



U.S. Department of the Interior

# Office of Natural Resources Revenue (ONRR)

## Welcome to 2014 ONRR Reporter Training

Presented by:

*Lee-Ann Martin, Manager, Reporting and Solid Minerals Services*

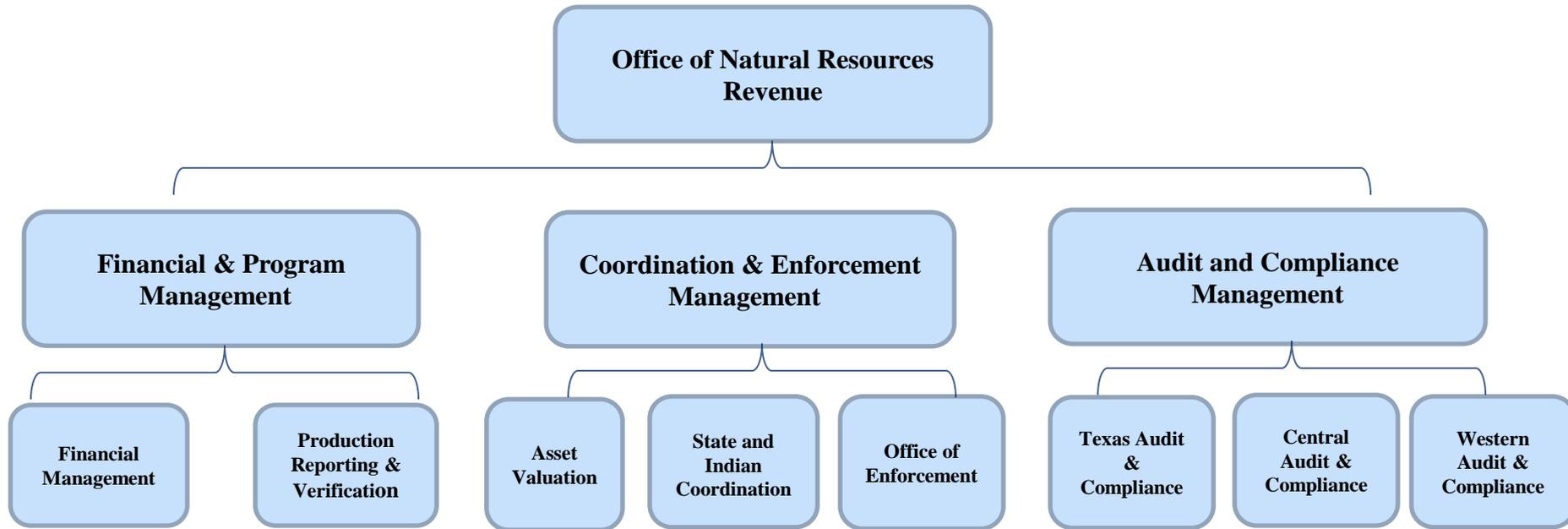


*Industry Compliance*

• *Accurate Revenues and Data* • *Professionalism & Integrity*

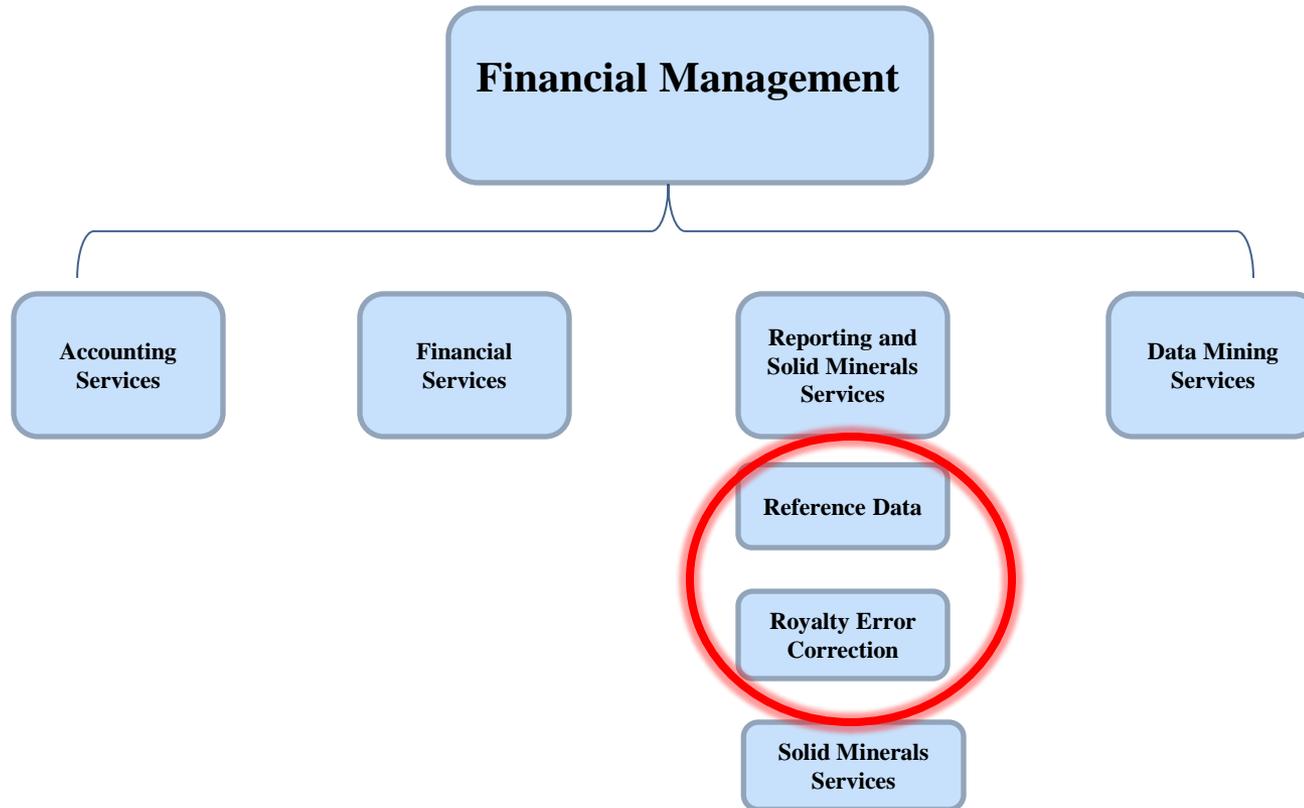


# Organization Structure





# Financial Management Organizational Structure





# ONRR Mission and Highlights

## *Mission Statement:*

“To collect, disburse, and verify Federal and Indian energy and other natural resource revenues on behalf of all Americans.”

In FY 2013:

- ONRR disbursed 98.8% of Federal and Indian revenues within timeframes set by statute.
- ONRR disbursed by fund:

Fund	2013
American Indian Tribes & Allottees	\$932,956,397.20
Historic Preservation Fund	\$150,000,000.00
Land & Water Conservation Fund	\$895,580,482.31
Reclamation Fund	\$1,592,181,337.00
State Share: Offshore	\$40,939,426.68
State Share: Onshore	\$1,964,029,388.52
U.S. Treasury	\$8,648,688,422.50
<b>Total</b>	<b>\$14,224,375,454.21</b>



# MRMSS Upgrade

- **Software/Hardware Upgrade**
  - PeopleSoft, Oracle database, and Hardware Upgrade
- **Interest Modernization**
  - Late Payment and Interest
  - Automate processes for non-standard interest rates
- **Flexible Disbursement**
  - Accounts Payable Modernization
  - Flexibility to process unique distribution lease terms
- **eCommerce Enhancements**
  - Online Rental – timely and accurate rental reporting
  - CMP-2014 – compliance activity specific reporting
- **Edits: New Indian Oil Product Codes**
  - 61 (Sweet), 62 (Sour), 63 (Asphaltic), 64 (Black Wax), and 65 (Yellow Wax)



# Laws Affecting ONRR

- Federal Oil and Gas Royalty Management Act of 1982 (FOGRMA)
- Royalty Simplification and Fairness Act of 1996
- Energy Policy Act of 2005

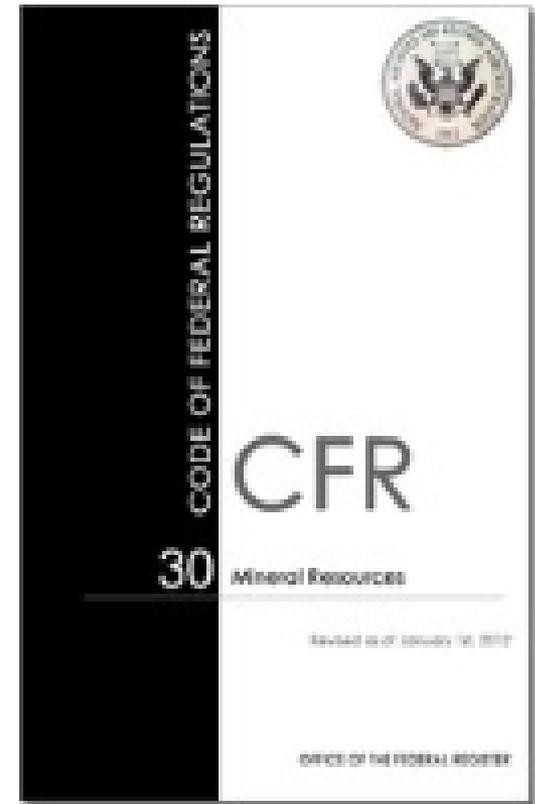




# Code of Federal Regulations

Regulations affecting oil & gas leasing and the collection of royalties:

- 25 CFR – Indians
  - Part 200 – 250: Energy and Minerals
  
- 30 CFR – Mineral Resources
  - Part 1201 – 1243: Royalty Management
  - Part 1250 – 1282: Offshore
  
- 43 CFR – Public Lands: Interior
  - Part 3100 – 3190: Oil and Gas Leasing
  - Part 3200: Geothermal Leasing





# Reporter Handbook

## Minerals Revenue Reporter Handbook

Release 2.0, dated 7/1/2003

Chapter 7, Release 3.0, dated 11/30/2007



### **Available online:**

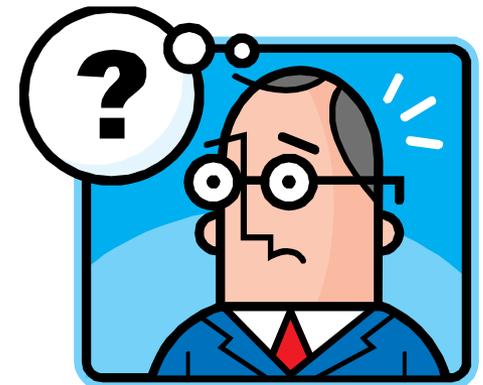
**<http://www.onrr.gov/ReportPay/PDFDocs/RevenueHandbook.pdf>**

Updated Minerals Revenue Reporter Handbook to be placed on the ONRR.gov website within the next 2 to 3 months.



# Class Information

- Breaks – frequent breaks will be given
- Bathrooms
- Vending Machines
- Lunch – on your own
- Roaming the halls – Is not allowed unless you are chaperoned.





U.S. Department of the Interior

# Office of Natural Resources Revenue (ONRR)

## Lease and Agreement Training





# Annual Statistics

- Interior's Office of Natural Resources Revenue is the federal agency responsible for collecting, auditing and disbursing revenues associated with mineral leases on federal and American Indian lands and the Outer Continental Shelf. Disbursements are made on a monthly basis from royalties, rents and bonuses collected by the ONRR.
- FY 2013 ONRR disbursed \$14.2 billion



# Reference Data

**ESTABLISH AND MAINTAIN LEASE AND AGREEMENT DATABASE FILES**

**IDENTIFY AND RESOLVE REPORTING AND DATABASE INCONSISTENCIES**

**SUPPORT PROMPT AND ACCURATE DISTRIBUTION OF ROYALTIES**



# Reference Data Contacts

- [http://www.onrr.gov/ReportPay/PDFDocs/RS\\_LeAgAssignments.pdf](http://www.onrr.gov/ReportPay/PDFDocs/RS_LeAgAssignments.pdf)

## Rent Status and Lease/Agreement Maintenance Contacts

**Long distance:** 1-800-525-9167, option 1, then extension

**Fax:** 303-231-3707

**Denver local:** 303-231-extension

Lee-Ann Martin, Manager, Royalty and Solid Minerals Services.....3313  
 Gus Phelps, Supervisor, Reference.....3370  
 Candace Merrell, Supervisor, Reference .....3517  
 Michael Anspach, Supervisor, Solid Minerals & Geothermal Reference .....3618

Assignments by Topic	Contacts	Extensions
Gas Storage Agreements	Kristian Lee.....	3101
Compensatory Royalty Agreements	Diane Germain.....	3205
Unidentified lines—Federal	Nancy Bruce.....	3425
Unidentified lines—Indian	George Hutchison.....	3856



# Life of a Lease

	<u>Federal Onshore</u>	<u>Federal Offshore</u>	<u>Indian</u>
• <b>Lease Issued &amp; Bonus Collected</b>	BLM	BOEM	BIA
• <b>1st Year Rent Collected</b>	BLM	BOEM	BIA
• <b>Subsequent Rent Collected</b>	ONRR	ONRR	BIA
• <b>1st Production Notice Issued</b>	BLM	BOEM	BLM
• <b>Producing Lease Royalty Reporting</b>	ONRR	ONRR	ONRR
• <b>Lease Expiration</b>	BLM	BOEM	BIA



# Terminable/Nonterminable

- Terminable Leases
  - not held by actual or allocated production and not located within a producing agreement.
  - automatically terminate for non-payment of rentals
  
- Nonterminable Leases
  - Onshore - held by actual or allocated production or located within a producing agreement
  - Indian Leases
  - Offshore Leases



# Payor (Customer)

- ★ The party that agrees to remit the rent or royalty payment and report the royalty due from the sale of mineral products
  
- ★ PAYORS MAY INCLUDE:
  - ★ LESSEES
  - ★ OPERATORS
  - ★ PURCHASERS
  - ★ INTEREST OWNERS

# Addressee of Record Designation for Service of Official Correspondence Form ONRR-4444



## Office of Natural Resources Revenue

DOI Office of the Secretary



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ENFORCEMENT & APPEALS

INDIAN SERVICES

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Home

Reporting & Paying

**Royalty Reporting (except Solid Minerals)**



## Royalty Reporting (except Solid Minerals)

A A A

### Reporter Set-Up and Maintenance

**New Royalty Reporter Checklist** — If your company has never reported and paid royalties to ONRR, you must complete these steps to assure your company is correctly set up to do so. [View the Royalty Reporter checklist here.](#)

**Add/Cancel Users under your Payor Code/Customer ID** — Submit completed EMARFs to add/change the status of individuals who report and/or remit payments for your company.

- [External MRM Application Request Form \(PDF\)](#) (EMARF) (as of 10/2010)
- [EMARF Instructions \(PDF\)](#) (as of 10/2013)

**Establish/Update Address and/or Addressee Contact Information** — You must complete, sign and mail an original Form ONRR-4444 to establish your official mailing address and contact information with ONRR. Changes and updates can only be made via 4444—we cannot update contact information from phone calls, emails, or other correspondence.

- [Form ONRR-4444 \(PDF\)](#)
- [Instructions to Payors and Operators for the Form ONRR-4444 \(PDF\)](#)



# Lease Number Conversion

- ONRR Converts the Alpha-Numeric Agency Assigned Lease Number into a 10-Digit Lease Number

BLM/BIA/BOEM  
Assigned  
Number

ONRR Converted  
Number

WYW0308789



0483087890

WYW96584



0490965840

OCS-G27591



0540275910

14-20-H62-6510



5090065100



# Communitization Agreement Number Conversion

OKNM75212		NM__75212
WYW157376		W__157376
MTM69248		6910001440



# Unit Agreement Number Conversion

## Bull Frog Exploratory Unit Sundance PA

WYW109444A



8910160390

## Sun Dog Unit PA "A"

WYW152954A



W\_ \_152954A

## Packsaddle Secondary Recovery Unit

WYW153461X



W\_ \_153461X



# Cross Reference Listings

- <http://www.onrr.gov/ReportPay/CrossRef.htm>

## Leases

- [Active Leases - Sorted by State and Agency Lease Number \(PDF\)](#) (updated 4/11/2014)

## Agreements

- [Active Agreements - sorted by State and Agreement Name \(PDF\)](#) (updated 4/11/2014)
- [Active Agreements - sorted by State and Agency Agreement Number \(PDF\)](#) (updated 4/11/2014)
- [Cross-Reference Lease to Agreement Numbers sorted by Agreement Name \(PDF\)](#) (updated 6/6/2014)
- [Cross-Reference Lease to Agreement Numbers sorted by Agreement Number \(PDF\)](#) (updated 6/6/2014)
- [Cross-Reference Lease to Agreement Numbers sorted by Lease Number \(PDF\)](#) (updated 6/6/2014)
- [Downloadable Text Cross-Reference Lease to Agreement Number](#) (updated 6/3/2014)

## Agreements Cross-Referenced to former Accounting Identification (AID) Numbers

These cross-referenced files show all former Accounting Identification (AID) Numbers that identified production allocated from an agreement. The AID numbers were used prior to October 1, 2001 and consisted of the 10-digit ONRR lease number and the 3-digit revenue source number. AID Numbers that identified lease-basis production are not included in these files.

**Please Note:** Some lines on these reports are duplicates and some lines contain a Revenue Source of 000. Please ignore these lines.

- [Cross-Referenced AID and Agreement Numbers Sorted by Agreement Name \(PDF\)](#)
- [Cross-Referenced AID and Agreement Numbers Sorted by Agreement Number \(PDF\)](#)
- [Cross-Referenced AID and Agreement Numbers Sorted by Lease \(PDF\)](#)
- [Downloadable Excel Version \(Excel\)](#)



# Cross Reference Listings

http://www.onrr.gov/ReportPay/PDFDocs/CRANumber.pdf - Windows Internet Explorer

http://www.onrr.gov/ReportPay/PDFDocs/CRANumber.pdf

File Edit Go To Favorites Help

★ Favorites | ★ Suggested Sites | Free Hotmail | Google | MetaFrame Presentation Ser... | My eRooms | Pipeline Home | Shared Documents

http://www.onrr.gov/ReportPay/PDFDo...

783 / 846 | 120% | Comment | Sha

049	150418	0	W	157351	X	EXPL	IRON HORSE	ALL
049	148472	0	W	157351	X	EXPL	IRON HORSE	ALL
049	158447	0	W	157351	X	EXPL	IRON HORSE	ALL
049	148477	0	W	157351	X	EXPL	IRON HORSE	ALL
048	297048	0	W	157375		COMM	SOUTH KITTY FEDERAL 14-22B	FORT UNION
048	321912	0	W	157376		COMM	NORTH KITTY FEE 31-17S	FT. UNION
048	321912	0	W	157377		COMM	NORTH KITTY FEE 42-17	FT. UNION
048	140280	0	W	157378		COMM	CENTRAL KITTY FED 22-28B	FORT UNION
049	005332	0	W	157378		COMM	CENTRAL KITTY FED 22-28B	FORT UNION
048	192636	0	W	157379		COMM	CENTRAL KITTY FEDERAL 11-32	FT. UNION
048	140280	0	W	157379		COMM	CENTRAL KITTY FEDERAL 11-32	FT. UNION
048	140280	0	W	157380		COMM	CENTRAL KITTY FEDERAL 22-32	FORT UNION
048	192636	0	W	157380		COMM	CENTRAL KITTY FEDERAL 22-32	FORT UNION
048	140280	0	W	157381		COMM	CENTRAL KITTY FED 11-28A	FORT UNION
049	005332	0	W	157381		COMM	CENTRAL KITTY FED 11-28A	FORT UNION
049	107239	0	W	157384		COMM	MARQUISS FED 15W-2	FT UNION/WASATCH
048	197388	0	W	157384		COMM	MARQUISS FED 15W-2	FT UNION/WASATCH
049	125289	0	W	157385	A	PUNT	WIND DANCER	INITIAL ALMOND/LEWIS
049	132369	0	W	157385	A	PUNT	WIND DANCER	INITIAL ALMOND/LEWIS
049	132368	0	W	157385	A	PUNT	WIND DANCER	INITIAL ALMOND/LEWIS
049	132367	0	W	157385	A	PUNT	WIND DANCER	INITIAL ALMOND/LEWIS
049	131838	0	W	157385	A	PUNT	WIND DANCER	INITIAL ALMOND/LEWIS
049	132366	0	W	157385	A	PUNT	WIND DANCER	INITIAL ALMOND/LEWIS



# BLM Lease and Agreement Info

- <http://www.blm.gov/lr2000/>

Address <http://www.blm.gov/lr2000/> Go Links

U.S. DEPARTMENT OF THE INTERIOR  
**BUREAU OF LAND MANAGEMENT**

LR2000

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**Message Center**

**BLM Open House**  
Reno, Nevada  
Thursday Feb. 28th  
Learn how to use  
LR2000  
For more info

LR2000 has a new look and a new simplified report: Oil

**Bureau of Land Management's  
Land & Mineral Legacy Rehost 2000 System - LR2000**

The Bureau of Land Management's Legacy Rehost System called LR2000 provides reports on BLM land and mineral use authorizations for oil, gas, and geothermal leasing, rights-of-ways, coal and other mineral development, land and mineral title, mining claims, withdrawals, classifications, and more on federal lands or on federal mineral estate.

**The following types of reports are available in LR2000:**

- **Serial Register Page** - provides all online information about the authorization including status, geographic location, authorized land, customer information, acreage, dates (effective, expiration, etc), and other information.
- **Customer Information Reports** - provides all the authorizations, mining claims, etc. for a customer.
- **Geographic Reports** - provides a listing of authorizations, mining claims, title, etc. within a specific geographic area and may include serial number, acreage, authorized land, customer info, federal agency, authorization type and disposition (active, closed, pending, etc). Statistical reports for an area can also be run. [More ...](#)
- **Check out our new Report - Oil and Gas Leases Due to Expire.** This is a very simple report with only a few options but it doesn't require you to know any

**System Requirements**

- IE 6 or higher
- Enable popups
- Enable Scripting

Print Page

Done Internet



# BLM Lease and Agreement Info

LR2000 Public Reports Reporting Application - Microsoft Internet Explorer

File Edit View Favorites Tools Help

Address <http://www.blm.gov/landandresourcesreports/rptapp/menu.cfm?appCd=2>

**U.S. DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT**

**Reporting Application**

(Public)

Search BLM  Go

**REPORTS MENU FOR LR2000 PUBLIC REPORTS**

Please Choose a Report

*SIMPLIFIED FREQUENTLY REQUESTED QUERIES*

- Oil And Gas Leases Due To Expire

*PUBLIC ALL SYSTEMS REPORTS*

- Pub All Systems Customer Info
- Pub All Systems Geo Report
- Pub All Systems Geo Supp Report

*PUBLIC CASE RECORDATION REPORTS*

- Pub CR Case Action Info
- Pub CR Case Info
- Pub CR Case Info Cust Land
- Pub CR Duration Of Plans
- Pub CR Geo Report w/ Customer
- Pub CR Geo Report w/ Land
- Pub CR Serial Register Page
- Pub CR Wind Energy Applications

*PUBLIC LEGAL LAND DESCRIPTION REPORTS*

- Pub LLD Acreage Report
- Pub LLD Summary Report

Click "Pub CR Serial Register Page".

javascrpt:doSubmit('criteria\_select.cfm?rptId=15&APPCD=2&')

start | 3 M.. | 2 I... | 2 M.. | 2 M.. | 2 M.. | 20/20 | 2:42 PM

# BLM Lease & Agreement Info



← Back → [Icons] Search ★ Favorites [Icons]

Address [http://www.blm.gov/landandresourcesreports/rptapp/criteria\\_select.cfm?rptId=3&APPCD=2&](http://www.blm.gov/landandresourcesreports/rptapp/criteria_select.cfm?rptId=3&APPCD=2&) Go Links >>

**U.S. DEPARTMENT OF THE INTERIOR  
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Reporting Application

Return to Report Menu (Public)

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**PUB CR SERIAL REGISTER PAGE (LR2000 PUBLIC REPORTS)**

Please Choose Which Criteria You Would Like to Filter On Help

- Individual Serial Number(s)
- New Format Serial Entry
- Serial Number Range
- Serial Number(s) from File
- Daily serial register
- Other Query Parameters

Select Criteria

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Select "New Format Serial Entry."



# BLM Lease & Agreement Info

Report: Pub CR Serial Register Page - Microsoft Internet Explorer

File Edit View Favorites Tools Help

Address [http://www.blm.gov/landandresourcesreports/rptapp/report\\_filter.cfm#](http://www.blm.gov/landandresourcesreports/rptapp/report_filter.cfm#)

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Reporting Application

Return to Report Menu    Return to Criteria Selection    (Public)

Search BLM    Go

**PUB CR SERIAL REGISTER PAGE (LR2000 PUBLIC REPORTS)**  
Please Set the Limits You Would Like to Filter On

**NEW FORMAT SERIAL ENTRY**

GEO STATE	WY WYOMING	Clear All
LAND OFFICE	W	
PREFIX	<input type="text"/>	
Serial Number	37977	
SUFFIX	<input type="text"/>	

Enter Value    Clear

Run Report    Reset

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**Select "GEO STATE" from drop-down menu.**

**Select "LAND OFFICE" from drop-down menu.**

**Enter Serial Number**

**Click on "Enter Value"**



# BLM Lease and Agreement Info

Report: Pub CR Serial Register Page

U.S. DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT



Reporting Application



BLM

[Return to Report Menu](#)

[Return to Criteria Selection](#) (Public)

Search BLM

## PUB CR SERIAL REGISTER PAGE ( )

Please Set the Limits You Would Like to Filter On

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- [Tutorial](#)
- [Help Guides](#)
- [Reference Codes](#)
- [Contact Us](#)
- [CR SRP Guide \(PDF\)](#)

### NEW FORMAT SERIAL ENTRY

GEO STATE

LAND OFFICE

PREFIX

Serial Number

SUFFIX

- WYW 0308789
- WYW 096584
- WYW 157376
- WYW 109444A
- WYW 152954A
- WYW 153461X

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# BLM Lease & Agreement Info

The screenshot shows a Microsoft Internet Explorer browser window with the address bar containing the URL: [http://www.blm.gov/landandresourcesreports/rptapp/report\\_filter.cfm](http://www.blm.gov/landandresourcesreports/rptapp/report_filter.cfm). A dialog box titled "Microsoft Internet Explorer" is displayed in the center of the browser window. The dialog box contains the following text:

You have chosen the following criteria:  
Serial Entry = WYW 109444A, WYW 148327, WYW 037977,  
Press 'OK' to run the report or press 'Cancel' to change your selections.

At the bottom of the dialog box are two buttons: "OK" and "Cancel". A yellow callout box with a black border points to the "OK" button, containing the text "Click 'OK'".



# BLM Lease & Agreement Info

Address <http://www.blm.gov/Hyperion/html/OpenDoc?DocInstanceID=1&DocLUID=000001096eee68e3-0000-11ac-0a780c388&DocVersion=1&isSmartcut=true> Go Links

Serial Register Page Go

**DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
CASE RECORDATION  
(MASS) Serial Register Page**

RunDate/Time: 01/30/08 08:58 AM

**Total Acres** 80.000 **Serial Number** WYW--- - 037977

**Case Type** 311211: O&G LSE SIMO PUBLIC LAND  
**Commodity 459:** OIL & GAS L  
**Case Disposition:** AUTHORIZED

**Serial Number: WYW--- - 037977**  
**Int Rel % Interest**

Name & Address					
CHEVRON USA INC	PO BOX 36366	HOUSTON TX 77236	LESSEE		0.00000000
LEE WILEY MONCRIEF 1988 TRST	PO BOX 2546	FORT WORTH TX 76113	LESSEE		0.00000000
MICHAEL J MONCRIEF GRNTRS TRST	777 TAYLOR ST #1030	FORT WORTH TX 76102	LESSEE		0.00000000
MINDYANNE E MONCRIEF TRUST	777 TAYLOR ST #1030	FORT WORTH TX 761024972	LESSEE		0.00000000
MONCRIEF C B	950 COMMERCE ST	FORT WORTH TX 761025418	LESSEE		0.00000000
MONCRIEF W A	950 COMMERCE ST	FORT WORTH TX 761025418	LESSEE		0.00000000
MONCRIEF W A JR	950 COMMERCE ST	FORT WORTH TX 761025418	LESSEE		0.00000000
MONCRIEF W A JR	950 COMMERCE ST	FORT WORTH TX 761025418	OPERATOR		0.00000000
MONTY BRENNAN MONCRIEF TRUST	777 TAYLOR ST #1030	FORT WORTH TX 761024972	LESSEE		0.00000000
RICHARD JASON MONCRIEF TRUST	777 TAYLOR ST #1030	FORT WORTH TX 761024972	LESSEE		0.00000000
RUM 1988 TRUST	950 COMMERCE ST	FORT WORTH TX 761025418	LESSEE		0.00000000
T O MONCRIEF TRUST	950 COMMERCE ST	FORT WORTH TX 761025418	LESSEE		0.00000000

**Serial Number: WYW--- - 037977**

Mer Typ	Rng	Sec	S Typ	SNr SUFF	Subdivision	District/Resource Area	County	Mgmt Agency
06	0370N	06600W	030	ALIQ	SWNE;	CASPER FIELD OFFICE	NATRONA	BUREAU OF LAND MGMT

In order to print, you must convert the file to .pdf format.



# BLM Lease and Agreement Info

## BUREAU OF LAND MANAGEMENT CASE RECORDATION (MASS) Serial Register Page

Page 1 of 2

Run Date: 06/06/2014

01 02-25-1920;041STAT0437;30USC181

Total Acres

Serial Number

Case Type 318310: O&G COMMUNITIZATION AGRMT

640.000

MTM--- - 069248

Commodity 410: NATURAL GAS LC

Case Disposition: AUTHORIZED

Serial Number: MTM--- - 069248

### Name & Address

Int Rel

% Interest

BLM GREAT FALLS FO	1101 15TH ST N	GREAT FALLS MT 594011203	OFFICE OF RECORD	0.000000000
OMIMEX CANADA LTD	2001 BEACH ST STE 810	FORT WORTH TX 761032300	OPERATOR	100.000000000

Serial Number: MTM--- - 069248

Mer Twp	Rng	Sec	STyp	SNr Suff	Subdivision	District/Field Office	County	Mgmt Agency
20	0360N	0320E	017	ALIQ	ALL;	MALTA FIELD OFFICE	PHILLIPS	BUREAU OF LAND MGMT

Serial Number: MTM--- - 069248

Act Date	Code	Action	Action Remark	Pending Office
08/01/1980	387	CASE ESTABLISHED		
08/01/1980	501	REFERENCE NUMBER	CA-NCR144;	
08/01/1980	516	FORMATION	PLPS;PHILLIPS	



# Actual -vs- Allocated Production

- Actual - Lease Basis Production
  - ◆ Royalties based on 100% of production
  - ◆ Includes any and all wells located on a lease that are not committed to a pooling agreement.
  - ◆ Multiple lease basis wells on a lease with the same royalty rate can be reported together





# Actual vs Allocated Production

- Allocated
- ◆ Royalties based on an allocated % of production
  - ◆ Unit Participating Areas
  - ◆ Communitization Agreements
  - ◆ Secondary Recovery Units



# Communitization Agreement

- Onshore federal and Indian leases only
- Result of State spacing requirements
- Usually based on 1 formation
- Allocation schedule based on surface acreage
- Usually just 1 well



# Boiler Avenue, Spindletop, 1903





# Unitization Agreement

- Allows for the sharing of costs
- Reduced risk to environment
- Efficient drilling of wells
- Allows maximum acreage exception

§43 CFR 3101.2-1

- Yates Decision



# Unit Participating Area (PA)

- Producing portion of Unit agreement
- Usually based on 1 formation
- Allocation schedule based on surface acreage
- Each lease within a PA requires a separate line of reporting
- When reporting on multiple PAs for a lease, a separate line is required for each lease/PA combination



# Reporting Royalties on Lease Basis Production

**ONRR needs BLM/BOEM approval document to put the lease in a producing status.**

**Has proper notification been sent to the managing agency, i.e. BLM or BOEM?**

**Late Disbursement Interest**



# When do you start Reporting Royalties on Agreements

**Wells located on federal lands should be reported on a lease basis until the CA or PA is approved by the BLM**

**ONRR needs the approved allocation schedule from BLM to establish the agreement in our system.**

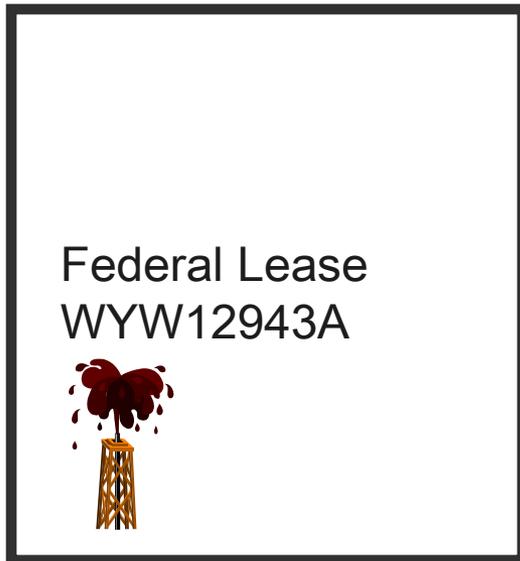


# Reporting Royalties on Lease Basis Production

Lease Basis well -  
100% federal interest

750 barrels oil sold in April  
2014

Sales Volume = 750

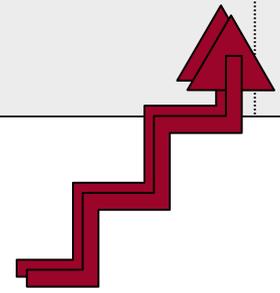




# Reporting Royalties on Lease Basis Production

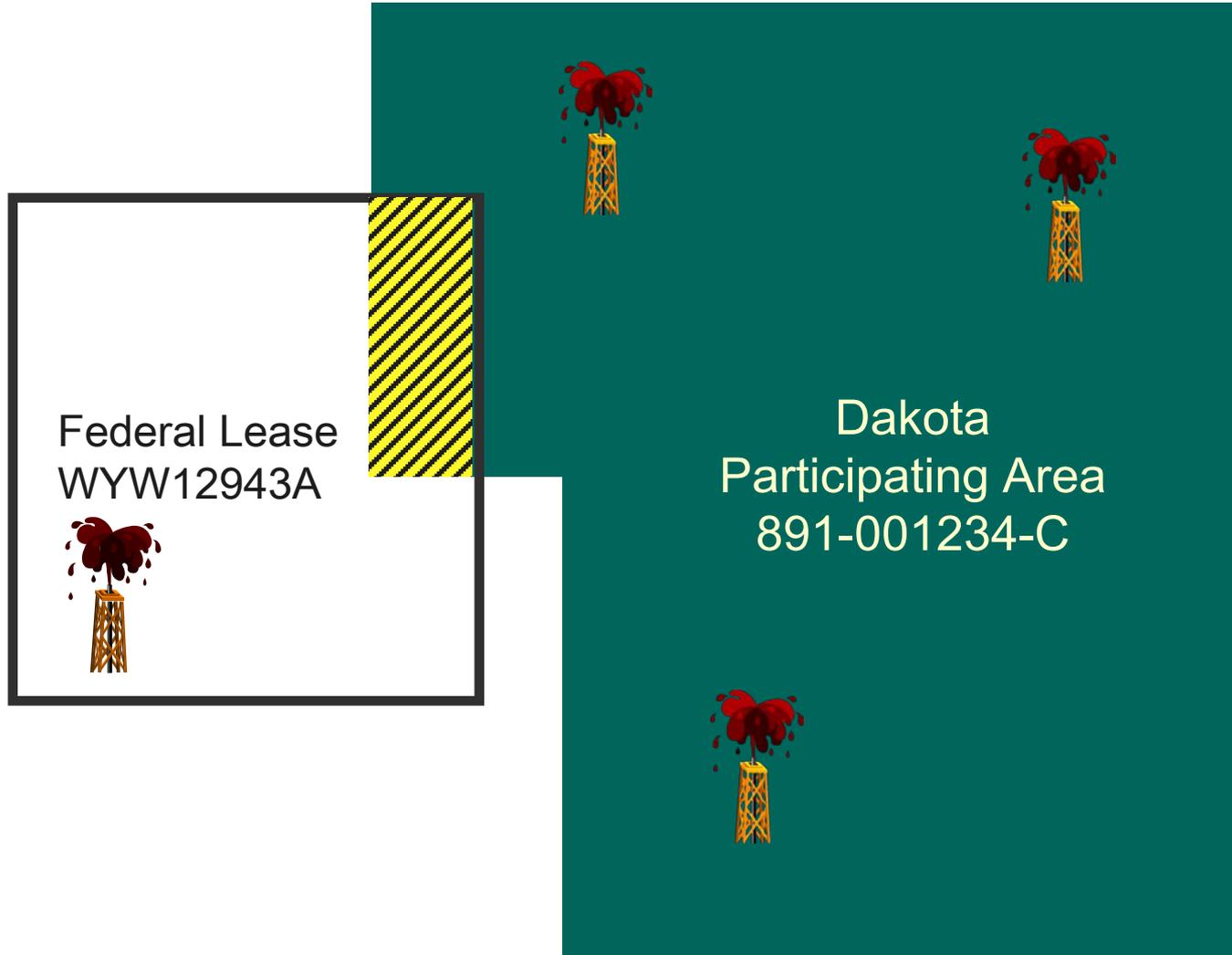
5	6	7	10	11	12	13	14	15
LINE NUMBER	RESERVED FOR PREPARER'S USE	MMS LEASE NUMBER	PRODUCT CODE	SALES TYPE CODE	SALES MO/YR (MM/CCYY)	TRANSACTION CODE	ADJUSTMENT REASON CODE	SALES VOLUME (Mcf/bbl/gal/long ton)
	8	9						19
	API WELL NUMBER	MMS AGREEMENT NUMBER						ROYALTY VALUE PRIOR TO ALLOWANCES \$
1	Lease Basis Example	049 012943 A	01	ARMS	042014	01		750 00

100% x 750 bbls sold =





# Reporting Royalties based on a Participating Area's Allocation Schedule





# Reporting Royalties based on a Participating Area's Allocation Schedule

WYW12943A  
receives a 5%  
allocation from  
the PA



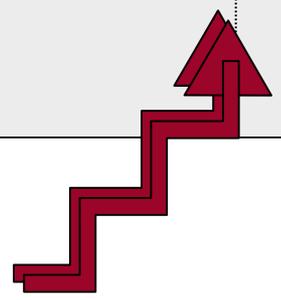
2000 Barrels Oil Sold Apr 14

Sales volume =  
 $2000 \times .05 = 100$



# Reporting Royalties based on a Participating Area's Allocation Schedule

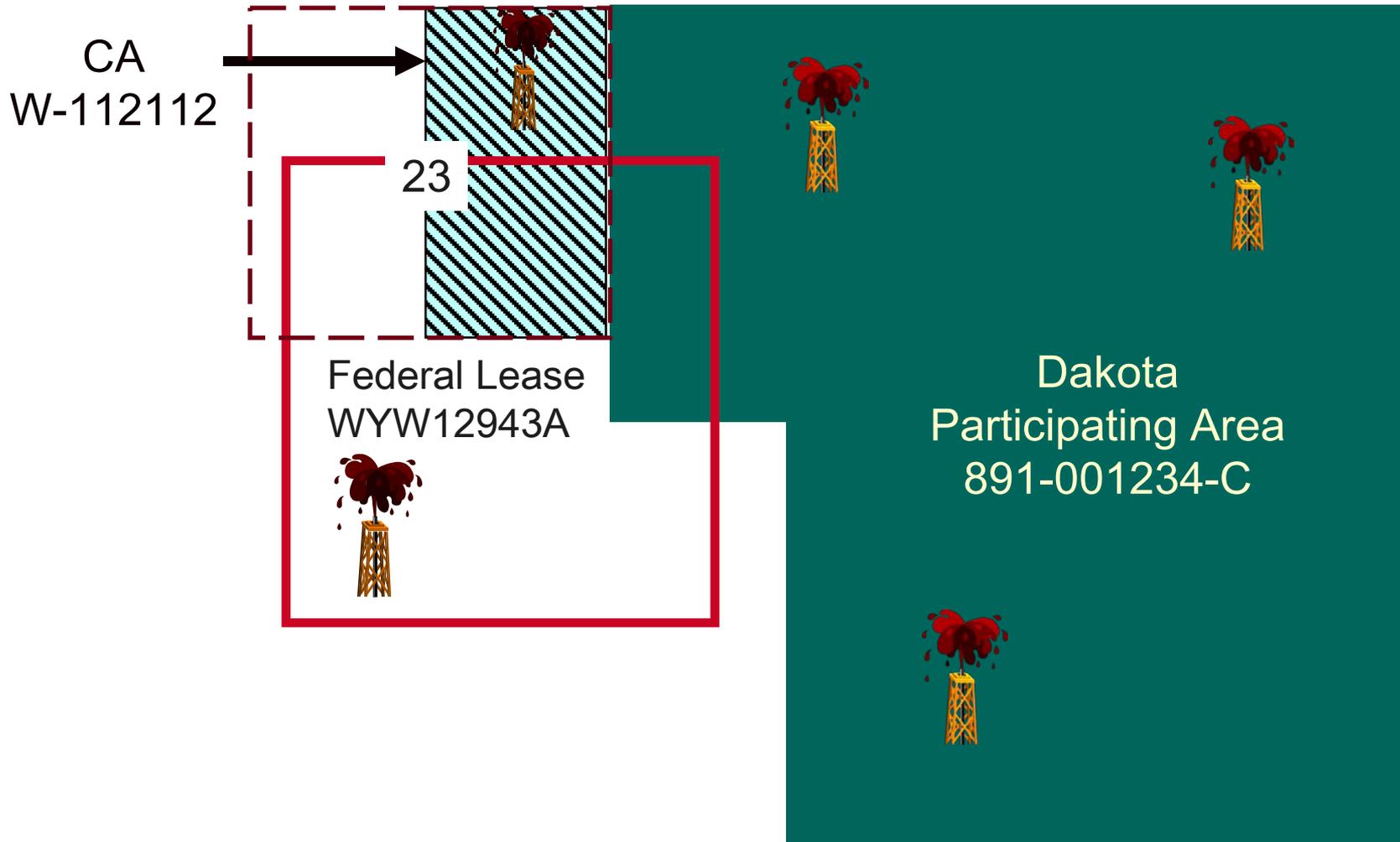
5	6	7	10	11	12	13	14	15
LINE NUMBER	RESERVED FOR PREPARER'S USE	MMS LEASE NUMBER	PRODUCT CODE	SALES TYPE CODE	SALES MO/YR (MM/CCYY)	TRANSACTION CODE	ADJUSTMENT REASON CODE	SALES VOLUME (Mcf/bbl/gal/long ton)
	8	9						19
	API WELL NUMBER	MMS AGREEMENT NUMBER						ROYALTY VALUE PRIOR TO ALLOWANCES \$
1	PA Example	049 012943 A	01	ARMS	042014	01		100 00
		891 001234 C						



5% allocation x 2000 bbls sold =

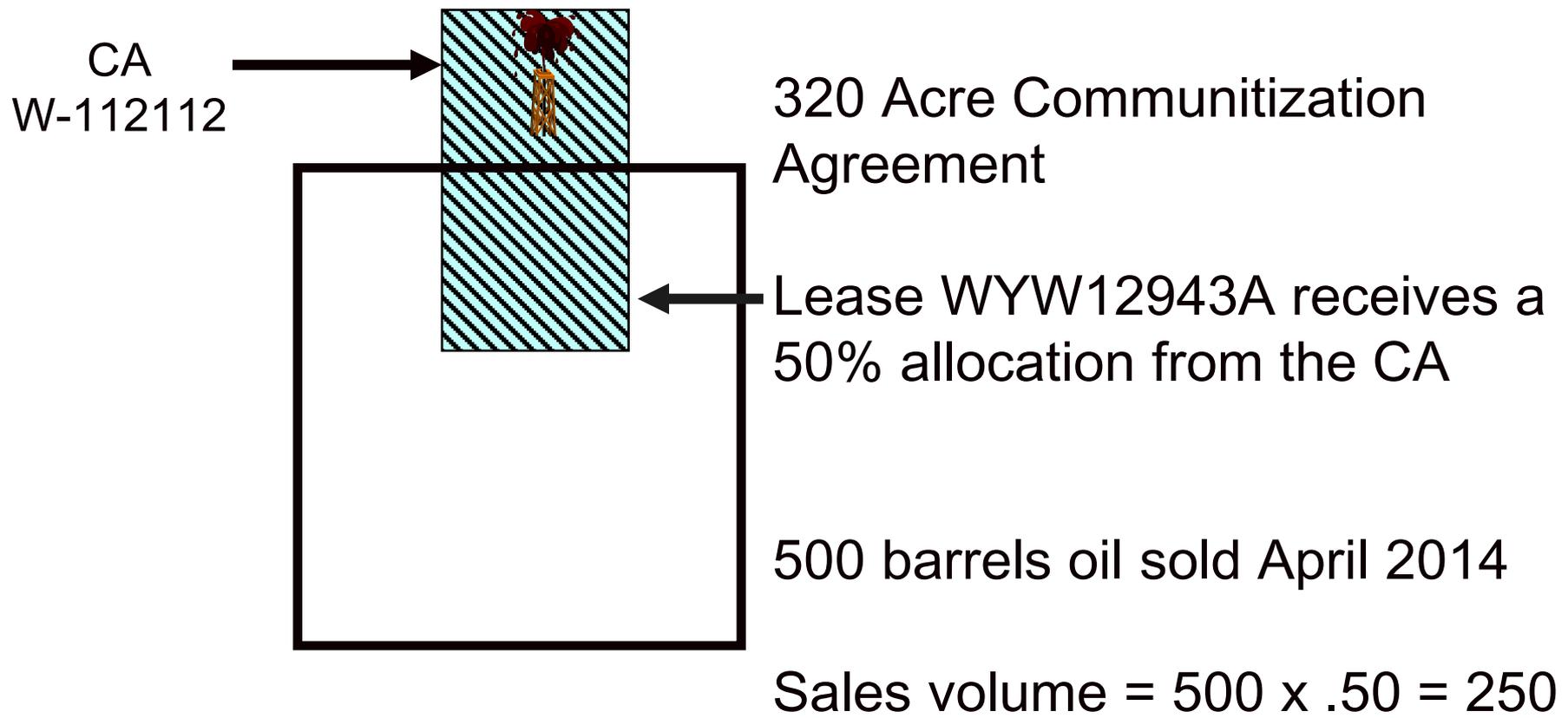


# Reporting Royalties based on a Communitization Agreement's Allocation Schedule





# Reporting Royalties based on a Communitization Agreement's Allocation Schedule

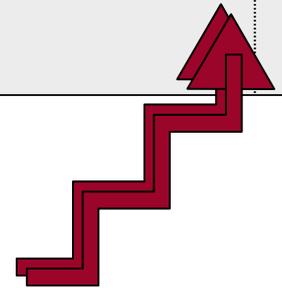




# Reporting Royalties based on a Communitization Agreement's Allocation Schedule

5	6	7	10	11	12	13	14	15
LINE NUMBER	RESERVED FOR PREPARER'S USE	MMS LEASE NUMBER	PRODUCT CODE	SALES TYPE CODE	SALES MO/YR (MM/CCYY)	TRANSACTION CODE	ADJUSTMENT REASON CODE	SALES VOLUME (Mcf/bbl/gal/long ton)
	8	9						19
	API WELL NUMBER	MMS AGREEMENT NUMBER						ROYALTY VALUE PRIOR TO ALLOWANCES \$
1	CA Example	049 012943 A	01	ARMS	042014	01		250 00
		W 112112						

50% allocation x 500 bbls sold



# Reporting Royalties on Actual and Allocated Production



5 LINE NUMBER	6 RESERVED FOR PREPARER'S USE	7 MMS LEASE NUMBER	10 PRODUCT CODE	11 SALES TYPE CODE	12 SALES MO/YR (MM/CCYY)	13 TRANSACTION CODE	14 ADJUSTMENT REASON CODE	15 SALES VOLUME (Mcf/bbl/gal/long ton)	19 ROYALTY VALUE PRIOR TO ALLOWANCES \$
	8 API WELL NUMBER	9 MMS AGREEMENT NUMBER							
1	Lease Basis Example	049 012943 A	01	ARMS	042014	01		750 00	
2	PA Example	049 012943 A	01	ARMS	042014	01		100 00	
		891 001242 C							
3	CA Example	049 012943 A	01	ARMS	042014	01		250 00	
		W 112112							



# Lease Level Payments

- ◆ Described by the terms of the lease
  - ◆ INCLUDES:
    - ◆ Rent
    - ◆ Minimum Royalty
    - ◆ Well Fees
    - ◆ Gas Storage Agreement Fees



# Rent

- ◆ Amount per Acre
- ◆ May be recoupable
- ◆ Due on or before Anniversary date of Lease
- ◆ Paid on Courtesy Notice or Form ONRR-2014 (designated company only)



# ONRR Courtesy Notice

☒

United States Department of the Interior  
Office of Natural Resources Revenue (ONRR)  
Notice of Annual Rent Due on your Lease: WYW174002  
Due Date: 04/01/2014

As of 06-JAN-2014 our records indicate the following (this may not include recent changes to your lease affecting the annual rent):

Acres: 120.0000 Rental Per Acre: \$ 2.00 Annual Rental Amount: \$ 240.00  
Balance of Rent Due: \$ 240.00

(Retain this portion for your records)

SAMSON RESOURCES COMPANY  
SAMSON PLAZA  
2 W 2ND ST  
TULSA, OK 74103-3123

Inquiries, Contact:  
ONRR PHONE NUM 1-800-525-9167  
Refer to Customer Number: 48800  
ONRR Lease Number: 0491740020

RNT100397783000000002400004012014R48800

United States Department of the Interior  
Office of Natural Resources Revenue (ONRR)  
Notice of Annual Rent Due on your Lease: WYW174002  
Due Date: 04/01/2014

As of 06-JAN-2014 our records indicate the following (this may not include recent changes to your lease

Acres: 120.0000  
Rental Per Acre: \$ 2.00  
Annual Rental Amount: \$ 240.00

Balance of Rent Due  
\$ 240.00

Enter Amount Paid \_\_\_\_\_

MAKE CHECK PAYABLE AND MAIL TO:  
Office of Natural Resources Revenue  
P.O. Box 25627  
Denver, Colorado 80225

DO NOT FOLD OR MUTILATE

\*\*\*\*\*  
Failure to return this portion with  
your payment could result in the  
erroneous termination of this lease  
\*\*\*\*\*

RNT100397783000000002400004012014R48800



# Minimum Royalty

- ◆ Amount per Acre
- ◆ Royalties count toward fulfilling obligation
- ◆ Due on or before last day of lease year



# Rent and Minimum Royalty – Onshore

- ★ Entire lease in rental status from Anniversary Date until: **it receives actual or allocated production**
  
- ★ Entire lease will be in a minimum royalty status if:
  - ★ **the lease contains a lease basis well**
  - ★ **the entire lease is within a Participating Area**
  - ★ **the lease is committed to a Sec. Rec. Unit**
  - ★ **the lease is committed to a CA**
  
- ★ Lease will be in a split rent/min royalty status when:
  - ★ **part of the acres are within a PA and the acreage outside of the PA has no production from any other source**



# Rent and Minimum Royalty – Offshore

- ★ Entire lease in rental status from Anniversary Date until: **it receives actual or allocated production**
  
- ★ Entire lease will be in a minimum royalty status if:
  - ★ **the lease contains a producing lease basis well**
  - ★ **part of lease is within a Participating Area**



# Rent and Minimum Royalty – Onshore

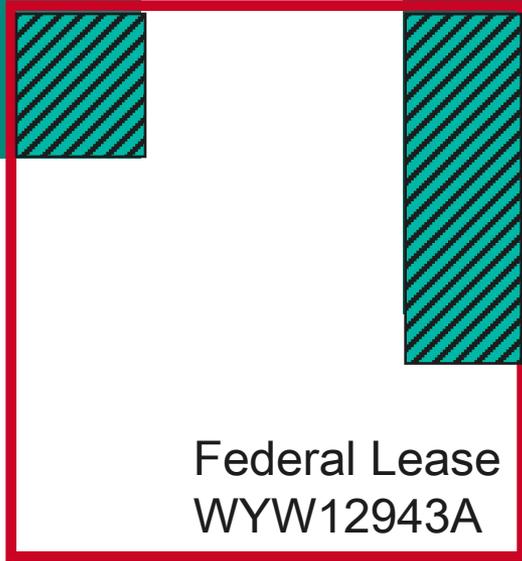


Minimum Royalty



# Rent and Minimum Royalty - Onshore

Frontier  
Participating  
Area



Federal Lease  
WYW12943A

Dakota Participating  
Area 891-001234-C

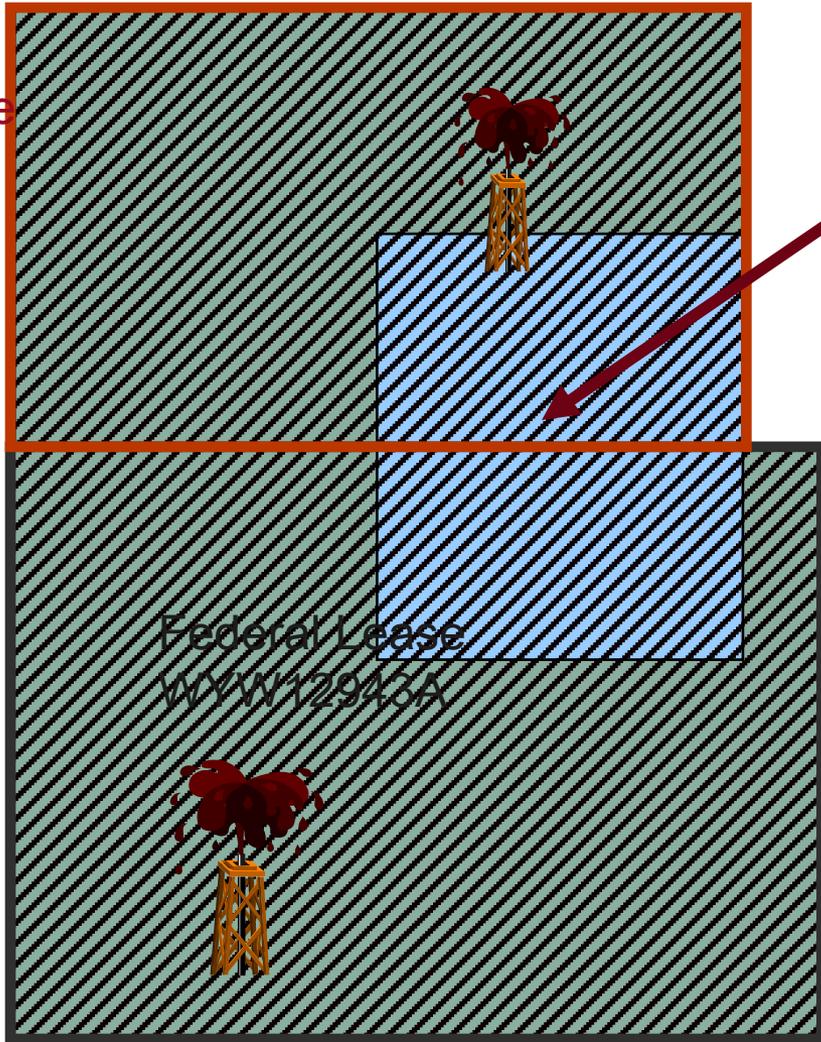


Minimum Royalty



# Rent and Minimum Royalty - Onshore

Federal Lease  
WYW111111



Communitization  
Agreement



# Questions????



*Industry Compliance*

• *Accurate Revenues and Data*

• *Professionalism & Integrity*



U.S. Department of the Interior

# Office of Natural Resources Revenue (ONRR)

## Reporting on Federal Units and Communitization Agreements



*Industry Compliance*

• *Accurate Revenues and Data* • *Professionalism & Integrity*



# ONRR Establishment of Agreements

- ✓ ONRR receives and maintains all allocations schedules of approved agreements
- ✓ Reporting is compared to allocations established in ONRR systems
- ✓ Companies cannot report on agreement until approval from BLM is received except on PCA's.
- ✓ Reporting must be adjusted back to effective date of CA, PA or PA revision.



# PCA's – Why are they needed?

Definition: PCA – Pending Communitization Agreement Approval

Why do PCA's?

- ✓ CA approval process takes a long time due to:
  - ✓ Companies having difficulty getting clear title
  - ✓ BLM must verify the leases and ensure that the lands are described correctly,
  - ✓ BLM must verify the State spacing and survey,
  - ✓ All lessees of record must sign off on the CA, and
  - ✓ Once BLM approves the CA package, BIA must approve and verify that all impact
- ✓ Increase in activity resulted in backlog of CA approvals (North Dakota – Bakken)
- ✓ Without CA's, ONRR cannot distribute royalties correctly or timely



# Benefits of PCA's

## Benefits of the Preliminary CA Process

- ✓ *Reporting can begin as if the agreement has been approved*
- ✓ *No adjustments to production and royalty reports*
- ✓ *No recoupment issues*
- ✓ *Royalty allocation is correct from the start*
- ✓ *Correctly allocated revenues received timely by ultimate recipient*



# Status of PCA's in BLM Districts

- ✓ PCA's are a developing concept
- ✓ BLM offices currently processing PCA's: North Dakota and Utah
- ✓ Until the company has an allocation schedule from the BLM (in a PCA or CA approval), the company cannot report on an agreement basis.



# Where can you get information on Agreements?

- ✓ Cross Reference Listing on website
- ✓ BLM LR2000
- ✓ Brio Profiles – good starting point but should verify with LR2000 and Cross Reference listing



# Cross Reference Listing

# <http://www.onrr.gov/ReportPay/CrossRef.htm>



## Cross-Referenced Lease & Agreement Number Lists

When reporting royalties based on production allocated from an agreement, the ONRR-converted agreement number should be reported in block 9 of the new Report of Sales and Royalty Remittance (Form ONRR-2014) in addition to the lease number in block 7. The agreement number consists of three parts:

1. **Prefix** = 3 characters, left justified
2. **Serial No.** = 6 characters, right justified
3. **Suffix** = 2 characters, left justified

**Please Note:** The agreement number needs to be upper case.

Following are some examples of the layout we are expecting for various types of agreement numbers.

Agency Agreement #	ONRR-Converted Agreement #
WYW192003B	W(sp)(sp) 192003 B(sp)
NMNM34567A	NM(sp)(sp)34567A(sp)
NMNM92323	NM(sp)(sp)92323 (sp)(sp)
140800016793A	891006793A(sp)
NCR54	6910000540(sp)
CO050A2085C	65985C1040(sp)
UTU60786A	U(sp)(sp)(sp)60786A(sp)

The files below provide lists of information you can use to determine the appropriate ONRR-converted Agreement number to enter on Form ONRR-2014 (PDF). If necessary, refer to the CSV/ASCII record layout.

### Leases

- [Active Leases - Sorted by State and Agency Lease Number \(PDF\)](#) (updated 1/15/2013)

### Agreements

- [Active Agreements - sorted by State and Agreement Name \(PDF\)](#) (updated 1/15/2014)
- [Active Agreements - sorted by State and Agency Agreement Number \(PDF\)](#) (updated 1/15/2014)
- [Cross-Reference Lease to Agreement Numbers sorted by Agreement Name \(PDF\)](#) (updated 1/16/2013)
- [Cross-Reference Lease to Agreement Numbers sorted by Agreement Number \(PDF\)](#) (updated 1/16/2013)
- [Cross-Reference Lease to Agreement Numbers sorted by Lease Number \(PDF\)](#) (updated 1/16/2013)
- [Downloadable Text Cross-Reference Lease to Agreement Number](#) (updated 1/06/2014)

### Agreements Cross-Referenced to former Accounting Identification (AID) Numbers

These cross-referenced files show all former Accounting Identification (AID) Numbers that identified production allocated from an agreement. The AID numbers were used prior to October 1, 2001 and consisted of the 10-digit ONRR lease number and the 3-digit revenue source number. AID Numbers that identified lease-basis production are not included in these files.

**Please Note:** Some lines on these reports are duplicates and some lines contain a Revenue Source of 000. Please ignore these lines.

- [Cross-Referenced AID and Agreement Numbers Sorted by Agreement Name \(PDF\)](#)
- [Cross-Referenced AID and Agreement Numbers Sorted by Agreement Number \(PDF\)](#)
- [Cross-Referenced AID and Agreement Numbers Sorted by Lease \(PDF\)](#)
- [Downloadable Excel Version \(Excel\)](#)



# BLM LR2000 Case Recordation

<http://www.blm.gov/landandresourcesreports/rptapp/menu.cfm?appCd=2>

U.S. DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

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- Pub All Systems Customer Info
- Pub All Systems Geo Report
- Pub All Systems Geo Supp Report

**PUBLIC CASE RECORDATION REPORTS**

- Pub CR Case Action Info
- Pub CR Case Info
- Pub CR Case Info Cust Land
- Pub CR Duration Of Plans
- Pub CR Geo Report W/Customer
- Pub CR Geo Report w/Land
- Pub CR Geothermal Nominations
- Pub CR Oil and Gas Leases Issued
- Pub CR ROW Solar Energy
- Pub CR ROW Wind Energy Projects
- Pub CR Wind Energy Applications
- Pub CR Serial Register Page

**PUBLIC LEGAL LAND DESCRIPTION REPORTS**

- Pub LLD Acreage Report
- Pub LLD Summary Report

**PUBLIC MINING CLAIMS REPORTS**

- Pub MC Action Code
- Pub MC Claim Name/Number Index
- Pub MC Customer Info Rpt
- Pub MC Geo Index
- Pub MC Geo Report
- Pub MC Mass Action Code
- Pub MC Serial Number Index
- Pub MC Serial Register Page

**PUBLIC STATUS REPORTS**

- Pub ST Serial Register Page

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### NEW FORMAT SERIAL ENTRY

GEO STATE: WY WYOMING

LAND OFFICE: W

PREFIX:

Serial Number: 37977

SUFFIX:

Message from webpage

You have chosen the following criteria:  
Serial Entry = , , WYW 037977,  
Press 'OK' to run the report or press 'Cancel' to change your selections.



# LR2000

Report: Pub CR Serial Register Page

## U.S. DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT



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#### NEW FORMAT SERIAL ENTRY

GEO STATE	WY WYOMING	<input type="button" value="Clear All"/>
LAND OFFICE	W	WYW 037977
PREFIX		
Serial Number	37977	
SUFFIX		
	<input type="button" value="Enter Value"/>	<input type="button" value="Clear"/>

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Message from webpage

You have chosen the following criteria:  
Serial Entry = WYW 037977,  
Press 'OK' to run the report or press 'Cancel' to change your selections.



# LR2000 Serial Register Page

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Serial Register Page Go

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BUREAU OF LAND MANAGEMENT  
CASE RECORDATION  
(MASS) Serial Register Page

Run Time: 03:54 PM  
Page 1 of ?

Run Date: 01/30/2014

01 02-25-1920;041 STAT0437;30USC181ETSEQ Total Acres 80.000 Serial Number WYW--- - 037977  
Case Type 311211: O&G LSE SIMO PUBLIC LAND  
Commodity 459: OIL & GAS L  
Case Disposition: AUTHORIZED

Serial Number: WYW--- - 037977

Name & Address	Serial Number: WYW--- - 037977	Int Rel	% Intere
ENERGY EQUITY COMPANY	PO BOX 755 COLUMBUS MT 590190755	LESSEE	0.000000000
LEE WILEY MONCRIEF 1988 TRST	PO BOX 2546 FORT WORTH TX 761132546	LESSEE	0.000000000
MICHAEL J MONCRIEF GRNTRS TRST	777 TAYLOR ST STE 1030 FORT WORTH TX 761024915	LESSEE	0.000000000
MINDYANNE E MONCRIEF TRUST	777 TAYLOR ST STE 1030 FORT WORTH TX 761024972	LESSEE	0.000000000
MONCRIEF C B	950 COMMERCE ST FORT WORTH TX 761025418	LESSEE	0.000000000
MONCRIEF OIL & GAS MASTER LLC	950 COMMERCE ST MONCR FORT WORTH TX 761025418	LESSEE	0.000000000
MONTY BRENNAN MONCRIEF TRUST	777 TAYLOR ST STE 1030 FORT WORTH TX 761024972	LESSEE	0.000000000
RICHARD JASON MONCRIEF TRUST	777 TAYLOR ST STE 1030 FORT WORTH TX 761024972	LESSEE	0.000000000
RWM 1988 TRUST	950 COMMERCE ST FORT WORTH TX 761025418	LESSEE	0.000000000
T O MONCRIEF TRUST	950 COMMERCE ST FORT WORTH TX 761025418	LESSEE	0.000000000

Serial Number: WYW--- - 037977

Mer Typ	Rng	Sec	STyp	SNr	Suff	Subdivision	District/Field Office	County	Mgmt Agency
06	0370N	0660W	030	ALIQ		SWNE;	CASPER FIELD OFFICE	NATRONA	BUREAU OF LAND MGMT
06	0370N	0660W	032	ALIQ		SWSE;	CASPER FIELD OFFICE	NATRONA	BUREAU OF LAND MGMT

Serial Number: WYW--- - 037977

Act Date	Code	Action	Action Remar	Pending Office
11/28/1972	387	CASE ESTABLISHED	PAR 147:	
01/17/1973	237	LEASE ISSUED		
02/01/1973	496	FUND CODE	05:145003	
02/01/1973	530	RLTY RATE - 12 1/2%		
02/01/1973	868	EFFECTIVE DATE		
05/08/1981	530	RLTY RATE - 12 1/2%		
05/27/1981	315	RENTAL RATE DET/ADJ	\$2.00;02/01/82	
03/09/1983	235	EXTENDED	THRU 01/31/85;BY DRLG	
02/16/1984	140	ASGN FILED		
03/15/1984	139	ASGN APPROVED	EFF 03/01/84; /A/	
07/01/1984	232	LEASE COMMITTED TO UNIT	WYW109444X:	
07/01/1984	660	MEMO OF 1ST PROD-ALLOC	/1/ CA-WYW109444X:	
08/31/1984	102	NOTICE SENT-PROD STATUS		
12/14/1984	140	ASGN FILED		
08/15/1985	253	ELIM BY CONTRAC(PARTIAL)	WYW109444X: /B/	
10/10/1985	139	ASGN APPROVED	EFF 01/01/85; /C/	
06/08/1990	899	TRF OF ORR FILED		
09/21/1990	399	BOND NO LONGER REQUIRED		
12/06/1993	111	RENTAL RECEIVED	\$20.00;11/0000000097	
01/03/1995	084	RENTAL RECEIVED BY ONRR	\$20.00;21/0000000097	
03/03/1995	084	RENTAL RECEIVED BY ONRR	\$20.00;11/MULTIPLE	
03/03/1995	084	RENTAL RECEIVED BY ONRR	\$20.00;21/MULTIPLE	
08/16/1995	226	ELIM BY CONTRACTION	WYW109444X:	
08/16/1995	235	EXTENDED	THRU 08/16/97;CONTRA	



# Reporting on Federal Units and Communitization Agreements

*Properly Allocating Agreement Production*



# Allocation Schedule

## Leucite Hills Unit, Consolidated Frontier/Dakota PA A 891011626A

### EXHIBIT "B" Consolidated Frontier/Dakota Participating Area A

Tract Number	Lease Number or Type of Land	Legal Description	Participating Acreage	Percent of Participation	Working Interest Owners
<b>Federal</b>					
1	W-053566	T22N, R103W Sec.28; NE¼NW¼, S½NW¼	120.00	9.37500%	Wex Company 53.2805% Sam Resources 32.4709% Bird Oil 11.5628% Dango Production 2.6858%
2	W-053566-A	T22N, R103W Sec.28; NW¼NW¼	40.00	3.12500%	Wex Company 53.2805% Sam Resources 32.4709% Bird Oil 11.5628% Dango Production 2.6858%
3	W-055514	T22N, R103W Sec.28; W½SE¼, NE¼SE¼	120.00	9.37500%	Wex Company 53.2805% Sam Resources 32.4709% Bird Oil 11.5628% Dango Production 2.6858%
4	W-055514-A	T22N, R103W Sec.28; SE¼SE¼	40.00	3.12500%	Wex Company 53.2805% Sam Resources 32.4709% Bird Oil 11.5628% Dango Production 2.6858%
7	W-0265438	T22N, R103W Sec.28; NE¼SW¼	320.00	25.00000%	Wex Company 53.2805% Sam Resources 32.4709% Bird Oil 11.5628% Dango Production 2.6858%
15	Fee	T22N, R103W Sec.29; All	640.00	50.00000%	Wex Company 53.2805% Sam Resources 32.4709% Bird Oil 11.5628% Dango Production 2.6858%



# Allocation Schedule

## Leucite Hills Unit, Consolidated Frontier/Dakota PA A 891011626A

Exhibit "B"  
Consolidated Frontier/Dakota Participating Area A

Summary

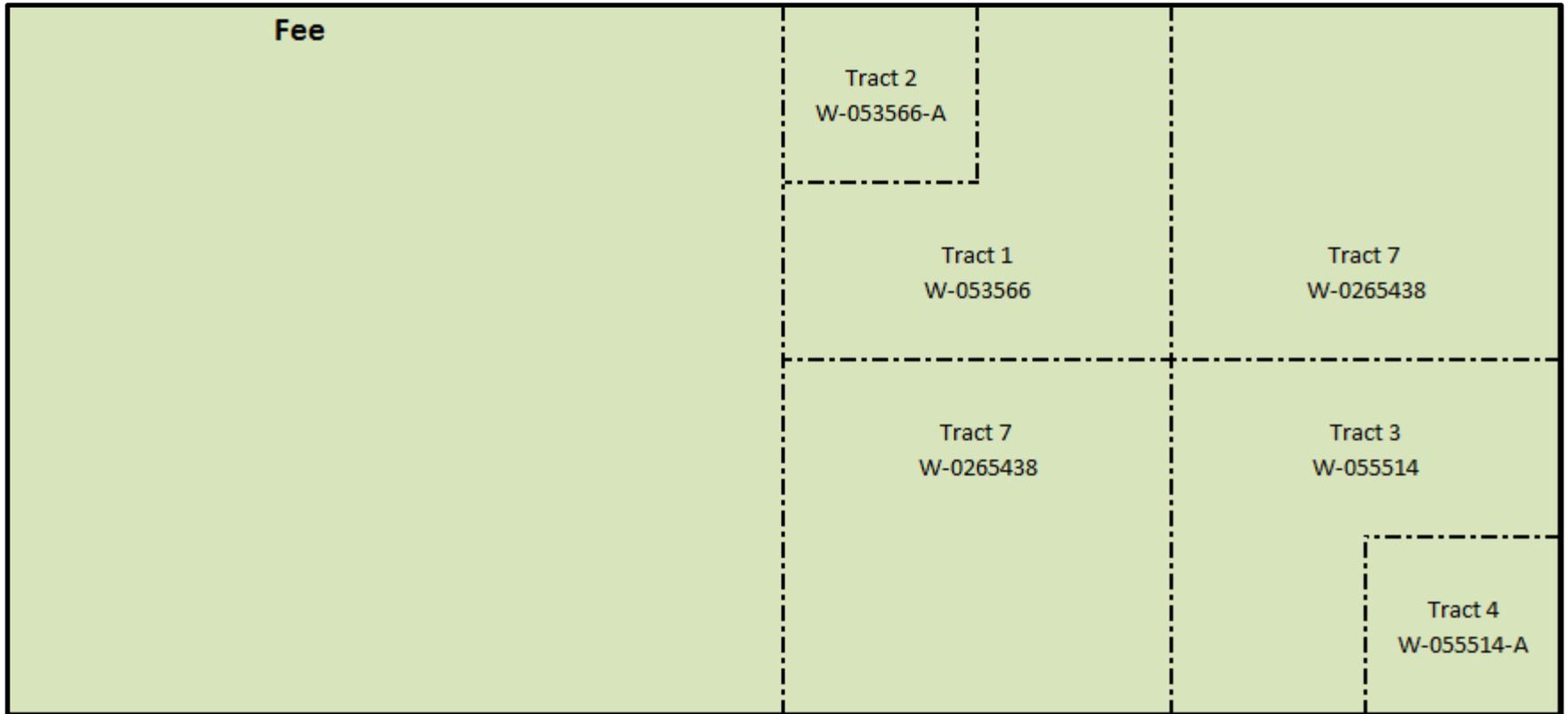
	Total Acreage	Committed Acreage	Non Committed Acreage	Percent of Participation
(5)Federal Lands	640.00	640.00	0.00	50.00%
(1)Fee Lands	640.00	640.00	0.00	50.00%
	<u>1280.00</u>	<u>1280.00</u>	<u>0.00</u>	<u>100.00%</u>

Working Interest Owners	
Wex Company	53.2805%
Sam Resources	32.4709%
Brid Oil	11.5628%
Dango Production	<u>2.6858%</u>
	100.0000%



# Exhibit C

## Consolidated Frontier/Dakota Participating Area A





# Tract #1 -- Reporting Royalties

## 2000 bbls produced and sold

	Tract 1
Line Number	1
API Well Number	
ONRR Lease Number	0480535660
ONRR Agreement Number	891011626A
Product Code	01
Sales Type Code	ARMS
Sales MO/YR	012012
Transaction Code	01
Adjustment Reason Code	
Sales Volume	187.50

2000 bbls sold X 9.375% allocation = 187.50



# Reporting Royalties based on a Participating Area's Allocation Schedule

## Tract #2

Lease # 048053566A – 2,000 bbls x 3.125% = 62.50

## Tract #3

Lease 0480555140 – 2,000 bbls x 9.375% = 187.50

## Tract #4

Lease 048055514A – 2,000 bbls x 3.125% = 62.50

## Tract #7

Lease 0482654380 – 2,000 bbls x 25% = 500



# Reporting Royalties based on PA's allocation Schedule – All Federal Leases

	Tract 1	Tract 2	Tract 3	Tract 4	Tract 7
Line Number	1	2	3	4	5
API Well Number					
ONRR Lease Number	0480535660	048053566A	0480555140	048055514A	0482654380
ONRR Agreement Number	891011626A	891011626A	891011626A	891011626A	891011626A
Product Code	01	01	01	01	01
Sales Type Code	ARMS	ARMS	ARMS	ARMS	ARMS
Sales MO/YR	012012	012012	012012	012012	012012
Transaction Code	01	01	01	01	01
Adjustment Reason Code					
Sales Volume	187.50	62.50	187.50	62.50	500.00

**Don't forget to include the Agreement Number on the 2014**



# Properly Allocating Agreement Production

The following examples demonstrate each working interest owner paying royalties



# Working Interest Ownership

## 891011626A

Wex Company	53.2805%
Sam Resources	32.4709%
Brid Oil	11.5628%
Dango Production	2.6858%



# Working Interest Ownership

## 891011626A

Reporting on 2014 by Multiple Payors - Entitlements				
Total Volume Produced and Sold From Participating Area = 2000 bbls				
Federal Portion =	2000*.25=500			
Indian Portion =	2000*.25=500			
Fee Portion =	2000*.50=1000			
Working Interest Owner	Working Interest Owner %	Tract	Tract Allocation	Volume Reported on 2014 = Total volumes X Working interest owner % X Tract Allocation
Wex	53.280500%	1	9.375000%	99.90
	53.280500%	2	3.125000%	33.30
	53.280500%	3	9.375000%	99.90
	53.280500%	4	3.125000%	33.30
	53.280500%	7	25.000000%	266.40
				532.81
Sam Resources	32.470900%	1	9.375000%	60.88
	32.470900%	2	3.125000%	20.29
	32.470900%	3	9.375000%	60.88
	32.470900%	4	3.125000%	20.29
	32.470900%	7	25.000000%	162.35
				324.71
Bird Oil	11.562800%	1	9.375000%	21.68
	11.562800%	2	3.125000%	7.23
	11.562800%	3	9.375000%	21.68
	11.562800%	4	3.125000%	7.23
	11.562800%	7	25.000000%	57.81
				115.63
Dango Production	2.685800%	1	9.375000%	5.04
	2.685800%	2	3.125000%	1.68
	2.685800%	3	9.375000%	5.04
	2.685800%	4	3.125000%	1.68
	2.685800%	7	25.000000%	13.43
				26.86
<b>Total Federal &amp; Indian Volume</b>				<b>1000.00</b>
<b>Total Indian Tract 7</b>				<b>500.00</b>



# Royalty Reporting by Multiple Payors By Interest Ownership Percentage

	Wex Company
Line Number	1
API Well Number	
ONRR Lease Number	0480535660
ONRR Agreement Number	891011626A
Product Code	01
Sales Type Code	ARMS
Sales MO/YR	012012
Transaction Code	01
Adjustment Reason Code	
Sales Volume	99.90

$$2000 \text{ bbls} \times 9.375\% \times 53.2805\% = 99.90$$



# Royalty Reporting by Multiple Payors

## Wex Company

### Tract #2

Lease 048053566A:  $2000 \text{ bbls} \times 3.125\% \times 53.2805\% = 33.30$

### Tract #3

Lease 0480555140:  $2000 \text{ bbls} \times 9.375\% \times 53.2805\% = 99.90$

### Tract #4

Lease 048055514A:  $2000 \text{ bbls} \times 3.125\% \times 53.2805\% = 33.30$

### Tract #7

Lease 0482654380:  $2000 \text{ bbls} \times 25\% \times 53.2805\% = 266.40$

{Total production-PA} x {% of Participation} x {Working Interest %}



# Royalty Reporting by Multiple Payors Same Resources

## Tract #1

Lease 0480535660: 2000 bbls x 9.375% x 32.4709% = 60.88

## Tract #2

Lease 048053566A: 2000 bbls x 3.125% x 32.4709% = 20.29

## Tract #3

Lease 0480555140: 2000 bbls x 9.375% x 32.4709% = 60.88

## Tract #4

Lease 048055514A: 2000 bbls x 3.125% x 32.4709% = 20.29

## Tract #7

Lease 0482654380: 2000 bbls x 25% x 32.4709% = 162.35

{Total production-PA} x {% of Participation} x {Working Interest %}



# Royalty Reporting by Multiple Payors

## Bird Oil

### Tract #1

Lease 0480535660:  $2000 \text{ bbls} \times 9.375\% \times 11.5628\% = 21.68$

### Tract #2

Lease 048053566A:  $2000 \text{ bbls} \times 3.125\% \times 11.5628\% = 7.23$

### Tract #3

Lease 0480555140:  $2000 \text{ bbls} \times 9.375\% \times 11.5628\% = 21.68$

### Tract #4

Lease 048055514A:  $2000 \text{ bbls} \times 3.125\% \times 11.5628\% = 7.23$

### Tract #7

Lease 0482654380:  $2000 \text{ bbls} \times 25\% \times 11.5628\% = 57.82$

{Total production-PA} x {% of Participation} x {Working Interest %}



# Royalty Reporting by Multiple Payors

## Dango Production

### Tract #1

Lease 0480535660: 2000 bbls x 9.375% x 2.6858% = 5.04

### Tract #2

Lease 048053566A: 2000 bbls x 3.125% x 2.6858% = 1.68

### Tract #3

Lease 0480555140: 2000 bbls x 9.375% x 2.6858% = 5.04

### Tract #4

Lease 048055514A: 2000 bbls x 3.125% x 2.6858% = 1.68

### Tract #7

Lease 0482654380: 2000 bbls x 25% x 2.6858% = 13.43

{Total production-PA} x {% of Participation} x {Working Interest %}



# Double Check Totals

	<b>Wex</b>	<b>Sam</b>	<b>Bird</b>	<b>Dango</b>	<b>Total</b>
<b>Tract 1</b>	99.90	60.88	21.68	5.04	187.50
<b>Tract 2</b>	33.30	20.29	7.23	1.68	62.50
<b>Tract 3</b>	99.90	60.88	21.68	5.04	187.50
<b>Tract 4</b>	33.30	20.29	7.23	1.68	62.50
<b>Tract 7</b>	266.40	162.35	57.82	13.43	500.00
	<b>Total</b>	<b>Total</b>	<b>Total</b>	<b>Total</b>	<b>Total</b>
	532.80	324.69	115.64	26.87	1,000.00



# Properly Allocating Agreement Production

The following example demonstrates reporting on a lease that is less than 100%



# Reporting Royalties on a Participating Lease with less than 100% Federal Interest

0482654380      80% Federal Interest

Total Sales X Federal Portion X Allocation = Sales Volume

$$2000 \text{ bbls} \times .80 \times .25 = 400$$



# Reporting Royalties on a Participating Lease with less than 100% Federal Interest

Line Number	1
API Well Number	
ONRR Lease Number	0482654380
ONRR Agreement Number	891011626A
Product Code	01
Sales Type Code	ARMS
Sales MO/YR	012012
Transaction Code	01
Adjustment Reason Code	
Sales Volume	400.00

$$2000 \text{ Bbls} \times .80 \times .25 = 400$$



# Properly Allocating Agreement Production

The following example demonstrates reporting by multiple payors on a lease that is less than 100% Federal



# Reporting Royalties on a Participating Lease with less than 100% Federal Interest

Wex Company 53.2805% interest in lease 482654380

Total Sales X Federal Portion X Allocation X Ownership % = Sales Volume

$$2000 \text{ bbls} \times .80 \times .25 \times .532805 = 213.122$$



# Reporting on Federal Units and Communitization Agreements

## Common Reporting Errors

- ✓ **Missing Agreement number** when reporting royalties on production from an agreement.
  
- ✓ **Incorrect Allocation to leases**
  - ✓ Entire volume of production from the agreement reported as the sales volume on the 2014.
  
  - ✓ Agreement production reported on one lease when there are several leases receiving an allocation.



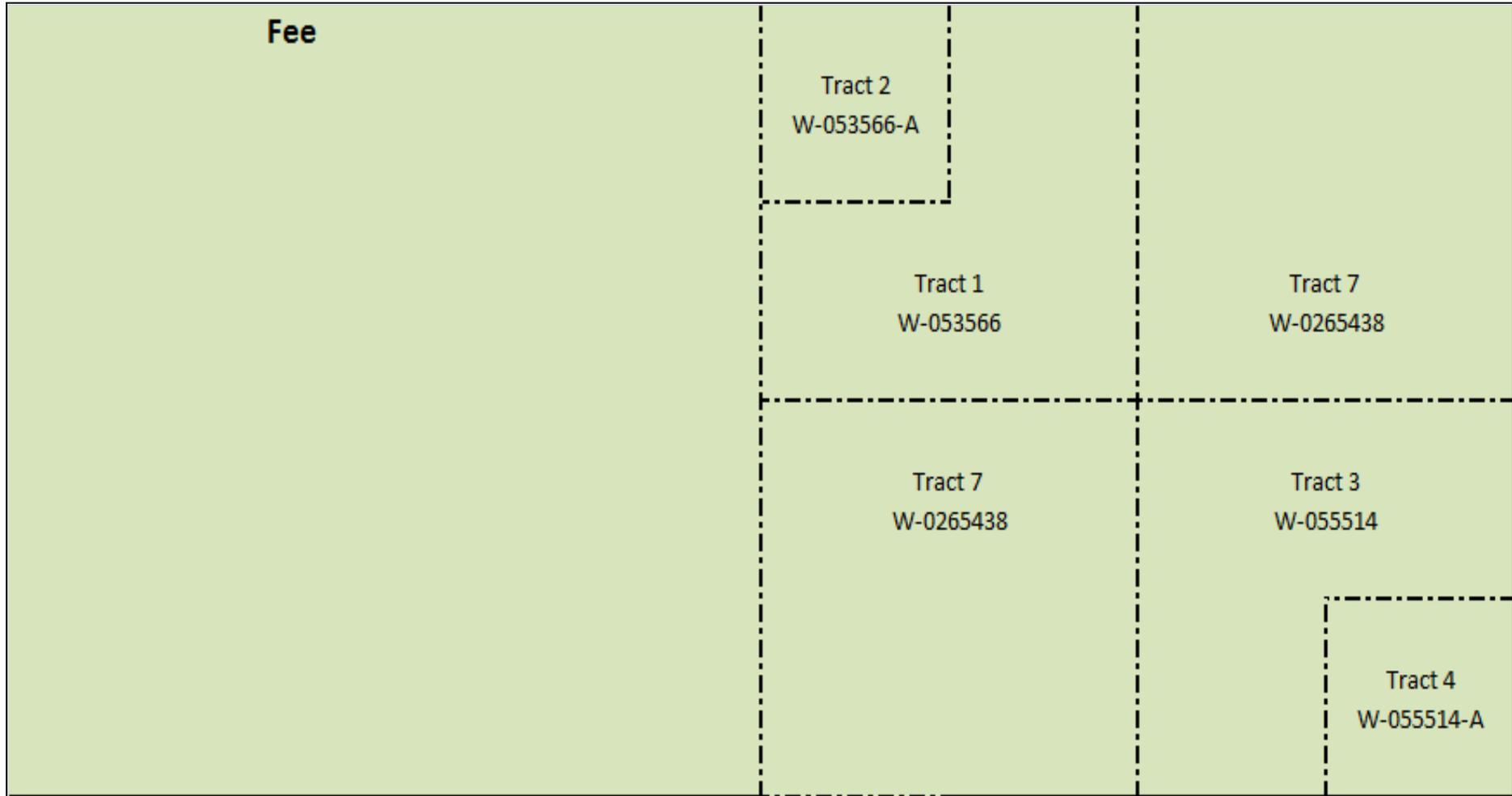
# Adjusting Royalty Reporting

## PA Revisions



# Exhibit C

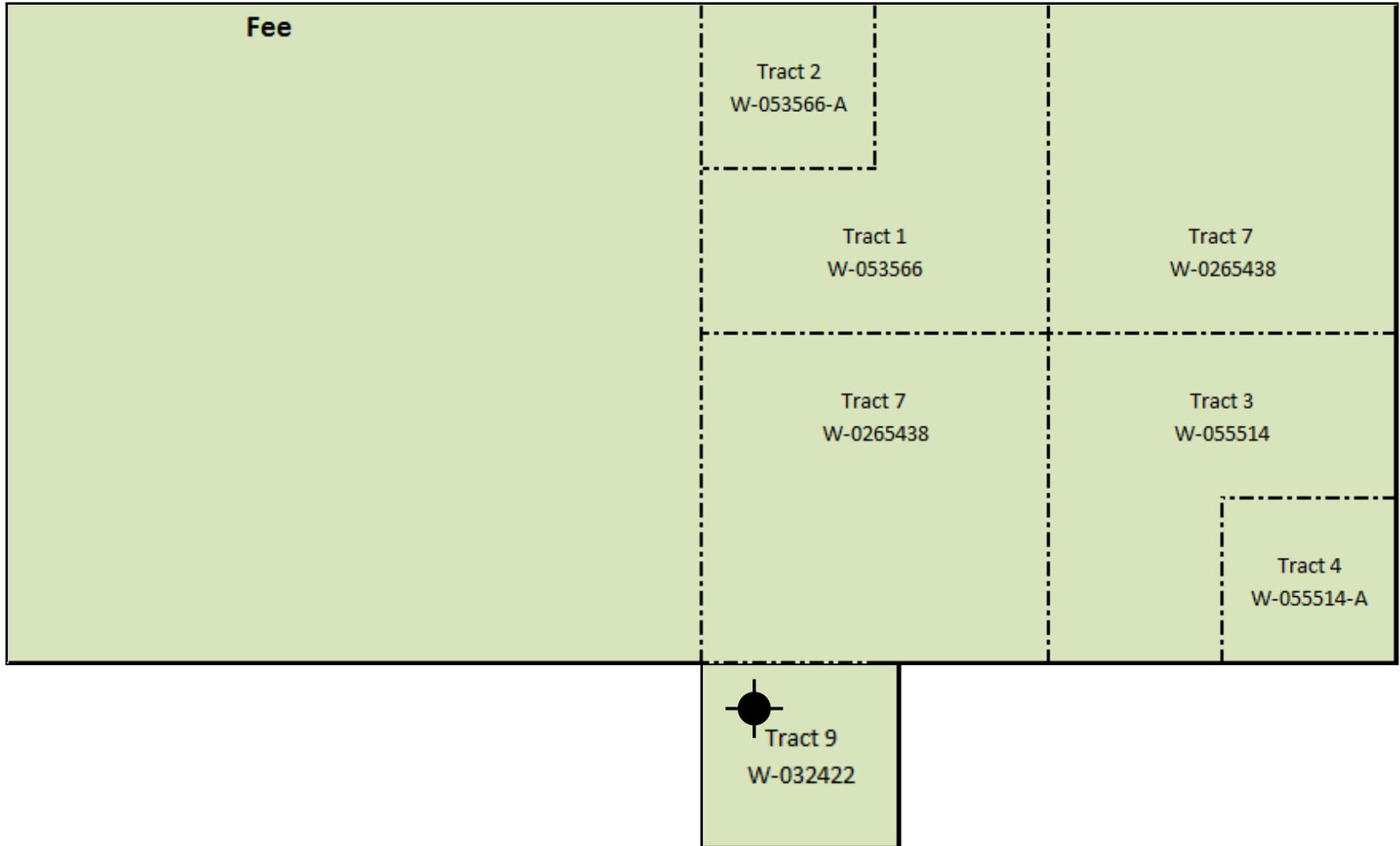
## Consolidated Frontier/Dakota Participating Area A





# Exhibit C

## Consolidated Frontier/Dakota Participating Area A





# Exhibit B

## 1<sup>st</sup> Revision Consolidated Frontier/Dakota Participating Area A

EXHIBIT "B"  
Consolidated Frontier/Dakota Participating Area A

Tract Number	Lease Number or Type of Land	Legal Description	Participating Acreage	Percent of Participation	Working Interest Owners
<b>Federal</b>					
1	W-053566	T22N, R103W Sec.28; NE¼NW¼, S¼NW¼	120.00	9.09090%	Wex Company 53.2805% Sam Resources 32.4709% Bird Oil 11.5628% Dango Production 2.6858%
2	W-053566-A	T22N, R103W Sec.28; NW¼NW¼	40.00	3.03030%	Wex Company 53.2805% Sam Resources 32.4709% Bird Oil 11.5628% Dango Production 2.6858%
3	W-055514	T22N, R103W Sec.28; W¼SE¼, NE¼SE¼	120.00	9.09090%	Wex Company 53.2805% Sam Resources 32.4709% Bird Oil 11.5628% Dango Production 2.6858%
4	W-055514-A	T22N, R103W Sec.28; SE¼SE¼	40.00	3.03030%	Wex Company 53.2805% Sam Resources 32.4709% Bird Oil 11.5628% Dango Production 2.6858%
7	W-0265438	T22N, R103W Sec.28; NE¼SW¼	320.00	24.24240%	Wex Company 53.2805% Sam Resources 32.4709% Bird Oil 11.5628% Dango Production 2.6858%
9	W-032422	T22N, R103W Sec.28; NW¼SW¼	40.00	3.03030%	Latecomer Inc 100%
15	Fee	T22N, R103W Sec.29; All	640.00	48.48480%	Wex Company 53.2805% Sam Resources 32.4709% Bird Oil 11.5628% Dango Production 2.6858%



# Reversals and Rebooks when moving from Lease to Unit PA

	Reversal	Rebook
Line Number	1	2
API Well Number		
ONRR Lease Number	0480324220	0480324220
ONRR Agreement Number		891011626A
Product Code	01	01
Sales Type Code	ARMS	ARMS
Sales MO/YR	012012	012012
Transaction Code	01	01
Adjustment Reason Code	35	35
Sales Volume	-500.00	75.76

$$2500 \text{ bbls sold} \times 3.0303\% \text{ allocation} = 75.7575$$



# Adjusting Royalties based on a Participating Area Revision

	Reversal	Rebook
Line Number	1	2
API Well Number		
ONRR Lease Number	0480535660	0480535660
ONRR Agreement Number	891011626A	891011626A
Product Code	01	01
Sales Type Code	ARMS	ARMS
Sales MO/YR	012012	012012
Transaction Code	01	01
Adjustment Reason Code	35	35
Sales Volume	-187.50	227.27

2500 bbls sold X 9.0909% allocation = 227.2725



U.S. Department of the Interior

# Office of Natural Resources Revenue (ONRR)

## Communitization Agreements Scenarios

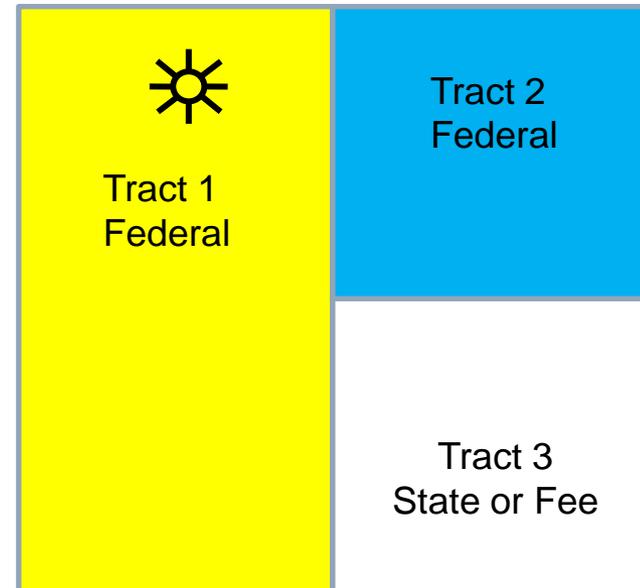




# Scenario 1

Gusher #1 well,  
API # 151030086000

Well completed  
on Federal lands  
after CA approval

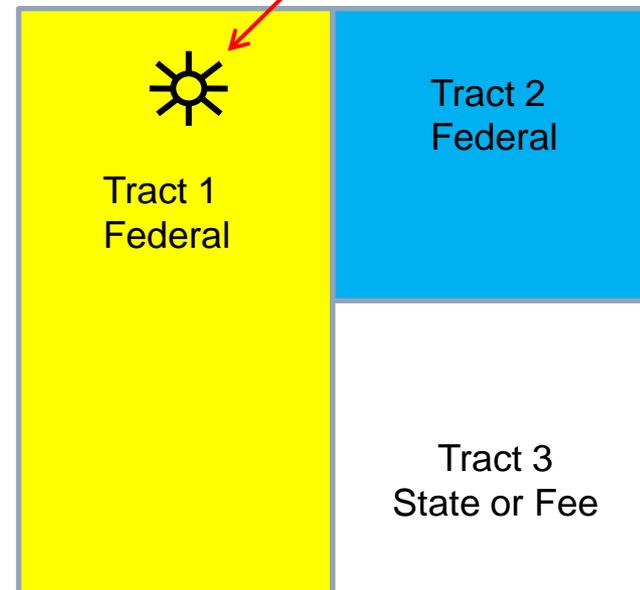




# Scenario 1 – Well Completed on Federal Lands after CA Approval

- ✓ The CA was approved in October 2012.
- ✓ The well was completed and 1<sup>st</sup> Production occurred in January 2013.
- ✓ 10,000 Mcf was produced with a Btu content of 1,050.
- ✓ No gas was used on the CA for fuel.

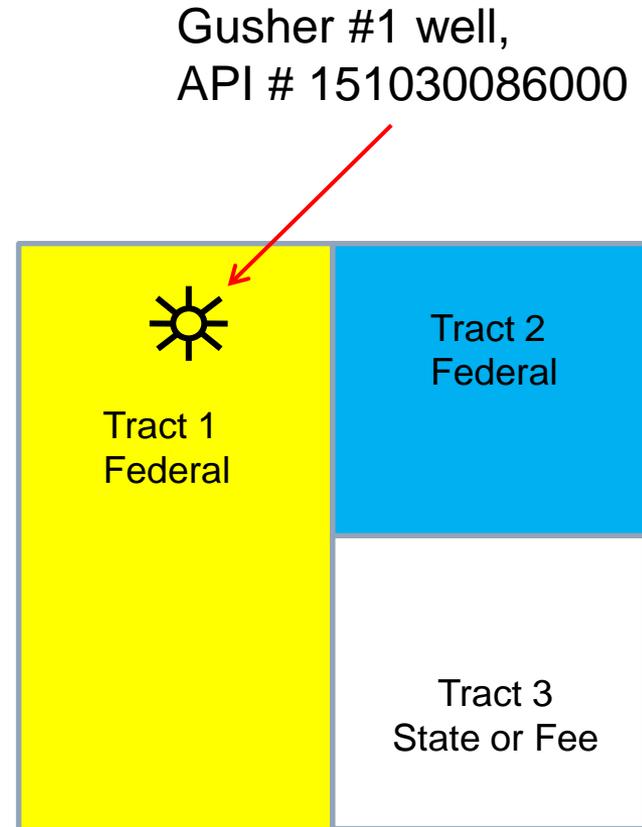
Gusher #1 well,  
API # 151030086000





# Scenario 1 – Well Completed on Federal Lands after CA Approval

- ✓ The operator, ABC Company, marketed the production and paid all the royalties.
- ✓ The gas was sold at the wellhead in arm's-length transaction for \$2.50 per MMBtu
- ✓ All leases have a royalty rate of 12.5%.





# Scenario 1 – Well Completed on Federal Lands after CA Approval

## Exhibit 'B' Communitization Agreement WYW135246

Tract Number	Lease Number or Type of Land	Legal Description	Participating Acreage	Percent of Acreage	Working Interest Owners Participation
1	WYW0123456	T22N, R103W	320	75.0000%	ABC Company
		Sec 28, W1/2			XYZ Company
2	WYW0987654	T22N, R103W	160	100.0000%	ABC Company
		Sec 28, NE1/4			
3	State 04-111	T22N, R103W	160	100.0000%	MNO Company
		Sec 28, SE1/4			

### Summary

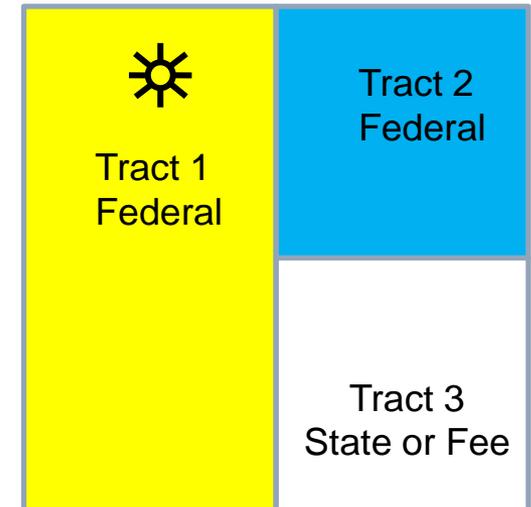
Federal	480.00	75.0000%
State	160.00	25.0000%
	<u>640.00</u>	<u>100.0000%</u>



# Scenario 1 – Well Completed on Federal Lands after CA Approval

## Reporting on the MMS-2014 – Federal CA Tracts 1 & 2

	Tract 1	Tract 2
Line Number	1	2
API Well Number		
ONRR Lease Number	0481234560	0489876540
ONRR Agreement Number	W 135246	W 135246
Product Code	04	04
Sales Type code	ARMS	ARMS
Sales MO/YR	012010	012010
Transaction Code	01	01
Adjustment Reason Code		
Sales Volume	5000.00	2500.00
Gas MMBtu	5250.00	2625.00
Sales Value	13125.00	6562.50
Royalty Value Prior to Allowances	1640.63	820.31
Transportation Allow. Deduction		
Processing Allowance Deduction		
Royalty Value Less Allowances	1640.63	820.31
Payment Method Code	3	3

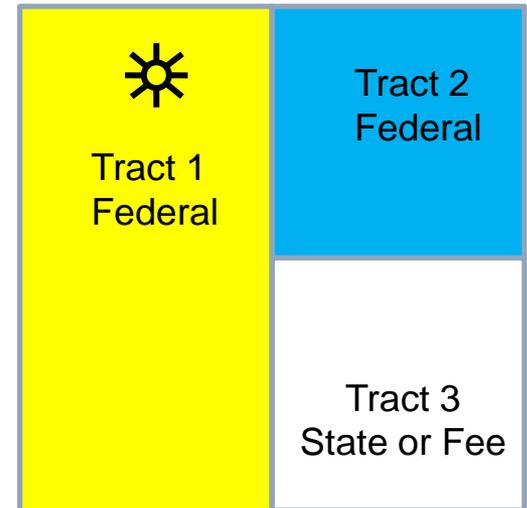




# Scenario 1 – Well Completed on Federal Lands after CA Approval

## Key Points

- **OGOR** – Report the total production from the CA on the OGOR
- **ONRR-2014** – Do not report all of the production from the well on Tract 1 to Tract 1. Instead, allocate the production from that well (i.e., the total production from the CA) to each tract based upon the tract allocation percentages.

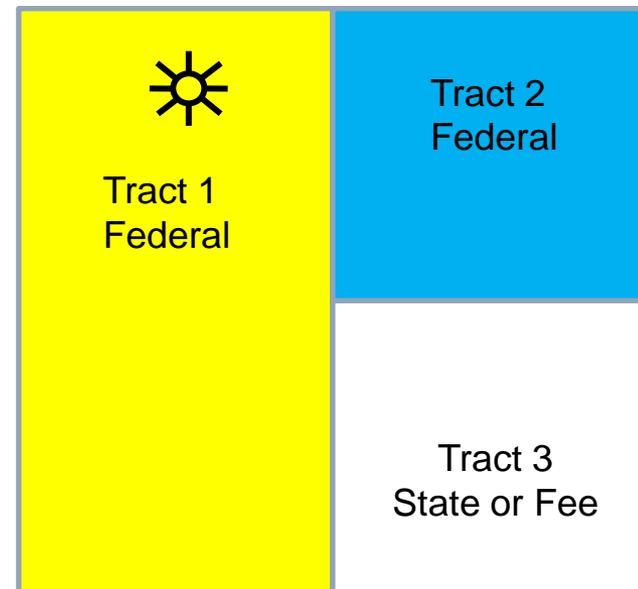




# Scenario 2

Gusher #1 well,  
API # 151030086000

Well completed  
on Federal lands  
before CA  
approval

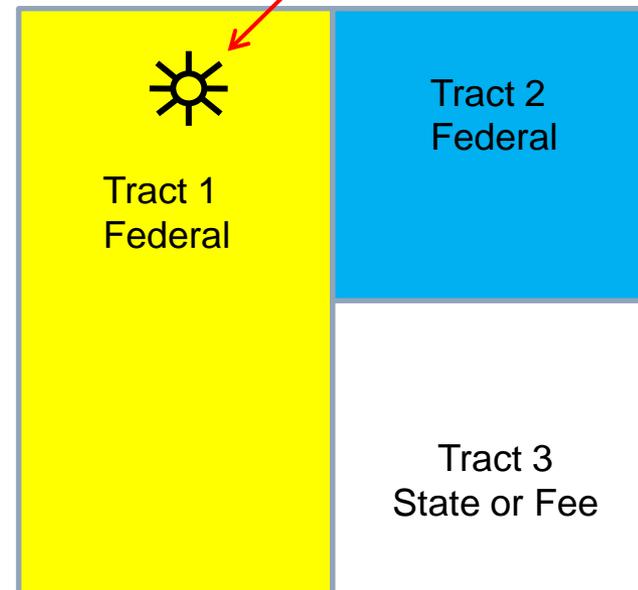




# Scenario 2 – Well Completed on Federal Lands before CA Approval

- ✓ Well is completed on Federal lease WYW0123456 and first production occurred in January 2010.
- ✓ 10,000 Mcf was produced with a Btu content of 1,050.
- ✓ No gas was used on the CA for fuel.

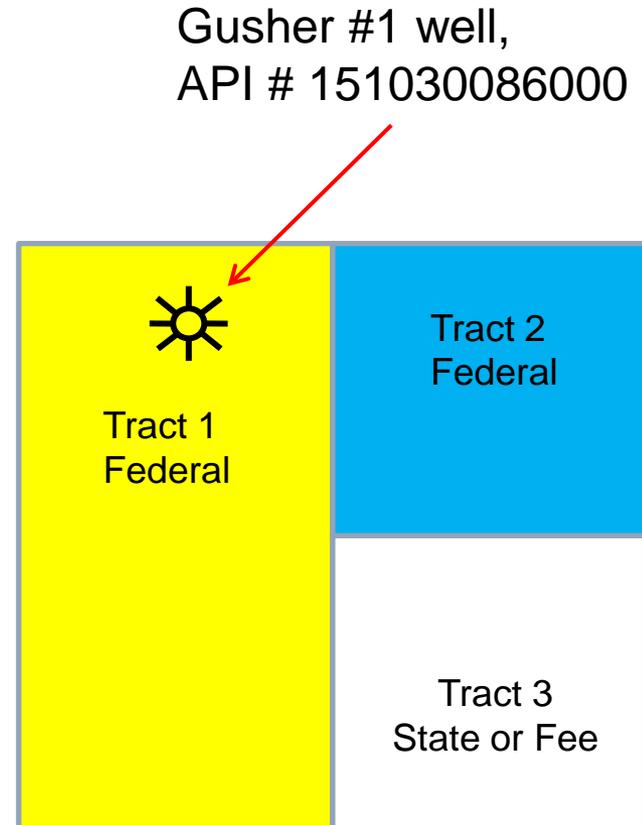
Gusher #1 well,  
API # 151030086000





# Scenario 2 – Well Completed on Federal Lands before CA Approval

- ✓ The operator, ABC Company, marketed the production on behalf of all working interest owners and paid all the royalties.
- ✓ The gas was sold at the wellhead in arm's-length transaction for \$2.50 per MMBtu
- ✓ All leases have a royalty rate of 12.5%.

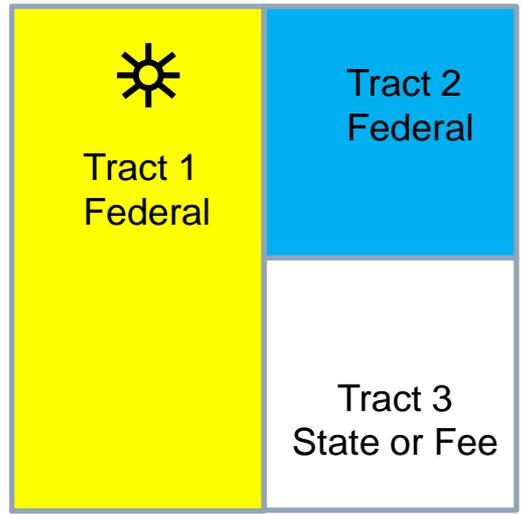




# Scenario 2 – Well Completed on Federal Lands before CA Approval

Reporting on the ONRR-2014 – Federal Lease WYW0123456

<b>Line Number</b>	1
<b>API Well Number</b>	
<b>ONRR Lease Number</b>	0481234560
<b>ONRR Agreement Number</b>	Leave Blank
<b>Product Code</b>	04
<b>Sales Type code</b>	ARMS
<b>Sales MO/YR</b>	012010
<b>Transaction Code</b>	01
<b>Adjustment Reason Code</b>	
<b>Sales Volume</b>	10000.00
<b>Gas MMBtu</b>	10500.00
<b>Sales Value</b>	26250.00
<b>Royalty Value Prior to Allowances</b>	3281.25
<b>Transportation Allowance Deduction</b>	
<b>Processing Allowance Deduction</b>	
<b>Royalty Value Less Allowances</b>	3281.25
<b>Payment Method Code</b>	3

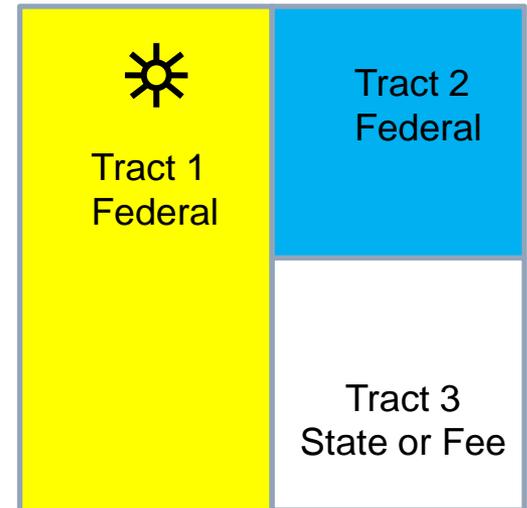




# Scenario 2 – Well Completed on Federal Lands before CA Approval

## Key Points

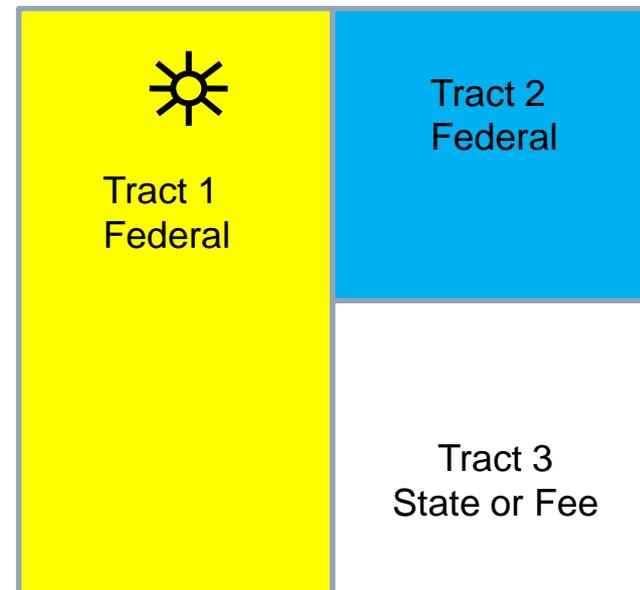
- **OGOR** – Report as lease basis until CA approval
- **ONRR-2014** – Report as lease basis until CA approval





# Scenario 2a

CA Approved to  
be Effective  
Retroactive to  
Well Completion

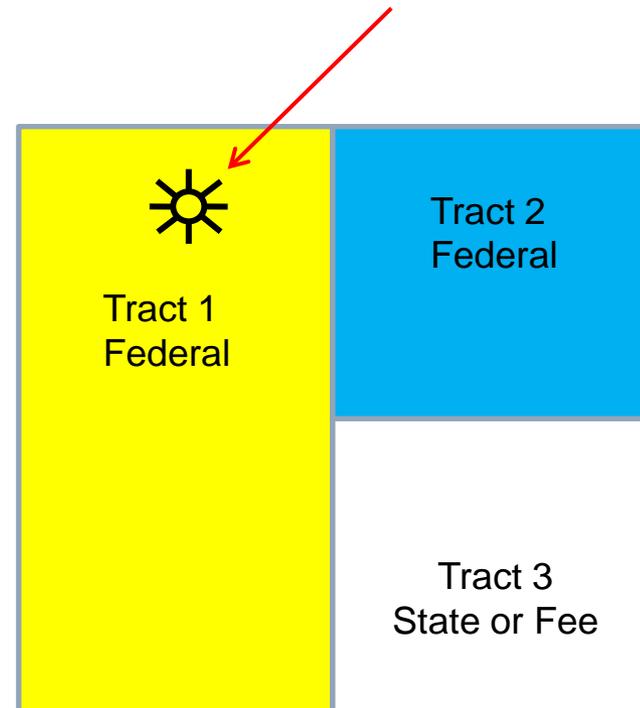




# Scenario 2a – CA Approved to be Effective Retroactive to Well Completion

- ✓ The CA is approved in March 2010.
- ✓ The CA is effective retroactive to the well completion date, January 1, 2010.
- ✓ Since the operator marketed the production and paid the royalties, they will make all the adjustments.
- ✓ Both Federal leases have a 12.5% royalty rate.

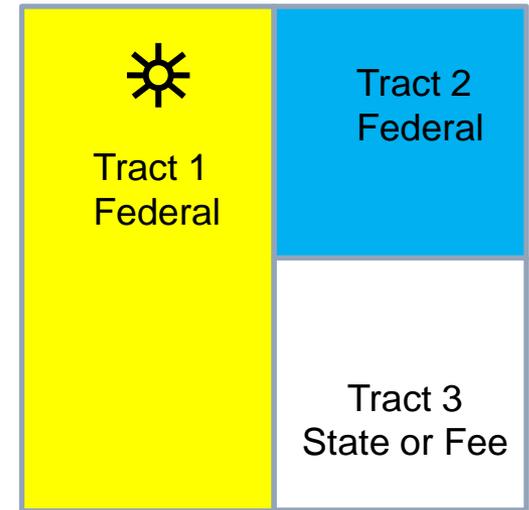
Gusher #1 well,  
API # 151030086000





# Scenario 2a – CA Approved to be Effective Retroactive to Well Completion

	Lease Basis Reverse	Tract 1 Rebook	Tract 2 Rebook
Line Number	1	2	3
API Well Number			
ONRR Lease Number	0481234560	0481234560	0489876540
AGENCY Agreement Number		W 135246	W 135246
Product Code	04	04	04
Sales Type code	ARMS	ARMS	ARMS
Sales MO/YR	012010	012010	012010
Transaction Code	01	01	01
Adjustment Reason Code	35	35	35
Sales Volume	-10000.00	5000.00	2500.00
Gas MMBtu	-10500.00	5250.00	2625.00
Sales Value	-26250.00	13125.00	6562.50
Royalty Value Prior to Allowances	-3281.25	1640.63	820.31
Transportation Allowance Deduction			
Processing Allowance Deduction			
Royalty Value Less Allowances	-3281.25	1640.63	820.31
Payment Method Code	3	3	3



Total = -820.31



\$820.31 allocated to State Tract



# Scenario 2a – CA Approved to be Effective Retroactive to Well Completion

- **Key Points-** After CA approval:
- **OGOR – Update Production Reports as follows:**
  - If the well is the only well on the lease, or if all the wells on the lease are being moved to the CA at the same time, contact ONRR to deactivate the prior lease-basis reporting.
  - If there are multiple wells on the lease and this is the only CA well, submit a modify or replace report to remove the prior reporting from the lease.
  - Once the well is removed from the lease, submit original reports for the CA retroactive to the well completion date.



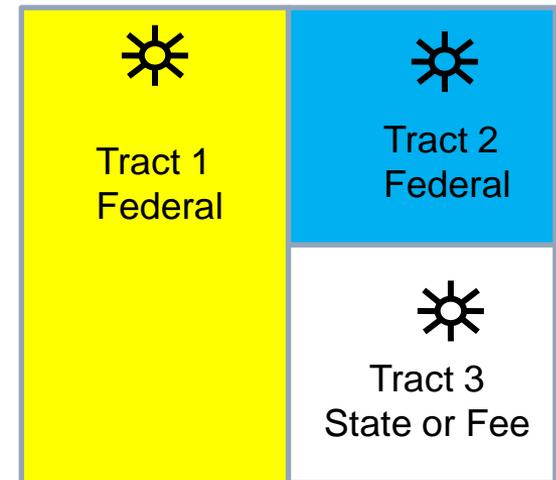
# Scenario 2a – CA Approved to be Effective Retroactive to Well Completion

- **Key Points – After CA approval:**
- **ONRR-2014 – Update royalty reports as follows:**
- Submit adjusting entries backing out the lease-basis reporting using ARC 35.
- Submit reporting for CA retroactive to the well completion date using ARC 35.
  - Include both the applicable lease numbers and the CA agreement number on your report.
  - Report in accordance with the CA allocation schedule.
- Both adjusting entries backing out lease-basis reporting and new CA reporting should be on the same report.



# Scenario 3

Multiple wells in CA –  
Each working interest  
owner reports royalties  
on its share of  
production





# Scenario 3 – Multiple wells in CA; each working interest owner reports on its share of production

## Exhibit 'B' Communitization Agreement WYW135246

Tract Number	Lease Number or Type of Land	Legal Description	Participating Acreage	Percent of Participation	Working Interest Owners	
1	WYW0123456	T22N, R103W Sec 28, W1/2	320	50.00000%	ABC Company	75.0000%
					XYZ Company	25.0000%
2	WYW0987654	T22N, R103W Sec 28, NE1/4	160	25.00000%	ABC Company	100.0000%
3	State 04-111	T22N, R103W Sec 28, SE1/4	160	25.00000%	MNO Company	100.0000%

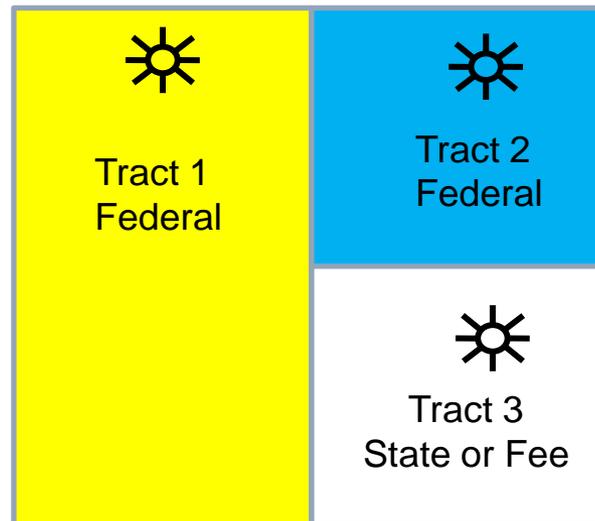
### Summary

Federal	480.00	75.0000%
State	160.00	25.0000%
	<u>640.00</u>	<u>100.0000%</u>



# Scenario 3 – Multiple wells in CA; each working interest owner reports on its share of production

- In July of 2010, there were three producing wells in the CA:
- 
- Tract 1 - Gusher #1, API Number 490050086000
- Tract 2 - Gusher #2, API Number 490050086200
- Tract 3 - Gusher #3, API Number 490050086400

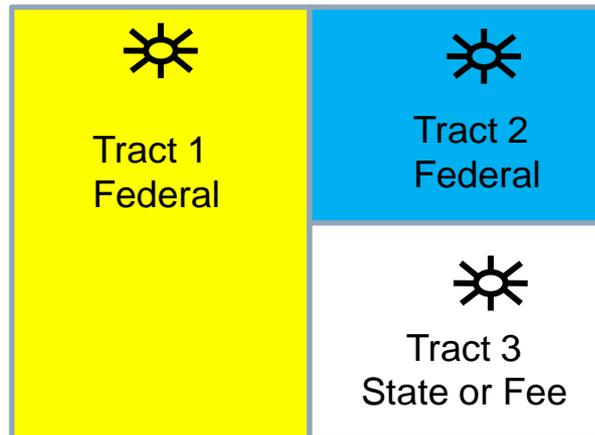




# Scenario 3 – Multiple wells in CA; each working interest owner reports on its share of production

**Production was as follows:**

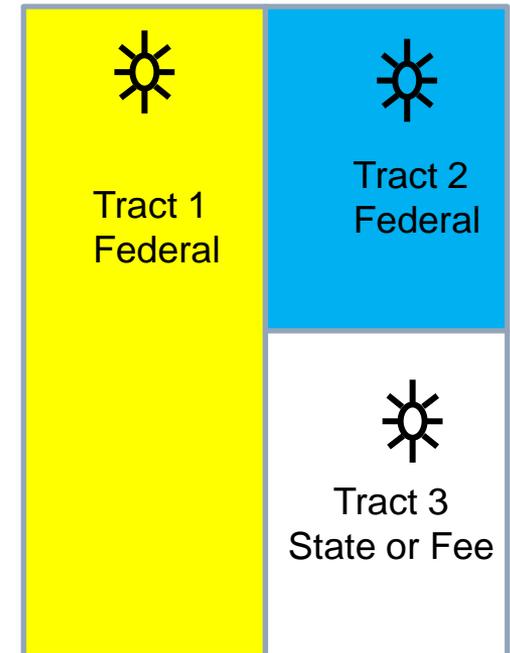
<u>Well</u>	<u>Mcf</u>	<u>Btu Content</u>	<u>MMBtu</u>
Gusher #1	10000	1050	10500
Gusher #2	4000	1048	4192
Gusher #3	2000	1054	2108
<b>Total</b>	<b>16000</b>	<b>1050</b>	<b>16800</b>





# Scenario 3 – Multiple wells in CA; each working interest owner reports on its share of production

- Each working interest owner takes and sells its share of production from the CA and reports and pays royalties on its own leases.
- No gas was used on the CA for fuel.
- The gas was sold at the wellhead in arm's length transactions.
- All leases have a royalty rate of 12.5%.





# Scenario 3 – Multiple wells in CA; each working interest owner reports on its share of production

Payor Code	12333
Payor Name	ABC Company
Federal/Indian	F
Payor Assigned Doc. Number	20100100

	Tract 1	Tract 2
Line Number	1	2
API Well Number		
ONRR Lease Number	0481234560	0489876540
ONRR Agreement Number	W135246	W135246
Product Code	04	04
Sales Type code	ARMS	ARMS
Sales MO/YR	072010	072010
Transaction Code	01	01
Adjustment Reason Code		
Sales Volume	6000.00	4000.00
Gas MMBtu	6300.00	4200.00
Sales Value	15750.00	10500.00
Royalty Value Prior to Allowances	1968.75	1312.50
Transportation Allowance Deduction		
Processing Allowance Deduction		
Royalty Value Less Allowances	1968.75	1312.50
Payment Method Code	3	3



# Scenario 3 – Multiple wells in CA; each working interest owner reports on its share of production

Payor Code	13579
Payor Name	XYZ Company
Federal/Indian	F
Payor Assigned Doc. Number	20100100

	Tract 1
Line Number	1
API Well Number	
ONRR Lease Number	0481234560
ONRR Agreement Number	W135246
Product Code	04
Sales Type code	ARMS
Sales MO/YR	012010
Transaction Code	01
Adjustment Reason Code	
Sales Volume	2000.00
Gas MMBtu	2100.00
Sales Value	5250.00
Royalty Value Prior to Allowances	656.25
Transportation Allowance Deduction	
Processing Allowance Deduction	
Royalty Value Less Allowances	656.25
Payment Method Code	3



# Scenario 3 – Multiple wells in CA; each working interest owner reports on its share of production

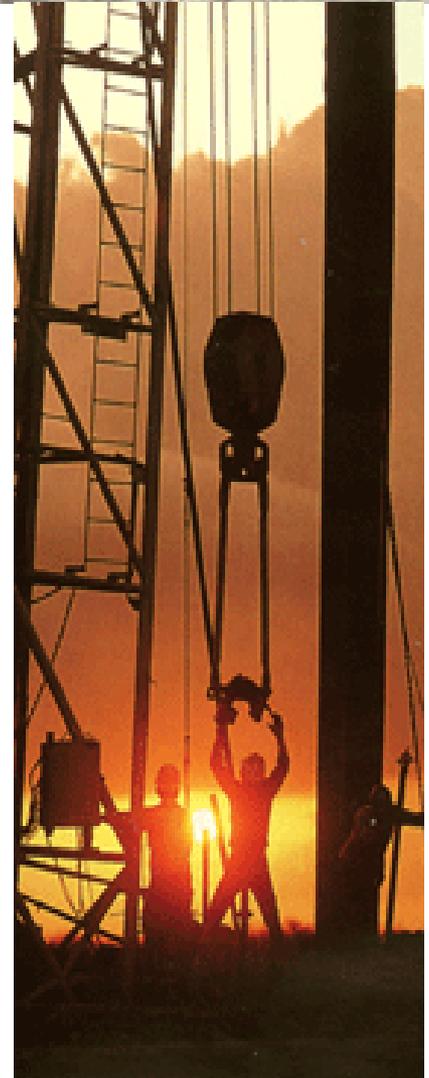
- **Key points:**
  - **OGOR Report:**
    - The unit operator files the OGOR report for the agreement as a whole and reports all production for all interest owners.
  - **Form MMS-2014:**
    - Each working interest owner files its own ONRR-2014 based on its working interest share (i.e., entitlements share) of the total agreement production allocated to the Federal lease(s) in which they have an interest.



U.S. Department of the Interior

# Office of Natural Resources Revenue (ONRR)

## Exploratory Units and Participating Areas Scenarios





# Scenario 1

Reporting on initial  
test well drilled within  
an approved  
Exploratory Unit

1	2	3	4
5	6	7	8
9	10	11	12



# Scenario 1 - Reporting on initial test well drilled within an approved Exploratory Unit

- The interest owners of 12 leases submit a proposal to BLM to form the “RMMLF Unit” and it is approved on January 15, 2010.
- Tracts 1, 5, 7 and 11 are federal leases, tracts 3, 4 and 9 are state leases, and the remaining tracts are fee leases.
- The standard federal exploratory agreement form is used.
- The operator of the unit is XYZ Company.
- All formations are unitized.
- The agreement # is NMNM321234X

1	2	3	4
5	6	7	8
9	10	11	12



# Scenario 1 - Reporting on initial test well drilled within an approved Exploratory Unit

- The initial obligation well is drilled in the San Andres formation on April 1, 2010 on lease #NMNM98789
- The operator submits the necessary paperwork to the BLM and requests a paying well determination (PWD)
- This initial well is API #300395524000
- The 1<sup>st</sup> month of production is 04/2010
- Initial production is 10000 MCF with a BTU of 1050

1	2	3	4
5	6	7	8
9	10	11	12



# Scenario 1 - Reporting on initial test well drilled within an approved Exploratory Unit

Prior to PWD  
Reporting on the MMS-2014 – Tract 7 is Federal Lease NMNM98789

Line Number	1
API Well Number	
ONRR Lease Number	0300987890
ONRR Agreement Number	
Product Code	04
Sales Type code	ARMS
Sales MO/YR	042010
Transaction Code	01
Adjustment Reason Code	
Sales Volume	10000.00
Gas MMBtu	10500.00
Sales Value	26250.00
Royalty Value Prior to Allowances	3281.25
Transportation Allowance Deduction	
Processing Allowance Deduction	
Royalty Value Less Allowances	3281.25
Payment Method Code	3

1	2	3	4
5	6	7	8
9	10	11	12

Payor Code	13579
Payor Name	XYZ Company
Federal/Indian	F
Payor Assigned Doc. Number	<b>20100200</b>



# Scenario 1 - Reporting on initial test well drilled within an approved Exploratory Unit

## Key Points – Before PWD:

- **OGOR Reports** – Report on the exploratory unit agreement until PWD.
- **MMS-2014** – Report as lease basis until PWD.
- **Note:** *Exploratory unit agreement numbers are never reported on the MMS-2014.*

1	2	3	4
5	6	7	8
9	10	11	12

A 3x4 grid of colored squares representing lease units. The grid is divided into three rows and four columns. The top row contains units 1, 2, 3, and 4. The middle row contains units 5, 6, 7, and 8. The bottom row contains units 9, 10, 11, and 12. Units 1, 5, and 9 are yellow. Units 3, 4, and 11 are blue. Units 2, 6, 7, 8, 10, and 12 are grey. A red sun icon is located in the center of unit 7.



# Scenario 1a

Well Determined to  
be Non-Paying

1	2	3	4
5	6	7	8
9	10	11	12



# Scenario 1a - Reporting on initial test well drilled within an approved Exploratory Unit

## Key Points – Non-Paying well determination

### OGOR –

- Contact ONRR to deactivate the prior exploratory unit agreement reporting and then submit an original report for the lease.

### ONRR-2014 –

- Continue to report as lease basis.

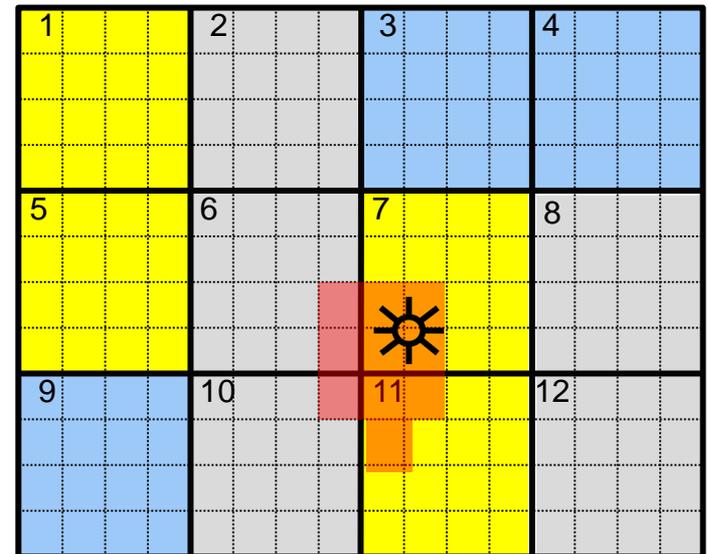
*Note: Once the well is determined to be a non-paying well it is no longer a unit well and is strictly treated as a lease basis well on both the OGOR and ONRR-2014.*





# Scenario 1b

Exhibit B  
Well Determined to  
be Paying – San  
Andres Participating  
Area Formed



# Scenario 1b – Reporting on an approved Participating Area



## Exhibit 'B' RMMLF Unit, Initial San Andres Participating Area

Tract Number	Lease Number or Type of Land	Legal Description	Participating Acreage	Percent of Participation	Working Interest Owners	
6	Fee	T17S, R29E Sec 21, E1/2SE1/4	80	20.00000%	Big Oil Company	75.0000%
					Red Rig Company	25.0000%
10	Fee	T17S, R29E Sec 28, NE1/4NE1/4	40	10.00000%	Big Oil Company	100.0000%
7	NMNM98789	T17S, R29E Sec 22, SW1/4	160	40.00000%	Big Oil Company	100.0000%
11	NMNM65655	T17S, R29E Sec 27, N1/2NW1/4 SW1/4NW1/4	120	30.00000%	Big Oil Company	50.0000%
					Derrick Inc.	50.0000%

### Summary

Federal	280.00	70.0000%
Fee	120.00	30.0000%
	<b>400.00</b>	<b>100.0000%</b>

# Scenario 1b – Reporting on an approved Participating Area

## Reporting on ONRR- 2014 for Big Oil Company

Reverse lease basis line and submit new lines in accordance with allocation schedule. Use ARC 35 on both the reversing entries and the rebooks. Net adjustments are not allowed.

	Reverse lease basis	Tract 7	Tract 11
Line Number	1	2	3
API Well Number			
ONRR Lease Number	0300987890	0300987890	0300656550
ONRR Agreement Number		NM 321234A	NM 321234A
Product Code	04	04	04
Sales Type code	ARMS	ARMS	ARMS
Sales MO/YR	042010	042010	042010
Transaction Code	01	01	01
Adjustment Reason Code	35	35	35
Sales Volume	-10000.00	4000.00	1500.00
Gas MMBtu	-10500.00	4200.00	1575.00
Sales Value	-26250.00	10500.00	3937.50
Royalty Value Prior to Allowances	-3281.25	1312.50	492.19
Transportation Allow. Deduction			
Processing Allowance Deduction			
Royalty Value Less Allowances	-3281.25	1312.50	492.19
Payment Method Code	3	3	3

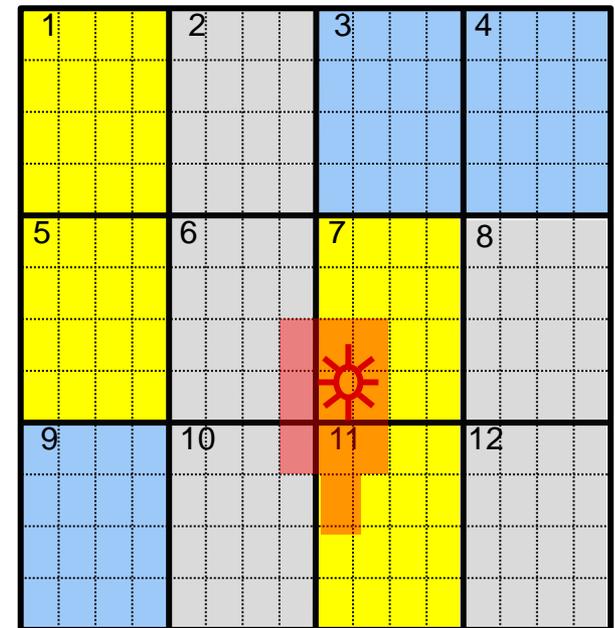
1	2	3	4
5	6	7	8
9	10	11	12



# Scenario 1b – Reporting on an approved Participating Area

## Reporting on ONRR-2014 for Derrick Inc.

	Tract 11
Line Number	1
API Well Number	
ONRR Lease Number	0300656550
ONRR Agreement Number	NM 321234A
Product Code	04
Sales Type code	ARMS
Sales MO/YR	042010
Transaction Code	01
Adjustment Reason Code	
Sales Volume	1500.00
Gas MMBtu	1575.00
Sales Value	3937.50
Royalty Value Prior to Allowances	492.19
Transportation Allow. Deduction	
Processing Allowance Deduction	
Royalty Value Less Allowances	492.19
Payment Method Code	3



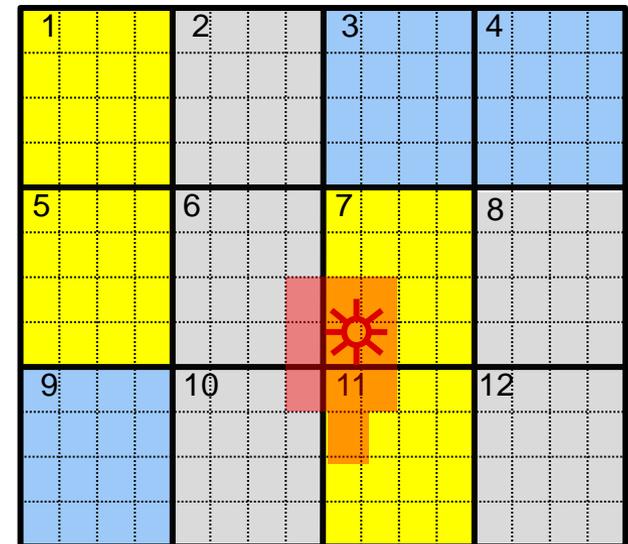


# Scenario 1b - Reporting on an approved Participating Area

**Key Points** –Paying well determination – Initial PA approved

**OGOR – Update Production Reports as follows:**

- The well in this scenario is the only well in the exploratory unit agreement, so you would contact ONRR to deactivate the prior exploratory unit agreement reporting.
- If there had been multiple wells in the exploratory unit agreement, you would submit a modify or replace report to remove the prior reporting from the exploratory unit agreement.
- Once the well is moved from the exploratory unit agreement, submit original reports for the PA retroactive to the well completion date.





# Scenario 1b - Reporting on an approved Participating Area

**Key Points** –Paying well  
determination – Initial PA approved.

**ONRR-2014** – Update Royalty Reports as follows:

- Submit adjusting entries backing out the lease basis reporting using Adjustment Reason Code (ARC) 35 retroactive to the PA effective date.
- Submit royalty adjustments rebooking the royalties in accordance with the PA allocation schedule (Exhibit B) retroactive to the PA effective date using ARC 35. Include both the applicable lease numbers and the PA agreement number on your report.
- Both adjusting entries backing out lease basis reporting and new PA royalty reporting should be on the same report.
- Net adjustments are not allowed.

1	2	3	4
5	6	7	8
9	10	11	12

The table is a 3x4 grid of cells. Cells 1, 5, and 7 are yellow. Cells 3, 4, 9, and 12 are light blue. Cells 2, 6, 8, 10, and 11 are light gray. Cell 11 contains a red gear icon. The grid is overlaid on a background of a landscape with mountains and a river.



# Scenario 2

## Reporting on Wells Producing Prior to Exploratory Unit Approval





## Scenario 2 Reporting on Wells Producing Prior to Exploratory Unit Approval

### Question:

What if there are producing wells prior to the approval of an Exploratory Unit?

### Answer:

Pre-existing wells normally remain lease basis. It is rare that a pre-existing well would ever become a PA well. If it did, the effective date of the PA would need to be considered and the well would be reported as lease basis until the PA effective date. (Again there are exceptions to the rule.)



# Scenario 2 Reporting on Wells Producing Prior to Exploratory Unit Approval

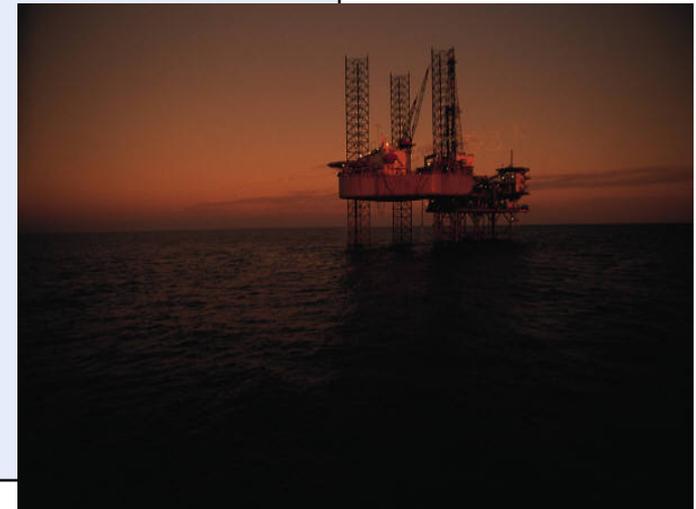
## Key Points – Pre-existing Wells

### OGOR –

- Continue to report as lease basis unless the well becomes part of a PA.
- If the well becomes part of a PA, adjust OGORs as outlined in Scenario 7 retroactive to effective date of PA.

### ONRR-2014 –

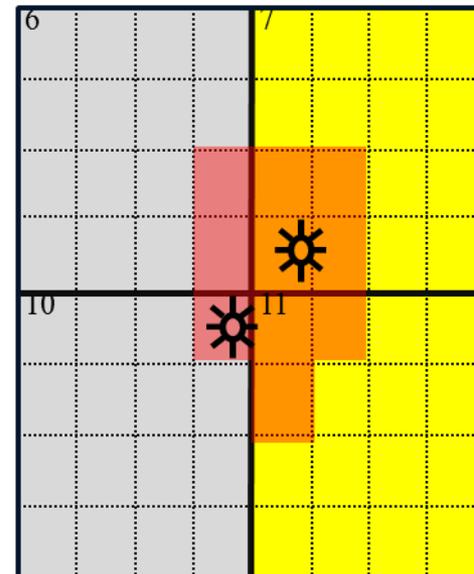
- Continue to report as lease basis unless the well becomes part of a PA.
- If the well becomes part of a PA, adjust the MMS-2014s as outlined in Scenario 7 retroactive to the effective date of the PA.





# Scenario 3

Reporting on additional wells drilled into the same formation of an approved PA





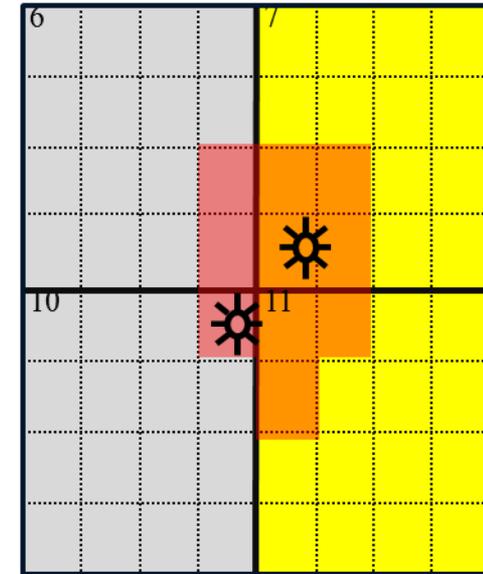
## Scenario 3 -- Reporting on additional wells drilled into the same formation of an approved PA

### Question:

Once a PA is established, what if additional wells are drilled into the same formation within the PA boundaries?

### Answer:

Wells drilled within the PA boundaries and in the same formation after the initial PA is approved are considered PA wells regardless of paying well status. Production should be combined with other PA production and allocated to each PA tract.



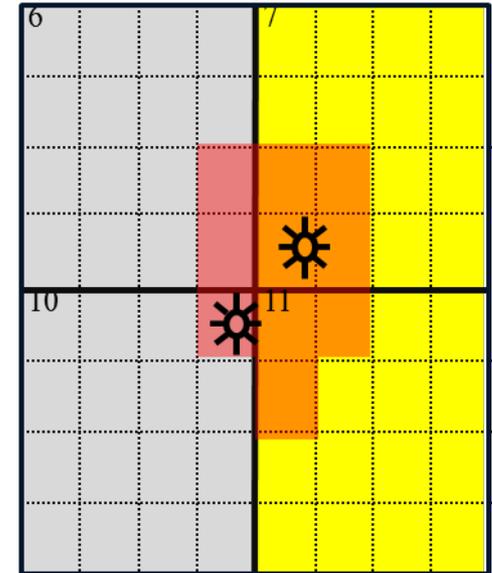


# Scenario 3 -- Reporting on additional wells drilled into the same formation of an approved PA

## Reporting on the ONRR-2014 - Multiple wells in PA

### Reporting for Big Oil Company

	Tract 7	Tract 11
Line Number	1	2
API Well Number		
ONRR Lease Number	0300987890	0300656550
ONRR Agreement Number	NM 321234A	NM 321234A
Product Code	04	04
Sales Type code	ARMS	ARMS
Sales MO/YR	042010	042010
Transaction Code	01	01
Adjustment Reason Code		
Sales Volume	5600.00	2100.00
Gas MMBtu	5908.00	2215.50
Sales Value	14770.00	5538.75
Royalty Value Prior to Allowances	1846.25	692.34
Transportation Allow. Deduction		
Processing Allowance Deduction		
Royalty Value Less Allowances	1846.25	692.34
Payment Method Code	3	3



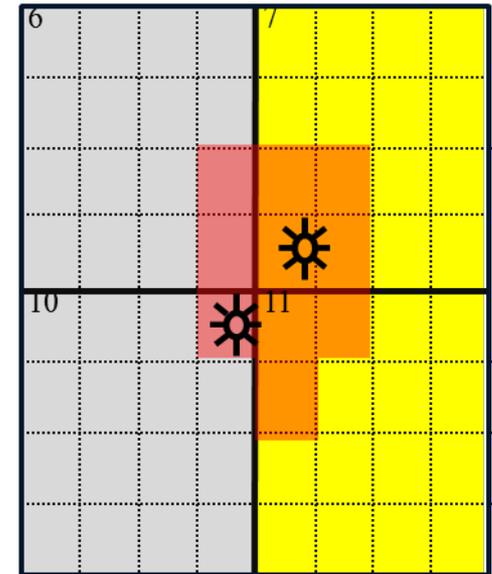


# Scenario 3 -- Reporting on additional wells drilled into the same formation of an approved PA

Reporting on the ONRR-2014 - Multiple wells in PA

Reporting for Derrick Inc.

	Tract 11
Line Number	1
API Well Number	
ONRR Lease Number	0300656550
ONRR Agreement Number	NM 321234A
Product Code	04
Sales Type code	ARMS
Sales MO/YR	042010
Transaction Code	01
Adjustment Reason Code	
Sales Volume	2100.00
Gas MMBtu	2215.50
Sales Value	5538.75
Royalty Value Prior to Allowances	692.34
Transportation Allow. Deduction	
Processing Allowance Deduction	
Royalty Value Less Allowances	692.34
Payment Method Code	3





# Scenario 3 -- Reporting on additional wells drilled into the same formation of an approved PA

## Key Points

**Subsequent wells drilled in the same formation and within the PA boundaries are automatically PA wells.**

### **OGOR –**

- Report all wells in PA on OGOR at the PA level.

### **ONRR-2014 –**

- Report all production from the PA according to the PA allocation schedule.

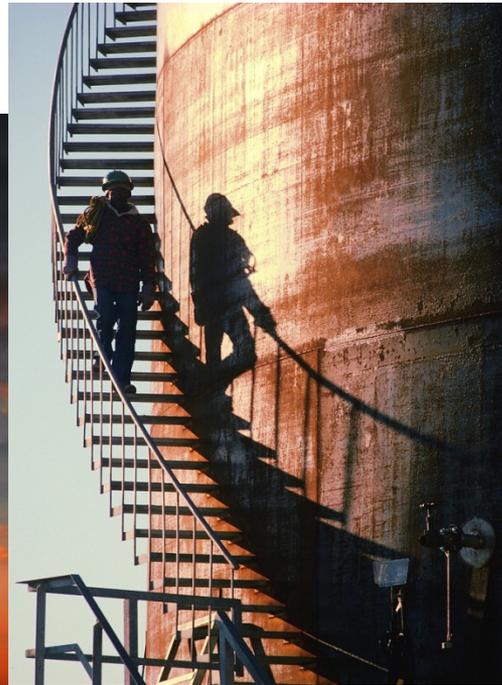




U.S. Department of the Interior

# Office of Natural Resources Revenue (ONRR)

## Overlapping Agreements



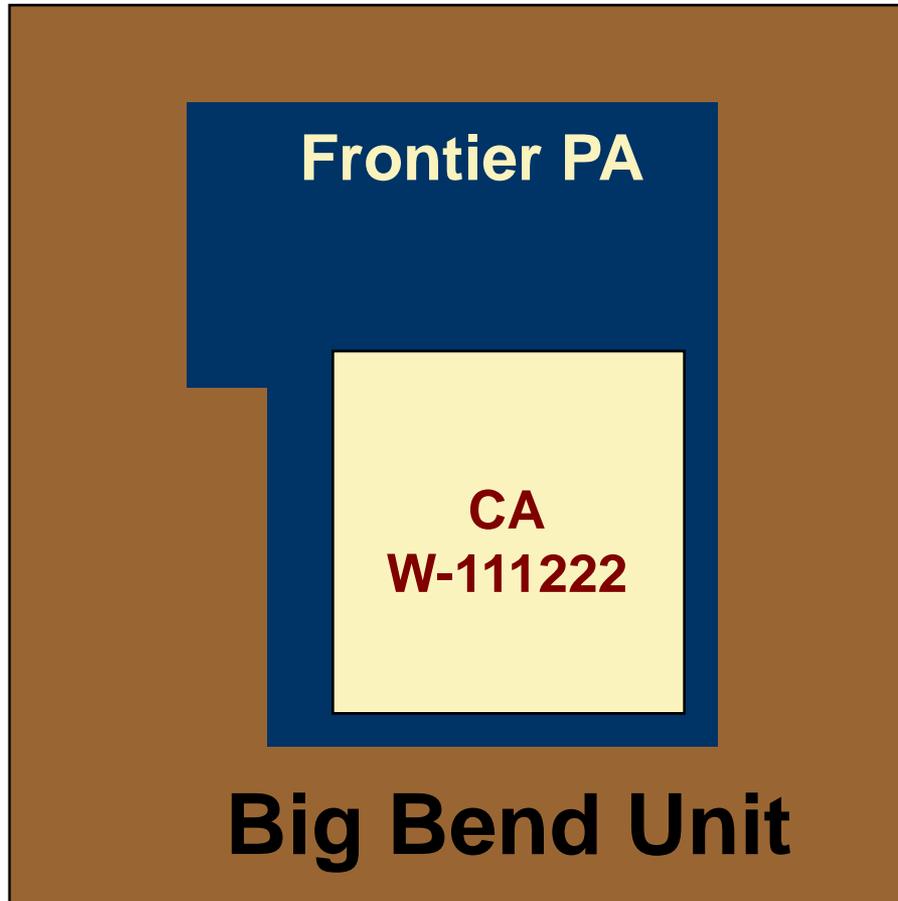
*Industry Compliance*

• *Accurate Revenues and Data*

• *Professionalism & Integrity*



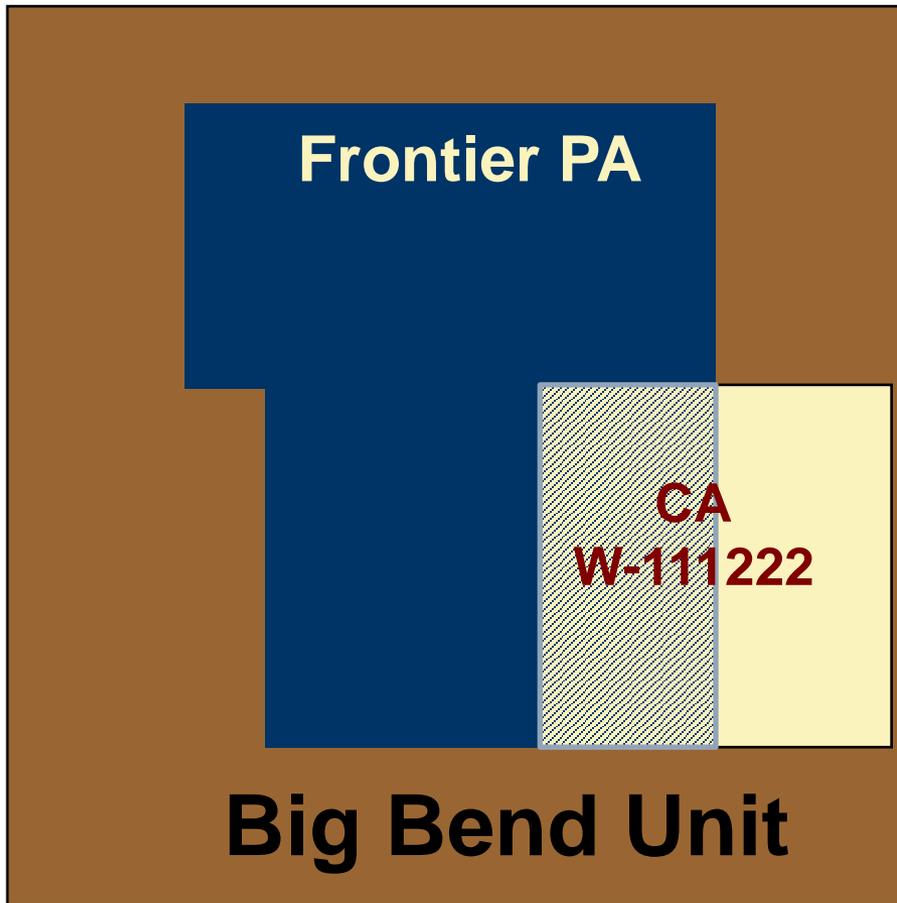
# Total Overlap



- **CA is entirely within the PA and**
- **The CA and PA are in the same formation**
- **All CA lands are committed to the PA**
- **OGOR – CA is silent and all reporting is done on PA**
- **MMS-2014 – CA is silent and all reporting is done on PA**



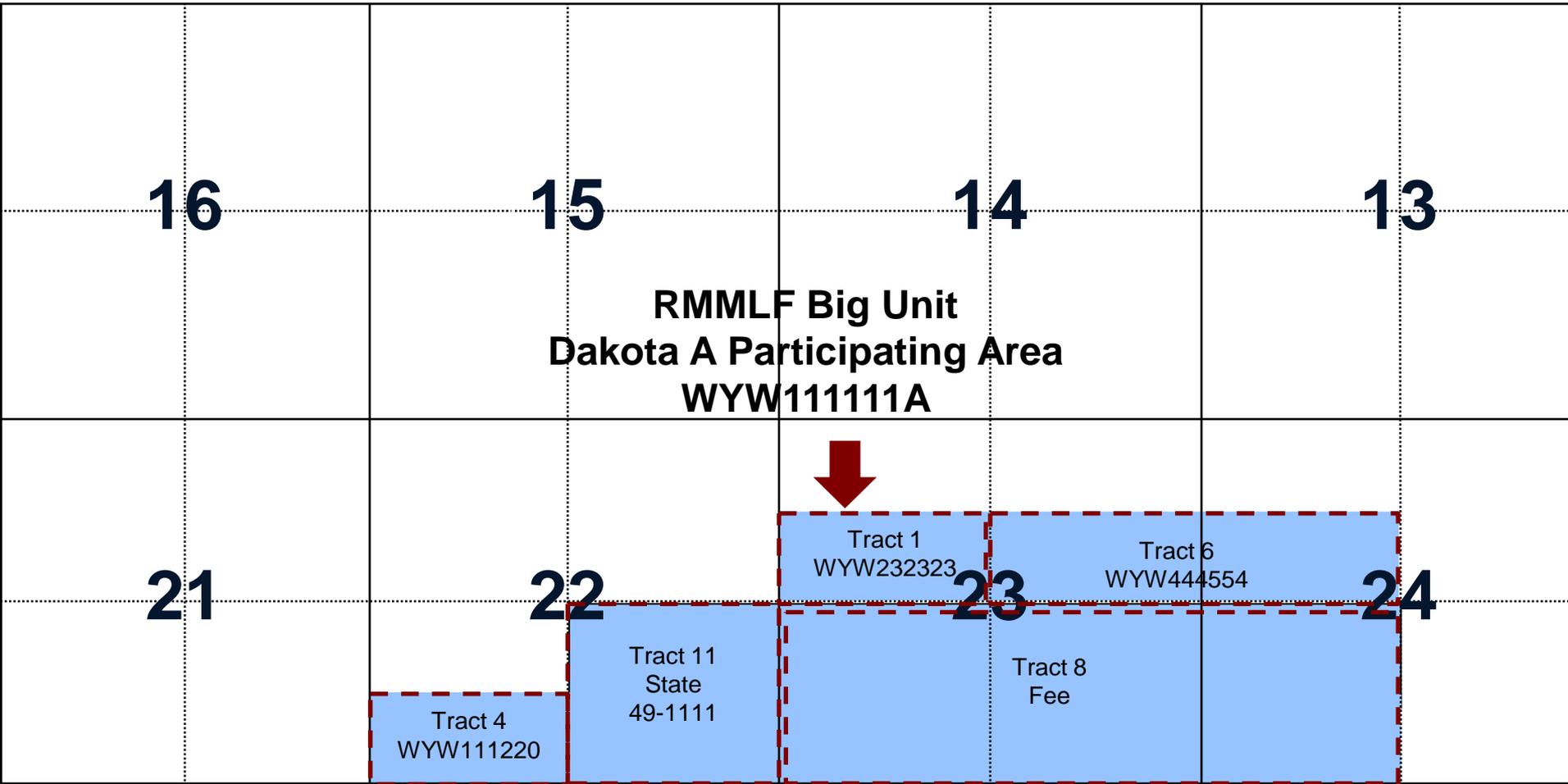
# Partial Overlap



- CA is partially within the PA and
- The PA and CA are in the same formation
- OGOR – All PA production is reported on the PA and all CA production is reported on the CA.
- MMS-2014 – CA production allocated to the overlapped portion of the CA is allocated to the PA in accordance with the PA allocation schedule.



# RMMLF Big Unit, Initial Dakota A Participating Area





# RMMLF Big Unit, Initial Dakota A Participating Area

## Exhibit 'B'

### RMMLF Big Unit, Initial Dakota A Participating Area

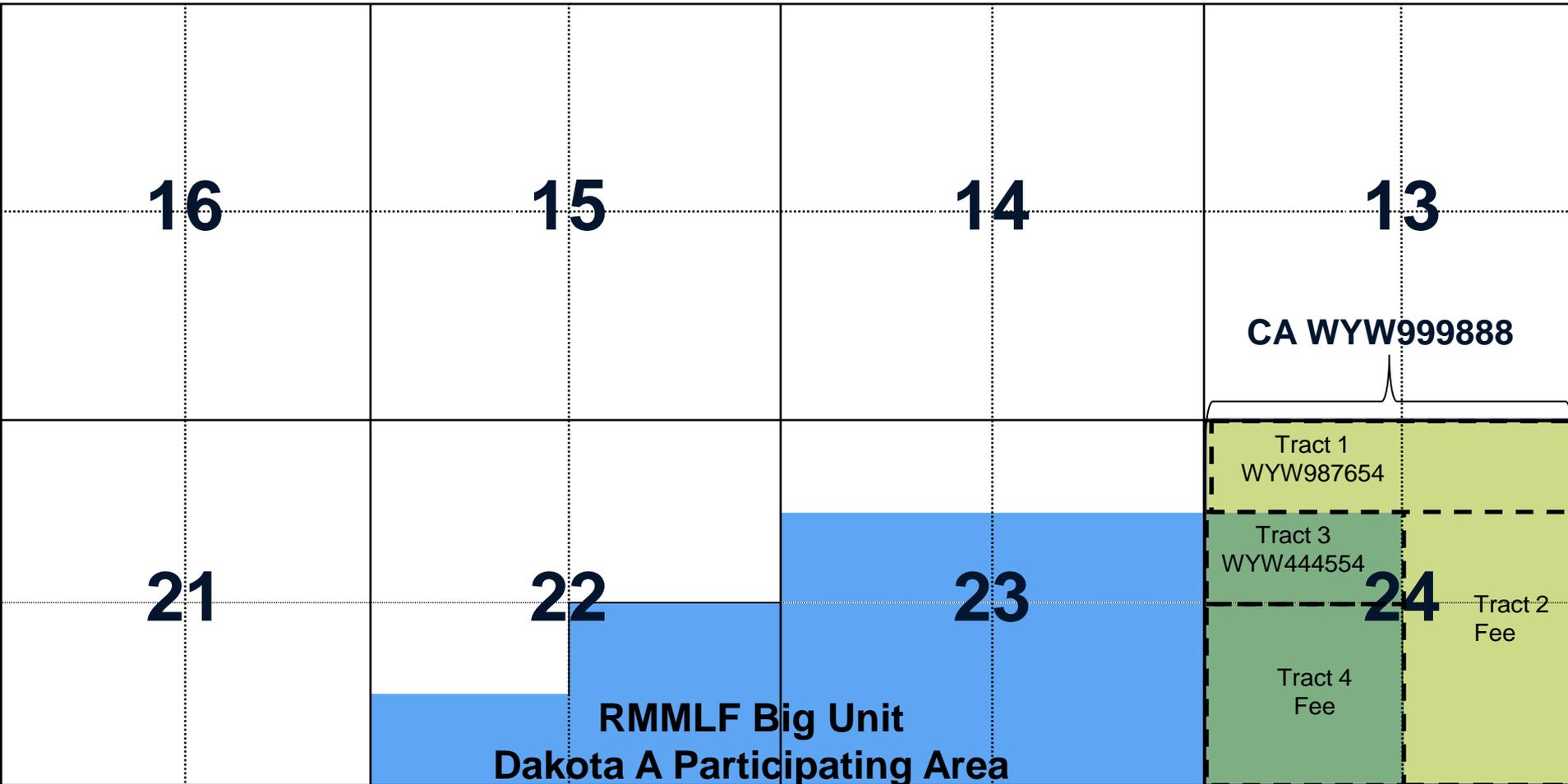
Tract Number	Lease Number or Type of Land	Legal Description	Participating Acreage	Percent of Participation	Working Interest Owners	
1	WYW232323	T23N, R46W Sec23, S1/2NW1/4	80	8.3334%	Big Oil Company	75.0000%
					Red Rig Company	25.0000%
6	WYW444554	T23N, R46W Sec 23, S1/2NE, Sec 24, S1/2NW1/4	160	16.6667%	Big Oil Company	100.0000%
8	Fee	T23N, R46W Sec 23, S1/2, Sec 24, SW1/4	480	50.0000%	Lotta Oil Company	100.0000%
11	State 49-1111	T23N, R46W Sec 22, SE1/4	160	16.6667%	Rodeo Company	50.0000%
					Derrick Inc.	50.0000%
4	WYW111220	T23N, R46W Sec 22, S1/2SW1/4	80	8.3334%	Derrick Inc.	100.0000%

### Summary

Federal	320.00	33.3334%
Fee/State	640.00	66.6667%
	<b>960.00</b>	<b>100.0000%</b>



# CA Partially Overlapped by PA





# Communitization Agreement WYW999888

**Exhibit 'B'**  
**CA WYW999888**

Tract Number	Lease Number or Type of Land	Legal Description	Participating Acreage	Percent of Participation	Working Interest Owners	
1	Federal WYW987654	T23N, R46W Sec24, N1/2N1/2	160	25.00000%	Big Oil Company	50.0000%
					Red Rig Company	50.0000%
2	Fee	T23N, R46W Sec 24, SE1/4, Sec 24, S1/2NE1/4	240	37.50000%	Big Oil Company	100.0000%
3	Federal WYW111111A	T23N, R46W Sec 24, S1/2NW1/4	80	12.50000%	Big Oil Company	100.0000%
11	Fee WYW111111A	T23N, R46W	160	25.00000%	Lotta Oil	100.0000%

**Summary**

Federal	240.00	37.5000%
Fee/State	400.00	62.5000%
	<u>640.00</u>	<u>100.0000%</u>

**NOTE: 37.5%, Tracts 3 and 11, of the CA is within the RMMLF Big Unit, Dakota A PA, WYW111111A**



# How to Report Royalties on Production from the Overlapped CA

Reporting Royalties on Production from CA W-999888 5000 bbls produced and sold from CA wells in April 2012					
	Tract #	Property	Allocation	Allocated volume	
CA	1	WYW987654	0.250000	1250.00	Report with CA #
	2	Fee	0.375000	1875.00	
	<b>3</b>	<b>Federal - OVLP</b>	<b>0.125000</b>	<b>625.00</b>	<b>Total overlapped portion = 37.5% = 1875bbls - Report on PA</b>
	<b>11</b>	<b>Fee - OVLP</b>	<b>0.250000</b>	<b>1250.00</b>	
PA	1	WYW232323	0.083334	156.25	Report with PA #
	6	WYW444554	0.166667	312.50	Report with PA #
	8	Fee	0.500000	937.50	
	11	State	0.166667	312.50	
	4	WYW111220	0.083334	156.25	Report with PA #

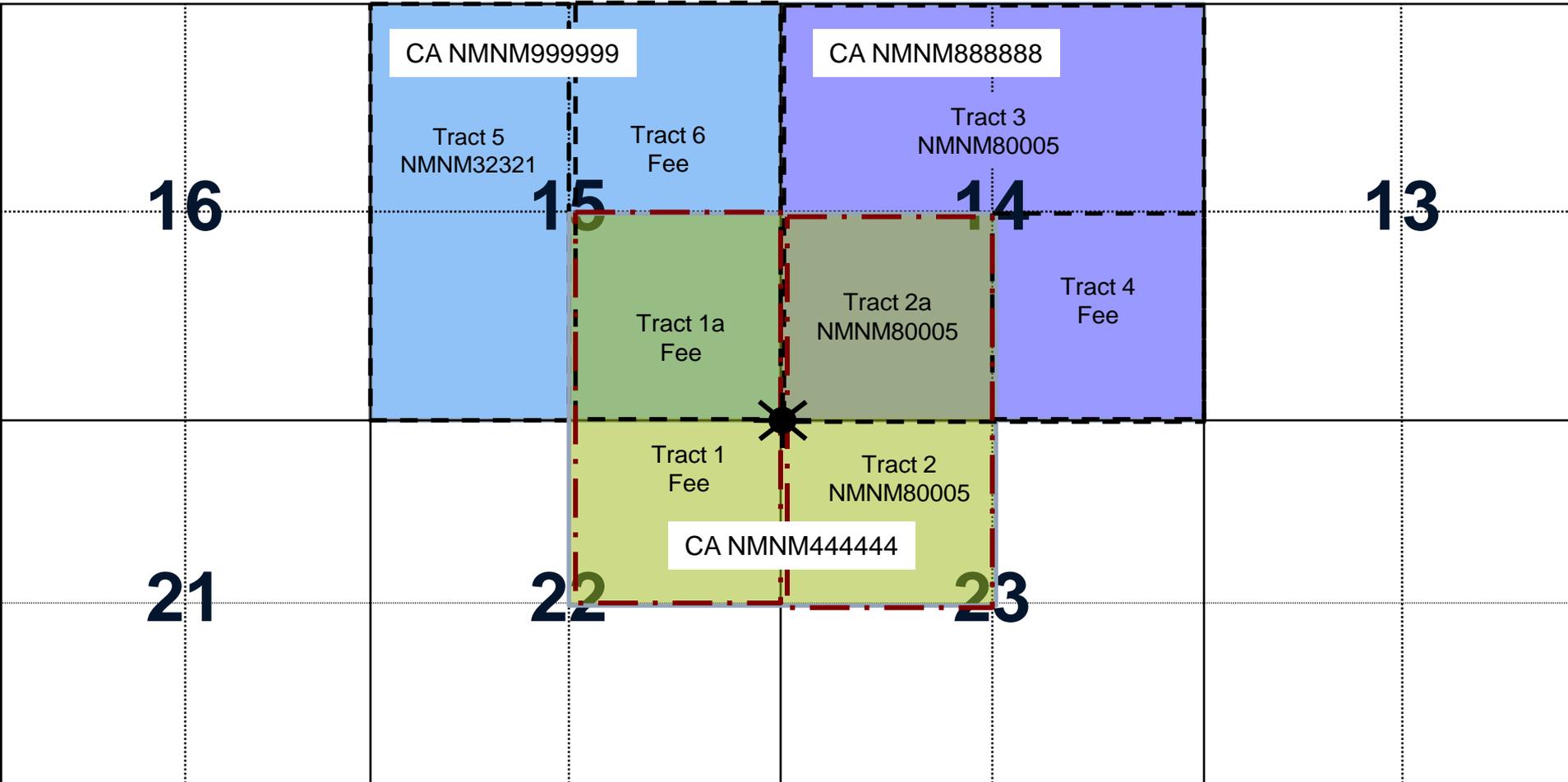


# How to Report Royalties on Production from the Overlapped CA

5	6	7	10	11	12	13	14	15
LINE NUMBER	RESERVED FOR PREPARER'S USE	MMS LEASE NUMBER	PRODUCT CODE	SALES TYPE CODE	SALES MO/YR (MM/CCYY)	TRANSACTION CODE	ADJUSTMENT REASON CODE	SALES VOLUME (Mcf/bbl/gal/long ton)
	8	9						19
	API WELL NUMBER	MMS AGREEMENT NUMBER						ROYALTY VALUE PRIOR TO ALLOWANCES \$
1		049 987654 0	01	ARMS	042012	01		1250 00
		W 999888						
2		049 232323 0	01	ARMS	042012	01		156 25
		W 111111 A						
3		049 444554 0	01	ARMS	042012	01		312 50
		W 111111 A						
		049 111220 0	01	ARMS	042012	01		156 25
		W 111111 A						



# Multiple CA Overlaps





# Reporting Royalties on Production from a CA overlapped by multiple CAs

Reporting Royalties on Production from CA NMNM-444444 10,000 bbls produced and sold from CA wells in June 2012					
	Tract #	Property	Allocation	Allocated volume	
CA NMNM444444	1	Fee	0.250000	2500.00	
	2	NMNM80005	0.250000	2500.00	Report on this CA
	1a	Overlapped	0.250000	2500.00	Report on CA NMNM999999
	2a	Overlapped	0.250000	2500.00	Report on CA NMNM888888
CA NMNM999999	5	NMNM32321	0.500000	1250.00	Report on this CA
	6	Fee	0.500000	1250.00	
CA NMNM888888	3	NMNM80005	0.750000	1875.00	Report on this CA
	4	Fee	0.250000	625.00	



# Reporting Royalties on Production from a CA overlapped by multiple CAs

5	6	7	10	11	12	13	14	15
LINE NUMBER	RESERVED FOR PREPARER'S USE	MMS LEASE NUMBER	PRODUCT CODE	SALES TYPE CODE	SALES MO/YR (MM/CCYY)	TRANSACTION CODE	ADJUSTMENT REASON CODE	SALES VOLUME (Mcf/bbl/gal/long ton)
	8	9						19
	API WELL NUMBER	MMS AGREEMENT NUMBER						ROYALTY VALUE PRIOR TO ALLOWANCES \$
1		029 080005 0	01	ARMS	062012	01		2500 00
		NM 444444						
2		029 032321 0	01	ARMS	062012	01		1250 00
		NM 999999						
3		029 080005 0	01	ARMS	062012	01		1875 00
		NM 888888						



# Formulas for Reporting on an Overlapped Agreement

**Formula for reporting on tracts that are NOT overlapped:**

$$\begin{array}{l} \text{Total} \\ \text{Volume} \\ \text{Sold} \end{array} \times \begin{array}{l} \text{CA} \\ \text{Tract} \\ \% \end{array} \times \begin{array}{l} \text{Ownership} \\ \% \end{array} = \text{Sales Volume}$$

**Formula for reporting on overlapped tracts:**

$$\begin{array}{l} \text{Total} \\ \text{Volume} \\ \text{Sold} \end{array} \times \begin{array}{l} \text{CA} \\ \text{Tract} \\ \% \end{array} \times \begin{array}{l} \text{Ownership} \\ \% \end{array} \times \begin{array}{l} \text{PA} \\ \text{Tract} \\ \% \end{array} = \text{Sales Volume}$$



# How do I identify overlapping agreements?

- ✓ Overlapped agreement (usually CA) exhibits
- ✓ BLM LR2000
- ✓ Agreement Profile

Remember:

- ✓ Royalties are Reported on the lease
- ✓ Production is Reported on the Agreement



# Questions????



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• *Accurate Revenues and Data* • *Professionalism & Integrity*



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

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2014

# Report of Sales And Royalty Remittance FORM-ONRR 2014 Report

## BASIC REPORTING PRINCIPLES AND FORM PREPARATION



# Leases Reported and Paid To ONRR

## Federal Leases (Onshore)

- Royalty (Producing)
- Minimum Royalty
- Rent – 2014 Report

## Indian Leases (Tribal & Allotted)

- Royalty (Producing)
- Advance rent  
(Producing)
- Rent (Non-producing  
leases that committed  
to producing  
agreements)



## Contact Information

Toll Free

1-800-525-0309 Royalty Team

1-800-525-9167 Reference Team

303-231-3650 Local Denver

FAX

(303) 231-3700 or (303) 231-3608

## Electronic Commerce Contacts

For assistance with E-commerce, contact the Error Correction Analyst assigned to your company. The contact list can be found at:

<http://onrr.gov/ReportPay/PDFDocs/royassign.pdf>



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

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Office of Natural Resources Revenue  
DOI Office of the Secretary

ONRR's Website

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Contact Us

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**VALUATION**  
PRICING & GUIDANCE

**COMPLIANCE**  
ENFORCEMENT & APPEALS

**INDIAN SERVICES**  
ALLOTTEES & TRIBES

## ONRR Mission:

“To collect, disburse, and verify Federal revenues on behalf of all Americans.”

ONRR Fiscal Year 2013 Total



## ★ Favorites

### USEITI

- U.S. Extractive Industries Transparency Initiative

### Statistics

- Statistical Information

### Reporting/Paying

- Data Warehouse Portal
- eCommerce Portal
- Forms
- Handbooks
- Late Payment Interest
- Reporter Training

### About Us

- Contact Us
- Office Locations
- Employment Opportunities
- Overview

### Indian Services

- Allottee Assistance
- Federal Indian Minerals Office (FIMO)

### Valuation

- Indian Index Zone Prices
- Indian Major Portion Prices

REPORTING/PAYING RESOURCES

- Production Reporting
- Royalty Reporting
- Solid Minerals Reporting
- Payments
- Forms
- Late Payment Interest
- Handbooks
- Reporter Letters
- Reporter Training

Revenues on behalf of

\$375,454

Events

Press Releases | FR Notices | Reporter Letters | Events | Tweets



## Latest ONRR Press Releases

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**Interior Announces Improved Valuation Method for Oil Produced on American Indian Lands - Comment Sought on Rule that Would Boost Royalties to Indian Country by \$20 Million a Year**

WASHINGTON, D.C. — Following President Obama's historic visit to Indian Country last week where he underscored his commitment to work with tribal leaders to build strong, resilient economies, Secretary of the Interior Sally Jewell announced today that the De[...]

- Published June 18, 2014

**ONRR Issues \$533,520 Civil Penalty to CEP M Purchase - Company cited for failure to report production**

Denver — The Department of the Interior's Office of Natural Resources Revenue (ONRR) announced today that it assessed a \$533,520 civil penalty to CEP M Purchase, LLC, (CEP) for failure to report production on federal leases.

- Published June 12, 2014

<http://www.onrr.gov>



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

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## New Payor Checklist

If your company has never reported and paid royalties to ONRR, you must complete these steps to assure your company is correctly set up to do so. [View the New Royalty Reporter Checklist here.](#)

## Pay.gov Payments (free Internet portal to U.S. Treasury)

### Payment Instructions

[Pay.gov Royalty Invoice Form FAQ, Instructions and Examples \(PDF\)](#)

[Pay.gov ROW/RUE Rental Form FAQ, Instructions and Examples \(PDF\)](#)

### Contacts

#### Stanley Chan

✉ [Stanley.Chan@onrr.gov](mailto:Stanley.Chan@onrr.gov)

☎ (800) 525-0309 x3114

☎ (303) 231-3114

#### Brian Hoffman

✉ [Brian.Hoffman@onrr.gov](mailto:Brian.Hoffman@onrr.gov)

☎ (800) 525-0309 x3235

☎ (303) 231-3235

## Reporting/Payments > Payments

## Video Instructions for Using Pay.gov



## ACH Payments (bank-initiated deposits to U.S. Treasury)

### Payment Instructions



## Electronic Payment Methods

- Pay.gov – Fast! Easy! Free!
  - Pay.gov is a free, secure, web-based electronic option to make royalty and invoice payments to ONRR. Pay.gov is available 24 hours a day, 7 days a week (holidays included) for customers to submit payments.
- U.S. Treasury Fedwire Deposit System
  - The U.S. Treasury Fedwire Deposit System (Fedwire) allows you to submit electronic payments to the Office of Natural Resources Revenue (ONRR) for same-day processing.
  - You must provide specific information to your bank so that a Fedwire message can be transmitted to the ONRR U.S. Treasury account. Your bank may require additional information that is not required by the ONRR. *Required* fields for the transfer message to ONRR, and a description of each item on the funds transfer message, are contained within the instructions.
- Automated Clearing House (ACH)
  - You have the ability to remit your payments to ONRR through the Automated Clearing House (ACH) network. Your bank will prepare the ACH payment based on your instructions, and then transfer the funds to ONRR's bank account. ACH payments require overnight batch processing by the banking industry, which will delay the receipt of funds by ONRR. Check with your bank to understand how long it will take for ONRR to receive an ACH payment, and make sure to time your transfers to meet payment deadlines.



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

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2014

Payment Type	Form that must Accompany Payment		Payment Options							
	Commodities except Solid Minerals	Solid Minerals	Federal				Indian (Tribes with a lockbox, see Instructions)			
			pay.gov	ACH	Fedwire	Check	pay.gov	ACH	Fedwire	Check
Rent (non-Courtesy Notice)	ONRR-2014	ONRR-4430 (P&R)*	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes
Royalty	ONRR-2014	ONRR-4430 (P&R)	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes
FIN, IOR, OTH Invoices**	ONRR-2014	ONRR-4430 (P&R)	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes
INT Invoice**	None	None	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes
Rent	Courtesy Notice	Courtesy Notice	No	No	No	Yes****	No	No	No	NA
ROW/RUE	Courtesy Notice	Courtesy Notice	No	No	No	Yes****	No	No	No	NA
Gas Storage	Courtesy Notice	Courtesy Notice	No	No	No	Yes****	No	No	No	NA
Deferred Bonuses	Courtesy Notice	Courtesy Notice	No	No	No	Yes****	No	No	No	NA
Well Fees	Courtesy Notice	Courtesy Notice	No	No	No	Yes****	No	No	No	NA

\*If your payment is for a rental on a Solid Minerals lease that is NOT associated with a mine, it MUST be reported on an ONRR-2014.

\*\***FIN** - Financial Terms, **IOR** - Indian Over-Recoupment, **OTH** - Other, **INT** - Interest

\*\*\*If you are paying rent, fees, or bonus via Courtesy Notice by check, do NOT send an ONRR-2014. You must put the MAXXX customer number, F/I (Federal/Indian) indicator, and lease number on your check. Include both the Courtesy Notice and your check in the envelope provided.



# Reporting Information



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[Home](#) > [Reporting & Paying](#) > **Royalty Reporting (except Solid Minerals)**

## Royalty Reporting (except Solid Minerals)

### Reporter Set-Up and Maintenance A A A

**New Royalty Reporter Checklist** — If your company has never reported and paid royalties to ONRR, you must complete these steps to assure your company is correctly set up to do so. [View the Royalty Reporter checklist here.](#)

**Add/Cancel Users under your Payor Code/Customer ID** — Submit completed EMARFs to add/change the status of individuals who report and/or remit payments for your company.

- [External MRM Application Request Form \(PDF\)](#) (EMARF) (as of 10/2010)
- [EMARF Instructions \(PDF\)](#) (as of 10/2013)

**Establish/Update Address and/or Addressee Contact Information** — You must complete, sign and mail an original Form ONRR-4444 to establish your official mailing address and contact information with ONRR. Changes and updates can only be made via 4444—we cannot update contact information from phone calls, emails, or other correspondence.

- [Form ONRR-4444 \(PDF\)](#)
- [Instructions to Payors and Operators for the Form ONRR-4444 \(PDF\)](#)

**Company Name Changes** — Company name changes must be initiated by the company through BLM (for onshore Federal leases), BOEM in the Gulf (for offshore leases), or BIA (for Indian leases). ONRR and the company will be notified in writing that the name change is recognized and the effective date. For assistance with this process, please contact Reporting & Solid Minerals Services at ☐ 1-800-525-0309.

- [Form ONRR-4444 \(PDF\)](#)
- [Instructions to Payors and Operators for the Form ONRR-4444 \(PDF\)](#)

### File Reports, and Research Prior Data

[Log in to the ONRR Data Warehouse portal](#) to access the eCommerce web site for electronic reporting, and to view your past Form ONRR-2014 reports.

### Forms

#### Royalty Reporting

- [Form ONRR-2014 \(PDF\)](#) — Report of Sales & Royalty Remittance (expires 12/31/2015)
  - [Form ONRR-2014 — ASCII Record Layout \(PDF\)](#)
  - [Form ONRR-2014 — CSV Record Layout \(PDF\)](#)
  - [Sample file](#)



# Handbooks & Manuals



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[Home](#) > [Reporting & Paying](#) > **Handbooks**

## Handbooks

[A](#) [A](#) [A](#)

### Minerals Revenue Reporter Handbook \*

[Minerals Revenue Reporter Handbook \(PDF\)](#)

Release 2.0, dated 7/1/2003

Chapter 7, Release 3.0, dated 11/30/2007

Call **Mary Dietrick** at ☐ (303) 231-3318 regarding contents.

### Minerals Production Reporter Handbook \*

[Minerals Production Reporter Handbook \(PDF\)](#)

Release 1.1, effective 10/1/2001, updated 2/1/2002

[Appendix I, Disposition/Adjustment Codes \(PDF\)](#)

Appendix I, Disposition/Adjustment Codes Final Draft, revised 11/21/2012

Call **Louise Williams** at ☐ (303) 231-3439 regarding contents.

\* ONRR will provide one hard copy of the Minerals Revenue and/or Minerals Production Reporter Handbooks to current Federal or Indian lease reporters/payors *only* if they cannot access the PDF versions on line. ONRR will provide a CD that contains both handbooks upon request. Call **Barbara Fletcher** at ☐ (303) 231-3605 regarding hard copies or CDs.

### Oil and Gas Payor Handbook \*\*

[Oil and Gas Payor Handbook, Volume III--Product Valuation \(PDF\)](#)

Release 2.1, dated 2/15/2001

Call ☐ (800) 525-0309 or ☐ (800) 525-7922 regarding contents.

\*\* ONRR will provide one hard copy of this handbook to current Federal or Indian lease reporters/payors *only* if they cannot access the PDF version on line. To receive a copy, call **Barbara Fletcher** at ☐ (303) 231-3605.

### AFS Payor Handbook

[AFS Payor Handbook – Solid Minerals \(PDF\)](#)

Release 1.0, dated 2/27/1997

Call **Lee-Ann Martin** at ☐ (303) 231-3313 regarding contents.

### Geothermal Payor Handbook

[Geothermal Payor Handbook – Product Valuation \(PDF\)](#)

Release 1.0, dated 12/27/1996



# Dear Reporter Letters



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[Home](#) > [Reporter Letters](#)

## Reporter Letters

ONRR periodically sends Reporter Letters to active payors and reporters regarding important information such as system or procedural changes, deadlines, reporter training schedules, and updates to the Code of Federal Regulations. A A A

The list of Reporter Letters is searchable by date or by word or words in the Subject line—it automatically sorts the list as you type in the Search field.

**Note:** In order to receive Reporter Letters, you must have at least one signed, original Form ONRR-4444 on file with us. The form and detailed instructions are on the [Forms](#) page.

**Select a Reporter Letter to view it.**

Show  entries
Table Search:

Reporter Letter ⌵	Date ⌵
<a href="#">Oil and Gas Reporter Training sessions for 2014 (PDF)</a>	06/10/2014
<a href="#">Reporting Crude Oil Type for Indian Oil Production (PDF)</a>	03/31/2014
<a href="#">Royalty on Gas Used or Lost Along a Pipeline Prior to the Point of Sales (PDF)</a>	08/08/2013
<a href="#">Geothermal Report -- Generating and Transmission (PDF)</a>	06/19/2013
<a href="#">Geothermal Report -- Sale Type Code (PDF)</a>	06/18/2013
<a href="#">Administrative Cost Assessment for Federal Debt Collection (PDF)</a>	03/21/2013
<a href="#">OGOR B, Form MMS-4054-B, Change to Product Disposition for Certain Gas Sales. (PDF)</a>	02/05/2013
<a href="#">Keepwhole Gas Processing Contracts (PDF)</a>	11/21/2012
<a href="#">Indian Leases Dual Accounting, &amp; Sales Beyond First Index Pricing Point (PDF)</a>	08/27/2012
<a href="#">Indian Leases Arm's-Length Contracts, &amp; Paying Royalties for Others (PDF)</a>	08/27/2012

Showing 1 to 10 of 320 entries



# Interest Tables



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[Home](#) > [Reporting & Paying](#) > **Late Payment & Overpayment Interest Tables '10-Current**

## Late Payment & Overpayment Interest Tables

[A](#) [A](#) [A](#)

### Years 2010 through Current Year

The Federal Oil and Gas Royalty Simplification and Fairness Act of 1996 (RSFA), requires ONRR to pay interest on federal oil and gas royalty overpayments. The RSFA also allows royalty reporters to calculate interest on royalties and to report this interest on the Report of Sales and Royalty Remittance, Form ONRR-2014.

This reporting option applies solely to federal oil and gas leases and to reports for sales months January 1997 and later. Reporters may begin reporting interest on overpayments and underpayments on Form ONRR-2014 for the October 1997 report month.

Underpayment interest on solid mineral and geothermal leases is calculated as simple interest using the United States Treasury Current Value of Funds Rate. Underpayment interest on oil and gas leases is calculated as compound interest using the Internal Revenue Service underpayment rate for corporate tax payers. Overpayment interest on oil and gas leases is calculated as compound interest using the Internal Revenue Service overpayment rate for corporate tax payers.

The following table contains the interest rates used to calculate underpayment and overpayment interest.

#### Interest Calculator (Excel)

Interest Table for [Years 1997 through 1999](#)

Interest Table for [Years 2000 through 2004](#)

Interest Table for [Years 2005 through 2009](#)

[CLICK HERE FOR A SAMPLE INTEREST CALCULATION](#)  
(CLICK TO OPEN / CLOSE)

Rates Used to Calculate Interest				
Late Payments and Underpayments				Overpayments
Period	Indian Oil & Gas Leases	Federal and Indian Solid Mineral and Geothermal Leases *	Federal Oil and Gas Leases	Federal Oil and Gas Leases
1/1/2010 - 3/31/2010	4.0%	1.0%	4.0%	3.0%
4/1/2010 - 6/30/2010	4.0%	1.0%	4.0%	3.0%
7/1/2010 - 9/30/2010	4.0%	1.0%	4.0%	3.0%
10/01/2010 - 12/31/2010	4.0%	1.0%	4.0%	3.0%
1/1/2011 - 3/31/2011	3.0%	1.0%	3.0%	2.0%
4/1/2011 - 6/30/2011	4.0%	1.0%	4.0%	3.0%



# New Payor Checklist



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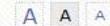
**INDIAN SERVICES**  
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[Home](#) > [Reporting & Paying](#) > **[New Royalty Reporter Checklist](#)**



## New Royalty Reporter Checklist

Perform the following tasks to assure your company is set up to report and remit rental and royalties for Federal and Indian leases/agreements correctly and timely.



### Have ONRR assign a Payor Code to your company

Contact Reporting & Solid Minerals Services at ☐ (800) 525-0309.

### Establish access to the ONRR Data Warehouse

The ONRR Data Warehouse portal provides secure access to the eCommerce web site, where you report royalties electronically, and to the Data Warehouse, where you can view your reporting history, and to your Statement of Account. Access is granted on an individual basis. Have each individual who will report and/or access your archived data follow these steps:

1. Open and read the [Acceptable Use Policy for External Users](#). (PDF)
2. Open the [EMARF Form](#) (PDF) and complete it using the [EMARF Instructions](#). (PDF)

### Establish your contact information with ONRR

Complete and mail at least one Form ONRR-4444 to ONRR to establish your official mailing and contact information. ONRR cannot enter or change contact information based on emails, phone calls, or other correspondence.

Form ONRR-4444 establishes address information for one or more correspondence types. Because our system allows one address/addressee for each correspondence type, you must submit separate forms for different addresses/addressees. New information will overwrite current information.

1. Open the [Form ONRR-4444](#). (PDF)
2. Open and follow the [Instructions for Form ONRR-4444](#) (PDF) to complete, print, sign, and mail the form to ONRR.

### Send a Form W-9 to ONRR

You must complete, sign and mail a **Request for Taxpayer ID**, Form W-9, to establish your account with ONRR. Please read the instructions carefully.

- [Form W-9](#) (PDF) (Request for Taxpayer ID)
- [Form W-9 Instructions to Payors and Operators](#) (PDF)
- [30 CFR citation re how to report a Taxpayer Identification Number](#) (PDF)



# New Operator Checklist



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[Home](#) > [Reporting & Paying](#) > ***New Production Operator Checklist***



## *New Production Operator Checklist*

**Perform the following tasks** to assure your company is correctly set up to report production for leases/agreements to ONRR.

A A A

### Have an ONRR Operator Number Assigned

#### Offshore Production Reporters

1. Contact an adjudicator in any Outer Continental Shelf (OCS) Regional office to apply for an OCS Qualification Number. You need the number before you can become an OCS bidder, lessee, assignee or operator. Qualifying with any OCS Region allows you to operate nationally.

**Alaska OCS Region**

(907) 334-5200

**Gulf of Mexico OCS Region**

(504) 736-2436

**Pacific OCS Region**

(805) 389-7837

2. After you receive your OCS Qualification Number, call one of the following contacts to obtain your ONRR Operator Number, set up electronic reporting, and receive an explanation of reporting requirements:

**Primary ONRR contact**

(303) 231-3627

**Secondary ONRR contact**

(303) 231-3097

#### Onshore Production Reporters

To obtain your ONRR Operator Number, to set up electronic reporting, and to receive an explanation of reporting requirements, call:

**Primary ONRR contact**

(303) 231-3627

**Secondary ONRR contact**

(303) 231-3097

**PRODUCTION RELATED LINKS**

- Production Reporting
- Maintain Your Information
- Contacts
- References

### Establish Access to the ONRR Data Warehouse

Establish access to the ONRR Data Warehouse for electronic reporting (*eCommerce*) and to view prior reporting information. Access is granted on an individual basis. Have each individual who will report production and/or require access to your company's archived data complete, sign, and mail an External MRMS Application Request Form (*EMARF*) to ONRR.



# Reports and Payments

- Include your five-digit, ONRR-assigned payor code and an eight-digit PAD number on all payments and reports.
- Your payor code and PAD number must match on your report and corresponding payment.
- The payment total and the 2014 report total must match.



# Due Dates

- **Royalties** are due the last day of the month following the month the product was sold or removed from the lease.
  - If the last day of the month falls on a weekend or Federal holiday, the royalties are due the next business day.
  - Payments are due by 4 p.m. Mountain Time and are credited when received; postmark does not apply.
  
- **Minimum royalties Payments** – Reports and payments for minimum royalties are due to ONRR by 4:00 p.m. mountain time on or before the last day of the month and year of the lease year, regardless of whether or not there is an estimate established on the lease.
  
- **Rental Payments** – Reports and payments for rents are due to ONRR by 4 p.m. mountain time on or before the lease anniversary date.
  
- **Reports** are due by 6 pm Mountain Time if reporting electronically; received by 4 pm Mountain Time if reporting on paper.



# Authorized Reporting Forms

- Paper Form 2014
  - Only to be used if you are not required to report electronically
  - Photocopies must be 8 1/2 inches long by 14 inches wide.
- Electronic Form (e-Commerce)
  - ONRR now requires most reporters to submit data electronically

# Form ONRR-2014

U.S. DEPARTMENT OF THE INTERIOR  
Office of Natural Resources Revenue

## REPORT OF SALES AND ROYALTY REMITTANCE FORM ONRR-2014

OMB Control Number 1012-0004  
OMB Approval Expires 12/31/2015

For MMS Use Only

1 PAYOR NAME: \_\_\_\_\_

3 FEDERAL/INDIAN REPORT INDICATOR  (F or I)

2 PAYOR CODE: \_\_\_\_\_

4 PAYOR-ASSIGNED DOCUMENT NUMBER \_\_\_\_\_

5 LINE NUMBER	6 RESERVED FOR PREPARER'S USE	7 ONRR LEASE NUMBER	10 PRODUCT CODE	11 SALES TYPE CODE	12 SALES MOYR (MMCCYY)	13 TRANSACTION CODE	14 ADJUSTMENT REASON CODE	15	16	17	18	23 PAYMENT METHOD CODE
								8 API WELL NUMBER	9 ONRR AGREEMENT NUMBER	19 SALES VOLUME (Mcf/bbl/gal/long ton)	20 GAS MMBtu	
1								19 ROYALTY VALUE PRIOR TO ALLOWANCES \$	20 TRANSPORTATION ALLOWANCE DEDUCTION \$	21 PROCESSING ALLOWANCE DEDUCTION \$	22 ROYALTY VALUE LESS ALLOWANCES \$	
2												
3												
4												

I have read and examined the statements in this report and agree they are accurate and complete.

Authorized Name (print) and Signature \_\_\_\_\_

Date \_\_\_\_\_

If company contact information has changed, please indicate below: (Please print)

Contact Name \_\_\_\_\_

Phone Number \_\_\_\_\_

Street \_\_\_\_\_

P.O. Box \_\_\_\_\_

Suite or Other Identifier \_\_\_\_\_

City \_\_\_\_\_

State \_\_\_\_\_

Zip Code \_\_\_\_\_

Fax Number \_\_\_\_\_

Email Address \_\_\_\_\_

PAYMENT INFORMATION

Checks To ONRR (PM1) \_\_\_\_\_  
 \*Indian Direct Pay (PM2) \_\_\_\_\_  
 EFT Payments (PM3) \_\_\_\_\_  
 \*Royalty-In-Kind (PM4) \_\_\_\_\_  
 Checks To ONRR For BIA (PM5) \_\_\_\_\_  
 Other (For Future Use) (PM6) \_\_\_\_\_  
 \*Indian Lockbox (PM7) \_\_\_\_\_  
 Total All Payments: = \_\_\_\_\_  
 Less Available Credits: (\*Credits may not be applied to PM2, PM4, PM7)  
 Doc. ID: \_\_\_\_\_ - \_\_\_\_\_  
 Doc. ID: \_\_\_\_\_ - \_\_\_\_\_  
 Doc. ID: \_\_\_\_\_ - \_\_\_\_\_  
 Net Payment for this Report: = \$ \_\_\_\_\_

PAGE TOTAL  
REPORT TOTAL

PAGE \_\_\_\_ OF \_\_\_\_





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# **PARTS OF THE 2014**

**HEADER**

**DETAIL**

**TRAILER**



# HEADER SECTION

## Header Data

Payor Code:\*

99999

Payor Name:

Control Customer

Federal/Indian:\*

Federal

Payor Assigned Doc. Number:\*



## Header Data

Payor Code:\*

99999

Payor Name:

Control Customer

Federal/Indian:\*

Federal

**Payor name is now pre-populated**



### Header Data

Payor Code:\*

x



Payor Name:

Federal/Indian:\*

Federal



Payor Assigned Doc. Number:\*

- **Report Indicator: Select Federal or Indian from drop down**
- **Separate reports for Federal and Indian leases.**



### Header Data

Payor Code:\*

99999

Payor Name:

Control Customer

Federal/Indian:\*

Federal

Payor Assigned Doc. Number:\*

The Payor Assigned Doc. Number must be entered.

- **Payor-Assigned Document Number or PAD #:**
- **Assigned by the payor**
- **Eight digit field (numeric, alpha or combination)**
- **Required on all payments and reports**
- **Unique for each payment/report combination**





**Preparer Use Only**

**Use this space to communicate  
with ONRR**

**Identify property: property name,  
company lease number – Up to 20  
characters**



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**ONRR Lease  
Number\***  
Search

0490102700|

**Valid ONRR converted lease number**

Cross Reference table on our website at:  
<http://www.onrr.gov/ReportPay/CrossRef.htm>



**ONRR Agree  
Number  
Search**

**Valid ONRR converted agreement  
number  
Cross Reference table on our website  
at:**

<http://www.onrr.gov/ReportPay/CrossRef.htm>



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**API Well Number**

90080012300S01

**API Well Number**



As

**Product Code\***



**Report the product sold or removed  
from the lease.**



Report the disposition of production by  
contract type Examples

ARMS  
NARM  
POOL  
OINX  
APOP  
NPOP  
AG



Sales Date  
(MMYYYY)\*

01	▼	2012	▼
----	---	------	---

**Month and year product  
sold or removed from  
the lease**



**Transaction  
Code\***



**Reason for reporting the line.  
Determines which fields on the  
line must be completed**



**Adjustment  
Reason  
Code**



**Use to identify the reason for an adjustment to a previously accepted line or a special reporting situation**

**Use a valid ARC: 10, 15, 16, 17, 25, 32, 35, 49, (71, 72 for interest)**

**\*Future changes will remove ARC 16, 17, 49, 72 from the 2014. These will only be allowed on CMP-2014s**



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**Sales Volume**

15000.00

**Report the volume for which you will  
need to pay royalty**



**Gas MMBtu**

0.00

**Gas MMBtu is required  
for product codes 03,  
04, 12, 15, 16, or 39.**



**Sales Value**

45787.50

For product codes 03, 04, 12, 15, 16, or 39, use  
MMBtu price:

**Sales Value = gas MMBtu x MMBtu price**

For other product codes, use bbl, gal, Mcf, or long  
ton price:

**Sales Value = Sales Volume x unit price**



**Royalty Value Before  
Allowances**

5723.44

**Royalty Value Before Allowances is a mandatory field.**

**Calculation: Sales Value x royalty rate**



## Transportation Allowance

-750.00

**A transportation allowance is a deduction from royalty due.**



**Processing Allowance**

-50.00

**A processing allowance is a deduction from royalty due.**



**Royalty Value after  
Allowance\***

4972.94

**Royalty Value After Allowances is the royalty value after you deduct transportation and/or processing allowances.**



Payment  
Method\*

03 ▼

**The payment method code identifies how and to whom payment is made**



# PAYMENT SECTION

## Report Control Block

Check to ONRR (PM1):	0.00	Indian Direct Pay (PM2):	0.00
EFT Payments (PM3):	4,972.94	Royalty-in-Kind (PM4):	0.00
Check to ONRR for BIA (PM5):	0.00	Other (PM6):	0.00
Indian Lockbox (PM7):	0.00		

## Totals

Total All Payments: 4,972.94  
Number of Detail Lines: 1

## Credits

Less Available Credits: The Sum of all amounts cannot exceed the sum of (Payment Methods) PM1, PM3, and PM5. Credit amounts cannot reduce or be applied to PM2, PM4, or PM7.

Doc ID1:	<input type="text"/>	Amount 1:	<input type="text" value="0.00"/>
Doc ID2:	<input type="text"/>	Amount 2:	<input type="text" value="0.00"/>
Doc ID3:	<input type="text"/>	Amount 3:	<input type="text" value="0.00"/>

Net Payment For Report: 4,972.94

## Authorization

Authorized Payor: Davis, Christopher A

Date (MM/DD/YYYY):\*  



# CONFIRMATION REPORTS

- Available once all rejected lines are corrected
- Report will display line as reported by payor and as corrected by ONRR
- Companies should use information to make corrections to their history and update any formatting issues for future reporting
- Confirmation reports will be posted in the company folders in the Data Warehouse which is accessed through the internet at <https://dwportal.onrr.gov/workspace/index.jsp>
- ONRR employees can view rejected lines in the Data Warehouse under Financial Reports, Royalty, ZR2014ER. Input Document ID and click Run



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