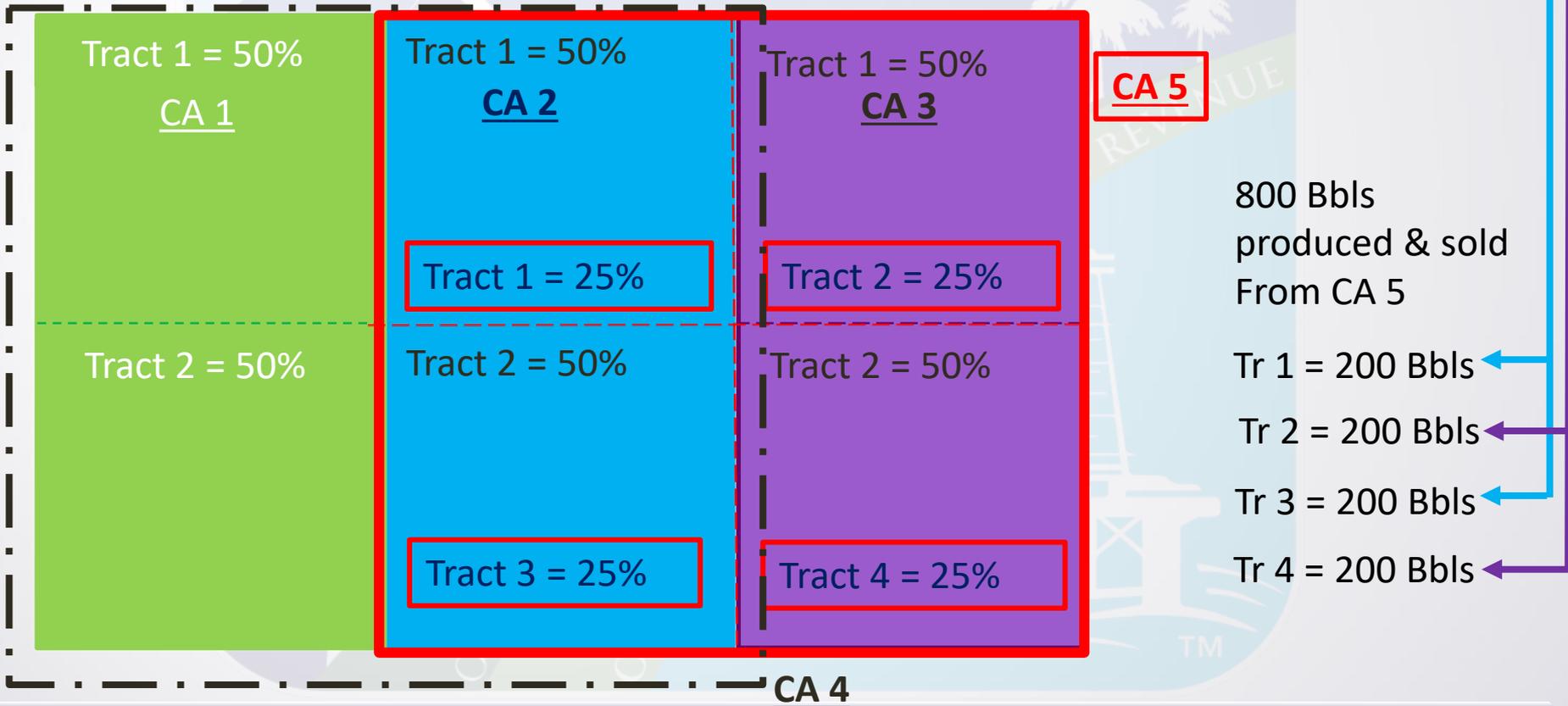
Tr 1 = 200 Bbbls

Tr 2 = 200 Bbbls

400 Bbbls from CA 5
Reallocate to CA 3

Tr 1 = 200 Bbbls

Tr 2 = 200 Bbbls



Example Overlap NDM110534



01 02-25-1920;041STAT0437;30USC181
 Case Type 318310: O&G COMMUNITIZATION AGRMT
 Commodity 459: OIL & GAS
 Case Disposition: AUTHORIZED

Total Acres:
3,785.120

Serial Number
NDM 110534

Serial Number: NDM--- - 110534

Name & Address		Int Rel	% Interest
SLAWSON EXPL CO INC	727 N WACO AVE STE 400 WICHITA KS 672033900	OPERATOR	100.000000000
BLM NORTH DAKOTA FO	99 23RD AVE W STE A DICKINSON ND 586012202	OFFICE OF RECORD	0.000000000

Serial Number: NDM--- - 110534

Mer	Twp	Rng	Sec	SType	Nr	Suff	Subdivision	District/ Field Office	County	Mgmt Agency
05	1510N 0910W	029	ALIQ			W2:		NORTH DAKOTA FIELD OFFICE	MOUNTRAIL	CORPS OF ENGINEERS
05	1510N 0910W	030	ALL			ENTIRE SECTION		NORTH DAKOTA FIELD OFFICE	MOUNTRAIL	CORPS OF ENGINEERS
05	1510N 0910W	031	ALL			ENTIRE SECTION		NORTH DAKOTA FIELD OFFICE	MOUNTRAIL	CORPS OF ENGINEERS
05	1510N 0910W	032	ALIQ			W2:		NORTH DAKOTA FIELD OFFICE	MOUNTRAIL	CORPS OF ENGINEERS
05	1510N 0920W	025	ALL			ENTIRE SECTION		NORTH DAKOTA FIELD OFFICE	MOUNTRAIL	CORPS OF ENGINEERS
05	1510N 0920W	026	ALIQ			E2:		NORTH DAKOTA FIELD OFFICE	MOUNTRAIL	CORPS OF ENGINEERS
05	1510N 0920W	026	ALIQ			E2:		NORTH DAKOTA FIELD OFFICE	MOUNTRAIL	FORT BERTHOLD
05	1510N 0920W	035	ALIQ			E2:		NORTH DAKOTA FIELD OFFICE	MOUNTRAIL	FORT BERTHOLD
05	1510N 0920W	036	ALL			ENTIRE SECTION		NORTH DAKOTA FIELD OFFICE	MOUNTRAIL	CORPS OF ENGINEERS
05	1510N 0920W	036	ALL			ENTIRE SECTION		NORTH DAKOTA FIELD OFFICE	MOUNTRAIL	FORT BERTHOLD

Serial Number: NDM--- - 110534

Act Date	Act Code	Action Txt	Action Remarks	Pending Off
06/01/2017	387	CASE ESTABLISHED	CA ESTABLISHED.	
06/01/2017	516	FORMATION	BKKN;BAKKEN	
06/01/2017	525	ACRES-NONFEDERAL	2383.72;62.9761%	
06/01/2017	526	ACRES-FED INT 100%	1401.40;37.0239%	
06/01/2017	868	EFFECTIVE DATE	/A/	
04/06/2018	580	PROPOSAL RECEIVED	CA RECVD.	
04/19/2018	654	AGRMT PRODUCING	/B/	
03/25/2019	334	AGRMT APPROVED		
03/25/2019	690	AGRMT VALIDATED		

Serial Number: NDM--- - 110534

Line Number	Remark Text
0001	/A/ RECAPITULATION EFFECTIVE 06/01/2017
0002	TR# LEASE SERIAL NO AC COMMITTED % INTEREST
0003	1 NDM 102094 1572.48 41.5437
0004	2 NDM 104433 1252.64 33.0939
0005	3 NDM 99116 480.00 12.6812
0006	4 NON-FEDERAL 480.00 12.6812



TR#	LEASE SERIAL NO	AC COMMITTED	% INTEREST
1	NDM102094	1572.48	41.5437
2	NDM104433	1252.64	33.0939
3	NDM99116	480	12.6812
4	NON-FEDERAL	480	12.6812
TOTAL		3785.12	100.00

Allocation Schedule for CA NDM110534 (W/OLAP)

See "Allocation Schedule" for breakdown of the land classifications.

Enter the below LTOA's, CRA's and OLAP's in Subdivisions (do not use for Fed/Ind land classifications)

Federal LTOA/CRAA (Not included in OLAP)					Indian LTOA/CRAA (Not included in OLAP)				
Tract #	Lease Number	Acres	Allocation	Absolute	Tract #	Lease Number	Acres	Allocation	Absolute
001			0.000000	0.000000				0.000000	0.000000
002			0.000000	0.000000				0.000000	0.000000
003	2840991160	480.00	0.126812	0.126812				0.000000	0.000000
Total		480.00	0.126812	0.126812	Total		0.00	0.000000	0.000000

Agreement Overlap (Fed/Ind/Fee/State)

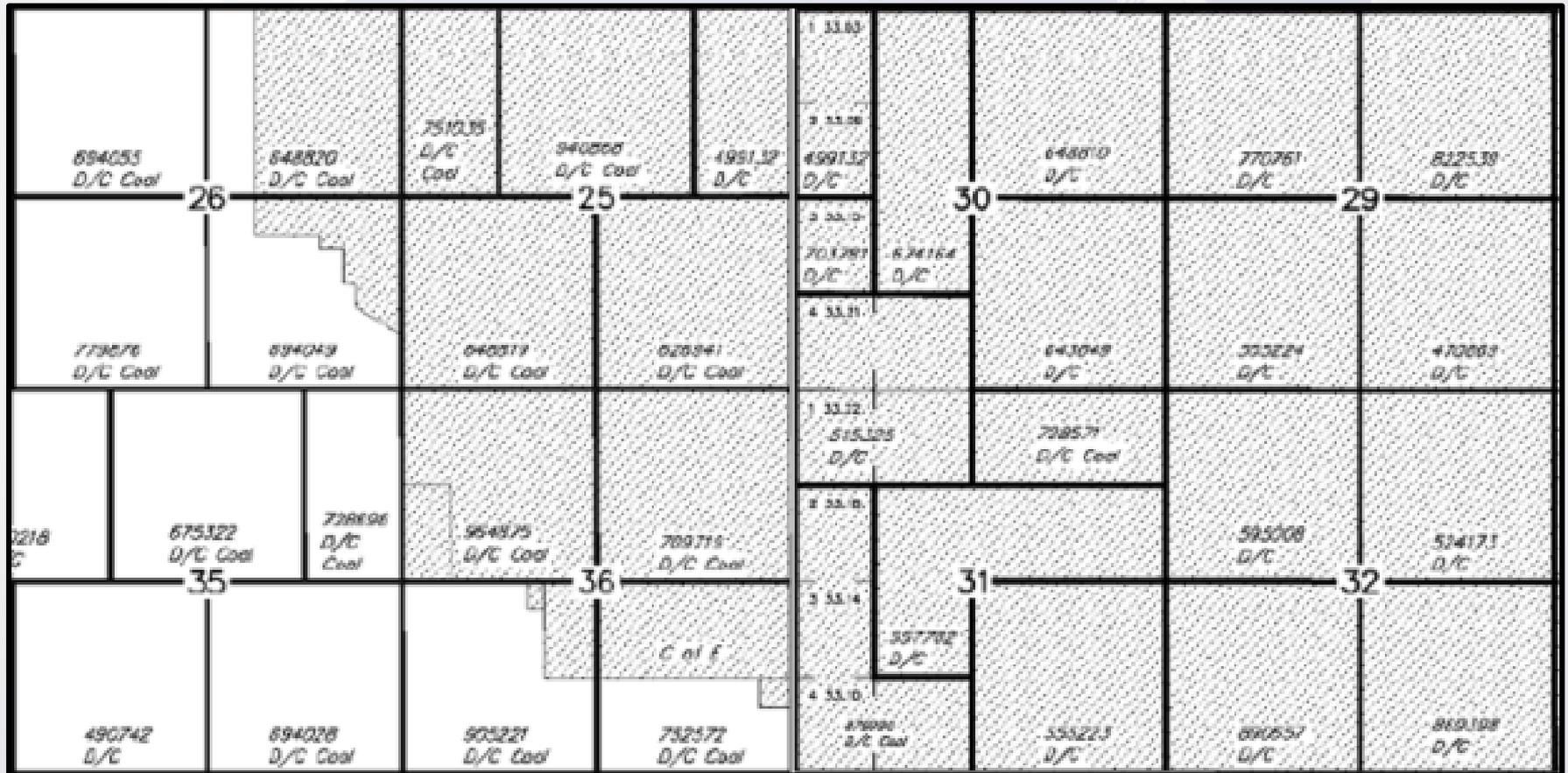
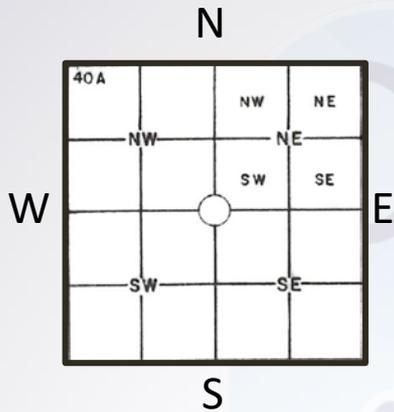
Tract	Agreement No.	Acres	Allocation	Absolute	Tract	Agreement No.	Acres	Allocation	Absolute
001	NDM102094	1572.48	0.415437	0.415437			0.00	0.000000	0.000000
002	NDM104433	1252.64	0.330938	0.330938			0.00	0.000000	0.000000

Do Not use the below for your Land Classifications.

Fee/State [Combined] Land (not incl in OLAP)					*State Land (not incl in OLAP)				
Tract #	Lease Number	Acres	Allocation	Absolute	Tract #	Lease Number	Acres	Allocation	Absolute
001	Fee		0.000000	0.000000	001	State		0.000000	0.000000
002	Fee		0.000000	0.000000	002	State		0.000000	0.000000
003	Fee		0.000000	0.000000	003	State		0.000000	0.000000
004	Fee	480.00	0.126812	0.126813	004	State		0.000000	0.000000
005	Fee		0.000000	0.000000	005	State		0.000000	0.000000
006	Fee		0.000000	0.000000	006	State		0.000000	0.000000
Total		480.00	0.126812	0.126813	Total		0.00	0.000000	0.000000
Grand Total							3785.12	1.000000	1.000000

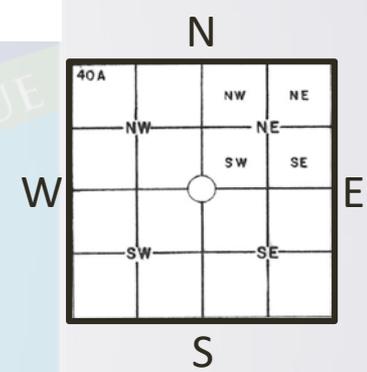
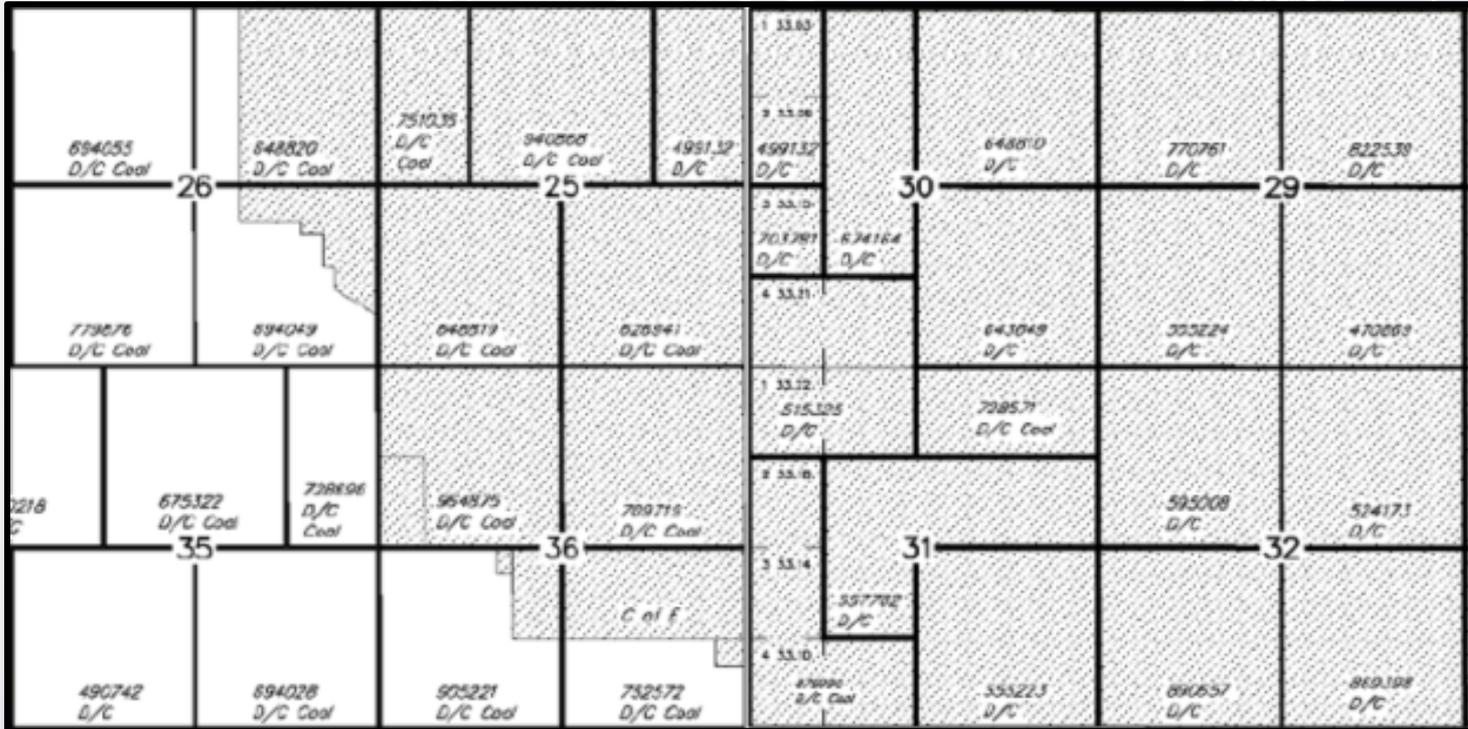


Mapping NDM110534



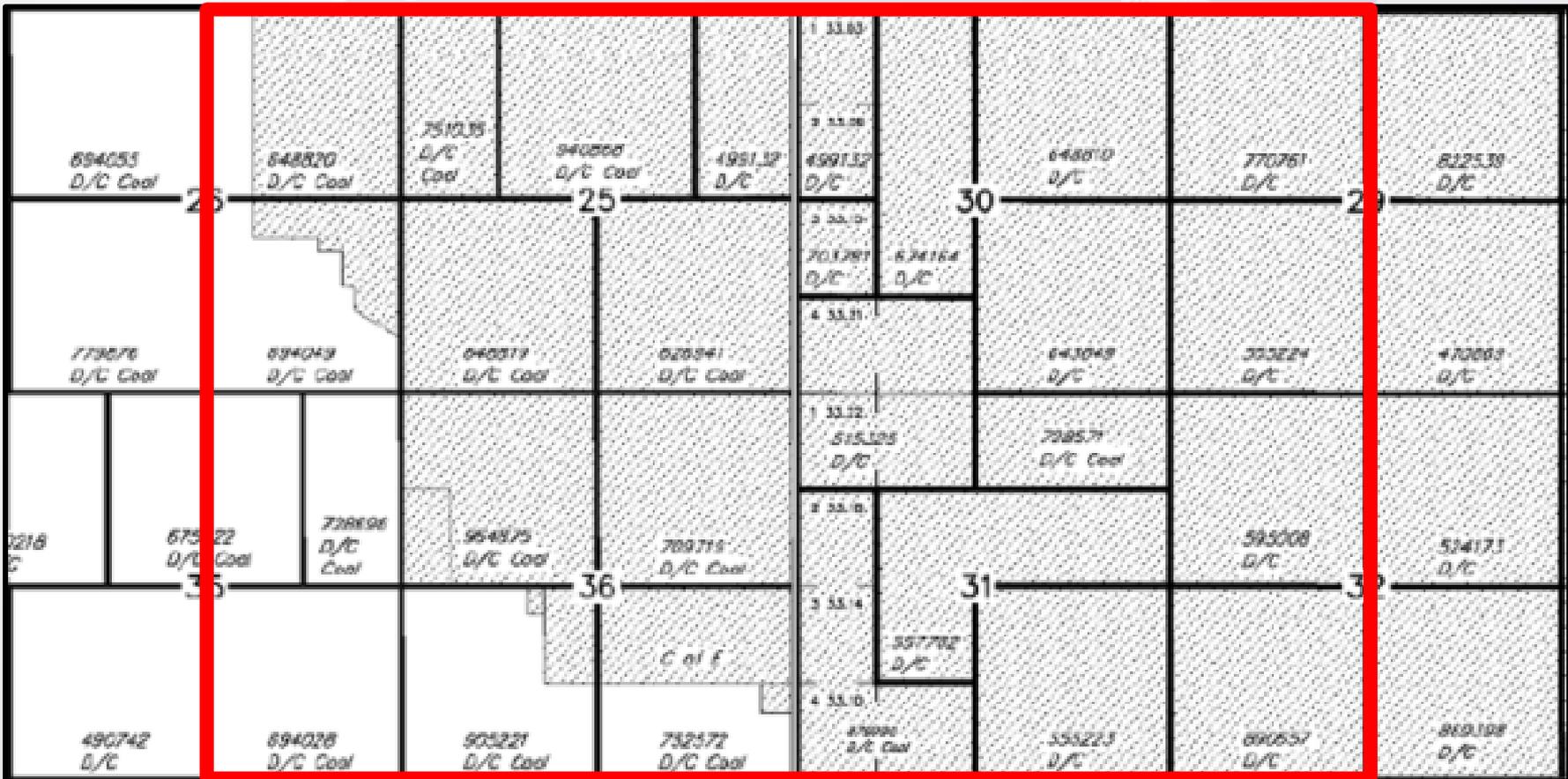


Mer	Twp	Rng	Sec	SType	Nr	Suff	Subdivision	District/ Field Office	County	Mgmt Agency
05	1510N	0910W	029	ALIQ			W2;	NORTH DAKOTA FIELD OFFICE	MOUNTRAIL	CORPS OF ENGINEERS
05	1510N	0910W	030	ALL			ENTIRE SECTION	NORTH DAKOTA FIELD OFFICE	MOUNTRAIL	CORPS OF ENGINEERS
05	1510N	0910W	031	ALL			ENTIRE SECTION	NORTH DAKOTA FIELD OFFICE	MOUNTRAIL	CORPS OF ENGINEERS
05	1510N	0910W	032	ALIQ			W2;	NORTH DAKOTA FIELD OFFICE	MOUNTRAIL	CORPS OF ENGINEERS
05	1510N	0920W	025	ALL			ENTIRE SECTION	NORTH DAKOTA FIELD OFFICE	MOUNTRAIL	CORPS OF ENGINEERS
05	1510N	0920W	026	ALIQ			E2;	NORTH DAKOTA FIELD OFFICE	MOUNTRAIL	CORPS OF ENGINEERS
05	1510N	0920W	026	ALIQ			E2;	NORTH DAKOTA FIELD OFFICE	MOUNTRAIL	FORT BERTHOLD
05	1510N	0920W	035	ALIQ			E2;	NORTH DAKOTA FIELD OFFICE	MOUNTRAIL	FORT BERTHOLD
05	1510N	0920W	036	ALL			ENTIRE SECTION	NORTH DAKOTA FIELD OFFICE	MOUNTRAIL	CORPS OF ENGINEERS
05	1510N	0920W	036	ALL			ENTIRE SECTION	NORTH DAKOTA FIELD OFFICE	MOUNTRAIL	FORT BERTHOLD





Agreements		Date
CA NDM110534		6/1/2017
CA NDM102094		9/1/2010
CA NDM104433		1/9/2012
Lease NDM99116		8/1/2009
Non-Federal		N/A



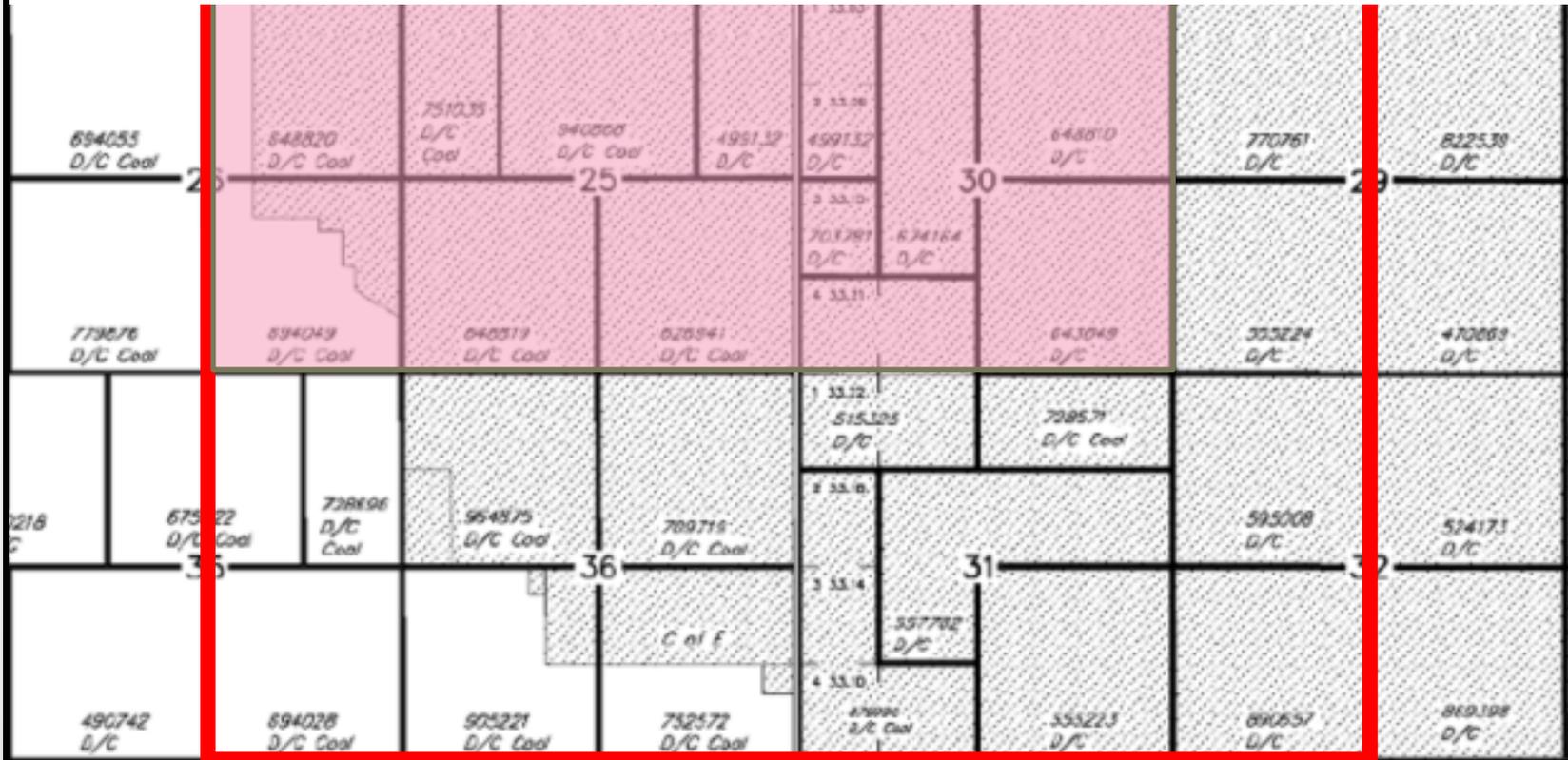
Tract 1 CA NDM102094

Agreements	Date
CA NDM110534 <input type="checkbox"/>	6/1/2017
CA NDM102094 <input checked="" type="checkbox"/>	9/1/2010



Serial Number: NDM--- 102094

Mer	Twp	Rng	Sec	SType	Nr	Suff	Subdivision	District/ Field Office	County	Mgmt Agency
05	1510N	0910W	030	ALIQ			E2W2,E2;	NORTH DAKOTA FIELD OFFICE	MOUNTRAIL	CORPS OF ENGINEERS
05	1510N	0910W	030	LOTS			1,2,3,4;	NORTH DAKOTA FIELD OFFICE	MOUNTRAIL	CORPS OF ENGINEERS
05	1510N	0920W	025	ALIQ			ALL;	NORTH DAKOTA FIELD OFFICE	MOUNTRAIL	CORPS OF ENGINEERS
05	1510N	0920W	026	ALIQ			E2;	NORTH DAKOTA FIELD OFFICE	MOUNTRAIL	CORPS OF ENGINEERS
05	1510N	0920W	026	ALIQ			E2;	NORTH DAKOTA FIELD OFFICE	MOUNTRAIL	FORT BERTHOLD



Tract 1 CA NDM102094 – effective 9/1/2010



OVERLAP INFO		
Agreement No.	Acres	Lease #
NDM102094	1572.48	
Fed	241.40	2840992800
Fed	233.21	2840991160
*Fee	937.87	
*State	160.00	
Total	1572.48	

/A/ RECAPITULATION EFFECTIVE 09/01/2010

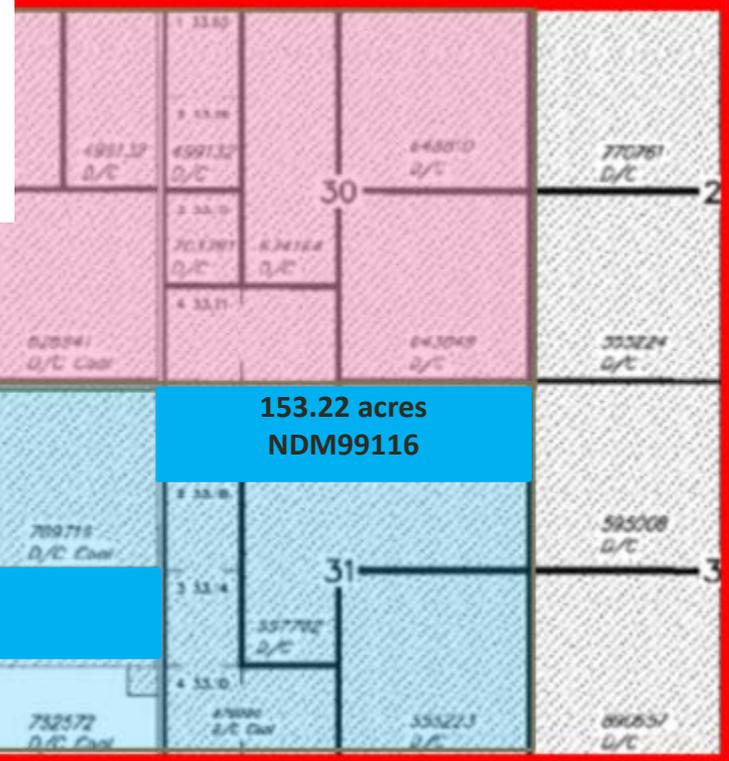
TR#	LEASE SERIAL NO	AC COMMITTED	% INTEREST
1	FEE	66.12	4.2048
2	NDM 99280	241.40	15.3515
3	FEE	160.00	10.1750
4	FEE	78.60	4.9985
5	FEE	160.00	10.1750
6	STATE	40.00	2.5438
7	STATE	120.00	7.6313
8	FEE	120.00	7.6313
9	FEE	40.00	2.5438
10	FEE	153.15	9.7394
11	FEE	160.00	10.1750
12	NDM 99116	233.21	14.8307
	TOTAL	1572.48	100.0000

Tract 2 CA NDM104433 – effective 01/09/2012



/A/ RECAPITULATION EFFECTIVE 01/09/2012

TR#	LEASE SERIAL NO	AC COMMITTED	% INTEREST
1	NDM 99116	153.22	12.2318
2	STATE	73.18	5.8421
3	STATE	146.24	11.6745
4	NDM 99280	260.00	20.7562
5	STATE	140.00	11.1764
6	STATE	80.00	6.3865
7	FEE	160.00	12.7730
8	FEE	160.00	12.7730
9	FEE	80.00	6.3865
TOTAL		1252.64	100.0000



OVERLAP INFO

Agreement No.	Acres	Lease #
NDM104433	1252.64	
Fed	153.22	2840991160
Fed	260.00	2840992800
*Fee	400.00	
*State	439.42	
Total	1252.64	

Tract 3 Lease NDM99116



Serial Number: NDM--- - 099116

Mer	Twp	Rng	Sec	SType	Nr	Suff	Subdivision	District/ Field Office	County	Mgmt Agency
05	1510N	0910W	029	ALIQ		ALL;		NORTH DAKOTA FIELD OFFICE	MOUNTRAIL	CORPS OF ENGINEERS
05	1510N	0910W	030	ALIQ		NE,SESW;		NORTH DAKOTA FIELD OFFICE	MOUNTRAIL	CORPS OF ENGINEERS
05	1510N	0910W	030	LOTS		4;		NORTH DAKOTA FIELD OFFICE	MOUNTRAIL	CORPS OF ENGINEERS
05	1510N	0910W	031	ALIQ		N2NE,NENW;		NORTH DAKOTA FIELD OFFICE	MOUNTRAIL	CORPS OF ENGINEERS
05	1510N	0910W	031	LOTS		1;		NORTH DAKOTA FIELD OFFICE	MOUNTRAIL	CORPS OF ENGINEERS
05	1510N	0910W	032	ALIQ		N2,SE;		NORTH DAKOTA FIELD OFFICE	MOUNTRAIL	CORPS OF ENGINEERS
05	1510N	0910W	033	ALIQ		NE,S2;		NORTH DAKOTA FIELD OFFICE	MOUNTRAIL	CORPS OF ENGINEERS



TR#	LEASE SERIAL NO	AC COMMITTED	% INTEREST
1	NDM 102094	1572.48	41.5437
2	NDM 104433	1252.64	33.0939
3	NDM 99116	480.00	12.6812
4	NON-FEDERAL	480.00	12.6812

Agreements	Date
CA NDM110534 	6/1/2017
CA NDM102094 	9/1/2010
CA NDM104433 	1/9/2012
Lease NDM99116 	8/1/2009

Tract 4 Non-Federal



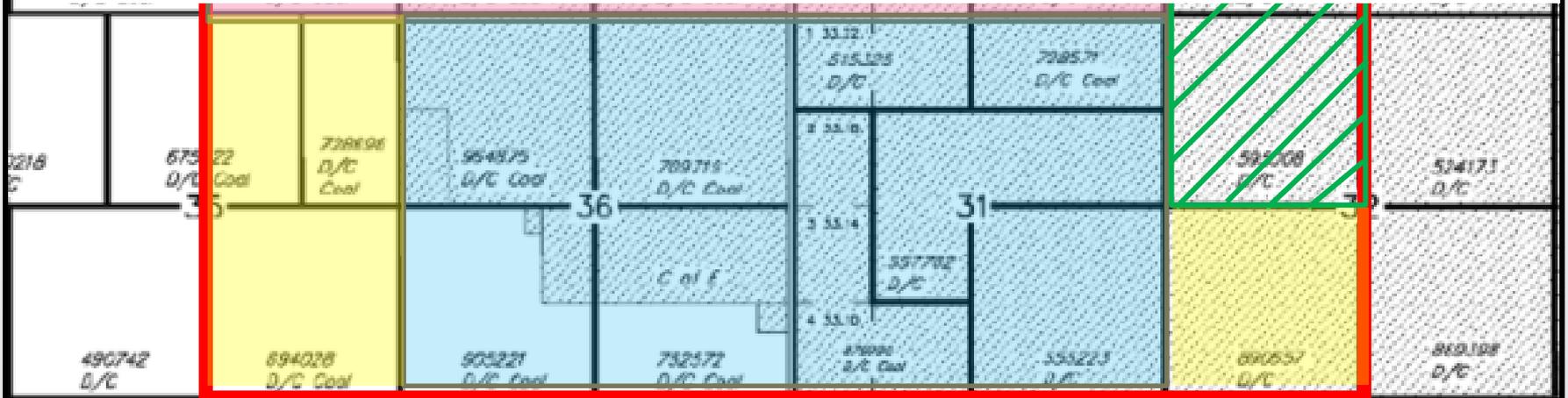
Agreements	Date
CA NDM110534 	6/1/2017
CA NDM102094 	9/1/2010
CA NDM104433 	1/9/2012
Lease NDM99116 	8/1/2009
Non-Federal 	N/A

Remark Text

Serial Number: NDM--- - 110534

/A/ RECAPITULATION EFFECTIVE 06/01/2017

TR#	LEASE SERIAL NO	AC COMMITTED	% INTEREST
1	NDM 102094	1572.48	41.5437
2	NDM 104433	1252.64	33.0939
3	NDM 99116	480.00	12.6812
4	NON-FEDERAL	480.00	12.6812





R

Agreements		Date
CA NDM110534		6/1/2017
CA NDM102094		9/1/2010
CA NDM104433		1/9/2012
Lease NDM99116		8/1/2009
Non-Federal		N/A



Land Classification for CA NDM110534 (W/OLAP)



Federal Land Classification						OVERLAP INFO		
Tract #	OLAP	Lease Number	Acres	Allocation	Absolute	Agreement No.	Acres	Lease #
001	X	2840992800	241.40	0.063776	0.063776	NDM102094	1572.48	
001	X	2840991160	233.21	0.061612	0.061612	Fed	241.40	2840992800
002	X	2840991160	153.22	0.040480	0.040480	Fed	233.21	2840991160
002	X	2840992800	260.00	0.068690	0.068690	*Fee	937.87	
003		2840991160	480.00	0.126812	0.126812	*State	160.00	
		Federal Land	1367.83	0.361370	0.361370	Total	1572.48	
Fee/State [combined] Land Classification						OVERLAP INFO		
Tract #	OLAP	Lease Number	Acres	Allocation	Absolute	Agreement No.	Acres	Lease #
001	X	Fee/State	1097.87	0.290049	0.290049	NDM104433	1252.64	
002	X	Fee/State	839.42	0.221768	0.221768	Fed	153.22	2840991160
003		Fee/State	0.00	0.000000	0.000000	Fed	260.00	2840992800
004	X	Fee/State	480.00	0.126812	0.126813	*Fee	400.00	
005		Fee/State	0.00	0.000000	0.000000	*State	439.42	
Total			2417.29	0.638630	0.638630	Total	1252.64	
		Grand Total	3785.12	1.000000	1.000000			



Example for how to report royalties on production from NDM110534

CA - NDM110534			
		Production Volumes	
Allocation Schedule	%	17855.00	<i>Well #1 (example only)</i>
OLAP NDM102094	0.415437	7417.63	<i>Move to page NDM102094</i>
OLAP NDM104433	0.330938	5908.90	<i>Move to page NDM104433</i>
Lease 2840991160	0.126812	2264.23	<i>2014 Reporting</i>
Non-Fed	0.126813	2264.24	<i>No 2014 Reporting</i>
TOTAL	1.000000	17855.00	

The production from this CA is split with an overlapped agreement. 2014 reporting should be done based on the overlapped agreements allocations.

This example follows the reporting of royalties from a single well. Royalties on production from additional wells in CA NDM110534 would be reported in the same manner.

Note: OGOR stays with this CA.

1st CA NDM102094 in Overlap



Example for how to report royalties on production from NDM110534			
CA - NDM110534			
		Production Volumes	
Allocation Schedule	%	17855.00	Well #1 (example only)
OLAP NDM102094	0.415437	7417.63	Move to page NDM102094
OLAP NDM104433	0.330938	5908.90	Move to page NDM104433
Lease 2840991160	0.126812	2264.23	2014 Reporting
Non-Fed	0.126813	2264.24	No 2014 Reporting
TOTAL	1.000000	17855.00	

CA - NDM102094			
		Production Volumes	
Allocation Schedule	%	7417.63	from well #1
Lease 2840992800	0.153515	1138.72	2014 Reporting
Lease 2840991160	0.148308	1100.10	2014 Reporting
Fee	0.596427	4424.07	No 2014 Reporting
State	0.101750	754.74	No 2014 Reporting
TOTAL	1.000000	7417.63	

2014 reporting should be done based on the overlapped agreements allocations.

Note: OGOR stays with CA NDM110534

2nd CA NDM104433 within Overlap



Example for how to report royalties on production from NDM110534

CA - NDM110534			
		Production Volumes	
Allocation Schedule	%	17855.00	Well #1 <i>(example only)</i>
OLAP NDM102094	0.415437	7417.63	Move to page NDM102094
OLAP NDM104433	0.330938	5908.90	Move to page NDM104433
Lease 2840991160	0.126812	2264.23	2014 Reporting
Non-Fed	0.126813	2264.24	No 2014 Reporting
TOTAL	1.000000	17855.00	

CA - NDM104433

		Production Volumes	
Allocation Schedule	%	5908.90	from well #1
Lease 2840991160	0.122318	722.76	2014 Reporting
Lease 2840992800	0.207562	1226.46	2014 Reporting
Fee	0.319325	1886.86	No 2014 Reporting
State	0.350795	2072.82	No 2014 Reporting
TOTAL	1.000000	5908.90	

2014 reporting should be done based on the overlapped agreements allocations.

Note: OGOR stays with CA NDM110534



Production
Volumes for
Well #1

CA - NDM110534

17855

OGOR

Below is how the 2014 reporting would actually take place after the volumes kept moving for reporting purposes due to the overlaps.

CA - NDM110534	Lease 2840991160	2264.23	2014 Reporting
	Non-Fed	2264.24	No 2014 Reporting
		4528.47	
CA - NDM102094	Lease 2840992800	1138.72	2014 Reporting
	Lease 2840991160	1100.10	2014 Reporting
	Fee	4424.07	No 2014 Reporting
	State	754.74	No 2014 Reporting
		7417.63	
CA - NDM104433	Lease 2840991160	722.76	2014 Reporting
	Lease 2840992800	1226.46	2014 Reporting
	Fee	1886.86	No 2014 Reporting
	State	2072.82	No 2014 Reporting
	TOTAL	5908.90	
	TOTAL	17855.00	

Agreements	Date
CA NDM110534 	6/1/2017
CA NDM102094 	9/1/2010
CA NDM104433 	1/9/2012
Lease NDM99116 	8/1/2009
Non-Federal 	N/A



How do I report on the ONRR-2014???





What about my lease??

- In example CA NDM110534 the company holds 100% interest:
100% in Lease 2840991160
- There is no lease basis well on this lease.
- In overlapping agreement situations, you must report royalties based on your entitled share.
- Let's complete the ONRR-2014 for royalties on the above lease.





CA - NDM110534		Production Volumes	
Allocation Schedule	%		
		17855.00	<i>Well #1 (example only)</i>
OLAP NDM102094	0.415437	7417.63	<i>Move to tab NDM102094</i>
OLAP NDM104433	0.330938	5908.90	<i>Move to tab NDM104433</i>
Lease 2840991160	0.126812	2264.23	<i>2014 Reporting</i>
Non-Fed	0.126813	2264.24	<i>No 2014 Reporting</i>
TOTAL	1.000000	17855.00	



Lease #	Source CA	Total sales Volume Reported On	CA # Reported on 2014	Bbbs Sold/Allocated to CA reported on 2014	Allocation %	Bbbs Allocated to Tract	Working Interest %	Working Interest BBLs (2014 Sales Volume)	Price	Sales Value	Royalty Rate	Royalty Value Prior to Allowances
2840991160	M110534	17855	M110534	17855	X .126812	2264.23	X 100%	2264.23	X \$50.00	= \$113,211.41	X 0.125	= \$14,151.43

$$\text{Total Sales Volume} \times \text{allocation \%} \times \text{MNOP} \times \text{working interest \%} = \text{Sales Volume}$$

$$\text{Sales Volume} \times \text{price} \times \text{royalty rate} - \text{allowances} = \text{Royalty Value}$$



2014 Reporting

Lease #	Source CA	Total sales Volume Reported On	CA # Reported on 2014	Bbls Sold/Allocated to CA reported on 2014	Allocation %	Bbls Allocated to Tract	Working Interest %	Working Interest BBlS (2014 Sales Volume)	Price	Sales Value	Royalty Rate	Royalty Value Prior to Allowances
2840991160	M110534	17855	M110534	17855	X 0.126812	2264.23	X 100%	2264.23	X \$50.00 =	\$113,211.41	X 0.125 =	\$14,151.43

Select Line	Line #	Preparer Use Only	ONRR Lease Number* Search	ONRR Agree Number Search	API Well Number	Product Code*	Sales Type	Sales Date (MMYYYY)*		Transaction Code*	Adjustment Reason Code
<input type="checkbox"/>	> 1		2840991160	M 110534		01-Oil	ARMS	09	2017	01	

Sales Volume	Gas MMBtu	Sales Value	Royalty Value Before Allowances	Transportation Allowance	Processing Allowance	Royalty Value after Allowance*	Payment Method*
2264.23	0.00	113211.41	14151.43	0.00	0.00	14151.43	03



ONRR

Line Number	1	2	3	4	5
API Well Number					
ONRR Lease Number	2840991160	2840992800	2840991160	2840991160	2840992800
ONRR Agreement Number	M 110534	M 102094	M 102094	M 104433	M 104433
Product Code	01	01	01	01	01
Sales Type Code	ARMS	ARMS	ARMS	ARMS	ARMS
Sales MO/YR	092017	092017	092017	092017	092017
Transaction Code	01	01	01	01	01
Adjustment Reason Code					
Sales Volume	2264.23	1138.72	1100.10	722.76	1226.46
Gas MMBtu					
Sales Value	113211.41	56935.87	55004.69	36138.24	61.323.16
Royalty Value Prior to Allowances	14151.43	7116.98	6875.59	4517.25	7665.39
Transportation Allowance Deduction					
Processing Allowance Deduction					
Royalty Value Less Allowance	14151.43	7116.98	6875.59	4517.28	7665.39
Payment Method Code	3	3	3	3	3



CA NDM110449

Lets take a look at a North Dakota CA that falls under the new Overlap policy for North Dakota.

- Map CA NDM110449
- Review the reporting example
- Create 2014 reporting

Example Overlap NDM110449



01 02-25-1920;041STAT0437;30USC181
 Case Type 318310: O&G COMMUNITIZATION AGRMT
 Commodity 459: OIL & GAS
 Case Disposition: AUTHORIZED

Total Acres:
2,562.400

Serial Number
NDM 110449

Serial Number: NDM--- - 110449

Name & Address		Int Rel	% Interest
BURLINGTON RESOURCES OIL & GAS COMPANY LP BLM NORTH DAKOTA FO	600 N DAIRY ASHFORD RD 99 23RD AVE W STE A	HOUSTON TX 770791100 DICKINSON ND 588012202	OPERATOR 100.000000000 OFFICE OF RECORD 0.000000000

Serial Number: NDM--- - 110449

Mer	Twp	Rng	Sec	SType	Nr	Suff	Subdivision	District/ Field Office	County	Mgmt Agency
05	1490N	0960W	002	ALL			ENTIRE SECTION	NORTH DAKOTA FIELD OFFICE	MCKENZIE	BUREAU OF LAND MGMT
05	1490N	0960W	003	ALL			ENTIRE SECTION	NORTH DAKOTA FIELD OFFICE	MCKENZIE	BUREAU OF LAND MGMT
05	1490N	0960W	010	ALL			ENTIRE SECTION	NORTH DAKOTA FIELD OFFICE	MCKENZIE	DAKOTA PRAIRIES GRASSLAND
05	1490N	0960W	010	ALL			ENTIRE SECTION	NORTH DAKOTA FIELD OFFICE	MCKENZIE	BUREAU OF LAND MGMT
05	1490N	0960W	011	ALL			ENTIRE SECTION	NORTH DAKOTA FIELD OFFICE	MCKENZIE	BUREAU OF LAND MGMT

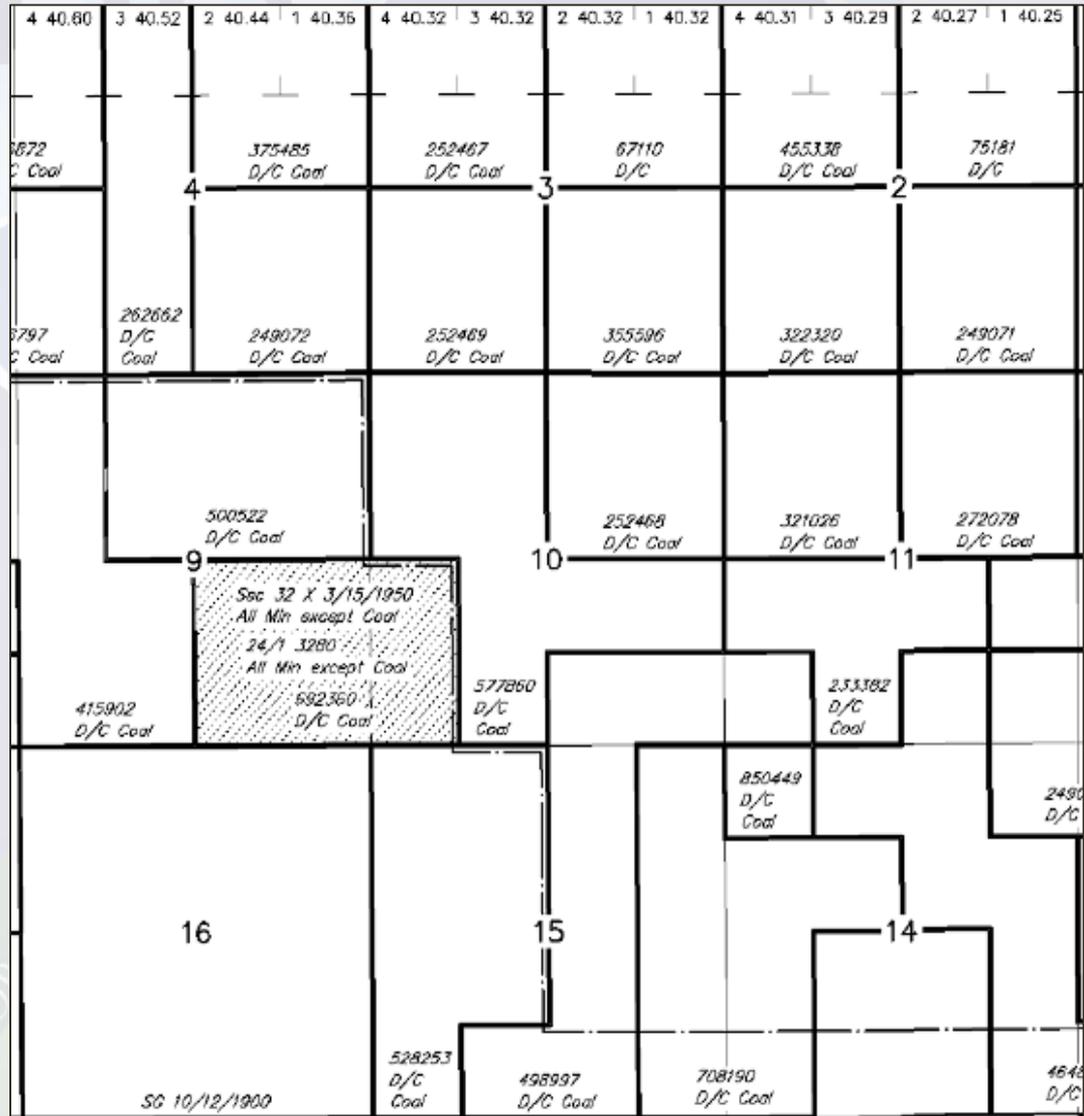
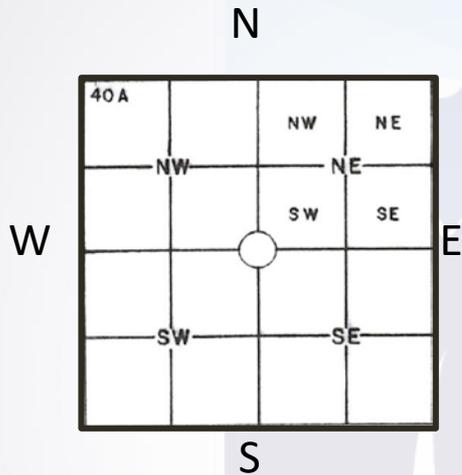
Serial Number: NDM--- - 110449

Act Date	Act Code	Action Txt	Action Remarks	Pending Off
12/01/2017	387	CASE ESTABLISHED		
12/01/2017	516	FORMATION	BKKN;BAKKEN	
12/01/2017	525	ACRES-NONFEDERAL	2482.40;96.88%	
12/01/2017	526	ACRES-FED INT 100%	80.00;3.12%	
12/01/2017	868	EFFECTIVE DATE	/A/	
01/11/2018	580	PROPOSAL RECEIVED	CA RECVD.	
10/04/2018	654	AGRMT PRODUCING	/B/	
02/12/2019	334	AGRMT APPROVED		
02/12/2019	690	AGRMT VALIDATED		

Serial Number: NDM--- - 110449

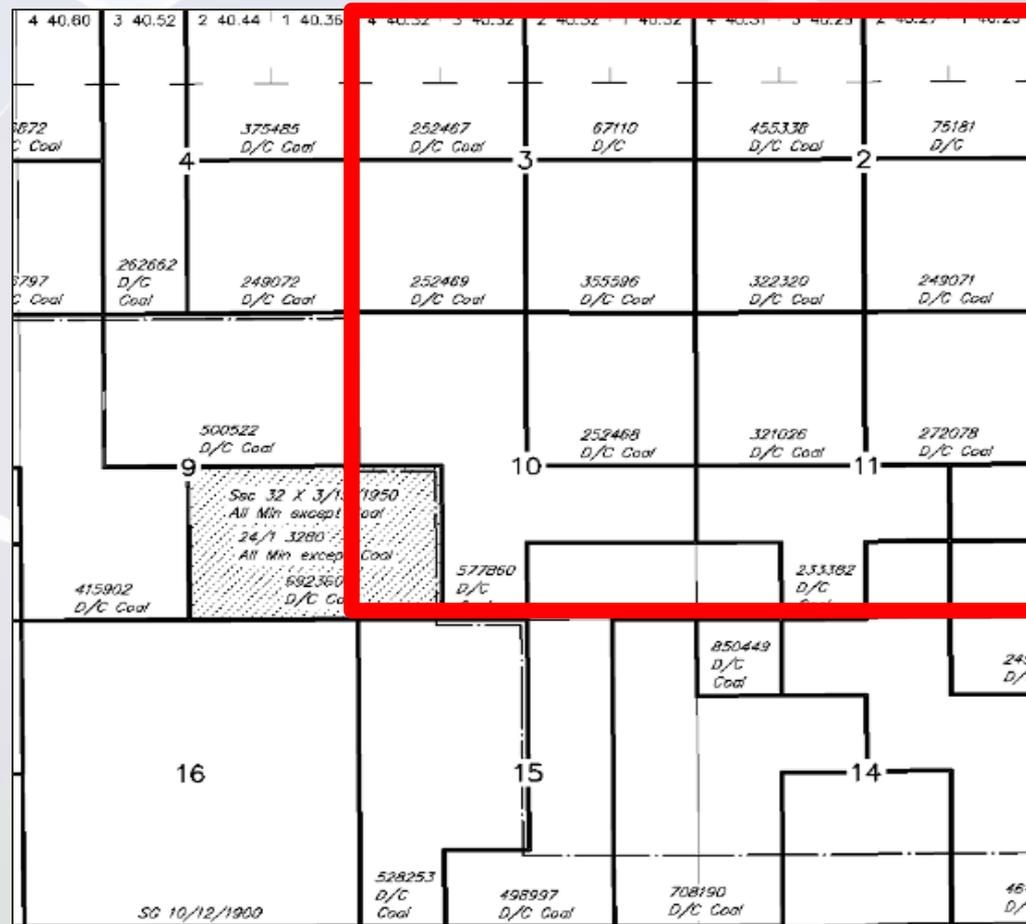
Line Number	Remark Text
0001	/A/RECAPITULATION EFFECTIVE 12/01/2017
0002	TR# LEASE SERIAL NO AC COMMITTED % INTEREST
0003	1 NDM 98624 1281.2800 50.0031%
0004	2 NON-FEDERAL 1281.1200 49.9969%
0005	3 TOTAL 2562.4000 100.0000%

Mapping NDM110449





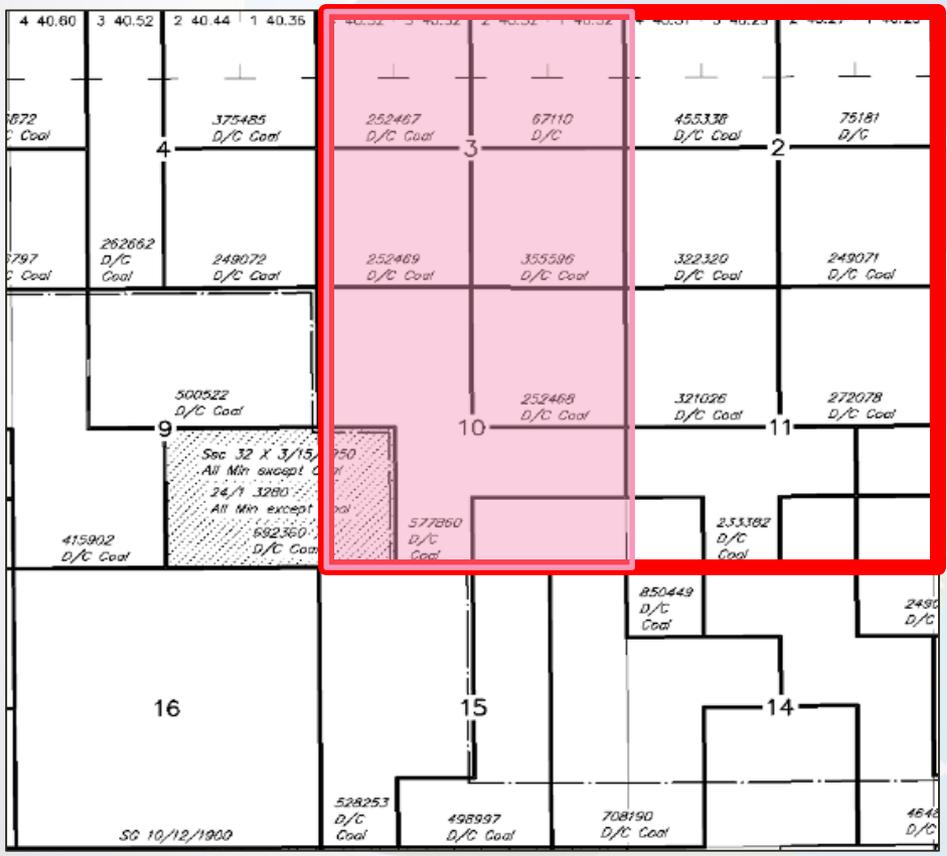
Agreements	Eff Date
CA NDM110449 □	12/1/2017
CA NDM98624 □	8/1/2008
Non-Federal □	N/A



Track 1 CA NDM98624



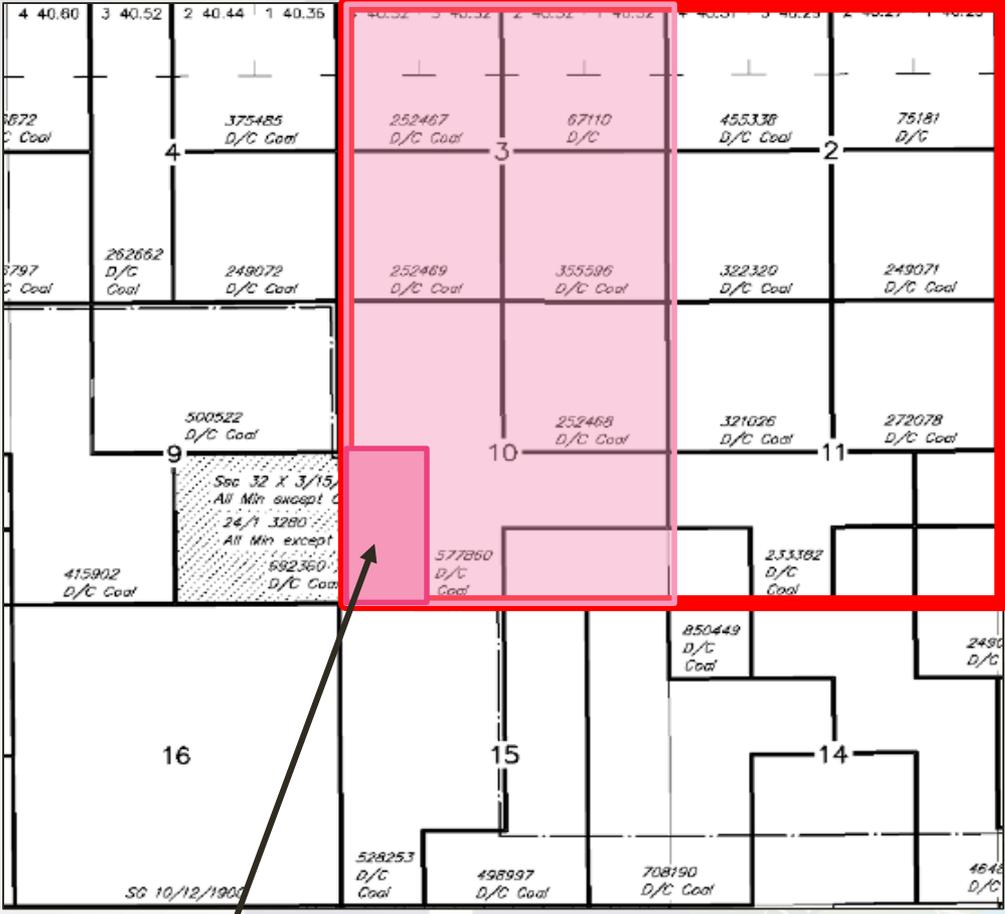
Mer	Twp	Rng	Sec	SType	Nr	Suff	Subdivision	District/ Field Office	County	Mgmt Agency
05	1490N	0960W	003	LOTS			1,2,3,4;	NORTH DAKOTA FIELD OFFICE	MCKENZIE	BUREAU OF LAND MGMT
05	1490N	0960W	003	ALIQ			S2N2,S2;	NORTH DAKOTA FIELD OFFICE	MCKENZIE	BUREAU OF LAND MGMT
05	1490N	0960W	010	ALIQ			ALL;	NORTH DAKOTA FIELD OFFICE	MCKENZIE	DAKOTA PRAIRIES GRASSLAND
05	1490N	0960W	010	ALIQ			ALL;	NORTH DAKOTA FIELD OFFICE	MCKENZIE	BUREAU OF LAND MGMT



Agreements	Eff Date
CA NDM110449 	12/1/2017
CA NDM98624 	8/1/2008



Track 1 CA NDM98624



OVERLAP INFO		
Agreement No.	Acres	Lease #
NDM98624	1281.28	
Fed	80.00	2840885630
Fee/State	1201.28	
Total	1281.28	

/A/ RECAPITULATION EFFECTIVE 08/01/2008

TR#	LEASE SERIAL NO	AC COMMITTED	% INTEREST
1	NDM 88563	80.00	6.2438
2	FEE	321.28	25.0748
3	FEE	160.00	12.4875
4	FEE	160.00	12.4875
5	FEE	240.00	18.7313
5	FEE	240.00	18.7313
6	FEE	80.00	6.2438
TOTAL		1281.28	100.0000

80 Acres Federal from NDM88563

Mer	Twp	Rng	Sec	SType	Nr	Suff	Subdivision	District/ Field Office	County	Mgmt Agency
05	1490N	0980W	009	ALIQ			SE;	NORTH DAKOTA FIELD OFFICE	MCKENZIE	DAKOTA PRAIRIES GRASSLAND
05	1490N	0980W	010	ALIQ			W2SW;	NORTH DAKOTA FIELD OFFICE	MCKENZIE	DAKOTA PRAIRIES GRASSLAND

Serial Number: NDM--- - 088563

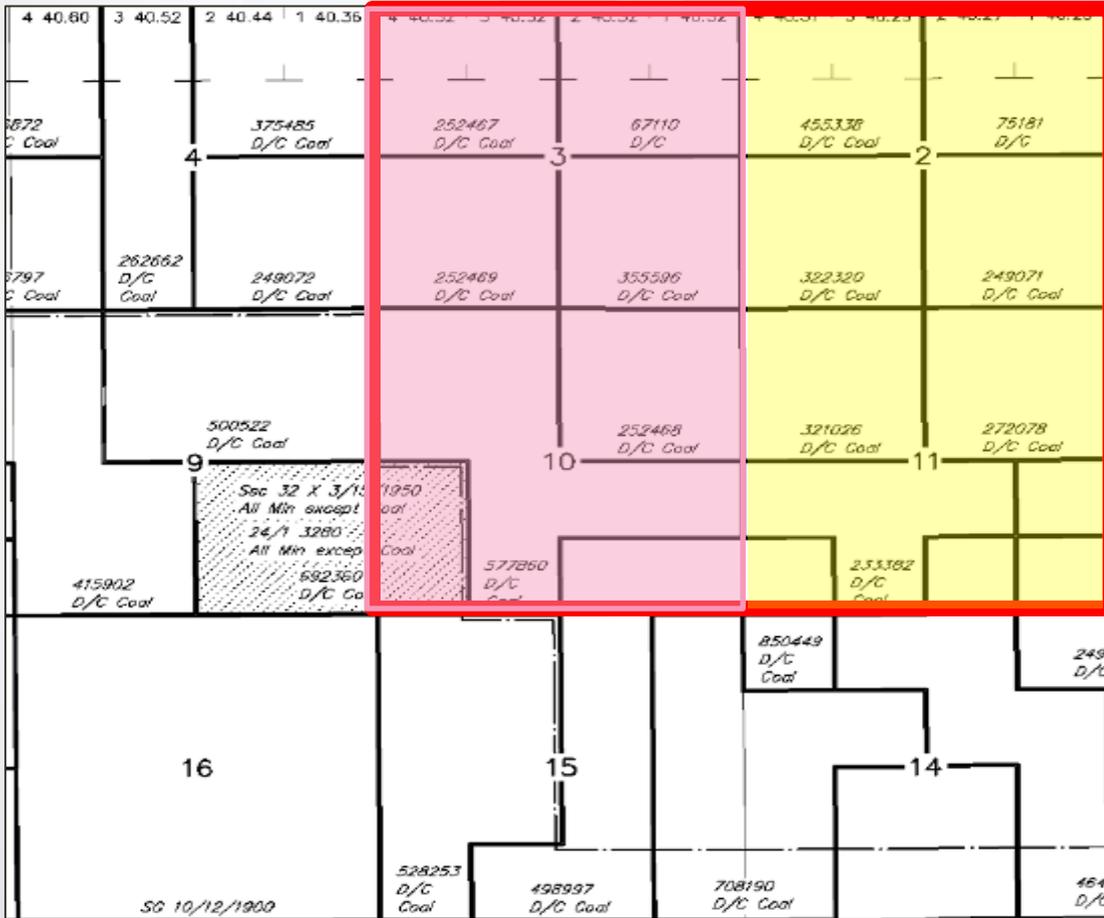
Track 2 Non-Federal



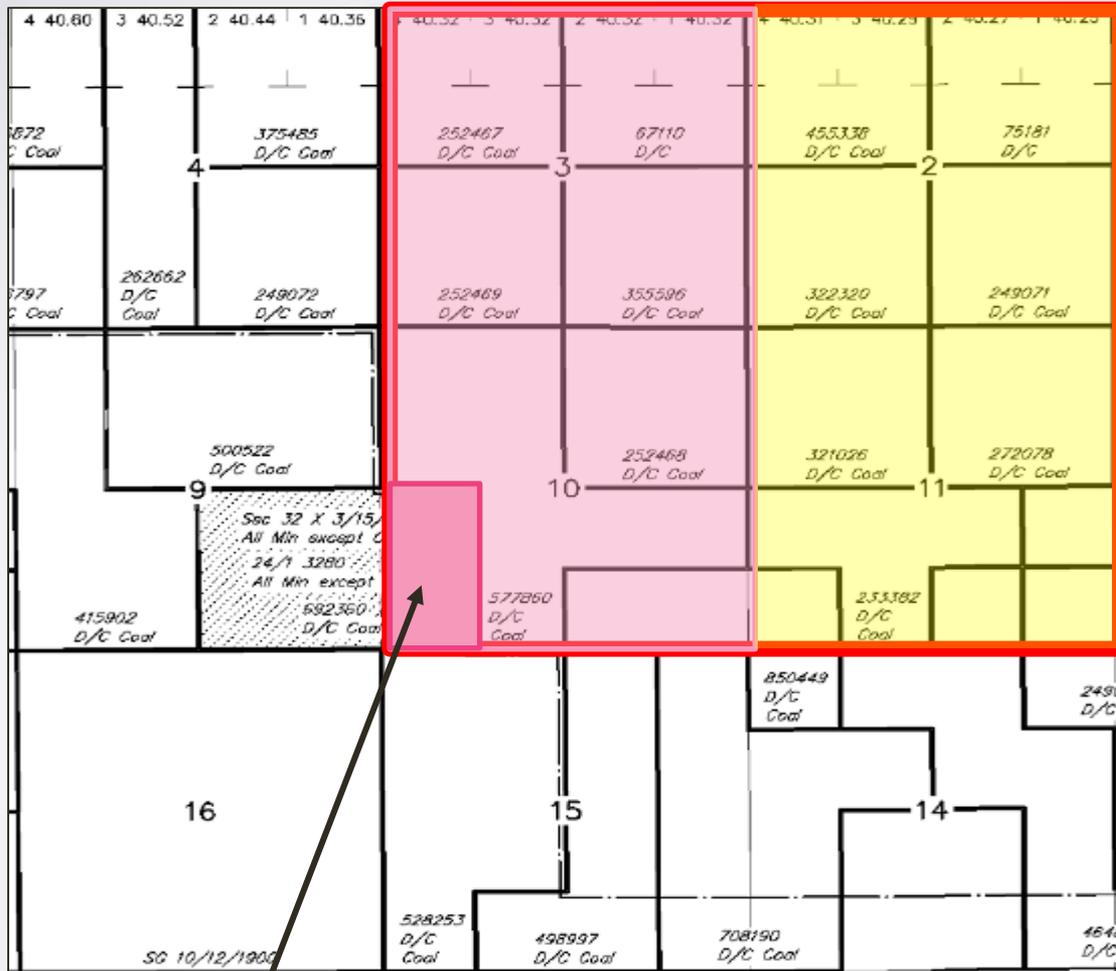
Remark Text

Serial Number: NDM--- - 110449

1	NDM 98624	1281.2800	50.0031%
2	NON-FEDERAL	1281.1200	49.9969%
3	TOTAL	2562.4000	100.0000%



Agreements	Eff Date
CA NDM110449 □	12/1/2017
CA NDM98624 □	8/1/2008
Non-Federal □	N/A



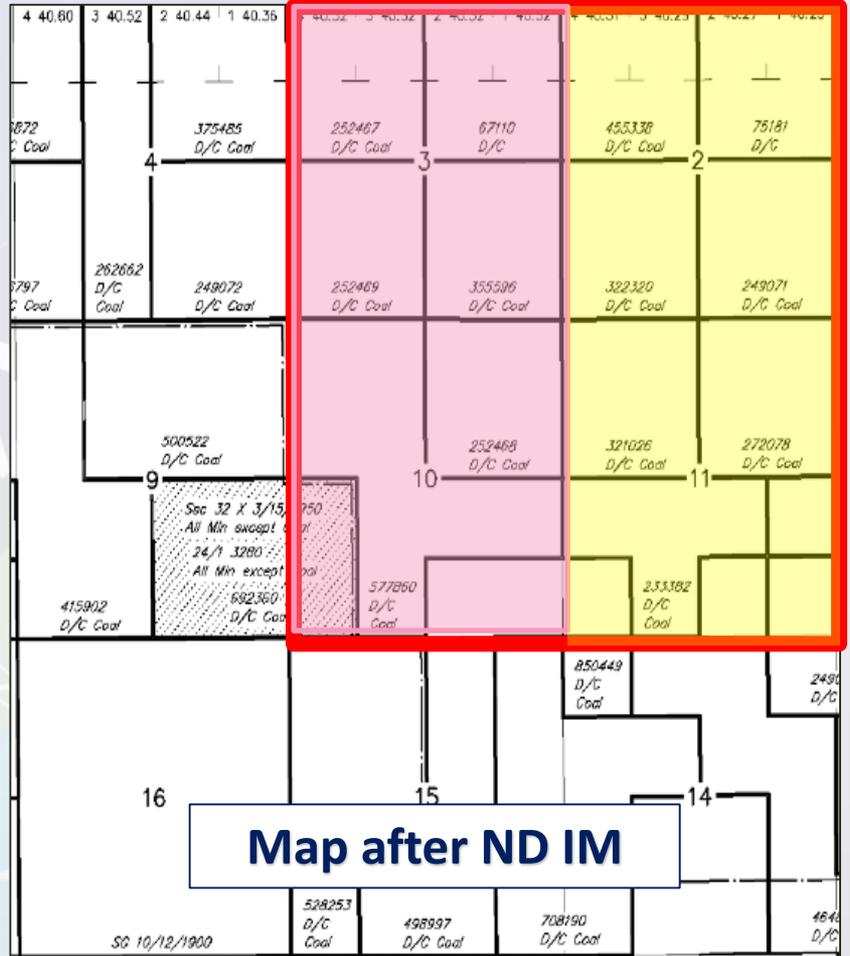
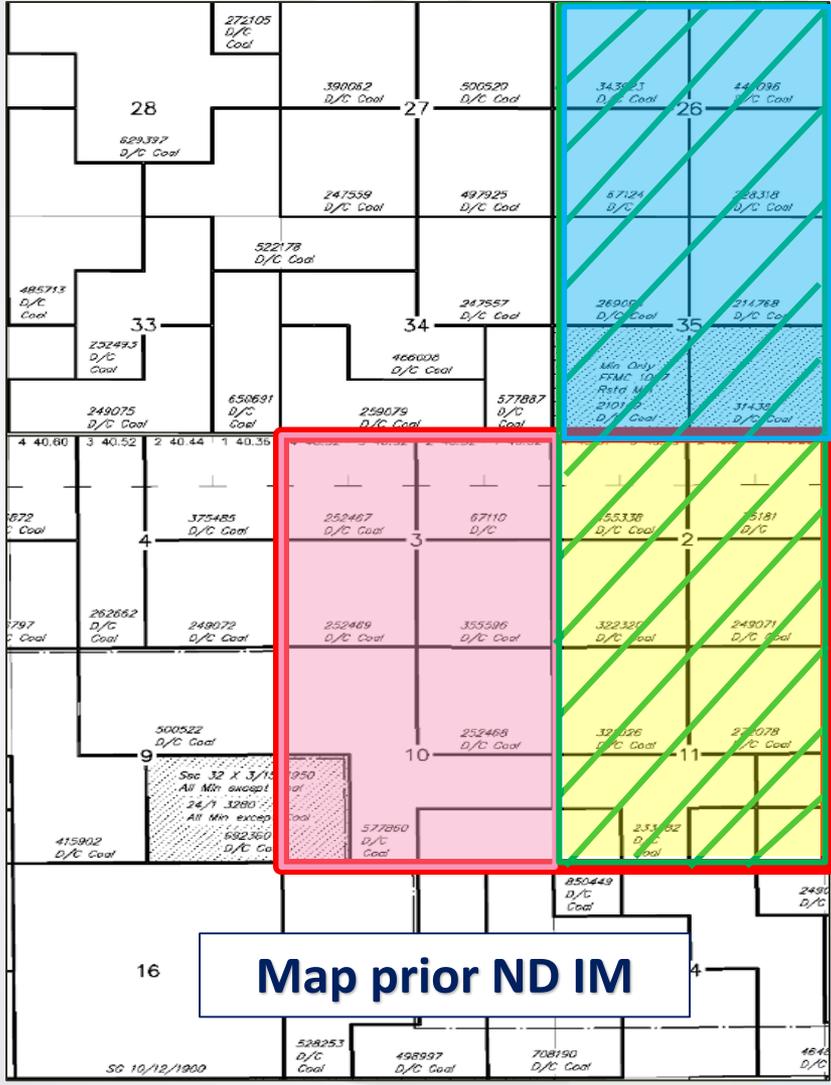
Agreements	Eff Date
CA NDM110449 □	12/1/2017
CA NDM98624 □	8/1/2008
Non-Federal □	N/A

80 Acres Federal
from NDM88563

Old & New Map Comparison for NDM110449



Agreements	Eff Date
CA NDM110449 	12/1/2017
CA NDM109615 	3/1/2017
CA NDM99173 	6/1/2008
CA NDM98624 	8/1/2008
Non-Federal 	N/A



Land Classification for CA NDM110449 (W/OLAP)



Federal Land Classification						OVERLAP INFO		
Tract #	OLAP	Lease Number	Acres	Allocation	Absolute	Agreement No.	Acres	Lease #
001	X	2840885630	80.00	0.031221	0.031221	NDM98624	1281.28	
001			0.00	0.000000	0.000000	Fed	80.00	2840885630
003			0.00	0.000000	0.000000	Fed	0.00	
004			0.00	0.000000	0.000000	Ind	0.00	
005			0.00	0.000000	0.000000	Ind	0.00	
		Federal Land	80.00	0.031221	0.031221	Fee/State	1201.28	
						*Fee	0.00	
						*State	0.00	
						Total	1281.28	
*Fee Land Classification								
Tract #	OLAP	Lease Number	Acres	Allocation	Absolute			
001	X	Fee	1201.28	0.468810	0.468810			
002		Fee	1281.12	0.499969	0.499969			
003		Fee	0.00	0.000000	0.000000			
004		Fee	0.00	0.000000	0.000000			
005		Fee	0.00	0.000000	0.000000			
Total			2482.40	0.968779	0.968779			
		Grand Total	2562.40	1.000000	1.000000			



Example for how to report royalties on production from NDM110449

CA - NDM110449

		Production Volumes	
Allocation Schedule	%		
		17855.00	<i>Well #1 (example only)</i>
OLAP NDM98624	0.500031	8928.05	<i>Move to tab NDM98624</i>
Non-Fed	0.499969	8926.95	<i>No 2014 Reporting</i>
TOTAL	1.000000	17855.00	

The production from this CA is split with an overlapped agreement. 2014 reporting should be done based on the overlapped agreements allocations.

This example follows the reporting of royalties from a single well. Royalties on production from additional wells in CA NDM110449 would be reported in the same manner.

Note: OGOR stays with this CA.



CA NDM98624 within Overlap



Example for how to report royalties on production from NDM110449

CA - NDM110449			
		Production Volumes	
Allocation Schedule	%		
		17855.00	Well #1 (example only)
OLAP NDM98624	0.500031	8928.05	Move to tab NDM98624
Non-Fed	0.499969	8926.95	No 2014 Reporting
TOTAL	1.000000	17855.00	

CA - NDM98624			
		Production Volumes	
Allocation Schedule	%		
		8928.05	from well #1
Lease 2840885630	0.062438	557.45	2014 Reporting
Fee	0.937562	8370.60	No 2014 Reporting
TOTAL	1.000000	8928.05	

2014 reporting should be done based on the overlapped agreements allocations.

Note: OGOR stays with CA NDM110449

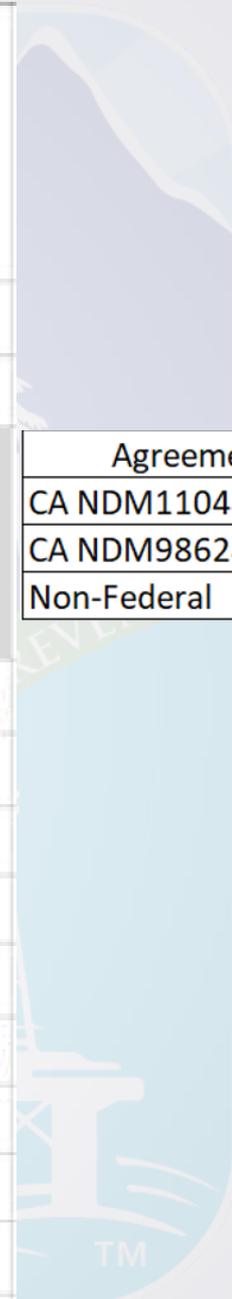


		Production Volumes for Well #1	
CA - NDM110449		17855	OGOR

Below is how the 2014 reporting would actually take place after the volumes kept moving for reporting purposes due to the overlaps.

Agreements	Eff Date
CA NDM110449 <input type="checkbox"/>	12/1/2017
CA NDM98624 <input type="checkbox"/>	8/1/2008
Non-Federal <input type="checkbox"/>	N/A

CA - NDM110449	Fee	8926.95	No 2014 Reporting
		8926.95	
CA - NDM98624	Lease 2840885630	557.45	2014 Reporting
	Fee	8370.60	No 2014 Reporting
	TOTAL	8928.05	
	Total OGOR Volumes	17855.00	





Let's take a look at what the Reporting for this CA looks like

- 100% of Production will be reported to CA NDM110449.
- In example CA NDM110449 there are no leases to report directly to this CA.
- Royalty reporting will be allocated to the base CA NDM98624 based on the that CA's allocation schedule.





CA - NDM98624

Production Volumes

Allocation Schedule	%	8928.05	from well #1
Lease 2840885630	0.062438	557.45	2014 Reporting
Fee	0.937562	8370.60	No 2014 Reporting
TOTAL	1.000000	8928.05	

2014 reporting should be done based on the overlapped agreements allocations.

Note: OGOR stays with CA NDM110449



Lease #	Source CA	Total sales Volume Reported On	CA # Reported on 2014	Bbls Sold/Allocated to CA reported on 2014	Allocation %	Bbls Allocated to Tract	Working Interest %	Working Interest BBLs (2014 Sales Volume)	Price	Sales Value	Royalty Rate	Royalty Value Prior to Allowances
2840885630	M98624	8928.05	M98624	8928.05	X .062438	557.45	X 100%	557.45	X \$50.00	= \$27,872.50	X 0.125	= \$3,484.06

Total Sales Volume x allocation % x MNOP x working interest % = Sales Volume

Sales Volume x price x royalty rate – allowances = Royalty Value

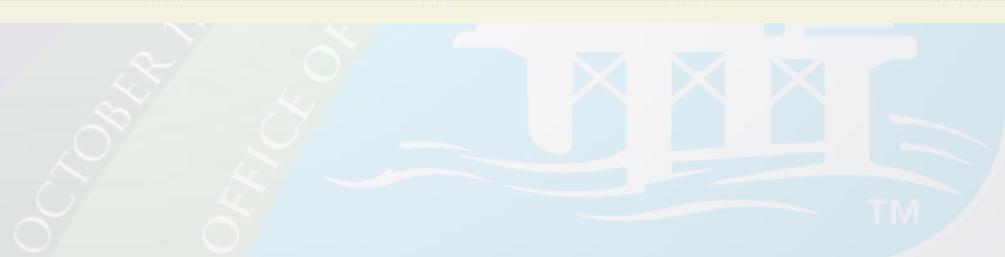
2014 Reporting

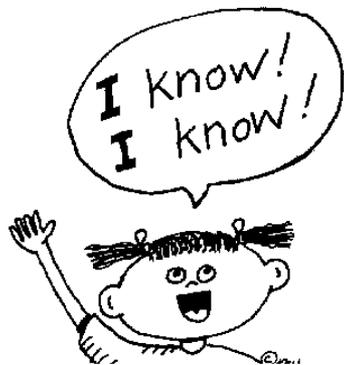


Lease #	Source CA	Total sales Volume Reported On	CA # Reported on 2014	Bbbs Sold/Allocated to CA reported on 2014	Allocation %	Bbbs Allocated to Tract	Working Interest %	Working Interest BBbs (2014 Sales Volume)	Price	Sales Value	Royalty Rate	Royalty Value Prior to Allowances
2840885630	M98624	8928.05	M98624	8928.05	X 0.062438	557.45	X 100%	557.45	X \$50.00 =	\$27,872.50	X 0.125 =	\$3,484.06

Select Line	Line #	Preparer Use Only	ONRR Lease Number* Search	ONRR Agree Number Search	API Well Number	Product Code*	Sales Type	Sales Date (MMYYYY)*	Transaction Code*	Adjustment Reason Code
<input type="checkbox"/>	>	1	2840885630	M 98624		01-Oil	ARMS	11 2018	01	

Sales Volume	Gas MMBtu	Sales Value	Royalty Value Before Allowances	Transportation Allowance	Processing Allowance	Royalty Value after Allowance*	Payment Method*
557.45	0.00	27872.50	3484.06	0.00	0.00	3484.06	03





Line Number	1
API Well Number	
ONRR Lease Number	2840885630
ONRR Agreement Number	M 98684
Product Code	01
Sales Type Code	ARMS
Sales MO/YR	112018
Transaction Code	01
Adjustment Reason Code	
Sales Volume	557.45
Gas MMBtu	
Sales Value	27872.50
Royalty Value Prior to Allowances	3484.06
Transportation Allowance Deduction	
Processing Allowance Deduction	
Royalty Value Less Allowance	3484.06
Payment Method Code	3

REVENUE

TM



Where do we get this information?

- Operator
- Land Department
- Oil and Gas Commissions
- LR2000 - SRP
- BLM
- ONRR





ONRR

**What % of Production will be reported on OGOR's
for CA NDM110543?**

- A. 24.82%**
- B. 3.13%**
- C. 100%**

OCTOBER 1, 2010

OFFICE OF NATURAL RESOURCES REVENUE

TM





Which CA Effective Date will fall under BLM/BIA's new IM Policy regarding CA Overlaps?

- A. July 9, 2018**
- B. August 12, 2016**
- C. June 1, 2018**



ONRR

Which CA Date determines how a North Dakota overlap will be allocated?

- A. Approval**
- B. Effective**

OCTOBER 1, 2010

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Questions



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jessica.bowlen@onrr.gov

