PART II

ROYALTY DAY 2

Basic

U.S. Department of the Interior

Office of Natural Resources Revenue (ONRR)

Report of Sales And Royalty Remittance FORM-ONRR 2014 Report

BASIC REPORTING PRINCIPLES AND FORM PREPARATION

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This section will cover basic reporting information and instructions for ONRR royalty reporters. You should carefully follow these reporting instructions to avoid delays in acceptance of reports and payments.

U.S. Department of the Interior

Office of Natural Resources Revenue (ONRR)

Leases Reported and Paid To ONRR

Federal Leases (Onshore)	Indian Leases (Tribal & Allotted)
• Royalty (Producing) • Minimum Royalty • Rent – 2014 Report	• Royalty (Producing) • Advance rent (Producing) • Rent (Non-producing leases that committed to producing agreements)

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Submit a Form 2014 if you assume responsibility for reporting and paying the following:

- Royalties on production from Federal or Indian leases and agreements
- Rent or minimum royalty
- Royalties on the sale of test production from the initial lease well before the lease is classified as capable of producing
- Fees on a gas storage agreement
- Royalties on compensatory royalty agreements or assessments against
- Federal or Indian lands
- Well fees if stated in the lease terms

Do not *combine Federal and Indian leases on the same report. A separate report is required for each.*

U.S. Department of the Interior

Office of Natural Resources Revenue (ONRR)

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

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If you have a problem with reporting or reference actions, please call a member of the Reporting Services team. We are here to help whether it relates to reference actions or with reporting.

The ONRR Website provides a vast array of information for reporters and payors. By clicking on the Reporting/Paying heading – it will provide a drop down box that will direct you to Production Reporting, Royalty Reporting, Solid Minerals Reporting, Payments, Forms, Late Payment Interest, Handbooks, Reporter Letters, and Reporter Training.

The e-commerce Portal tab will be covered later in a separate, more-detailed presentation.

Clicking on the Payment Information subheading will bring you to this page. This webpage is a dedicated to payment information –where to send your check, interest calculation tables, electronic payment information, payment for Indian leases, New Payor checklist, and payment information contacts. The next slide will cover the section Electronic Payment Information.

U.S. Department of the Interior

Office of Natural Resources Revenue (ONRR)

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.

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Payments are authorized by 30 CFR 1218.50. ONRR does not accept cash payments.

NOTE: *Include your five-digit, ONRR-assigned payor code and an eight-digit,*

PAD number on all payments and reports. Assign a unique PAD number to each separate Form 2014. Your payor code and PAD number must match on your report and corresponding payment.

Electronic payments. Our regulations require the use of electronic funds transfer (EFT), such as Automated Clearing House (ACH) or FEDWIRE or Pay.gov, to the extent it is a cost-effective and practical for payment of any royalty liability.

If you pay by check, please read this.

As of January 1, 2012, you should prepare and send any payments made by check—regardless of different instructions on bills or correspondence—to this address:

Office of Natural Resources Revenue
PO Box 25627
Denver CO 80225-0627

The old ONRR PO boxes—**5640, 5760, 5810, 5860, 17110 and 173702**—are now closed. All mail sent to those boxes is being forwarded to our new PO Box, which can add days to its delivery. Please read and follow all instructions regarding payments by mail, as well as general correspondence, in the letter sent to all reporters on *August 29, 2011,* at
http://onrr.gov/ReportPay/PDFDocs/20110829.pdf

U.S. Department of the Interior

Office of Natural Resources Revenue (ONRR)

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.

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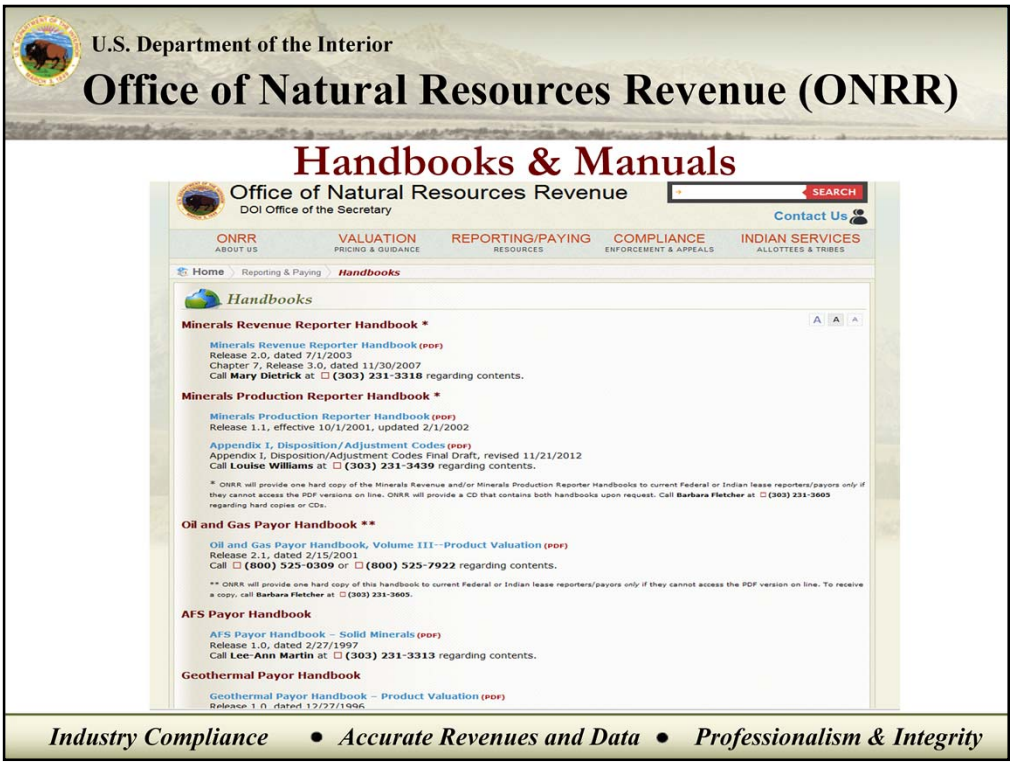
Chart available on www.ONRR.gov showing what type of payments are acceptable per transaction.

***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.

The Reporting Information page is where you will find:

1. Checklists
2. Contacts – Production Reporting, Royalty Reporting and Lease and Agreement Maintenance
3. Electronic Reporting Information
4. Cross Referenced Lease and Agreement Lists



The Handbooks and Manual Page lists all handbooks and manuals available for reporters and operators to reference. This page includes:

- The Minerals Revenue Reporter Handbook -- This handbook provides instructions and examples to assist reporters in preparing the Report of Sales and Royalty Remittance (Form 2014), which is required by the Office of Natural Resources Revenue (ONRR) for reporting and paying revenues due on Federal and Indian oil, gas, and geothermal leases. ONRR, a bureau within the Department of the Interior (DOI), is responsible for collecting, accounting for, and disbursing revenues on minerals produced from Federal and Indian lands. ONRR receives and processes these payments through our financial accounting system, using the information reported on the Form 2014.

- The Minerals Production Reporter Handbook – provides detailed instructions on completing an Oil & Gas Operations Report (OGOR).

- The Oil and Gas Payor Handbook, Volume III—Product Valuation provides detailed royalty valuation procedures for Federal and Indian oil and gas leases and information on reporting processing and transportation allowances.

U.S. Department of the Interior

Office of Natural Resources Revenue (ONRR)

Dear Reporter Letters

Office of Natural Resources Revenue
DOI Office of the Secretary

SEARCH

Contact Us

ONRR ABOUT US | VALUATION PRICING & GUIDANCE | REPORTING/PAYING RESOURCES | COMPLIANCE ENFORCEMENT & APPEALS | INDIAN SERVICES ALLOTTEES & TRIBES

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.

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 10 entries Table Search:

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

Showing 1 to 10 of 320 entries First Previous 1 2 3 4 5 Next Last

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The Reporter Letter page lists all letters to payors and reporters sent by FM, organized by date and by subject.

U.S. Department of the Interior

Office of Natural Resources Revenue (ONRR)

Interest Tables

Office of Natural Resources Revenue
DOI Office of the Secretary

SEARCH

Contact Us

ONRR (ABOUT US) | VALUATION (PRICING & GUIDANCE) | REPORTING/PAYING (RESOURCES) | COMPLIANCE (ENFORCEMENT & APPEALS) | INDIAN SERVICES (ALLOTTEES & TRIBES)

Home > Reporting & Paying > *Late Payment & Overpayment Interest Tables '10-Current*

Late Payment & Overpayment Interest Tables

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%

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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 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 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.

This page contains the interest rates used to calculate underpayment and overpayment interest.

U.S. Department of the Interior

Office of Natural Resources Revenue (ONRR)

New Payor Checklist

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Contact Us

ONRR ABOUT US | VALUATION PRICING & GUIDANCE | REPORTING/PAYING RESOURCES | COMPLIANCE ENFORCEMENT & APPEALS | INDIAN SERVICES ALLOTTEES & TRIBES

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)

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The New Payor Checklist page takes you step by step in ensuring that you have requested or submitted the required forms in order to start reporting and paying on Federal/Indian leases and agreements.

It provides answers to the following questions:

- How do I get a payor code?
- How do I get set up for electronic payments and electronic reporting?
- What forms do I need to fill out for reporting?
- What form do I need to fill out to ensure I receive correspondence from ONRR?
- Do I need to submit a W-9?

It also provides information and contacts to support and assist payors.

The New Operator Checklist page takes you step by step to assure your company is set up correctly to report production for offshore leases/agreements or for onshore Federal and Indian leases/agreements.

It provides answers to the following questions:

- How do I get an operator code?
- What forms do I need to fill out for reporting?
- What form do I need to fill out to ensure I receive correspondence from ONRR?

It also provides information and contacts to support and assist operators.

U.S. Department of the Interior

Office of Natural Resources Revenue (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.

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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.

U.S. Department of the Interior

Office of Natural Resources Revenue (ONRR)

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.**

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Royalties. Forms 2014 and related payments are due to ONRR by 4 p.m. mountain time on or before the last day of the month following the month the product was sold or removed from the lease unless lease terms state that royalties are due otherwise

Rentals. Reports and payments for rents are due to ONRR by 4 p.m. mountain time on or before the lease anniversary date.

Minimum royalties. 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.

NOTE

If the last day of the month falls on a weekend or Federal holiday, send us the report and payment by 4 p.m. mountain time the next business day.

NOTE

We credit Form 2014 reports and payments when we actually receive. The receipt date is the date we receive the document; the postmark does not apply.

U.S. Department of the Interior

Office of Natural Resources Revenue (ONRR)

Authorized Reporting Forms

- Paper Form 2014
  - Only to be used if you are not required to report electronically
  - Photocopies must be 81/2 inches long by 14 inches wide.
- Electronic Form (e-Commerce)
  - ONRR now requires most reporters to submit data electronically

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We now require most reporters to submit data electronically. (See Electronic Reporting, Final Rule, 64 FR 38116, July 15, 1999.)

If you are not required to report electronically, you can print copies of Form 2014 from our website. Photocopies must be 81/2 inches long by 14 inches wide.

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: _____

2 PAYOR CODE: _ _ _ _ _

3 FEDERAL/INDIAN REPORT INDICATOR ☐ (F or I)

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

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

Form ONRR-2014 (revised 5/2013)

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: = $ _____

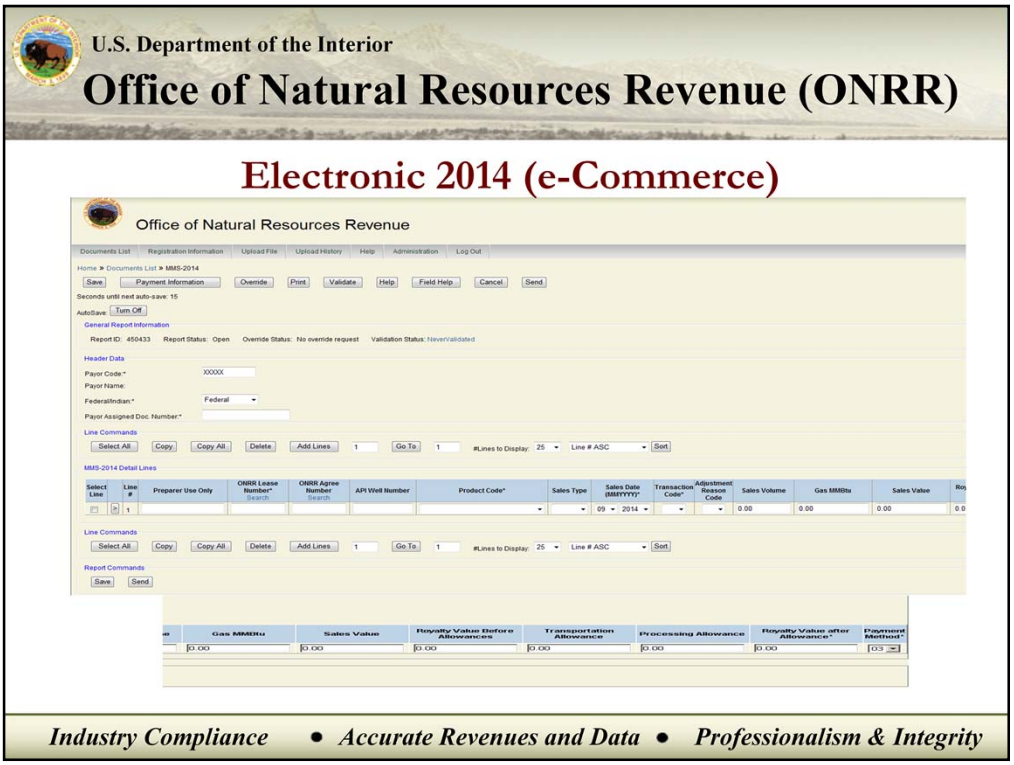
PAGE TOTAL _____
REPORT TOTAL _____

PAGE ___ OF ___

The information reported on the Form 2014 are:

- Royalties on Federal and Indian leases.
- Minimum royalty on producing leases.
- Rents on producing Indian leases.
- Rents on Federal leases

We will go through each field of the Form 2014. The slides are presented in electronic reporting format so you are able to visually see the separate fields and correct reporting. However, the paper and electronic forms require the same information; the difference between paper and electronic reporting is the way information is input.



This is an example of what the Electronic 2014 (e-Commerce) form looks like.

U.S. Department of the Interior

Office of Natural Resources Revenue (ONRR)

PARTS OF THE 2014

HEADER

DETAIL

TRAILER

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The 2014 is divided into 3 sections:

The Header, the Detail and the Trailer.

The following screens will provide detailed information on these 3 sections.

U.S. Department of the Interior

Office of Natural Resources Revenue (ONRR)

HEADER SECTION

Header Data

Payor Code:*	99999
Payor Name:	Control Customer
Federal/Indian:*	Federal
Payor Assigned Doc. Number:*	

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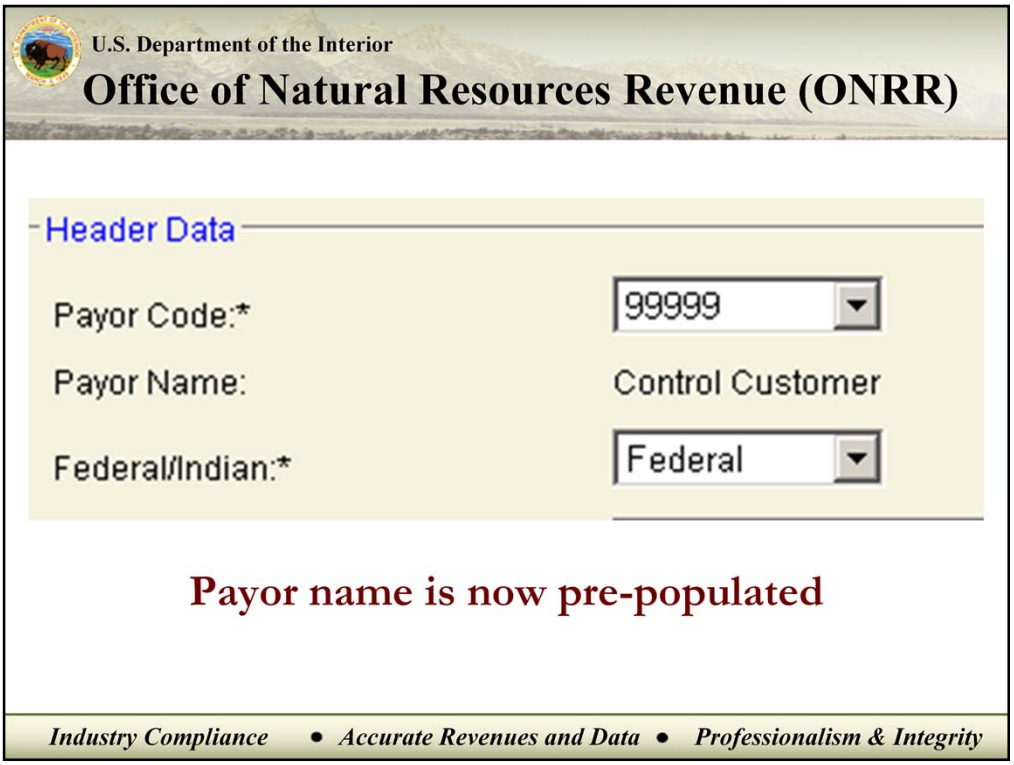
We will begin with the Header Section which identifies the report and the company reporting the data.

The Payor Code field identifies the company who is reporting. The payor code is five digits and is assigned by ONRR. A pull down list will show you all the codes that you are authorized to use.



Payor Code. (you will click on the down arrow)

If there is more than one code listed, select the payor code that you will be reporting on.

The payor code is a five-digit number assigned by ONRR and identifies the company. We do have edits that will reject the entire report if an invalid payor code is used.

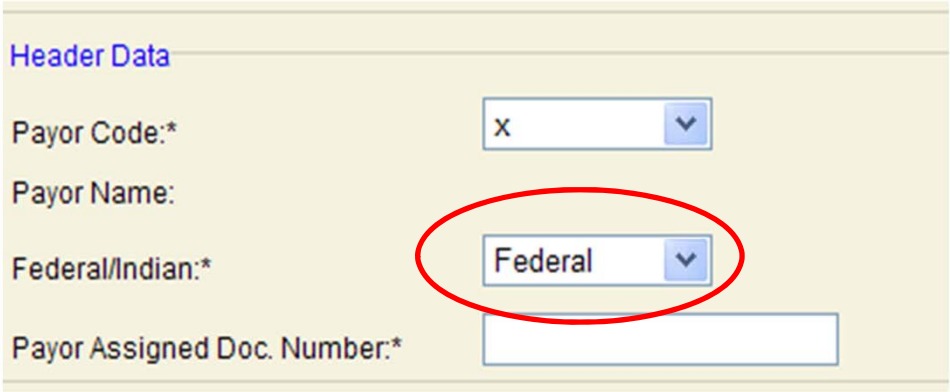
It is vital that your payor code must be on all payments and reports as already stated in the previous section.

Once you have selected the payor code, the Payor Name Field will automatically populate.

Remember: If you report using more than one payor code, you need to prepare a separate report and matching payment for each payor code.

U.S. Department of the Interior

Office of Natural Resources Revenue (ONRR)



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

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Your report must indicate whether it is for Federal or Indian reporting.

Please remember: You must remit separate reports for Federal and Indian leases. You ***cannot*** report Federal and Indian on the same report.

U.S. Department of the Interior

Office of Natural Resources Revenue (ONRR)

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**

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The Payor Assigned Doc. Number is an eight-number identifier chosen by the payor. This number must be unique. Note: If you are reporting an audit finding, you must use the UFI (Unique Finding Identifier) as the Payor Assigned Doc Number. The UFI is provided in the Issue Letter or Order that you received from ONRR.

This is required on all payments and reports. The same PAD number must be included on the accompanying payment document, including payments made to lockboxes.

Detail Section

Contains the lease information

LINE NUMBER	5	6 RESERVED FOR PREPARER'S USE / 8 API WELL NUMBER	7 ONRR LEASE NUMBER / 9 ONRR AGREEMENT NUMBER	10 PRODUCT CODE	11 SALES TYPE CODE	12 SALES MO/YR (MMCCYY)	13 TRANSACTON CODE	14 ADJUSTMENT REASON CODE	15 SALES VOLUME (mcf/bbls/gal/long tons) / 19 ROYALTY VALUE PRIOR TO ALLOWANCES $	16 GAS MMBtu / 20 TRANSPORTATION ALLOWANCE DEDUCTION $	17 SALES VALUE $ / 21 PROCESSING ALLOWANCE DEDUCTION $	18 INTENTIONALLY LEFT BLANK / 22 ROYALTY VALUE LESS ALLOWANCES $	23 PAYMENT METHOD CODE
1													
2													

MMS-2014 Detail Lines

- The Payor Assigned Doc. Number must be entered.

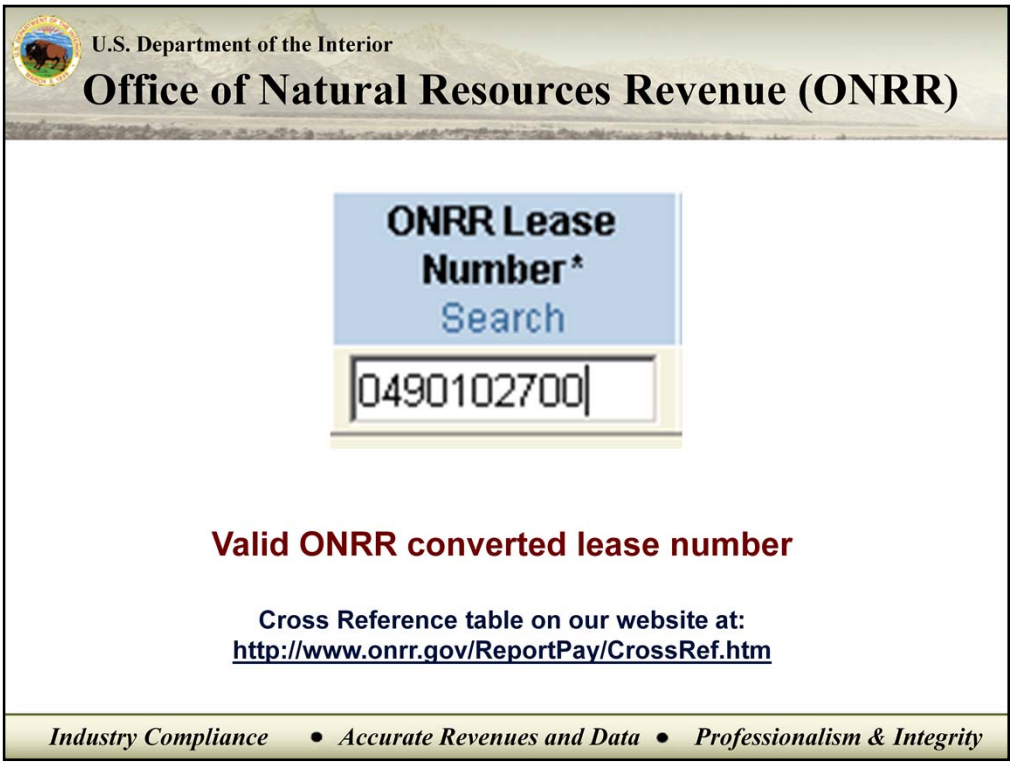
Select Line	Line #	Preparer Use Only	ONRR Lease Number* Search	ONRR Agree Number Search	API Well Number	Product Code*	Sales Type	Sales Date (MMYYYY)*	Transaction Code*	Adjustment Reason Code	Sales Volume
	1							01 2012			0.00

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

The Detail Section is the area where you will input your lease information.

You notice how there are fields that are stacked on the paper version. When filing electronically, you'll find it all contained in one very long line which you have to scroll through. Because electronic reporting is required, we will be showing the fields as they appear on the website.

In the Preparer Use Only field, a payor is able to communicate with ONRR. This field is restricted to 20 characters.



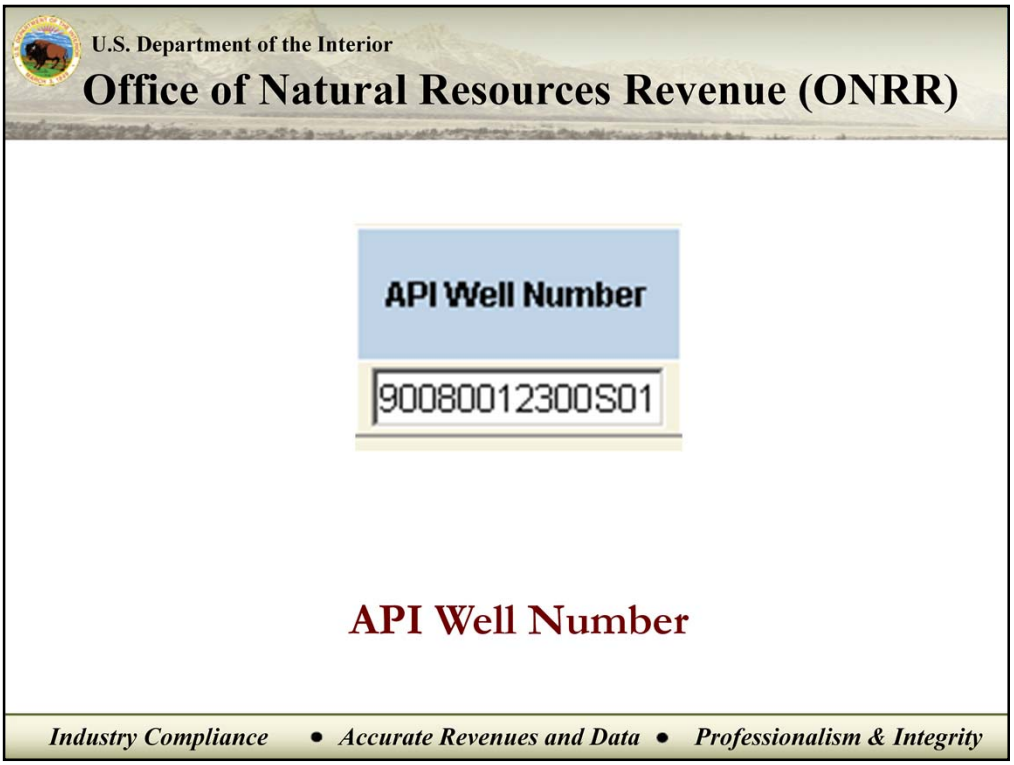
Must be completed with a valid ONRR-converted lease number consisting of 10 digits (a 3-digit prefix, 6-digit body, and 1-digit suffix).

If you do not know the ONRR converted lease number, go to

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

When reporting royalties based on production allocated from an agreement, the ONRR converted agreement number should be reported) in addition to the lease number in block 7. The agreement number consists of three parts:

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



Complete or leave blank.

Report this number only if required by ONRR on certain Indian properties and offshore deep water wells under royalty relief. If you are required to report this number, enter a 15-character set that consists of the 12-digit API-assigned well number and the 3-character producing interval indicator; for example, 90080012300S01.

Report the product sold or removed from the lease. Below we have listed some of the product codes associated to Oil and Gas. For a complete list of product codes, please visit Minerals Revenue Handbook Appendix C.

Code	Description
01	Oil
02	Condensate
03	Processed (residue) gas
04	Unprocessed (wet) gas
05	Pipeline condensate, retrograde condensate, drip condensate, drip liquid, scrubber/pipeline drip
06	Plant inlet scrubber
07	Gas plant products
09	Nitrogen
12	Flash gas
13	Fuel oil
14	Oil lost

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Sales Type

Report the disposition of production by contract type

Examples

ARMS
NARM
POOL
OINX
APOP
NPOP
AG

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ARMS -- sold under an Arms Length Contract

NARM -- sold under a Non Arms Length Contract

POOL -- Some companies aggregate their volumes in pools and then sell or exchange their product under multiple contracts. In a pooling situation, you will determine value by computing a weighted average of the prices for all ARMS and NARMS sales at all downstream sales outlets.

OINX -- Use OINX to report Federal lease oil production that is valued based on index. Use OINX to report Indian lease gas production that is valued based on index regardless of contract type (POP, NARM etc.).

APOP -- POP contracts are defined as sales of gas prior to processing in which the value of the wet, unprocessed gas is based on a percentage of the proceeds the purchaser receives for the sale of residue gas and gas plant products attributable to processing the lessee's gas. (Use for arm's length)

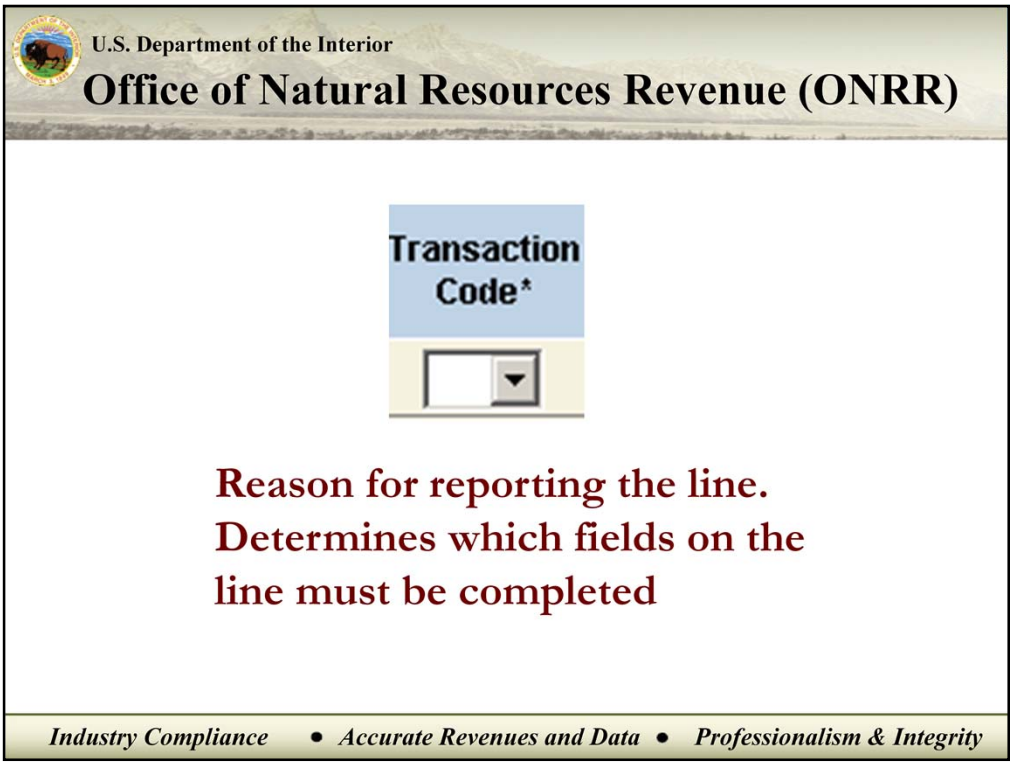
NPOP -- POP contracts are defined as sales of gas prior to processing in which the value of the wet, unprocessed gas is based on a percentage of the proceeds the purchaser receives for the sale of residue gas and gas plant products attributable to processing the lessee's gas. (Use for non- arm's length)

AG – only used when audit indicates to use this code.

These will be explained further during the valuation training.

This indicates the month and year the product was sold or removed from the lease.

- For Royalties: Use the month the product was sold or removed from the lease.
- For Minimum Royalty: Use the last month/year of the lease year that your minimum royalty obligation is due.
- For Rent: Use the first month/year of the lease year that your rent is due.



It identifies the reason for reporting the line. Report the appropriate transaction code listed in the Minerals Revenue Handbook Appendix E. Our edits are transaction code specific.

Transaction Code Examples:

Code	Description
01	Royalty Due
02	Minimum Royalty Payment
03	Estimated Royalty Payment
04	Rental Payment
05	Advance Rental Payment
11	Transportation Allowance
15	Processing Allowance
25	Recoup Advance Rental Payment

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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, 25, 32, 35, 49, (71 for interest)***

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This code tells us why you are adjusting a previously reported line or a special reporting situation.

- Adjustments are a two-line entry; report the ARC on both lines.
- Unless instructed otherwise by ONRR, industry can report volume, value, and royalty rate adjustments using ARC 10 - Adjustment.

Here are the codes and descriptions:

Code	Description
10	Adjustment
15	Marginal Property True UP
16	Major Portion/dual accounting
17	ONRR Initiated Compliance Adjustment
32	Estimate Adjustment
35	Unit participating/Communitization agreement adjustment
49	Index zone/dual accounting price adjustment
71	Estimate underpayment/overpayment interest
72	Audit underpayment/overpayment interest

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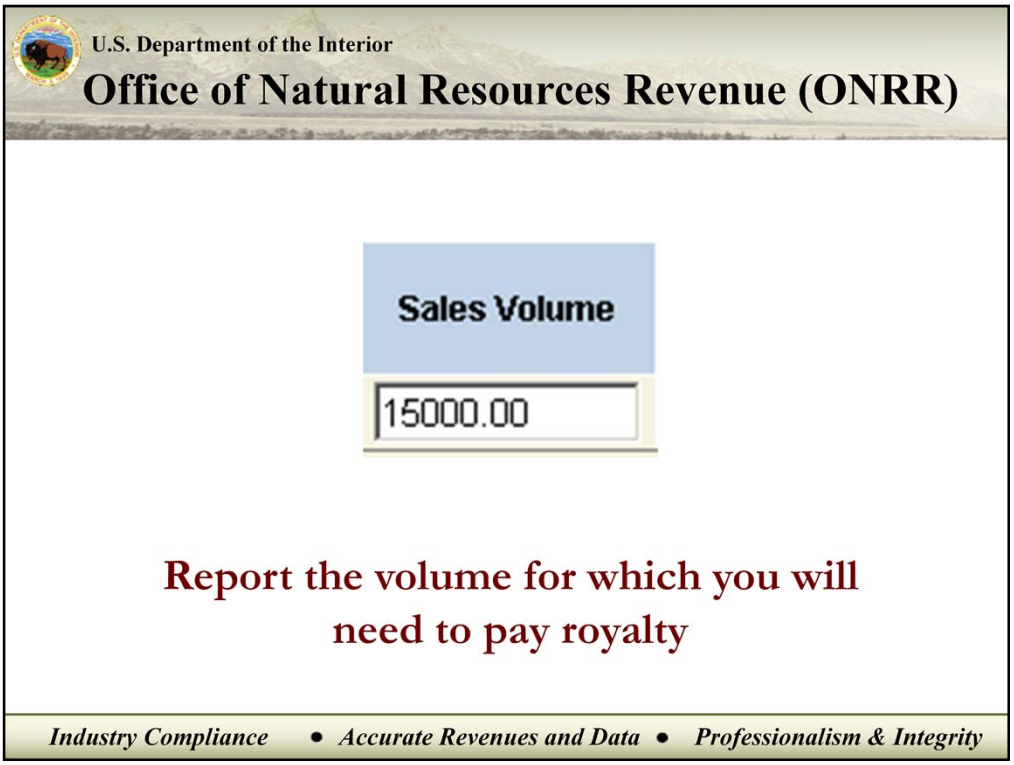
If you receive an Audit or Compliance letter stating to use ARC17 or ARC72

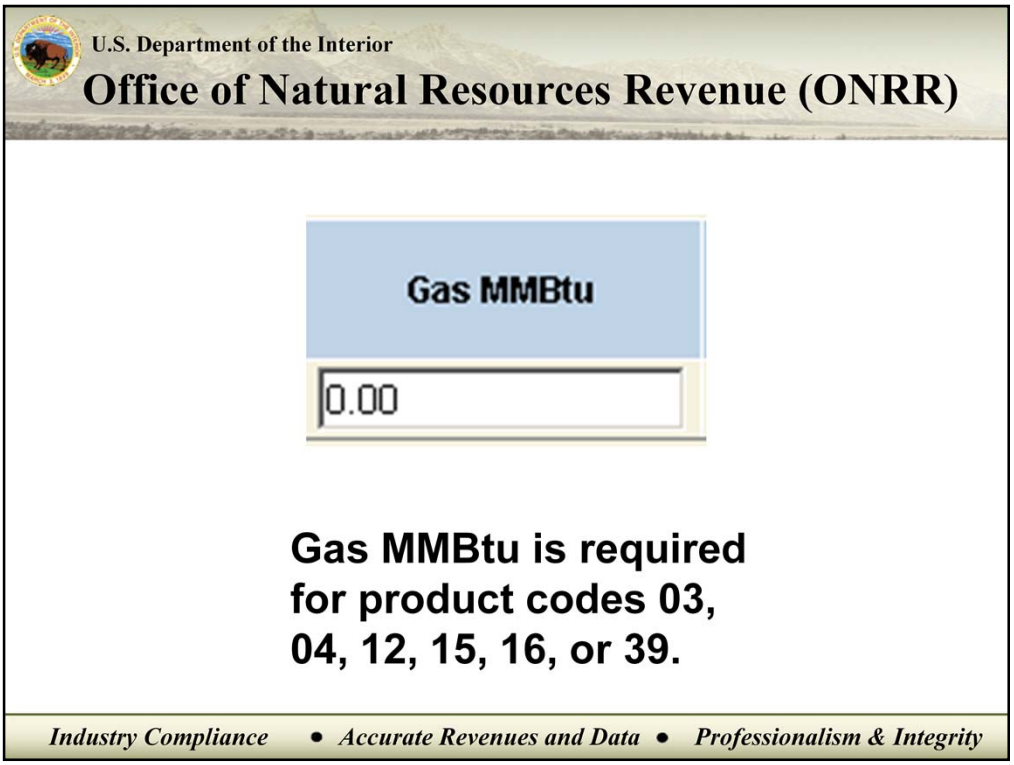
If you are working with an auditor using ARC16 or ARC49

ARC17 and ARC72 MUST be done on the CMP-2014.

ARC16 and ARC49 are allowed on both the 2014 and the CMP-2014.



Enter the volume of the product sold or removed from the lease or from the lease-agreement combination that you are reporting and paying royalties.



Report a Gas MMBtu for the following gas products: 03, 04, 12, 15, 16, or 39; Otherwise leave the field blank. You need to adjust the gas volume and btu heating value to the standard pressure base of 14.73 psia, standard temperature of 60 degrees F and the same degree of water saturation.

•To calculate: example: 500 Mcf x 1.100 Btu Factor = 550 MMBtu; in other words, sales volume x Btu factor= Gas MMBtu).

•The Btu and/or MMBtu should be available to you on your gas plant statement.

• We expect reporters to determine and report the correct Gas MMBtu information on all lines.

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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

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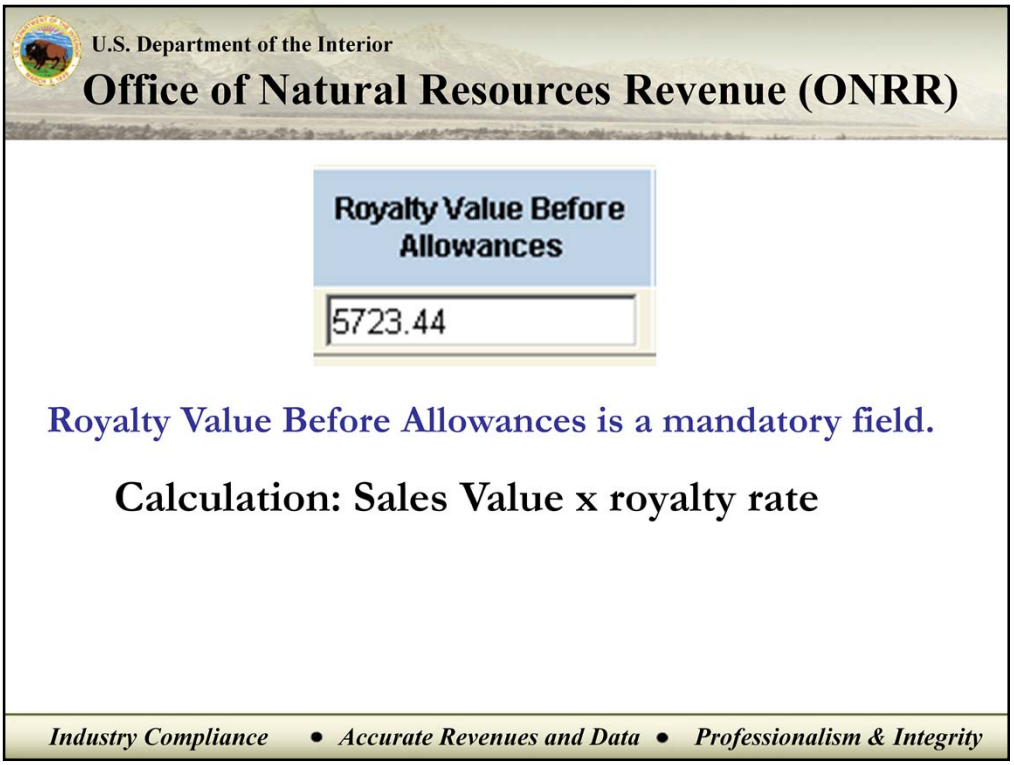
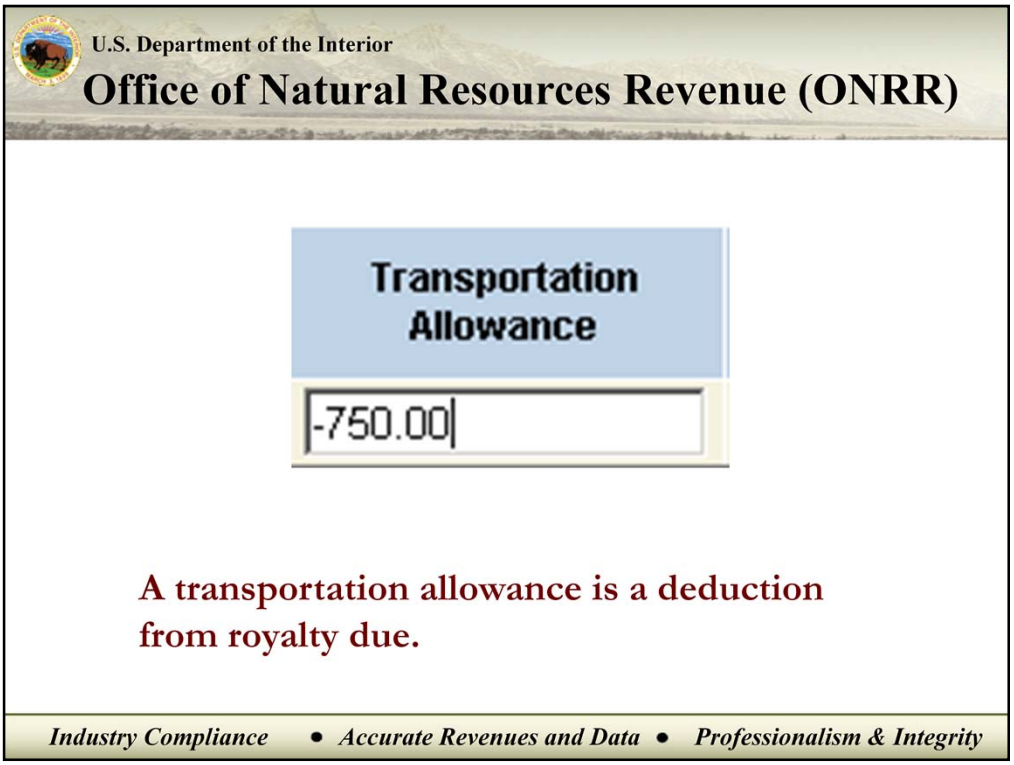
- For gas products 03, 04, 12, 15, 16, or 39, report gas MMBtu x Unit price.
- For all other products, report sales volume times the unit price



Calculation: Sales value x royalty rate.

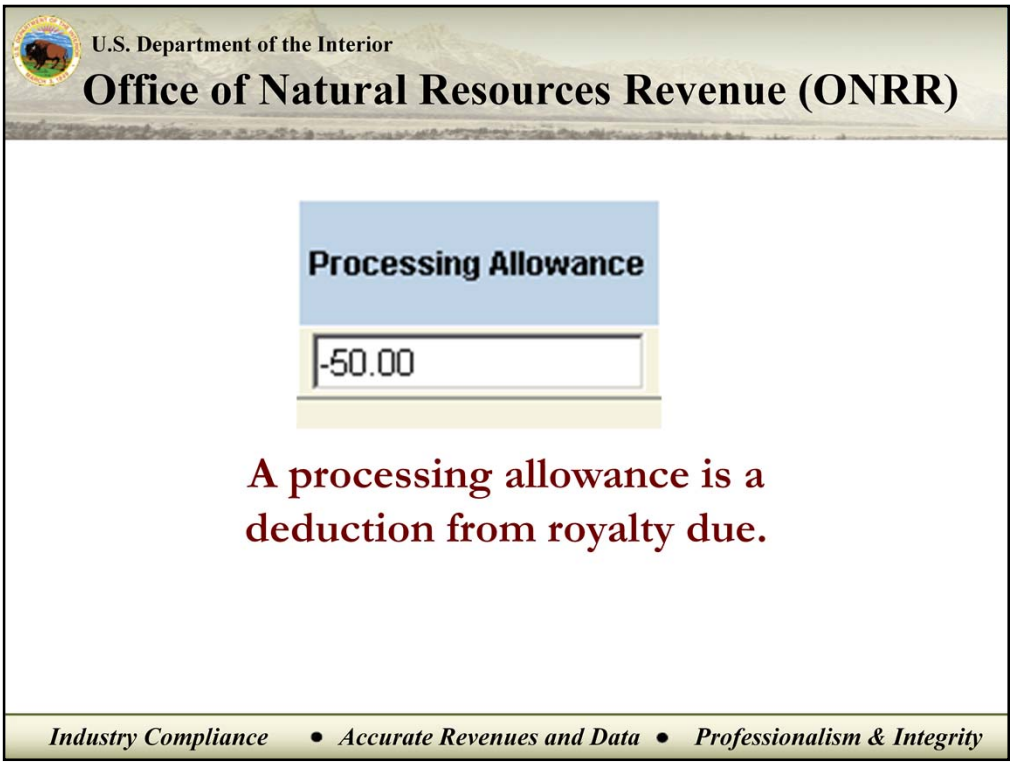
It is critical to use the correct royalty rate when calculating your payment to ONRR. The **lease royalty rate** is specified in your lease terms. However, your royalty rate may be modified by various royalty relief programs.

Don't confuse your royalty rate with your division order percentage. The royalty rate is a component of the DOP.



Transportation allowance is a deduction from royalty due for the reasonable, actual costs of transporting your production. Make sure you report the allowance with a **negative sign**.

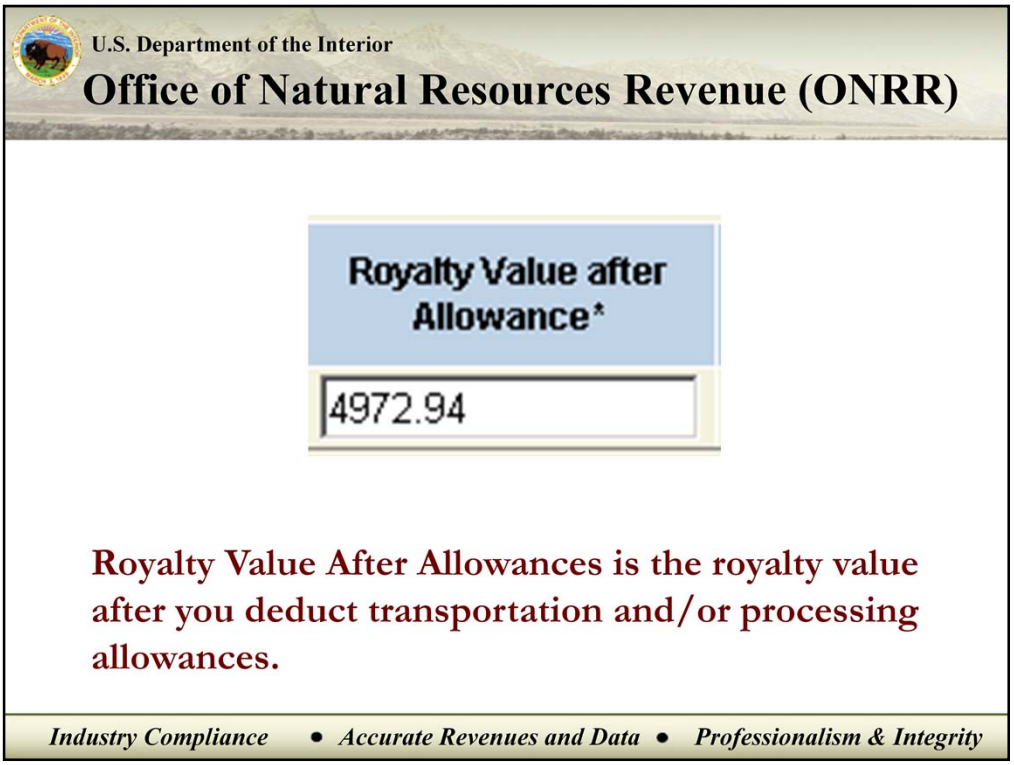
Your transportation allowance may not exceed 50 percent of the "royalty value prior to allowances" of the product without prior ONRR approval



Processing allowance is a deduction from royalty due for the reasonable, actual costs of extracting and recovering gas plant products from a gas stream (product code 07). You should report the allowance with a **negative sign**.

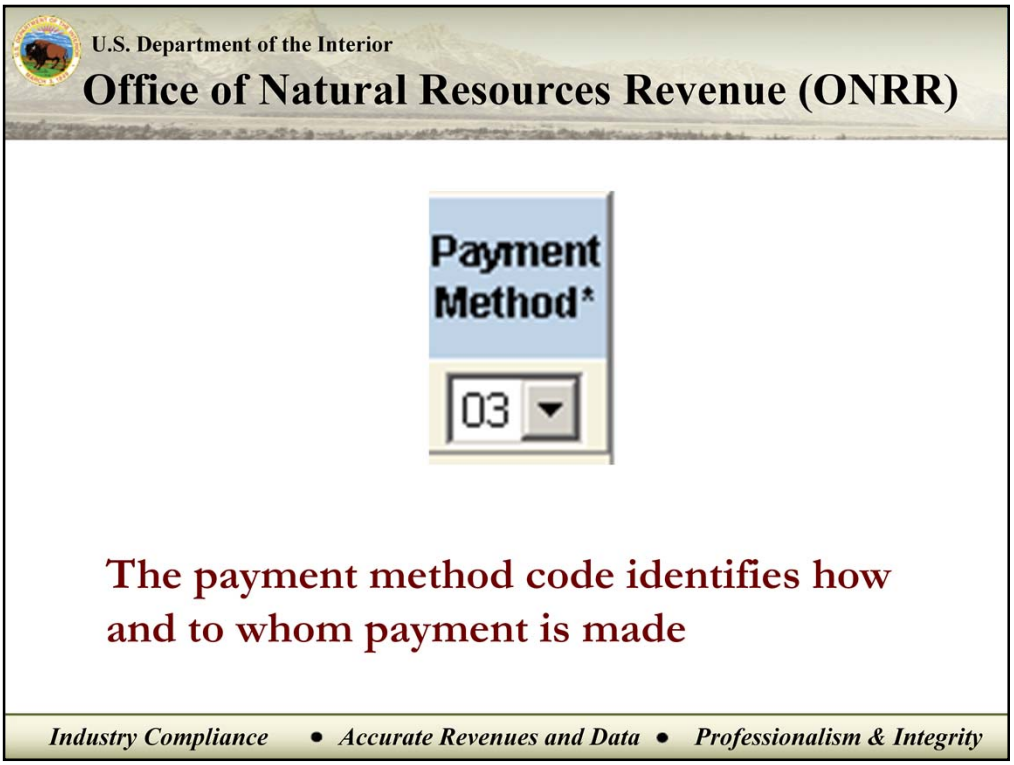
Your processing allowance may not exceed 66 2/3 percent of the "royalty value prior to allowances minus transportation allowances"** of individual gas plant products without prior ONRR approval. All NGL's recovered at a processing plant are considered a single gas plant product for ONRR reporting purposes and is product code 07.

**Unless transportation allowances are pre-processing



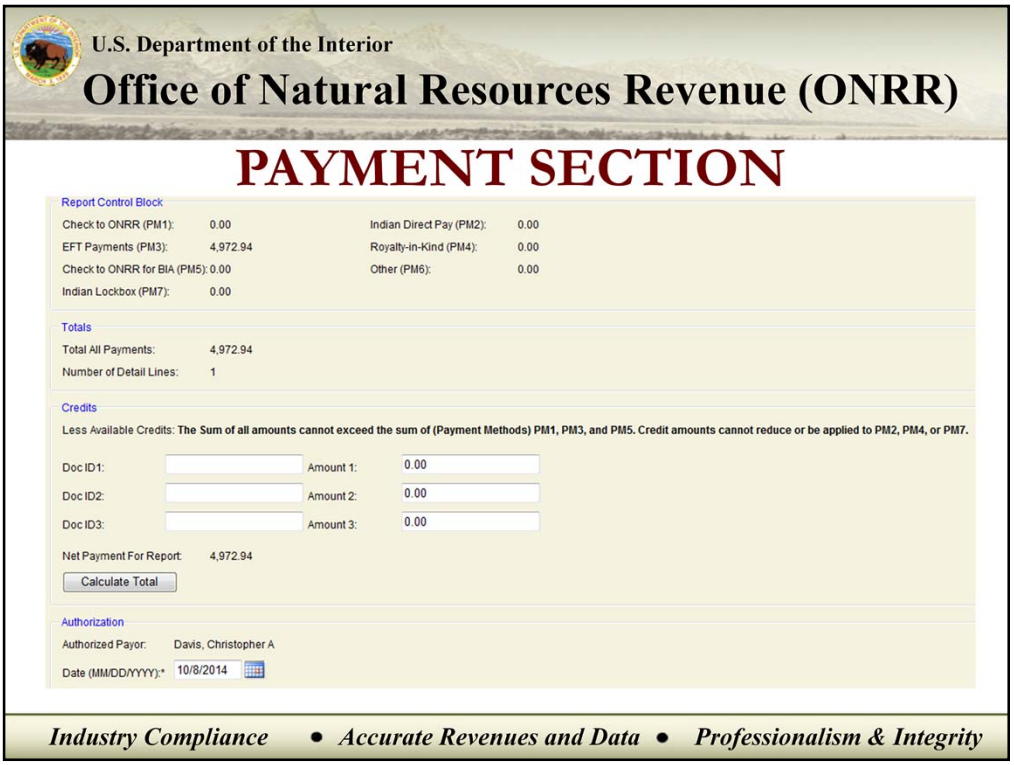
Royalty Value After Allowance is the royalty value after you deduct your transportation and processing allowance deductions.

Calculation: RVPA - TA – PA = RVLA



Report a payment method on all lines, even if your line is negative or no payment is made.

- Your payment method identifies how and to whom the payment is made.
- Use Payment Method 03 for all electronic payments. This includes Pay.gov



Note the calculate button, the authorizer signature space, and the credit id lines.

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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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The confirmation report is used to verify corrections made to your report by ONRR.

- This report will show your line as originally reported **AND** how it was corrected by ONRR.
- It will be helpful to use this report to make correct adjustments.
- ONRR used to mail these reports in the past, now you can now access your payor confirmation reports through your payor folder in the Data Warehouse at https://dwportal.onrr.gov/workspace/index.jsp

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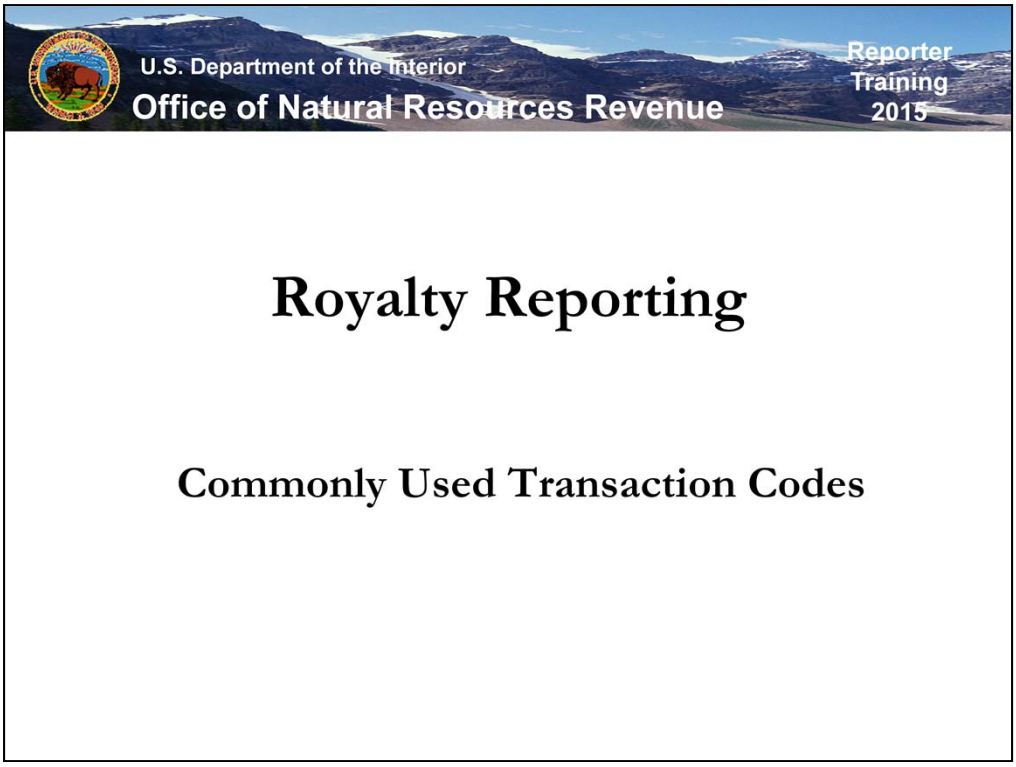
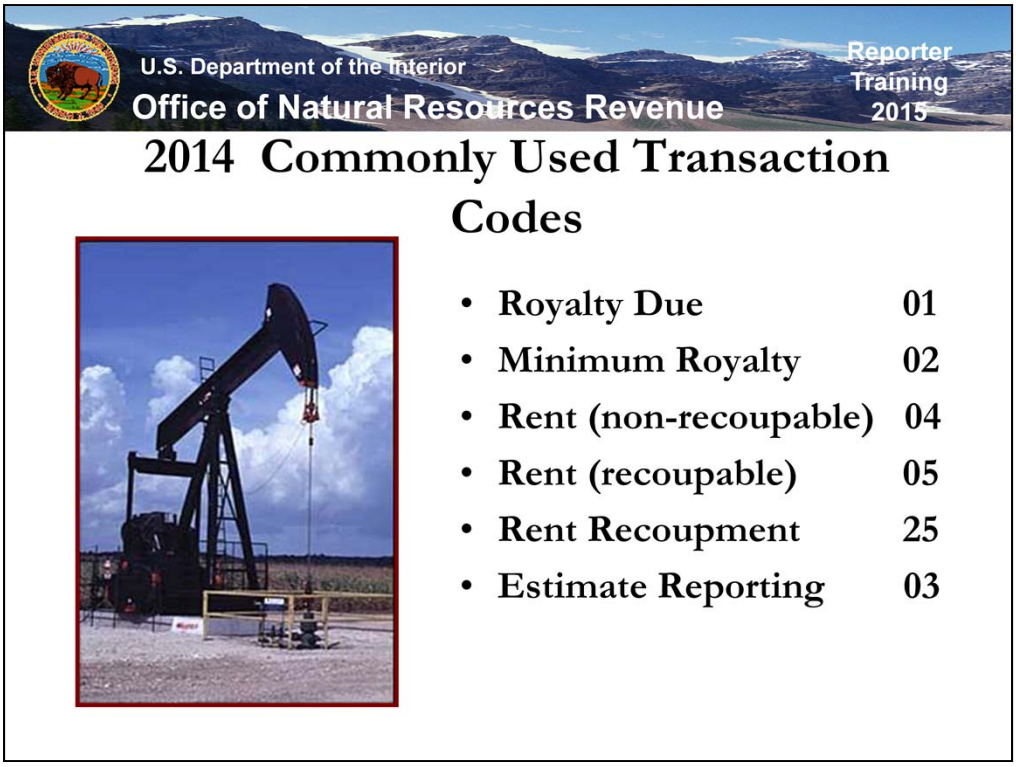
Commonly Used
Transaction Codes



This module contains detailed reporting instructions and examples of how to report by transaction code on Form ONRR-2014. The commonly used transaction codes are organized by function.

In addition, ONRR is providing a separate handout that outlines fields that must be completed on your 2014 Report for each different Transaction Code.



Transaction codes are two-digit codes that describe each payment and recoupment activity. These transaction code activities include, but are not limited to:

- **Royalty due from sales,**
- **Minimum Royalty**
- **Rent (non-recoupable & recoupable)**
- **Rent Recoupment**
- **Estimate Reporting**

A transaction code (TC) is required on all lines, and determines which fields must be completed.

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Reporter Training 2015

Element	Value	Description
Transaction Code	01	Royalty Due
Transaction Code	02	Minimum Royalty Payment
Transaction Code	03	Estimated Royalty Payment
Transaction Code	04	Rental Payment
Transaction Code	05	Advance Rental Credit
Transaction Code	06	Royalty In Kind Transaction – No Cash Payment to MMS
Transaction Code	07	MMS Settlement Agreement (for MMS Internal Use)
Transaction Code	08	Royalty In Kind Other
Transaction Code	10	Compensatory Royalty Payment
Transaction Code	11	Transportation Allowance
Transaction Code	12	Tax Credit
Transaction Code	13	RIK Quality Bank and Gravity Bank Adjustment
Transaction Code	14	Tax Reimbursement Payment
Transaction Code	15	Processing Allowance
Transaction Code	16	Well Fees
Transaction Code	17	Gas Storage Agreement – Flat Fee
Transaction Code	18	Gas Storage Agreement – Injection Fee
Transaction Code	19	Gas Storage Agreement – Withdrawal Fee
Transaction Code	20	No Sales (Solids Only)
Transaction Code	21	Interest Amount Due MMS
Transaction Code	22	Interest Amount Owe to Payor
Transaction Code	25	Recoup Advance Rental Credit
Transaction Code	31	Contract Settlements Payment
Transaction Code	32	Advance Royalty (Solids Coal Leases Only)
Transaction Code	33	Recoup Advance Royalty (Solids Only)
Transaction Code	37	Royalties Due in Lieu of Severance Tax
Transaction Code	38	Additional Royalty Due for OCSLA, Section (6)(s)(9) Leases
Transaction Code	39	Net Profit Share – Unprofitable
Transaction Code	40	Net Profit Share – Profitable
Transaction Code	41	Offshore Deep Water Royalty Relief
Transaction Code	42	Net Revenue Share Lease, Allotment for Operating Costs
Transaction Code	50	Indian Recoupable Balance
Transaction Code	51	Indian Recoupment Taken
Transaction Code	52	Recoup Minimum Royl Paid in Advance (use limited to specific Navajo leases)
Transaction Code	53	Effluent Injection Reimbursement (use limited to Geothermal leases)
Transaction Code	54	Geothermal Field Operations Reimbursement
Transaction Code	60	Strategic Petroleum Reserve (SPR)
Transaction Code	66	Bonus Rentals
Transaction Code	67	Bonus Rentals
Transaction Code	70	Bonus Rentals

2014 Transaction Codes

This is the list of available Transaction Codes.

An updated list can be found online at http://onrr.gov/ReportPay/PDFDocs/2014CT.pdf

(www.ONRR.gov > Reporting/Paying > Royalty Reporting > Reporting Codes for 2014)

Transaction Code 01
Royalty Due

- Due Monthly on every lease or lease-agreement combination with sales
- Separate line for each lease or lease agreement combination, sales type code, product code, and sales month
- Double entry adjustments

Lease terms and Federal regulations require lessees to pay royalties on producing Federal and Indian leases. The lessee must pay its royalty obligation as specified by the lease or designated by ONRR.

Do not combine Federal and Indian leases on the same report. A separate report is required for each.

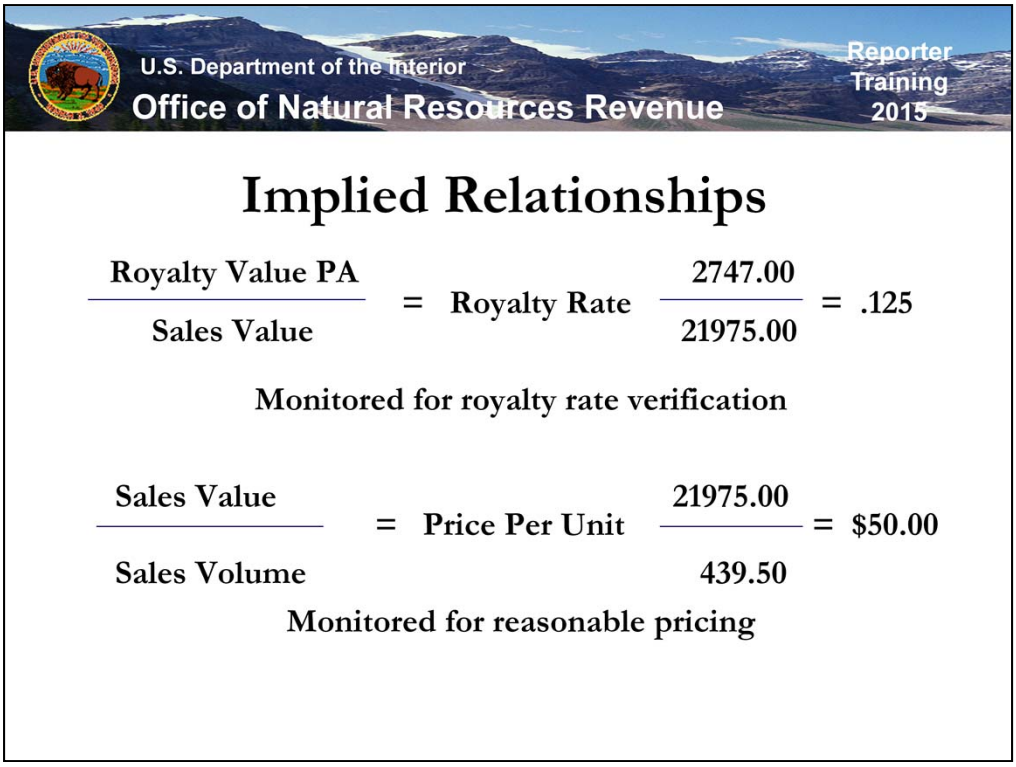
Transaction Code 01 is used to report royalty on both Federal and Indian Leases.

In addition to the transaction code field, please refer to the separate handout that outlines fields that must be completed on your 2014 Report for each different Transaction Code.

Transaction Code 01

Detail Line

Line Number	1
API Well Number	
ONRR Lease Number	0490129432
ONRR Agreement Number	
Product Code	01
Sales Type Code	ARMS
Sales MO/YR	022015
Transaction Code	01
Adjustment Reason Code	
Sales Volume	1280.00
Gas MMBtu	0.00
Sales Value	704.00
Royalty Value Prior to Allowances	88.00
Transportation Allowance	0.00
Processing Allowance	0.00
Royalty Value Less Allowances	88.00
Payment Method Code	3



ONRR uses system edits to determine the validity of the data reported on the Form 2014.

Edits for Transaction code 01 will compare the sales volumes and sales values to determine if the royalty rate and pricing are within established guidelines.

You can determine the royalty rate by dividing your royalty value prior to allowances by sales value.

Be sure that the royalty rate calculated matches the lease terms. If unsure what royalty rate is in the ONRR system, contact the Minerals Revenue Specialist to verify. The current listing of Royalty Error Correction Specialists can be found on the internet at:

http://www.onrr.gov/FM/PDFDocs/royassign.pdf

Be sure to use the correct Royalty Rate and not the Division Order percentage.

The Royalty Rate error is now fatal in the eCommerce system and will not allow submission of the 2014 if the royalty rate is not calculated correctly.

Lease Level Payments

TC 02	Minimum Royalty (MR)
TC 03	Estimates
TC 04	Rent (non-recoupable)
TC 05	Rent (recoupable)
TC 25	Recoup Advance Rent

- Payments are based on lease terms
- Do not report the agreement number, product code, or sales type code
- Do not report the sales volume or sales value since they are not associated with the payment

Transaction Code 02

Minimum Royalty (MR)

- Due on producing Federal and Indian leases
- Obligation may be fulfilled by production
- Report and payment must be received on or before the last day of the lease year, regardless of an estimate
- Automatically invoiced if not paid or reported incorrectly with the wrong sales month/year

Some producing Federal and Indian leases require you to pay a minimum amount of royalty each lease year. The amount of minimum royalty is usually determined by the producing acreage in the lease multiplied by a fee per acre and is in addition to any other fees required under regulation or lease terms.

You must submit minimum royalty payments for Federal or Indian leases on Form 2014 on or before the last day of the month of the lease year regardless of whether you established an estimated payment on the lease.

All the acres in a Federal lease are in a minimum royalty status if any one of the following applies:

- All the acres are within Participating Agreement (PA)
- The lease is committed to a secondary recovery unit
- The lease is committed to a Communization Agreement (CA)
- The lease contains a producing well or a well capable of production

In addition, for electronic reporting, you must complete both the Royalty Value Prior to Allowances field and the Royalty Value Less Allowances field when entering TC 02.

Transaction Code 02

(Minimum Royalty)

Detail Line

Line Number	1
API Well Number	
ONRR Lease Number	0490129432
ONRR Agreement Number	
Product Code	
Sales Type Code	
Sales MO/YR	062015
Transaction Code	02
Adjustment Reason Code	
Sales Volume	
Gas MMBtu	00
Sales Value	
Royalty Value Prior to Allowances	88.00
Transportation Allowance	
Processing Allowance	
Royalty Value Less Allowances	88.00
Payment Method Code	03

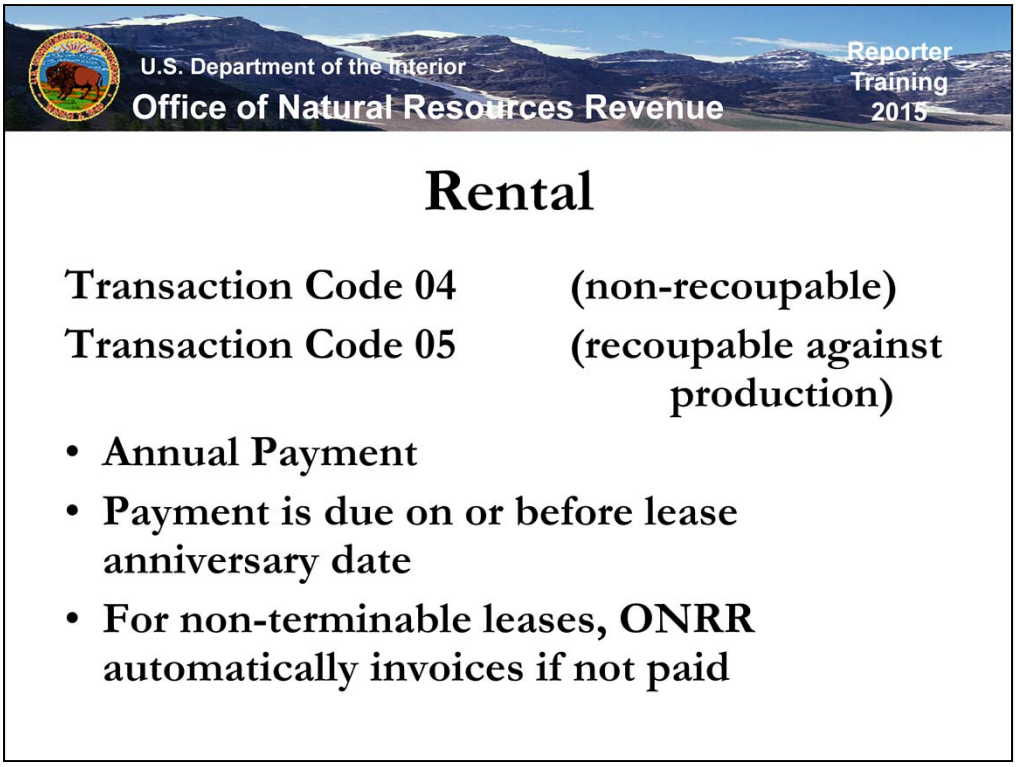
It is important to make sure you are using the correct sales month when reporting minimum royalty

The following fields must be completed to report Transaction Code 02:

1. ONRR converted 10 digit lease number
2. Sales month/year
3. Transaction code – 02
4. Adjustment reason code – leave this field blank for normal monthly reporting. You must complete this field only when adjusting previous reporting.
5. Royalty value prior to allowances
6. Royalty value less allowances
7. Payment method code

Helpful Tips:

- Track royalties throughout the lease year. If royalties meet or exceed the minimum royalty requirement, the payment is NOT due. Otherwise, report and pay the difference or the full amount due.
- Check within the reporting company or with the operator if there is uncertainty whether minimum royalty is due.
- Minimum royalty payments are due ON or BEFORE the last day of the lease year.
- Be careful to use the correct sales month. The system uses the sales month to post to the lease year.
- If the system checks and finds that the minimum royalty has not been paid, and invoice will be sent by ONRR.



There are two types of rental – non-recoupable and recoupable against production. Use transaction code 04 to report and pay rent payments that are not recoupable against production. Use transaction code 05 to report and pay rent payments that are recoupable. The amount of rent due is stipulated in the lease terms and is, except in some circumstances, due on or before the lease anniversary date.

Approximately 3 months before the lease anniversary date, ONRR usually sends a Notice of Rent Due on the lease (Courtesy Notice) to the payor established in our database. Courtesy Notices are sent for Federal leases and geothermal site licenses only. If the Courtesy Notice is not received, do not delay payment, as some leases automatically terminate for nonpayment. For those leases that do not terminate and payment is not received by the due date, ONRR will issue an invoice for the amount due. Interest will be assessed for late payment.

Report the rent for Federal leases and geothermal site licenses by submitting the 2014 report and the payment or by returning the bottom portion of the courtesy notice with the payment. <u>Do not report a 2014 and pay on your courtesy notice.</u>

Transaction Code 04

(Non-recoupable Rent)

Detail Line

Line Number	1
API Well Number	
ONRR Lease Number	0490129432
ONRR Agreement Number	
Product Code	
Sales Type Code	
Sales MO/YR	072015
Transaction Code	04
Adjustment Reason Code	
Sales Volume	
Gas MMBtu	
Sales Value	
Royalty Value Prior to Allowances	345.00
Transportation Allowance	
Processing Allowance	
Royalty Value Less Allowances	345.00
Payment Method Code	3

Example – How to enter a line in your electronic 2014 for non-recoupable rent.

The required fields for non-recoupable rent include

1. **ONRR lease number**
2. **Sales month/year – very important!**
3. **Adjustment reason rode – if adjusting prior reporting**
4. **Royalty value prior to allowances**
5. **Royalty value less allowances**
6. **Payment method code**

Helpful Tip:

Check the "Data Elements by Transaction Code" handout to verify the fields that must be completed.

Transaction Code 05

(Recoupable Rent)

Detail Line

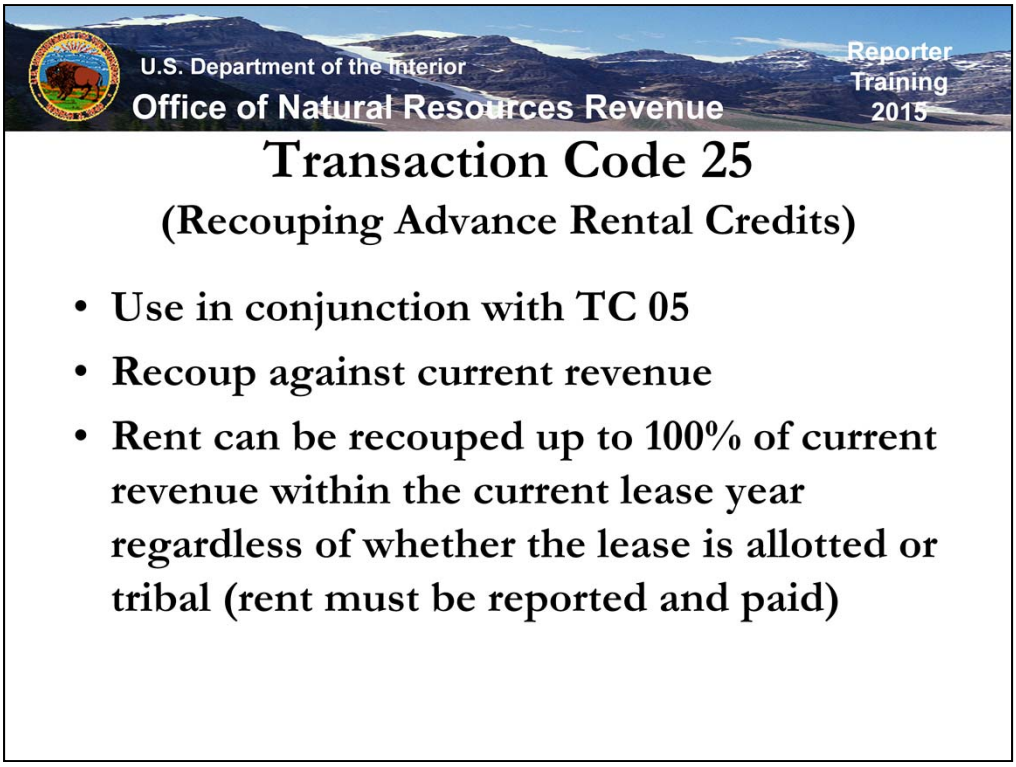
• Line Number	1
• API Well Number	
• ONRR Lease Number	0490129432
• ONRR Agreement Number	
• Product Code	
• Sales Type Code	
• Sales MO/YR	072015
• Transaction Code	05
• Adjustment Reason Code	
• Sales Volume	
• Gas MMBtu	
• Sales Value	
• Royalty Value Prior to Allowances	345.00
• Transportation Allowance	
• Processing Allowance	
• Royalty Value Less Allowances	345.00
• Payment Method Code	3

The required fields for recoupable rent include

1. **ONRR lease number**
2. **Sales month/year – very important!**
3. **Adjustment reason rode – if adjusting prior reporting**
4. **Royalty value prior to allowances**
5. **Royalty value less allowances**
6. **Payment method code**

Helpful Tip:

Check the "Data Elements by Transaction Code" handout to verify the fields that must be completed.



Most Indian lease terms and some Federal lease terms require a rent payment on producing leases at the beginning of the lease year. When reporting and paying monthly royalties, recoup these rent payments against net royalties reported and paid for the lease in the same year. One hundred percent of the current month's net royalties reported may be offset against the rent payment within the same lease year, subject to no more than the rent payment.

If the payor fails to recoup prior year rents on Indian leases, these rents are considered an overpayment requiring the use of transaction codes 25, 50, and 51.

Do not recoup on an Indian lease when any portion of the royalties are taken in kind by the tribe. For this situation, only recoup previous rent payments by requesting a refund directly from the tribe. This requirement also applies to any prior un-recouped rents from a period when royalties were taken in value.

Report the advance rental credit to ONRR by using transaction code 05. Frequently, payors make their rent payments several months in advance of the actual due date. Remember that rental payments cannot be recouped until royalties are reported and paid within the lease year that the rent applies.

Transaction Code 25

(Rent Recoupment)

Detail Line

	Current Prod	Rental Recoup
• Line Number	1	2
• API Well Number		
• ONRR Lease Number	0490129432	0490129432
• ONRR Agreement Number		
• Product Code	01	
• Sales Type Code	ARMS	
• Sales MO/YR	082015	082015
• Transaction Code	01	25
• Adjustment Reason Code		
• Sales Volume	9.06	
• Gas MMBtu		
• Sales Value	704.00	
• Royalty Value Prior to Allowances	88.00	-88.00
• Transportation Allowance		
• Processing Allowance		
• Royalty Value Less Allowances	88.00	-88.00
• Payment Method Code	3	3

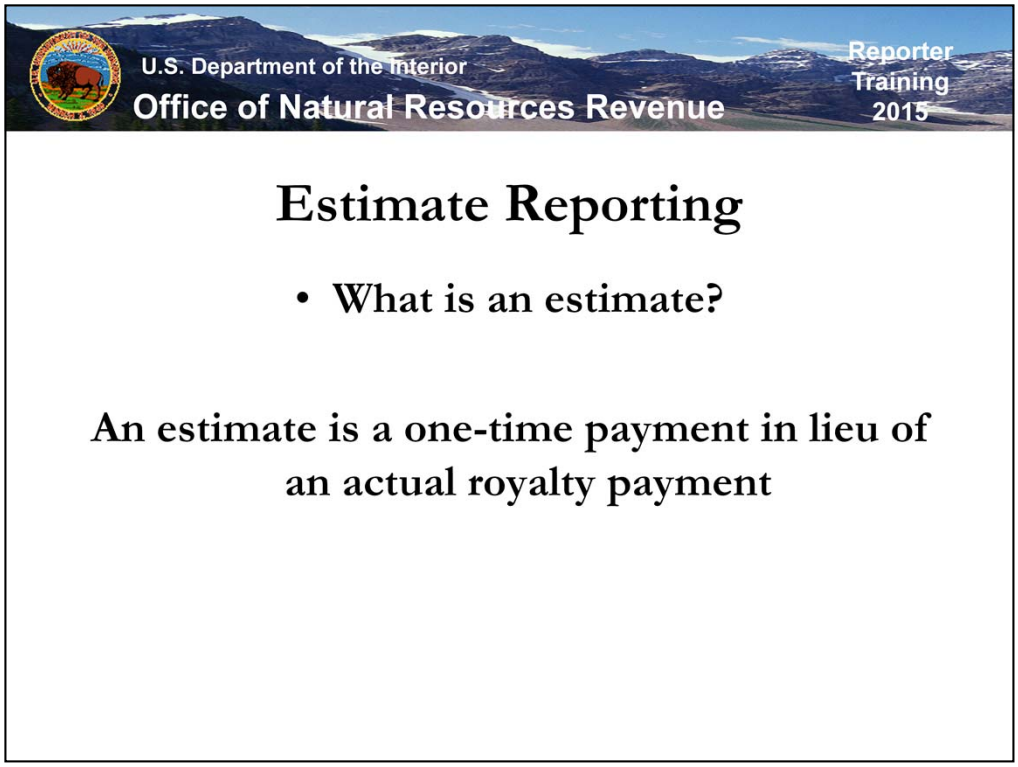
Example – How to enter a line for transaction code 25 on your 2014 report in eCommerce.

The following fields are required for reporting transaction code 25:

1. **ONRR converted lease number**
2. **Sales month/year**
3. **Adjustment reason code – if needed**
4. **Royalty value prior to allowances**
5. **Royalty Value Less Allowances**
6. **Payment Method Code**

Helpful Tip:

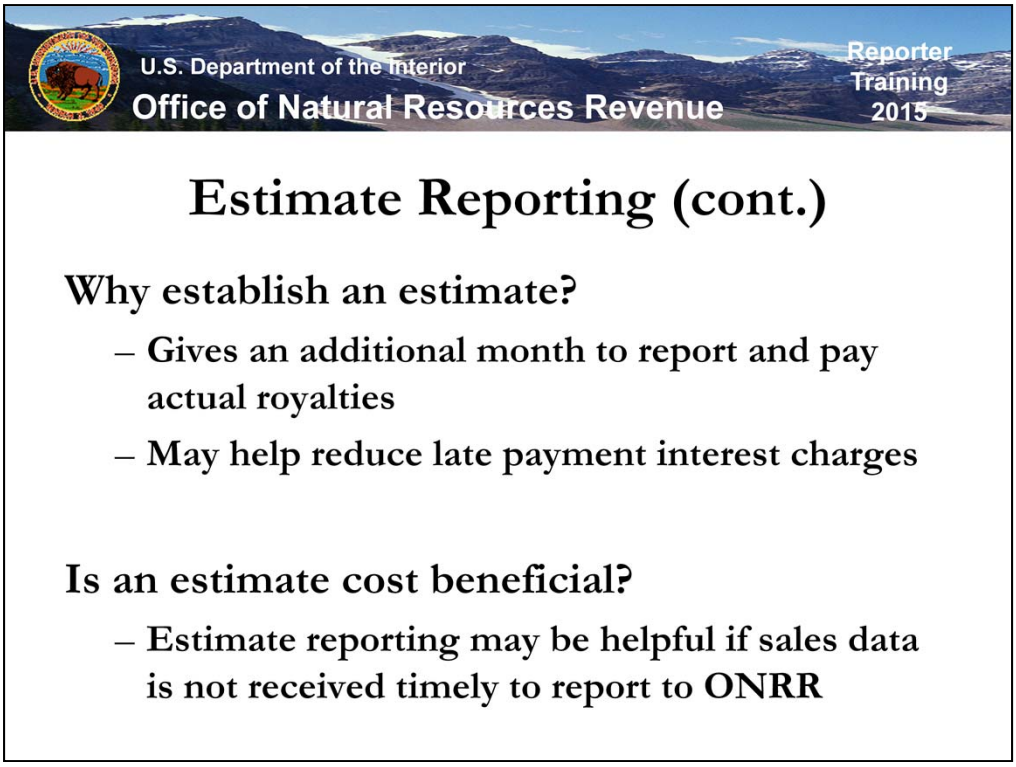
Check the "Data Elements by Transaction Code" handout to verify the fields that must be completed.



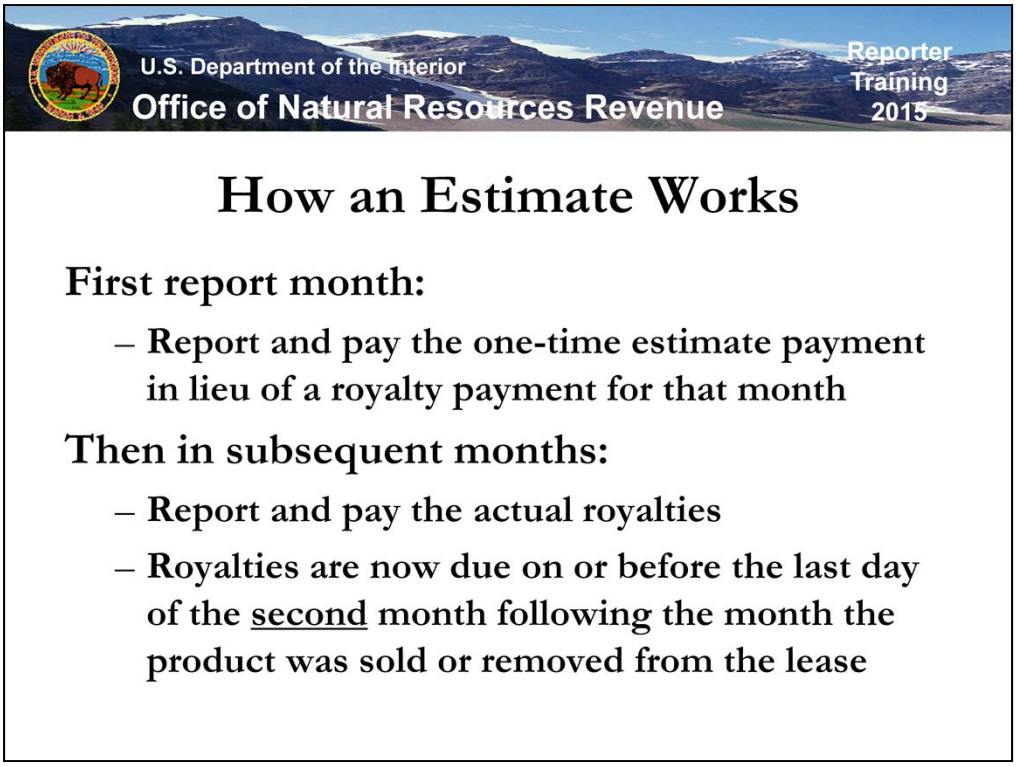
An estimate is a one-time payment in lieu of an actual royalty payment.

Royalty payments are normally required by the end of the month following the month the company sold or removed the product from the lease; however, if the payor cannot meet this deadline, the company may establish an estimated royalty payment (estimate) to give them an additional month to report and pay actual royalties and possibly avoid late payment interest charges. An estimate is a one-time payment in lieu of an actual royalty payment for that month; then in subsequent months you report and pay the actual royalties. Royalties are then due the last day of the second month following the month you sold or removed the product from the lease. If that day falls on a weekend or holiday, the due date is extended to the next business day.

Report an estimated payment at the lease level. The sales month must be 1 month prior to the report month shown on the 2014 report. *Establishing retroactive estimate balances is not permitted.* The 2014 report reflects the estimate sales month for all products on the lease; therefore, you must change the sales month for any product not requiring an estimate.



An estimate gives the payor an additional month to report and pay actual royalties, and it may help reduce late payment interest charges.



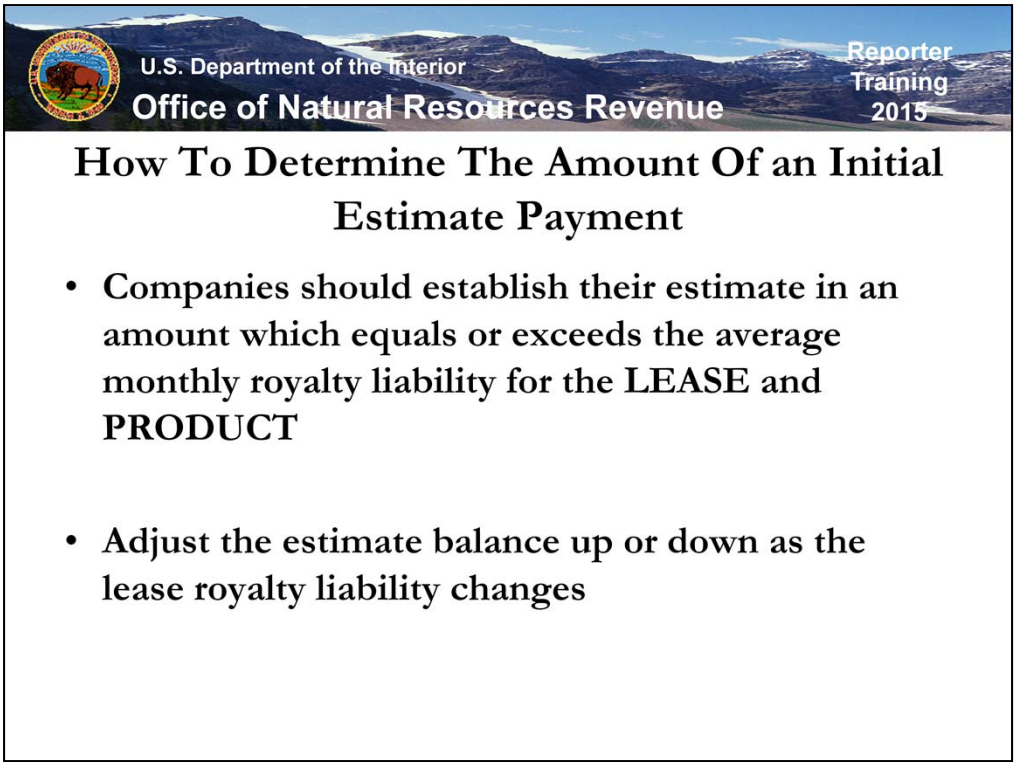
How an estimate works:

For the first report month, report and pay a one-time estimate payment in lieu of a royalty payment for that month.

In subsequent months, report and pay your actual royalties

Royalties are now due the second month following the month the product was sold or removed from the lease.

If that day falls on a weekend or a holiday, it is due the next business day.



To determine the amount of an initial estimate payment, establish the estimate in an amount equal to or exceeding the average monthly royalty liability for the lease and product.

Adjust the estimate balance up or down as the lease royalty liability changes. This is critical for the reason that interest may be due if estimates are too low, however, if an estimate is too high for an extended period of time, ONRR will not pay interest.

For a given lease and sales month, ONRR compares the lease estimate balance to the actual royalty paid. Interest is due on the amount that the royalty payment exceeds the estimate balance. Interest is also due on amounts paid after the due date for estimate reporting.

It is beneficial maintain a record of all estimate payments and adjustments for each lease to possibly prevent an over-recoupment of an estimate balance.

Average monthly royalty payments over the past 6 months to 1 year.

Transaction Code 03

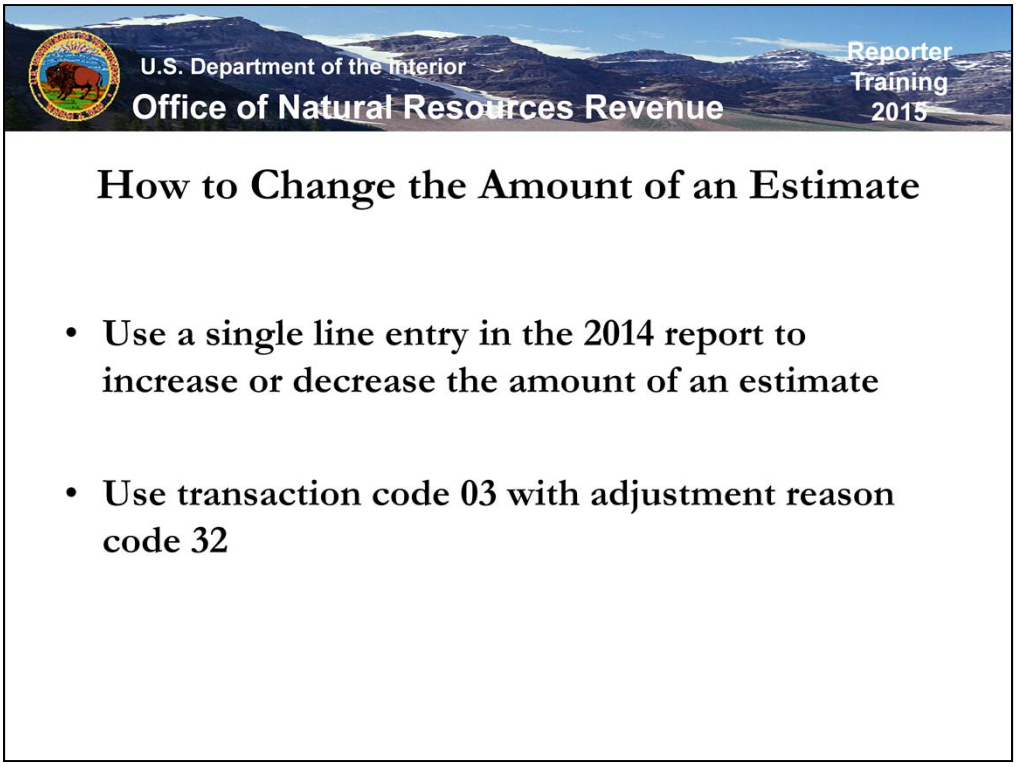
(Establishing a First-Time Estimate)

Detail Line

Line Number	1
API Well Number	
ONRR Lease Number	0490129432
ONRR Agreement Number	
Product Code	
Sales Type Code	
Sales MO/YR	022015
Transaction Code	03
Adjustment Reason Code	
Sales Volume	
Gas MMBtu	
Sales Value	
Royalty Value Prior to Allowances	88.00
Transportation Allowance	
Processing Allowance	
Royalty Value Less Allowances	88.00
Payment Method Code	3

- Sales month on the estimate line must be one month prior to the report month (in lieu of royalties)
- An adjustment reason code is not required when establishing an estimate for the first-time.

When you establish a new estimate for the first time, use transaction code 03 and no adjustment reason code. Thereafter, use transaction code 03 and adjustment reason code 32 to adjust your estimate balance (even if your estimate is reduced to zero and then you increase the balance at a later date). Use a single line entry on the Form 2014 to increase or decrease the amount of an estimate. The estimate payments are disbursed to the entitled recipient; therefore, you must follow the proper procedures in accordance with Federal and Indian recoupments and refunds.



To change the amount of an estimate:

Use a single line entry to increase an estimate using transaction code (TC)03 and adjustment reason code (ARC)32

To adjust an estimate use ARC 32 (even with a balance of zero, it is still considered to be a balance).

The system looks at the payor code and lease to identify whether or not there is an estimate balance.

Do not adjust the estimate every month as this is unnecessary if there is no increase or decrease of production.

Once the estimate is established, only increase or decrease if the production changes.

If you need to move estimates from lease to lease or payor code to payor code, you must contact ONRR. The reporter is not allowed to perform this function

Transaction Code 03

(Increasing an Estimate)

Detail Line

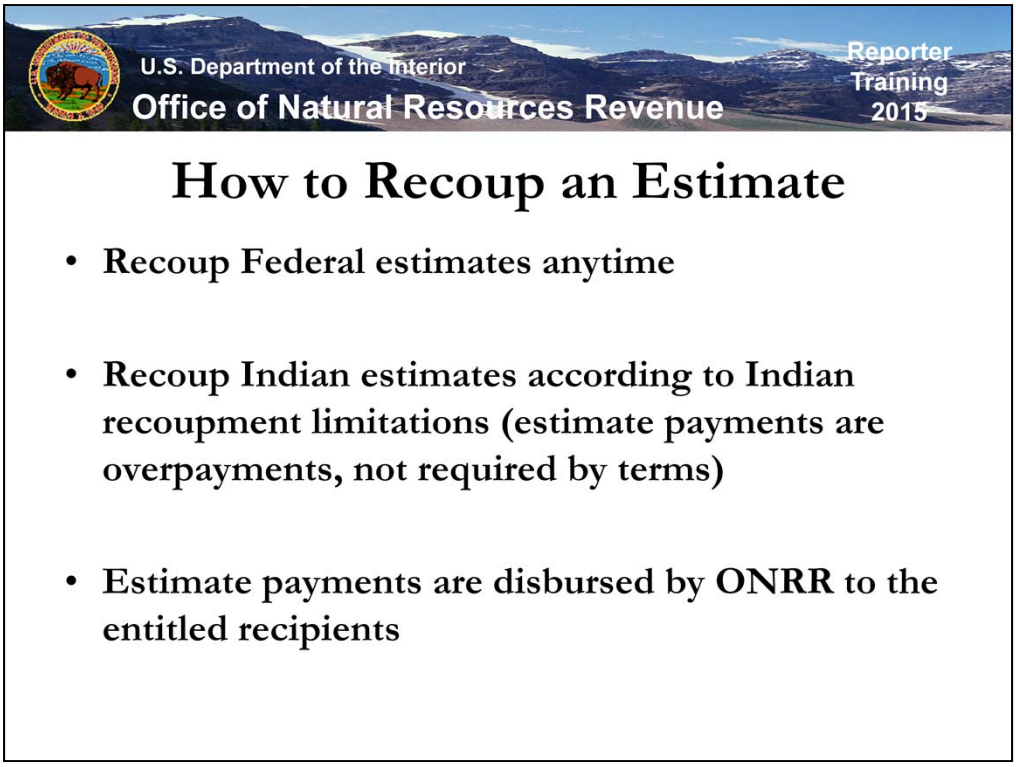
• Line Number	1
• API Well Number	
• ONRR Lease Number	0490129432
• ONRR Agreement Number	
• Product Code	
• Sales Type Code	
• Sales MO/YR	062014
• Transaction Code	03
• Adjustment Reason Code	32
• Sales Volume	
• Gas MMBtu	
• Sales Value	
• Royalty Value Prior to Allowances	100.00
• Transportation Allowance	
• Processing Allowance	
• Royalty Value Less Allowances	100.00
• Payment Method Code	3

Once an estimate is established, any increase requires an adjustment reason code 32

Increase the amount of the estimate by entering a positive value in the royalty value prior to allowances (RVPA) and the royalty value less allowances (RVLA) fields.

Decrease the amount of the estimate by entering a negative value in the royalty value prior to allowances (RVPA) and the royalty value less allowances (RVLA) fields.

Be sure to use the adjustment reason code (ARC) 32 when making the adjustment.



How to recoup an estimate:

Follow the proper procedures in accordance with Federal and Indian recoupments and refunds.

Recoup Federal estimates at any time against any lease.

Estimates for Indian leases are lease specific and are subject to recoupment limitations.

Recoup tribal leases at 100% and allotted leases at 50% against current revenue.

Reminder: The estimate payments are disbursed to the entitled recipient.

Transaction Code 03

(Decreasing an Estimate)

Detail Line

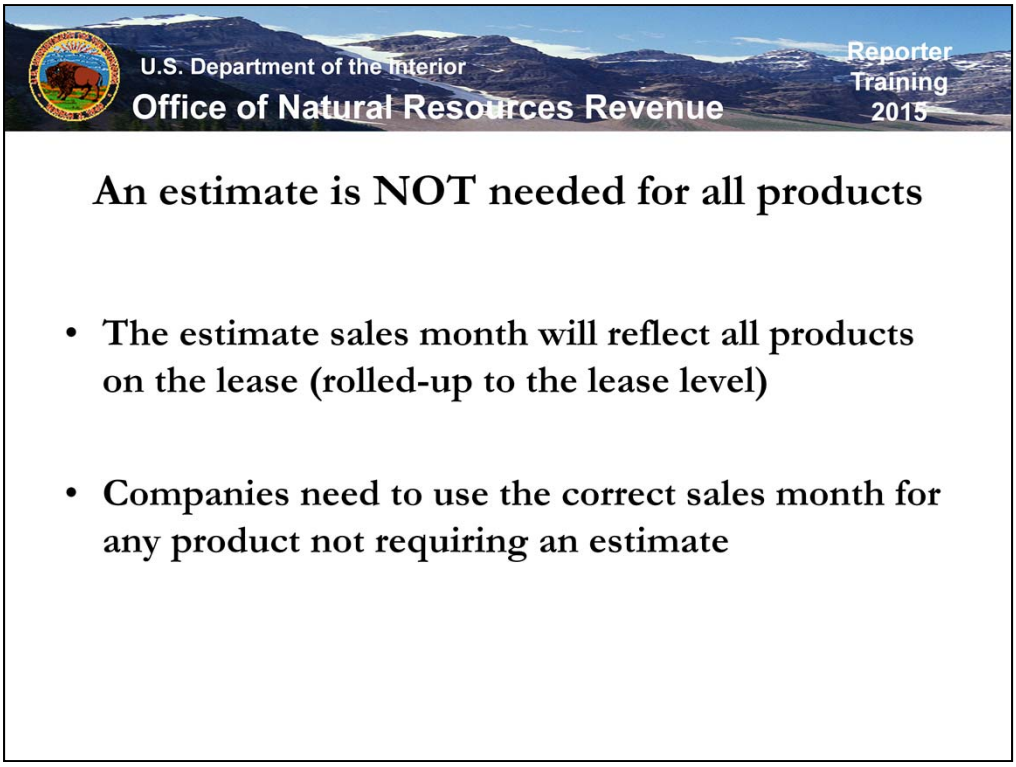
• Line Number	1
• API Well Number	
• ONRR Lease Number	0490129432
• ONRR Agreement Number	
• Product Code	
• Sales Type Code	
• Sales MO/YR	062014
• Transaction Code	03
• Adjustment Reason Code	32
• Sales Volume	
• Gas MMBtu	
• Sales Value	
• Royalty Value Prior to Allowances	-100.00
• Transportation Allowance	
• Processing Allowance	
• Royalty Value Less Allowances	- 100.00
• Payment Method Code	3

Once an estimate is established, any decrease requires an adjustment reason code 32

Increase the amount of the estimate by entering a positive value in the royalty value prior to allowances (RVPA) and the royalty value less allowances (RVLA) fields.

Decrease the amount of the estimate by entering a negative value in the royalty value prior to allowances (RVPA) and the royalty value less allowances (RVLA) fields.

Be sure to use the adjustment reason code (ARC) 32 when making the adjustment.



Establish an estimate balance at lease level, not for a specific product.

Report the correct sales month depending on which product on the 2014 report will have an established estimate.

Once the estimate is established, report the sales month as 2 months prior to the report month for actual production reporting.

Transaction Code 03

(Multiple Products and Establishing an Estimate)

Detail Line

	Current Prod	Estimate for Gas
• Line Number	1	2
• API Well Number		
• ONRR Lease Number	0490129432	
• ONRR Agreement Number		
• Product Code	01	
• Sales Type Code	ARMS	
• Sales MO/YR	022015	
• Transaction Code	01	
• Adjustment Reason Code		
• Sales Volume	9.06	
• Gas MMBtu		
• Sales Value	704.00	
• Royalty Value Prior to Allowances	88.00	
• Transportation Allowance		
• Processing Allowance		
• Royalty Value Less Allowances	88.00	
• Payment Method Code	03	

Situation: Lease has oil and gas sold for the month of February. Payor only receives the sales data for oil by the report due date

Scenario: First time reporting on lease. Company receives oil run tickets timely, gas plant statements are received late. What fields must be completed on your monthly report for Line 2? (You are setting up the estimate for Line 2 for $1000.00). The report month is 03/2015

Line 1.

This line has been completed for you and represents your current oil production.

Line 2.

What should be entered in the required fields?

Transaction Code 03

(Multiple Products and Establishing an Estimate)

Detail Line

	Current Prod	Estimate for Gas
• Line Number	1	2
• API Well Number		
• ONRR Lease Number	0490129432	0490129432
• ONRR Agreement Number		
• Product Code	01	
• Sales Type Code	ARMS	
• Sales MO/YR	022015	022015
• Transaction Code	01	03
• Adjustment Reason Code		
• Sales Volume	9.06	
• Gas MMBtu		
• Sales Value	704.00	
• Royalty Value Prior to Allowances	88.00	1,000.00
• Transportation Allowance		
• Processing Allowance		
• Royalty Value Less Allowances	88.00	1,000.00
• Payment Method Code	03	03

Solution:

Sales Month	02/2015
Transaction Code	03
RVPA	1000.00
RVLA	1000.00
Payment Method	3

Solution Hint: If reporting after the 10th of the month, note that the report month changes. If you set up estimates for a particular sales date, you may want to send them in on a separate report if you are having difficulty with corrections and overrides, and you may not be finished by the 10th of the month.

Transaction Code 03

(Multiple Products and Establishing Estimate cont.)

Detail Line

	Oil Prod	Gas Prod	Inc Gas Est
• Line Number	1	2	3
• API Well Number			
• ONRR Lease Number	0540077770	0540077770	0540077770
• ONRR Agreement Number			
• Product Code	01	04	
• Sales Type Code	ARMS	ARMS	
• Sales MO/YR	022015	??????	??????
• Transaction Code	01	01	03
• Adjustment Reason Code			??
• Sales Volume	9.06	3020.00	
• Gas MMBtu		3624.00	
• Sales Value	704.00	18120.00	
• Royalty Value Prior to Allowances	88.00	2265.00	500.00
• Transportation Allowance			
• Processing Allowance			
• Royalty Value Less Allowances	88.00	2265.00	500.00
• Payment Method Code	03	03	03

Once a payor has established an estimate for a lease, they need to make sure they report the correct sales month and adjust their estimate accordingly

New Scenario: Company established estimate last month. This is production month February and report month March. How would you report oil & gas on your Form 2014 and increase your estimate for increased production by $500.00?

Line 1:

Oil Production – This line is completed for you.

Line 2:

What is the correct sales month?

Line 3:

What should you enter into the sales date field? What should your enter into the ARC field?

Transaction Code 03

(Multiple Products and Establishing Estimate cont.)

Detail Line

	Oil Prod	Gas Prod	Inc Gas Est
• Line Number	1	2	3
• API Well Number			
• ONRR Lease Number	0540077770	0540077770	0540077770
• ONRR Agreement Number			
• Product Code	01	04	
• Sales Type Code	ARMS	ARMS	
Sales MO/YR	022015	012015	022015
• Transaction Code	01	01	03
• Adjustment Reason Code			32
• Sales Volume	9.06	3020.00	
• Gas MMBtu		3624.00	
• Sales Value	704.00	18120.00	
• Royalty Value Prior to Allowances	88.00	2265.00	500.00
• Transportation Allowance			
• Processing Allowance			
• Royalty Value Less Allowances	88.00	2265.00	500.00
• Payment Method Code	3	3	3

Once a payor has established an estimate for a lease, they need to make sure they report the correct sales month and adjust their estimate accordingly

Solution:

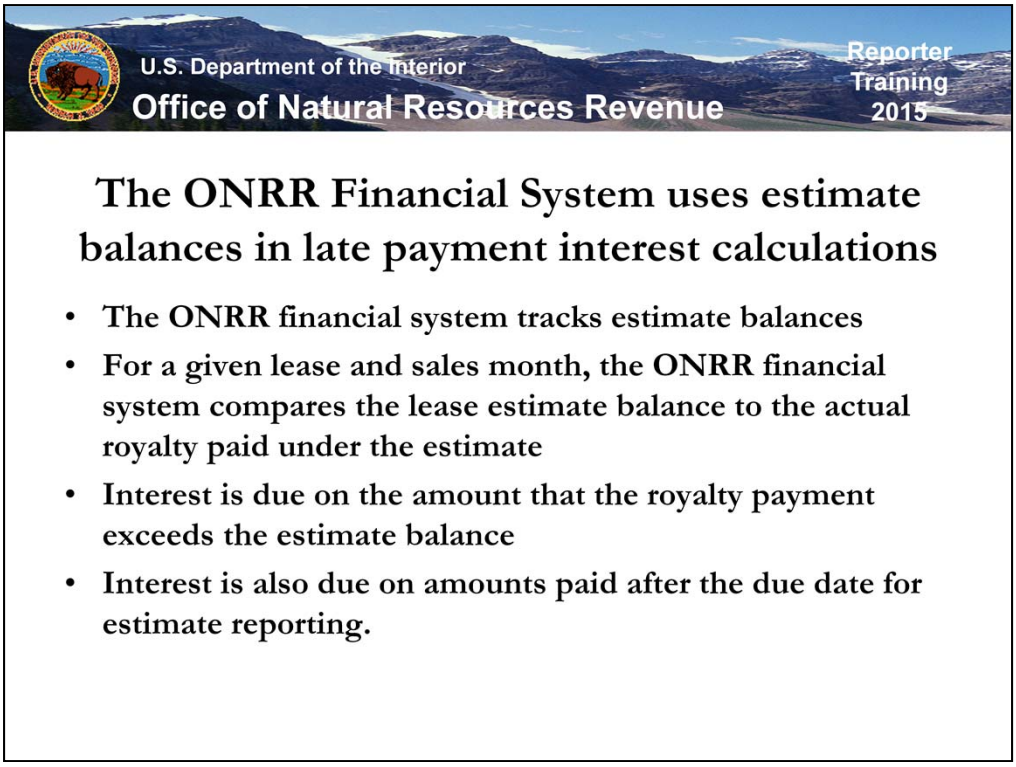
Line 2:

Sales Month 012015

Line 3:

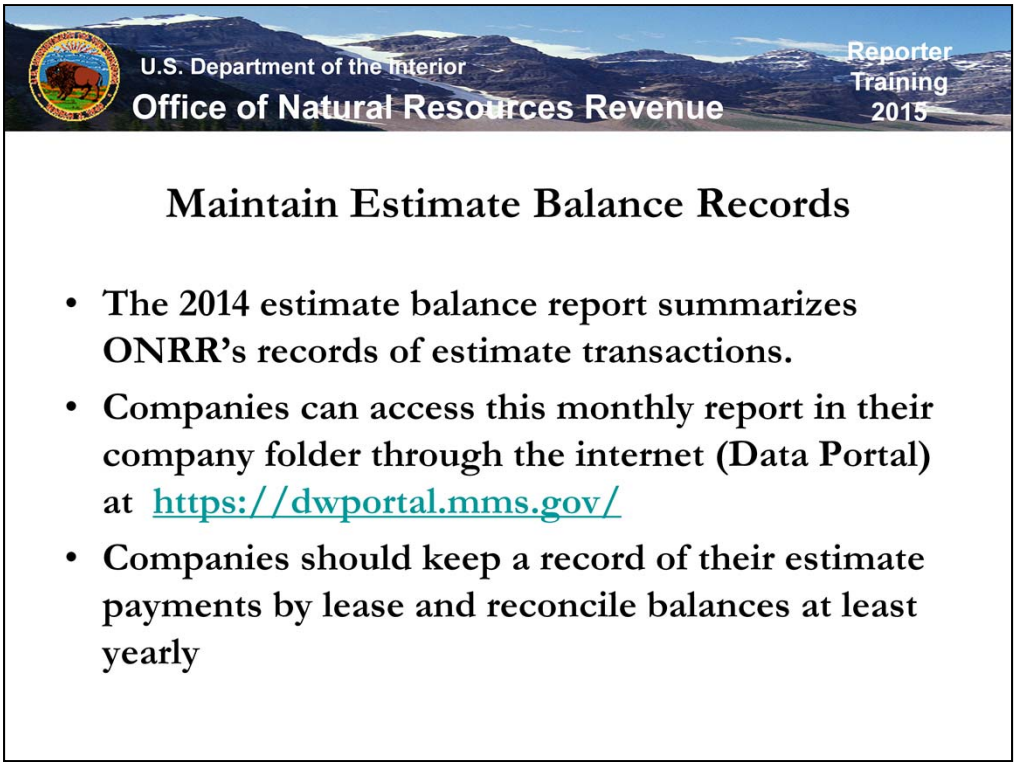
Sales Month 022015

ARC 32



The rationale for ONRR's tracking of estimate balances is that interest may be due if estimates are too low, however, if an estimate is too high for an extended period of time, ONRR will not pay interest.

For a given lease and sales month, ONRR compares the lease estimate balance to the actual royalty paid. Interest is due on the amount that the royalty payment exceeds the estimate balance. Interest is also due on amounts paid after the due date for estimate reporting. Therefore, it is to your benefit to maintain a record of all estimate payments and adjustments for each lease to possibly prevent an overrecoupment of an estimate balance.



Keep track of estimate balance payments and adjustments for each lease.

Access the estimate balance detail and summary reports through the company specific payor folder in the Data Warehouse Portal.

Check the payor folders weekly for new information

Reconcile estimate balances yearly against the estimate balance detail.

****ONRR will attempt to provide data when requested, but adequate staff is not available to respond to frequent and numerous requests for data.**

U.S. Department of the Interior

Office of Natural Resources Revenue

Reporter Training 2015

Reporting Exercise

- You are reporting your monthly royalty for gas
- Rocky Mountain Oil & Gas sold unprocessed gas (product code 04) from lease 049-012345-0 for sales month January 2015 to an unaffiliated company
- The contract is arm's length percentage of proceeds
- Lease participates in the Laramie Unit 891-001234-0
- Total agreement production volume is 3000
- Lease receives a 20 percent allocation from the unit
- Owner's Interest is 100%
- The lease has 50% Federal Ownership
- Btu content is 1.150
- Price per unit is $5.00
- There are no transportation or processing costs
- Lease royalty rate is 12 ½ Percent
- Payment by EFT

Reporting Exercise for classroom experience. Use your Royalty Calculations Worksheet handout.

Owner's interest is always something that you will need to know internally. ONRR does not know your owner's interest.

U.S. Department of the Interior
Office of Natural Resources Revenue
Reporter Training 2015

Reporting Exercise Answer

Total agreement production volume x tract percentage x Federal mineral ownership interest = sales volume

??? mcf x ??? x ??? x ??? = ??? Sales Volume

Sales Volume x Btu Content = Gas MMBtu

??? x ??? Btu Factor = ??? Gas MMBtu

Gas MMBtu x Price Per Unit = Sales Value

??? MMBtu x $??? Unit Price = $??? Sales Value

Sales Value x Lease Royalty Rate = Royalty Value

$??? x ??? = $??? Royalty Value

Solution to the Reporting Exercise Scenario

Questions?????

Adjustments, Refunds, and Recoupments

ADJUSTMENTS, RECOUPMENTS & REFUNDS

Whenever you submit incorrect data on Form ONRR-2014, you must make subsequent adjustments to correct the information. **An adjustment is any correction made on Form ONRR-2014 to a previously reported line.** You make adjustments to:

- Pay additional monies
- Recoup overpaid and over reported amounts
- Change information that has no effect on payments

Adjustments, and the way they are reported, are affected by the lease type (Federal or Indian) and the time period.

Adjustment

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

- **Additional monies**
- **Change information that has no effect on payments**

Two-line entry required (except estimates):

- **Reverse original line as accepted into the ONRR financial system, and as converted to the new Form ONRR-2014 format**
- **Enter adjusting line**
- **Adjustment reason code required on both lines**

An **adjustment** is a correction that you make on the Form ONRR-2014 to a previously accepted line to report additional monies or to make a change that **does not** effect the payment (for example, correct your product code, sales type code, sales month, etc.)

- You will adjust a line by reversing the original line as it accepted into the MRM Financial Support system and as converted to the new Form ONRR-2014 format (using a valid ARC).

- You will then report the line correctly (also using a valid ARC).

- The two-line reversal is **not** used for estimate reporting. You will increase or decrease an estimate balance using a single-line entry.

Adjustment Reason Codes

- **Valid Adjustment Reason Codes (ARC)**

  10 Adjustment

  At the request of industry, we consolidated the ARCs wherever possible. Unless instructed otherwise by ONRR, industry can report volume, value, and royalty rate adjustments using ARC 10.

  15 Marginal Property True-Up
  16 Major Portion/Dual Accounting (post 01/01/2000)
  17 ONRR-Initiated Compliance Adjustment – Now part of the CMP2014 process
  32 Estimate Adjustment
  35 Unit Participating Area/Communitization Agreement Adjustment
  49 Index Zone/Dual Accounting Price Adjustment
  (post 01/01/2000 sales months only)

Notice the valid and invalid ARC's for the new Form ONRR-2014. We continue to see many rejected lines with invalid ARC's.

For more information on Adjustment Reason Codes, See the Minerals Revenue Reporter Handbook, Appendix F, Adjustment Reason Codes.

Recoupment

- **An adjustment on Form ONRR-2014 that results in a net negative total for the transaction.**
- **ONRR prefers that the credit is recovered from the balance of the document.**
- **Fastest and most cost-efficient way to correct an overpayment.**

If you make an adjustment that **does** affect the monies and results in a **net negative** total for the transaction, this is considered a **recoupment**. You can then recover the credit from the balance of the document.

- A recoupment is the fastest and most cost-efficient way to correct an overpayment.

- **ONRR prefers that you recoup your overpayment in this way.**

Refund

A payment made by ONRR to a payor. ONRR prefers overpayments to be recouped against revenue on Form ONRR-2014. Otherwise, notify ONRR by telephone, fax, or in writing of a refund request. Include the following:

- **Explanation of how the overpayment occurred**
- **Request for a specific amount**
- **Taxpayer Identification or Social Security Number**
- **Correcting Form ONRR-2014 or copy of check**

A **refund** is givenwhen ONRR directs the U.S. Treasury to issue funds to a payor for an overpayment. **ONRR PREFERS OVERPAYMENTS TO BE RECOUPED AGAINST REVENUE ON YOUR Form ONRR-2014**. However, if you request a refund through ONRR, notify us by telephone, fax, or in writing and include the following:

- A brief explanation of how the overpayment occurred
- A request for a specific amount
- Your taxpayer identification number or social security number if you are an individual. ONRR must include this number on all checks or wire payments made by the U.S. Treasury.
- A properly completed Form ONRR-2014 that reverses the originally reported overpayment and then reports the correct data. The net difference represents the amount of your refund request or,
- If you did not report the overpayment on Form ONRR-2014, provide a copy of the check or wire transfer information to help us identify your overpayment.

Refund (cont.)

ONRR will send your refund electronically. Include the following:

- **Payor name**
- **Bank name, city, and state**
- **Nine-digit American Banking Association (ABA) number**
- **Bank account number and account type (c - checking or s - savings)**

The Debt Collection Improvement Act of 1996 requires ONRR to send all Federal payments electronically unless the recipient certifies that they do not have an account at a financial institution.

To process the funds electronically, include the following:

- Payor name
- Your bank name, city, and state
- Your 9-digit American Banking Association (ABA) number
- Your bank account number and account designation (c - checking or s - savings)
- Your taxpayer identification or social security number

Federal Leases

Adjustment must be made within 6 years from obligation due date (6-year adjustment period).

Recoupment must be taken within 6 years from obligation due date (6-year adjustment period).

Refund request must be submitted within 6 years from obligation due date (6-year adjustment period).

You must make adjustments within 6 years from the obligation due date. For example, you must make any adjustments to the December 2008 sales period before the last day of January 2015.

You can adjust overpayments and underpayments discovered during an audit on your CMP-2014 if they exceed the 6-year adjustment period only after a written notice is approved by the Secretary or the applicable delegated State (tolling agreement).

In the event that the lines adjusting lines reject, you must contact your Royalty Error Specialist and provide a copy of the issue letter, audit report, order, and/or data mining email request/order as part of the override process.

Federal Recoupment Situations

- **Overpaid/Reported Royalties Correctly**
  - **No adjusting Form-2014 necessary.**
  - **Use credit toward the payment of the next amount due to any lease.**
  - **Please notify your assigned ONRR Accountant.**
- **Overpaid and Over-Reported Royalties**
  - **Must reverse original entry and rebook line with correct data.**
  - **ONRR prefers adjustment be added to the next Form-2014 that has an amount due to ONRR.**

Helpful Hint: You must review your original lines in the data warehouse and not back out what is in your system. There may be a discrepancy due to overrides, changes, etc.

MAKING AN ADJUSTMENT THAT DOES NOT EFFECT ROYALTIES

Detail Line

• Line Number	1	2
• API Well Number		
• MMS Lease Number	049012943A	049012943A
• MMS Agreement Number		8910012340
• Product Code	04	04
• Sales Type Code	ARMS	ARMS
• Sales MO/YR	072014	072014
• Transaction Code	01	01
• Adjustment Reason Code	10	10
• Sales Volume	-1280.00	1280.00
• Gas MMBtu	-1408.00	1408.00
• Sales Value	-704.00	704.00
• Royalty Value Prior to Allowances	-88.00	88.00
• Transportation Allowance	0.00	0.00
• Processing Allowance	0.00	0.00
• Royalty Value Less Allowances	-88.00	88.00
• Payment Method Code	3	3

To correct a Federal reporting error that does not effect the monies, reverse the original line as accepted and enter the adjustment to report the correct information using ARC 10.

Remit a check in the amount of $0.00 (net difference).

First Step: Go to the Data Warehouse and find the original line (do not use your own history).

Second Step: Reverse your original line using the appropriate adjustment reason code.

Third Step: Rebook your line ensuring that you use the same adjustment reason code as your reversal line.

Don't forget: Your payment method even if it is a negative royalty.

For estimate adjustments always use ARC 32.

If you are making adjustments for an audit, do not reverse estimates as this is an unnecessary step.

MAKING AN ADJUSTMENT THAT DOES EFFECT ROYALTIES

Detail Line

• Line Number	1	2
• API Well Number		
• MMS Lease Number	049012943A	049012943A
• MMS Agreement Number		8910012340
• Product Code	04	04
• Sales Type Code	ARMS	ARMS
• Sales MO/YR	072014	072014
• Transaction Code	01	01
• Adjustment Reason Code	10	10
• Sales Volume	-1280.00	1280.00
• Gas MMBtu	-1408.00	1408.00
• Sales Value	-4224.00	4224.00
• Royalty Value Prior to Allowances	-528.00	616.00
• Transportation Allowance	0.00	0.00
• Processing Allowance	0.00	0.00
• Royalty Value Less Allowances	-528.00	616.00
• Payment Method Code	3	3

To correct a Federal reporting error that does effect the monies, reverse the original line as accepted and enter the change to the Royalty Value Less Allowance to report the correct information using ARC 10.

Remit check in the amount of $88.00 (net total of report).

First Step: Go to the Data Warehouse and find the original line (do not use your own history).

Second Step: Reverse your original line using the appropriate adjustment reason code.

Third Step: Rebook your line ensuring that you use the same adjustment reason code as your reversal line.

Indian Tribal and Allotted Leases

Adjustment

You can make corrections at any time to report:

- **Additional monies**
- **Change information that has no effect on payments (no cross-lease netting)**

Refund

ONRR cannot refund payments

- **Allotted leases - refund not possible**
- **Tribal leases - company must request from appropriate Tribe**

An **adjustment** is a correction that you make on the Form ONRR-2014 to a previously accepted line to report additional monies or to make a change that **does not** effect the payment (for example - correct your product code, sales type code, sales month etc.)

•**ONRR** cannot **refund** allotted and tribal payments; therefore, be very careful when you report and pay Indian leases.

We are going to discuss some different scenarios to either recoup or get a refund for overpayments on allotted or tribal leases.

•If you overpay an **allotted** lease, and you are the responsible payor to report and pay royalties on the lease, and it is producing, you can recoup the overpayment (50 percent) against current revenue on that lease. You must establish that overpayment using Transaction Code 50 (Indian Recoupable Balance). If the lease is not producing, you will be unable to get a refund from the allottee. If you sold the lease and it is producing, you can ask the new payor if they will recoup the overpayment for you by transferring your recoupable balance (TC 50) to them. To recoup your recoupable balance, you must use Transaction Code 51 (Indian Recoupment Taken).

•If you overpay a **tribal** lease, and you are the responsible payor to report and pay royalties on the lease, and it is producing, you can recoup the overpayment (100 percent) against current revenue on that lease, or request a refund from the appropriate tribe. You must establish that overpayment using Transaction Code 50 (Indian Recoupable Balance). If you are no longer the responsible payor or the lease is not producing, you can request permission from the tribe to recoup the balance from other tribal leases that you report and pay current revenue. If you sold the lease, and it is producing, you can ask the new payor if they will recoup the overpayment for you by transferring your recoupable balance (TC 50) to them. To recoup your recoupable balance, you must use Transaction Code 51 (Indian Recoupment Taken).

NOTE: If you are going to transfer Indian estimates or recoupable balances, you must contact your Royalty Error Specialist to perform this action for you. Reporters/Payors are not allowed to transfer the balances.

Recoupment Comparison

TRIBAL	ALLOTTED
Under protection of Indian Tribe	Owned by an individual Indian
TC 50/51	TC 50/51
Recoup up to 100% of net current revenues	Recoup up to 50% of net current revenues
Lease specific	Lease specific
With written permission from the Tribe, may recoup from other tribal leases	

Lets look at the difference between tribal and allotted lease Recoupment procedures.

Tribal: The payment is disbursed to the tribe. If you overpay a tribal lease, you can set up a recoupable balance (TC 50) and recoup against current revenue using (TC 51). You can recoup up to 100% of net current revenue against the same lease as the overpayment. If you overpay a tribal lease and are unable to recoup the balance, you can request permission from the tribe to recoup the balance from other tribal leases.

Allotted: The payment is disbursed to an individual allottee; therefore, the recoupment is prorated so that the current revenue is not reduced by more than 50 percent. If you overpay an allotted lease, you can set up a recoupable balance (TC 50) and recoup against current revenue using (TC 51) on the same lease as the overpayment. If you overpay an allotted lease and are unable to recoup the balance, you will not be able to get a refund.

Note: Keep track of your recoupable balances by payor code and lease number. If you try to recoup more than the balance, the line will reject.

Indian Recoupment Situations

- **Overpaid - Reported Royalties Correctly**
  - **No adjusting Form-2014 necessary.**
  - **Use credit toward the payment of the next amount due to any Indian lease. Please notify your assigned ONRR Accountant.**
- **Overpaid on a Tribal Lease (PMC 7) - Reported Royalties Correctly**
  - **No adjusting Form-2014 necessary.**
  - **Use credit only to reduce future payments to that *specific* tribal lockbox. Please notify your assigned ONRR Accountant.**
- **Overpaid and Over-Reported Royalties**
  - **Must reverse original entry and rebook line with correct data**
  - **Must establish recoupable balance for the specific Indian lease(s) in which the error(s) occurred with a Transaction Code 50.**
  - **Once TC 50 is established, recoup with TC 51 against current month's net revenue due on the <u>same</u> lease until fully recouped.**

MAKING AN ADJUSTMENT THAT DOES NOT EFFECT ROYALTIES

Detail Line		
• Line Number	1	2
• API Well Number		
• MMS Lease Number	6340027270	6340027270
• MMS Agreement Number		8910012340
• Product Code	04	04
• Sales Type Code	OINX	OINX
• Sales MO/YR	012015	012015
• Transaction Code	01	01
• Adjustment Reason Code	10	10
• Sales Volume	-1280.00	1280.00
• Gas MMBtu	-1408.00	1408.00
• Sales Value	-704.00	704.00
• Royalty Value Prior to Allowances	-88.00	88.00
• Transportation Allowance	0.00	0.00
• Processing Allowance	0.00	0.00
• Royalty Value Less Allowances	-88.00	88.00
• Payment Method Code	3	3

To correct a Indian reporting error that does not effect the monies, reverse the original line as accepted and enter the adjustment to report the correct information using ARC 10.

Remit check in the amount of $0.00 (net difference).

First Step: Go to the Data Warehouse and find the original line (do not use your own history).

Second Step: Reverse your original line using the appropriate adjustment reason code.

Third Step: Rebook your line ensuring that you use the same adjustment reason code as your reversal line.

Don't forget: Your payment method even if it is a negative royalty.

For estimate adjustments always use ARC 32.

If you are making adjustments for an audit, do not reverse estimates as this is an unnecessary step.

Indian Tribal Lease vs. Allotted Lease Recoupment Example

- The Reporter reported an incorrect volume:
  - Reported 10,000 Mcf
  - Should be 1,000 Mcf
- The leases have a 20 percent royalty rate.
- The overpayment occurred on report month February 2015 for January 2015 production.
- A correction will be made on the March 2015 report at which time the February 2015 production will also be reported.

We will review an example to show you the difference in reporting between Indian allotted and tribal leases.

The lease information shown will remain the same for both examples; only the reporting will be different.

MAKING AN ADJUSTMENT THAT DOES EFFECT ROYALTIES TRIBAL

Detail Line	Reversing	Rebook	Set Up 50	Current Roy	Recoup 51
Line No.	1	2	3	4	5
API No.					
Lease No.	6340027270	6340027270	6340027270	6340027270	6340027270
Agreement No.		8910012340		8910012340	
PC	04	04		04	
STC	OINX	OINX		OINX	
Sales MO/YR	012015	012015	012015	022015	022015
TC	01	01	50	01	51
ARC	10	10			
SV	-10000.00	1000.00	0.00	1200.00	0.00
Gas MMBtu	-11100.00	1110.00	0.00	1332.00	0.00
Sales Value	-33300.00	3330.00	0.00	4329.00	0.00
RVPA	-6660.00	666.00	5994.00	865.00	-865.00
TA	0.00	0.00	0.00	0.00	0.00
PA	0.00	0.00	0.00	0.00	0.00
RVLA	-6660.00	666.00	5994.00	865.00	-865.00
PM	3	3	3	3	3

To correct the original line reported on Form ONRR-2014:

Go to the Data Warehouse and find the original line (do not use your own history).

•**Line 1**: Reverse the original line as accepted into the ONRR's system (using a valid ARC)

•**Line 2**: Enter the adjustment line to report the correct volume (using a valid ARC).

•**Line 3**: Use TC 50 to establish a recoupable balance to offset the overpayment. The royalty value for TC 50 is a positive amount and is the difference between line one and line two (your document total will be zero). The sales month will match your royalty line in which the overpayment occurred.

For report month March 2014 and sales month February 2014 you can recoup against the TC 50 balance that you established the prior month.

Line 4: Current Production

•**Line 5:** Use TC 51 to recoup the overpayment. For Indian tribal leases, you can recoup up to 100 percent of current revenue due for the lease. The sales month will match your royalty line in which you are recouping against.

The royalty value for February production is $865.80. You can recoup 100 percent of $865.80. You owe nothing.

MAKING AN ADJUSTMENT THAT DOES EFFECT ROYALTIES ALLOTTED

Detail Line	Reversing	Rebook	Set Up 50	Current Roy	Recoup 51
Line No.	1	2	3	4	5
API No.					
Lease No.	6340027270	6340027270	6340027270	6340027270	6340027270
Agreement No.		8910012340		8910012340	
PC	04	04		04	
STC	OINX	OINX		OINX	
Sales MO/YR	012015	012015	012015	022015	022015
TC	01	01	50	01	51
ARC	10	10			
SV	-10000.00	1000.00	0.00	1200.00	0.00
Gas MMBtu	-11100.00	1110.00	0.00	1332.00	0.00
Sales Value	-33300.00	3330.00	0.00	4329.00	0.00
RVPA	-6660.00	666.00	5994.00	865.00	-432.50
TA	0.00	0.00	0.00	0.00	0.00
PA	0.00	0.00	0.00	0.00	0.00
RVLA	-6660.00	666.00	5994.00	865.00	-432.50
PM	3	3	3	3	3

To correct the original line reported on Form ONRR-2014:

Go to the Data Warehouse and find the original line (do not use your own history).

•**Line 1**: Reverse the original line as accepted into the ONRR's system (using a valid ARC)

•**Line 2**: Enter the adjustment line to report the correct volume (using a valid ARC).

•**Line 3**: Use TC 50 to establish a recoupable balance to offset the overpayment. The royalty value for TC 50 is a positive amount and is the difference between line one and line two (your document total will be zero). The sales month will match your royalty line in which the overpayment occurred.

For report month March 2014 and sales month February 2014, you can recoup against the TC 50 balance that you established the prior month.

Line 4: Current Production

•**Line 5:** Use TC 51 to recoup the overpayment. For Indian Allotted leases, you can recoup up to 50 percent of current revenue due for the lease. The sales month will match your royalty line in which you are recouping against.

•The royalty value for February production is $865.80. You can recoup 50 percent of $865.80. You owe $432.50.

Transaction Code 25

Advance rental payments (TC 05) are **NOT** considered overpayments.

Recoupments (TC 25) of advance rental payments (TC 05) are **NOT** subject to recoupment limitations within the current lease year (recoup 100%).

Tip: Recoup the current lease year rent before recouping any already established recoupable balance.

- ONRR does not consider advance rentals overpayment therefore, the Indian recoupment procedures do not apply.
- So once you have reported and paid your recoupable **rent** (TC 05) begin recouping it the following month or two if you have an estimate established, at 100% against your current revenue **within the current lease year.** This applies to both allotted and tribal leases.
- We continue to see payors recoup only 50% on allotted leases within the current lease year.
- Be sure to recoup your current lease year rent before recouping any recoupable balance (TC 50). This is not a rule but a suggestion.
- Note: Be sure to keep track of your recoupable and rental balances.

Indian Lease Example Recouping Current Year Rental

Detail Line	Current Royalties	Recouping Rent
• Line Number	1	2
• API Well Number		
• MMS Lease Number	5350012860	5350012860
• MMS Agreement Number	8910012340	
• Product Code	04	
• Sales Type Code	OINX	
• Sales MO/YR	022015	022015
• Transaction Code	01	25
• Adjustment Reason Code		
• Sales Volume	720.00	0.00
• Gas MMBtu	845.00	0.00
• Sales Value	4329.00	0.00
• Royalty Value Prior to Allowances	865.00	-800.00
• Transportation Allowance	0.00	0.00
• Processing Allowance	0.00	0.00
• Royalty Value Less Allowances	865.00	-800.00
• Payment Method Code	3	3

Note: Current year rent must be reported and paid before recouped against current royalties.

Assume the annual rent of $800 was paid and reported by the annual due date of Jan 1,2015.

Recoup the current year rent at 100% of the current revenue, regardless of the Indian lease type.

For report month March 2014 and sales month February 2015, you can recoup the current lease year rent.

- Use TC 25 to recoup the current year rent payment at 100%. Leaving net revenues of $65.00. (Revenue $865.00 – Rent Recoup $800.00 = $65.00)
- The sales month will match your royalty line in which you are recouping against.

Indian Example Recouping Past Year Rental

Detail Line	Current Roy	Recoup Past Rental	Set Up 50
Line No.	1	2	3
API No.			
Lease No.	6340027270	6340027270	6340027270
Agreement No.	8910012340		
PC	04		
STC	OINX		
Sales MO/YR	022015	012014	012014
TC	01	25	50
ARC	10	10	
SV	720.00	0.00	0.00
Gas MMBtu	845.00	0.00	0.00
Sales Value	4329.00	0.00	0.00
RVPA	865.00	-800.00	800.00
TA	0.00	0.00	0.00
PA	0.00	0.00	0.00
RVLA	865.00	-800.00	800.00
PM	3	3	3

REMEMBER – Current Rent Recoupments are **NOT** Overpayments.
Rent Recoupments Outside the lease year **ARE** overpayments.

OVERPAYMENTS NEED A TC50.

Facts:

Jan 2014 past royalties paid were $850.00

Annual '2014 rental $800 was reported/paid timely.

To recoup a past year rental:

1. Rent must be paid.
2. Only recoup up to the total royalties paid during the lease year minus any TC 03 estimates and TC51 Indian Recoupments.
3. Now, follow the same procedures to recoup a current year rental (TC 25), except payor must set up a recoupable balance (TC 50) to offset. Payor can begin recouping with TC 50 against any new revenue at the proper rate with TC 51.

.

Indian Lease Example

Recouping Current/Past Rental and Recoupable Balances

Detail Line	Current Roy	Recoup Past Rental	Set Up 50	Current Rent Recoup	Reduce Recoup Balance
Line No.	1	2	3	4	5
API No.					
Lease No.	6340027270	6340027270	6340027270	6340027270	6340027270
Agreement No.	8910012340				
PC	04				
STC	OINX				
Sales MO/YR	022015	012014	012014	022015	022015
TC	01	25	50	25	51
ARC	10	10			
SV	720.00	0.00	0.00	0.00	0.00
Gas MMBtu	845.00	0.00	0.00	0.00	0.00
Sales Value	4329.00	0.00	0.00	0.00	0.00
RVPA	865.00	-800.00	800.00	-800.00	-32.50
TA	0.00	0.00	0.00	0.00	0.00
PA	0.00	0.00	0.00	0.00	0.00
RVLA	865.00	-800.00	800.00	-800.00	-32.50
PM	3	3	3	3	3

On same report (lease specific), determine your current net revenues: new royalties minus any current year rent recoupment ($865.00 - $800.00 = $65.00).

Recoup any recoupable balance against the remaining revenue.

If lease is tribal, add TC 51 for -65.00. If allotted, TC 51 = $-32.50 (1/2 $65.00).

Resulting in report total and payment: Tribal = Zero, Allotted = $32.50.

For report month March 2015 and sales month February 2015, you can recoup the current lease year rent, as well as, any TC 50 balance that you established previously or on the current report.

•Use TC 25 to recoup the current year rent payment at 100%. Leaving net revenues of $65.00 left to recoup ($865.00- $800.00).

•Use TC 51 to recoup any overpayment. For Indian allotted leases, you may not exceed 50 percent of current net revenue due for the lease.

•The sales month will match your royalty line in which you are recouping against.

•You can recoup 50 percent of the net revenue of $65.00 which equals $32.50, assuming that the recoupable balance equals or exceeds $32.50.

Transaction Code 03

Reductions to estimated payments (TC 03) **ARE** subject to recoupment limitations (tribal 100%, allotted 50%)

Tip: Recoup the current lease year rent <u>before</u> recouping any estimate balance.

- Keep in mind that if you reduce an estimate balance, you **ARE** subject to the recoupment limitations (tribal 100%, allotted 50%).

- If recouping both a current year rent and reducing an established estimate balance, recoup the rent at 100% and the remainder is subject to the recoupment limitations (tribal 100%, allotted 50%).

- Note: Be sure to keep track of your estimate balances so that you do not exceed the amount established in ONRR's system.

Indian Allotted Example
Recouping Rental & Estimate Balances

Detail Line	Current Roy	Current Rent Recoup	Reduce Estimate		
Line No.	1	2	3	4	5
API No.					
Lease No.	6340027270	6340027270	6340027270		
Agreement No.	8910012340				
PC	04				
STC	OINX				
Sales MO/YR	022015	022015	02015		
TC	01	25	03		
ARC			32		
SV	720.00	0.00	0.00		
Gas MMBtu	845.00	0.00	0.00		
Sales Value	4329.00	0.00	0.00		
RVPA	865.00	-400.00	-232.50		
TA	0.00	0.00	0.00		
PA	0.00	0.00	0.00		
RVLA	865.00	-400.00	-232.50		
PM	3	3	3		

Facts: 2015 annual rent of $400 has been reported/paid and the current estimate balance is $250.00

Recoup the current year rent at 100% of the current revenue. The current net revenue will total $465.00 ($865.00 - $400.00).

Now payor can reduce their estimate balance by 50% of their net revenue = $232.50 (1/2 of $465.00), using TC 03, ARC 32.

For report month March 2015 and sales month February 2015, you can recoup the current year rent as well as any established estimate balance you established the prior month.

- Recoup the current lease year rent with a TC 25 at 100% of the current revenue ($865.00 - $400.00 = 465.00)
- Use TC 03 with ARC 32 to reduce your estimate balance. For Indian allotted leases, you may not exceed 50 percent of current net revenue due for the lease. The sales month will always be one month prior to the report month. In this example, it also matches the sales month of the current production.
- You can recoup 50 percent of the net revenue $465.00 which equals $232.50, assuming that your estimate balance is equal to or greater than $232.50.

Indian Allotted Example

Recouping TC 50 and Estimate Balances

Detail Line	Current Roy	Recouping Indian Recoup Balance	Reduce Estimate		
Line No.	1	2	3	4	5
API No.					
Lease No.	6340027270	6340027270	6340027270		
Agreement No.	8910012340				
PC	04				
STC	OINX				
Sales MO/YR	022015	022015	022015		
TC	01	51	03		
ARC			32		
SV	720.00	0.00	0.00		
Gas MMBtu	845.00	0.00	0.00		
Sales Value	4329.00	0.00	0.00		
RVPA	865.00	-200.00*	-232.50		
TA	0.00	0.00	0.00		
PA	0.00	0.00	0.00		
RVLA	865.00	-200.00	-232.50		
PM	3	3	3		

Facts: Current recoupable (TC 50) balance is $200 and the current estimate balance is $250.00.

When recouping recoupable and estimate balances against current revenue for allotted leases, the combined recoupment amounts cannot exceed 50% of the current revenue.

Can only recoup up to ½ of $865.80 with combination TC03/51 (865.00 / 2 = 432.50)

For report month March 2015 and sales month February 2015, you can recoup the current year rent as well as any established estimate balance you established the prior month.

- Recoup the current lease year rent with a TC 25 at 100% of the current revenue ($865.80 - $400.00 = 465.80)
- Use TC 03 with ARC 32 to reduce your estimate balance. For Indian allotted leases, you may not exceed 50 percent of current net revenue due for the lease. The sales month will always be one month prior to the report month. In this example, it also matches the sales month of the current.
- You can recoup 50 percent of the net revenue $465.80 which equals $232.50, assuming that your estimate balance is equal to or greater than $232.50.

Indian Allotted Example:

- **Lease number is 1234567890**
- **Agreement Number NM 123456**
- **Report is being completed on 03-29-2015**
- **A estimate is on file for $26,000.00**
- **Recoupable Balance is $50,000.00**
- **Current Rent was paid $750.00 and $750.00 is left to recoup.**
- **Current Production is for 02-2015 RVLA is $6,250.00**
  - **Unprocessed Gas, STC:ARMS (remember the MMBTu!)**
- **A Prior Period Adjustment is being made for Sales Month 05/2014. Adjustment will increase royalties due by $11,500.00**
  - **Original line was $1,000.00 (Oil, STC:ARMS)**
  - **Should have been $12,500.00 (Oil, STC:ARMS)**

See scenario above. Using the paper 2014 worksheet to report answer the questions below.

What will you report on each line for the scenario above?

Line 1: PPA – Filled in for you

Line 2: REBOOK – Filled in for you

Line 3: CURRENT PRODUCTION – Filled in for you

Line 4: CURRENT RENT RECOUP – You need to fill in

Line 5: ESTIMATE LINE – DECREASE – You need to fill in

Line 6: RECOUP ON YOUR RECOUPABLE BALANCE – You need to fill in.

Scenario Break Down

• PPA (Reversal of Original Line)	$	-1,000.00
• Rebook Line		12,500.00
• New Revenue	$	11,500.00
• Current Revenue		6250.00
• Total Revenue	$	17,750.00
• *Current Rent Recoup		-750.00

*Current Lease Year not considered over payment. Recoup 100% of Current Revenue.

• Total Revenue Left	$	17,000.00
• *50% of Total Revenue	$	8,500.00

*50% of Total Revenue (Allotted Lease) is what you can use to decrease estimates and recoup recoupable balances.

• Estimate Balance Decrease		$ -3,000.00
• Recoup Recoupable Balance	$	-5,500.00
		-8,500.00

Reporter owes ONRR $8,500.00

This is a great example that will aid in you in reporting correctly and keep you out of trouble.

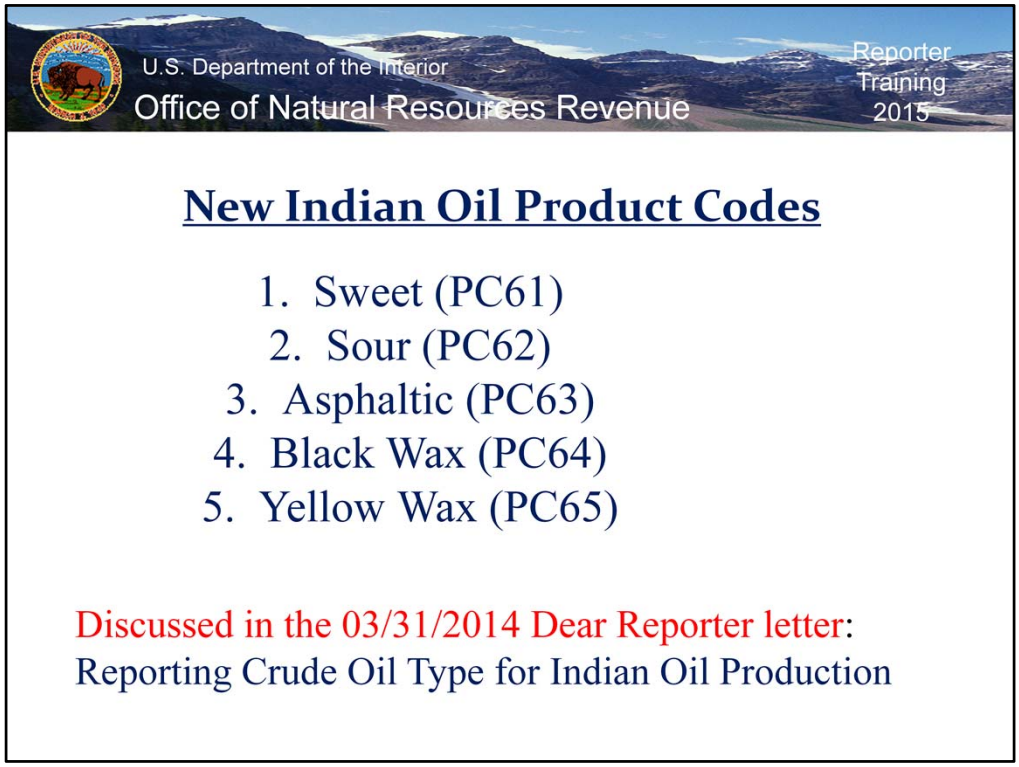
The answer key will be handed out.

Questions?

Recent or upcoming changes
Changes since the last Reporter Training

This presentation reviews the requirements on reporting Indian Oil and reviews some new/recent edits in eCommerce.

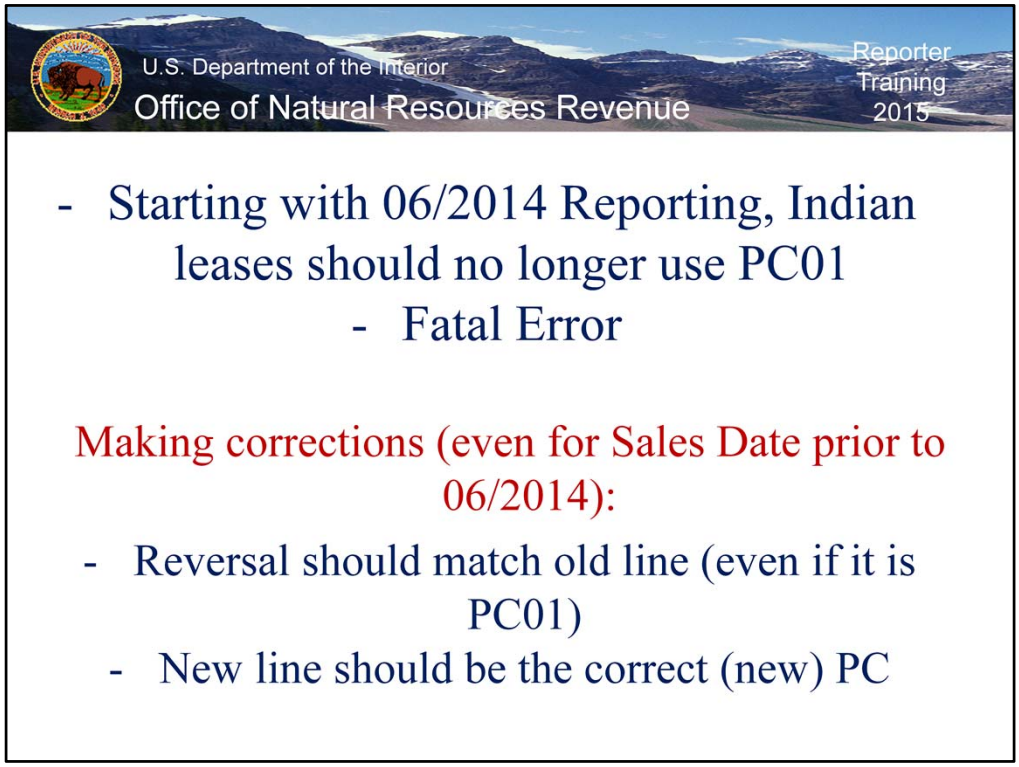
<u>CMP-2014s and ORPS will be reviewed separately</u> (please review the Agenda for dates and times).



Guideline for areas and matching PC's. **This is subject to change**, especially with new production (new reservoirs might contain different types of crude oil):

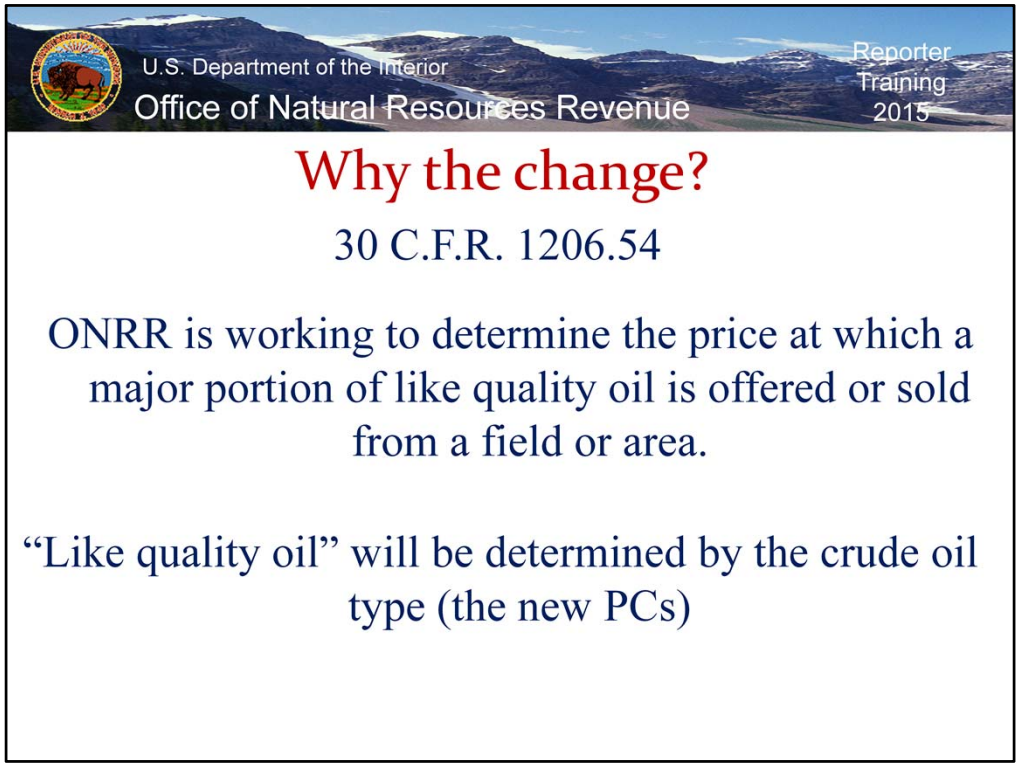
Navajo Nation Reservation - Four Corners Sweet - PC 61
Jicarilla Apache Reservation - Four Corners Sweet - PC 61
Ute Mountain Ute Reservation - Four Corners Sweet - PC 61
Uintah and Ouray Reservation - Black Wax - PC 64 and Yellow Wax - PC 65
Wind River Reservation - Wyoming Asphaltic - PC 63 and Wyoming Sweet - PC 61
Fort Berthold Reservation - Bakken Blend Sweet - PC 61
Fort Peck Reservation - Montana Sweet - PC 61
Blackfeet Reservation - Montana Sweet - PC 61 and Montana Sour - PC 62
Turtle Mountain Reservation - Bakken Blend Sweet - PC 61
State of Oklahoma both Tribal and Allotted, Oklahoma Sweet - PC 61 and Oklahoma Sour - PC 62
Isabella Reservation (up state Michigan) Sweet - PC 61

**This will not impact the reporting of condensate. Continue to report condensate from Indian production using PC02 (Condensate) or PC05 (Drip or Scrubber Condensate) - whichever is applicable.



When correcting old lines (when PC01 was still applicable to Indian Oil), the reversing line should match the original line. The new correcting line should use the new PCs (61, 62, 63, 64, 65).

ONRR's Dear Reporter letter mentions, "For amended reporting prior to the sales date of June 2014, you must use product code 01 for the reversal line but ONRR encourages you to use the new product codes for the Rebooking lines"

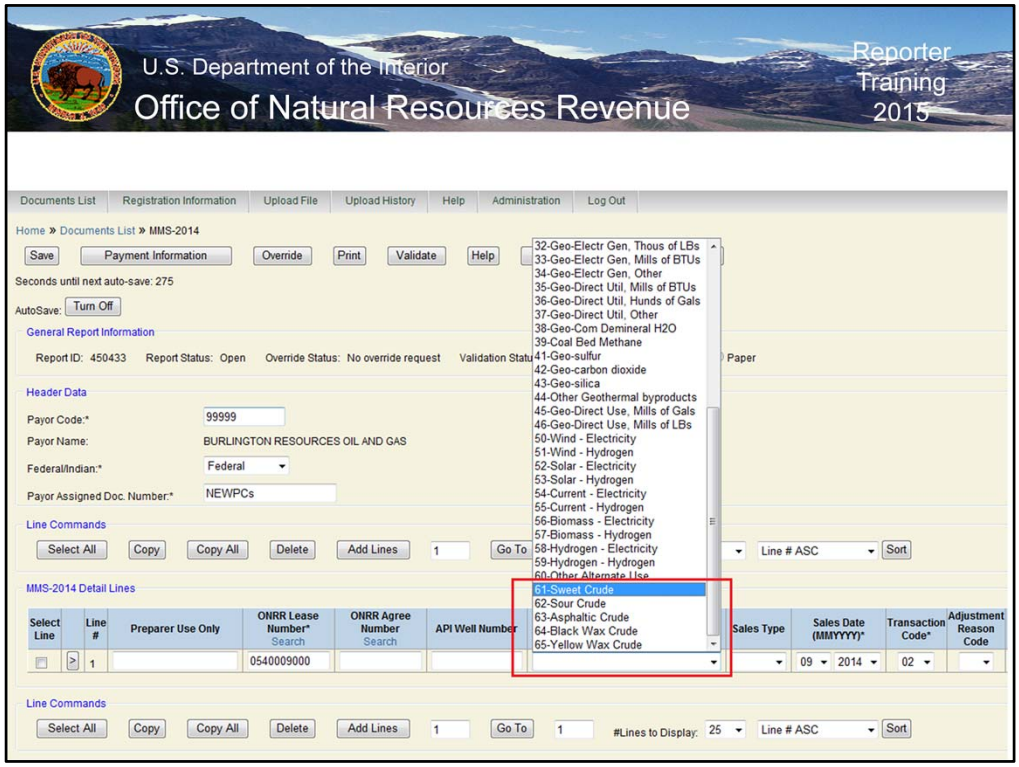


§ 1206.54 How do I fulfill the lease provision regarding valuing production on the basis of the major portion of like-quality oil?

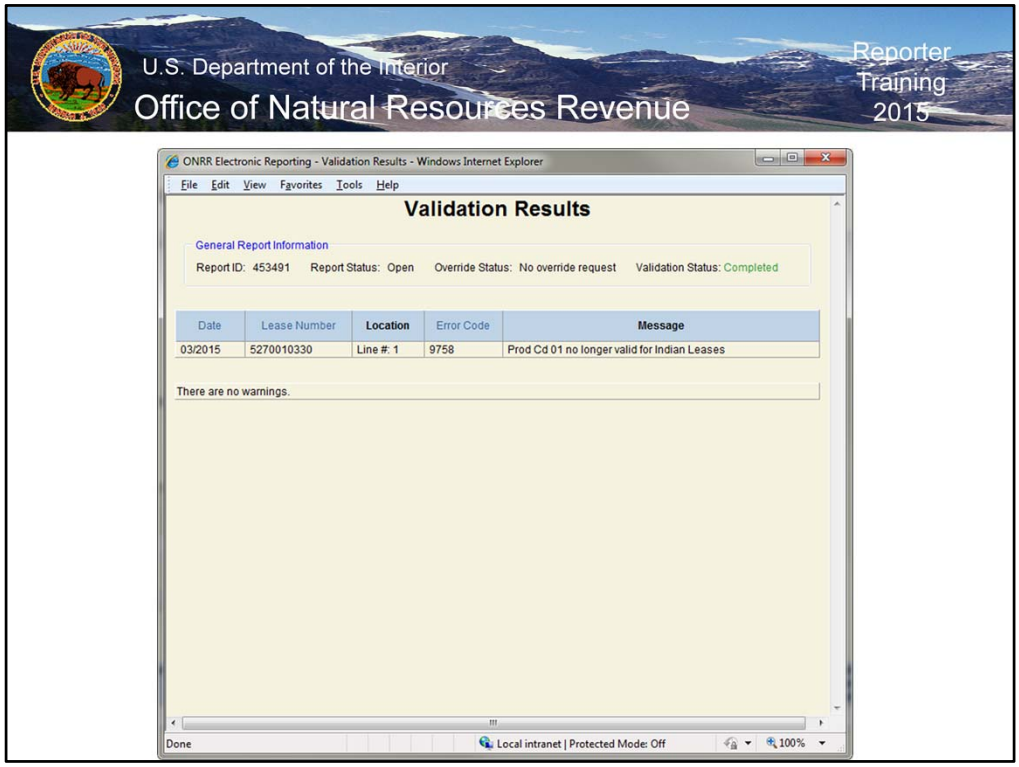
(a) For any Indian leases that provide that the Secretary may consider the highest price paid or offered for a major portion of production (major portion) in determining value for royalty purposes, if data are available to compute a major portion, ONRR will, where practicable, compare the value determined in accordance with this section with the major portion. The value to be used in determining the value of production, for royalty purposes, will be the higher of those two values.

(b) For purposes of this paragraph, major portion means the highest price paid or offered at the time of production for the major portion of oil production from the same field. The major portion will be calculated using like-quality oil sold under arm's-length contracts from the same field (or, if necessary to obtain a reasonable sample, from the same area) for each month. All such oil production will be arrayed from highest price to lowest price (at the bottom). The major portion is that price at which 50 percent by volume plus one barrel of oil (starting from the bottom) is sold.

[72 FR 71241, Dec. 17, 2007]

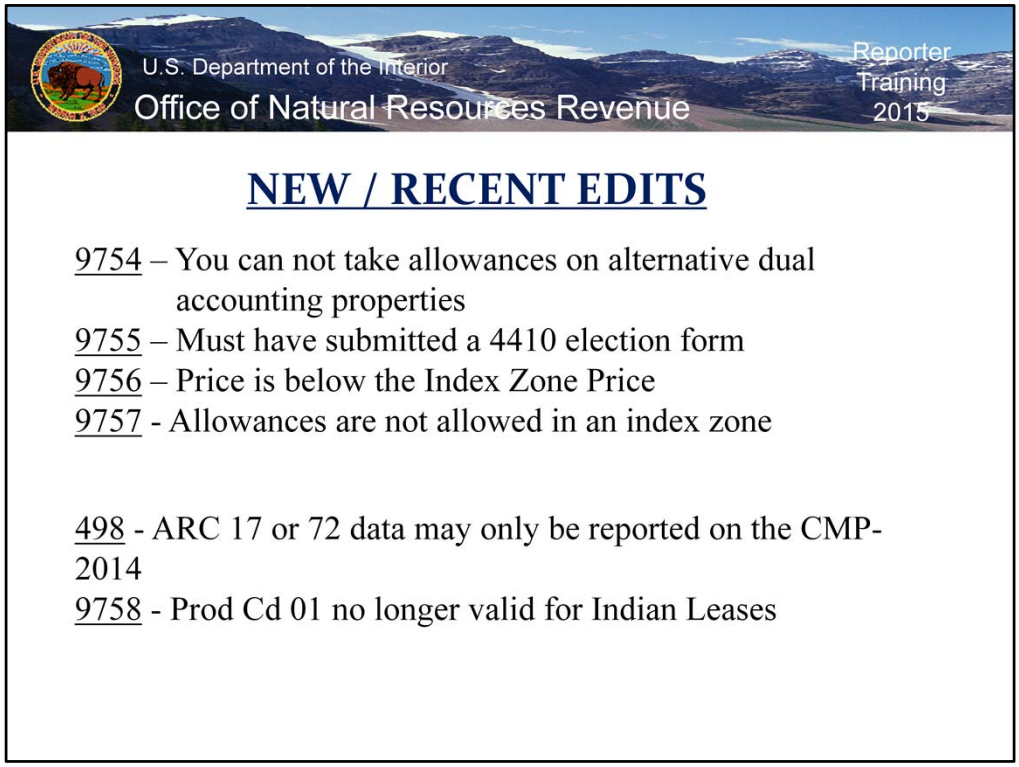


These new PC's are available in eCommerce under the Product Code drop-down box.



Edit 9758 – “PC01 no longer valid for Indian leases”

This edit is now Fatal (Error, not a Warning)



New / Recent Edits (9754, 9755, 9756, 9757) are already released in eCommerce, but are being discussed on the next few pages to provide better clarification.

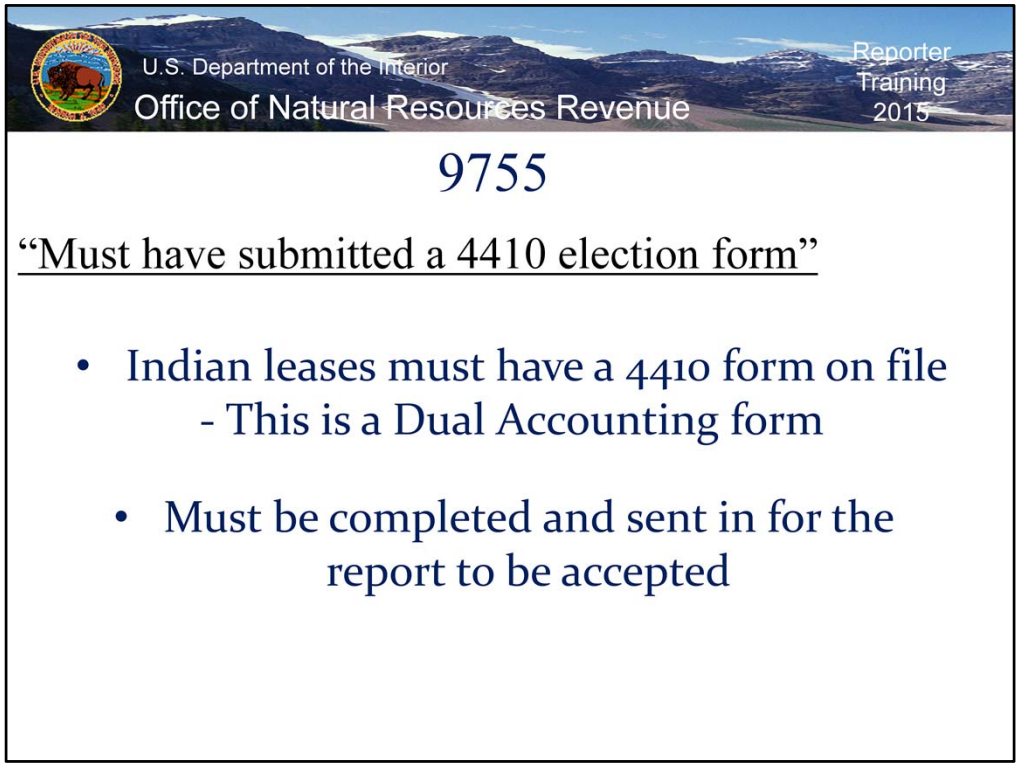
Upcoming edits (498, 9758) will be released in the near future, or will be changed to Fatal in the near future. These were discussed on previous slides already.

9754

"You can not take allowances on alternative dual accounting properties"

System checks if lease is an alternative dual accounting property. If it is, it can't have any allowances.

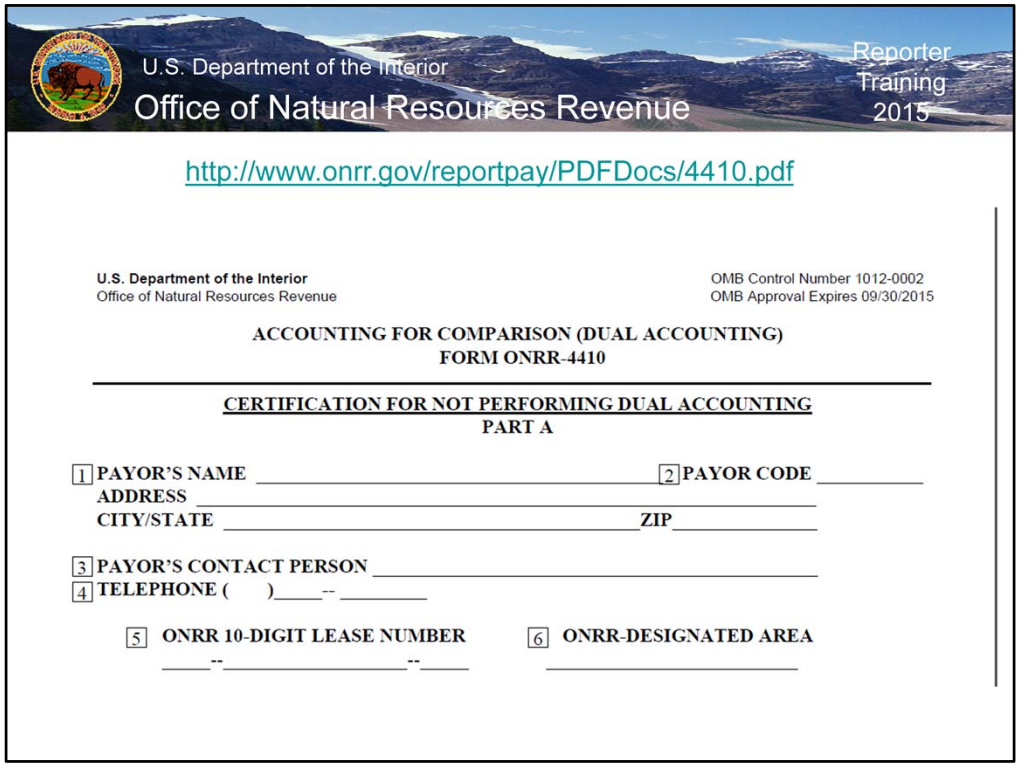
Delete the allowances (Processing and Transportation) and adjust your payment amount



This was a Warning for a long time, and was recently changed to an Error (Fatal).

All Indian leases must have a 4410 Election Form on file, <u>even if the lease is exempt</u>. The form has a section you can complete if the leases is exempt.

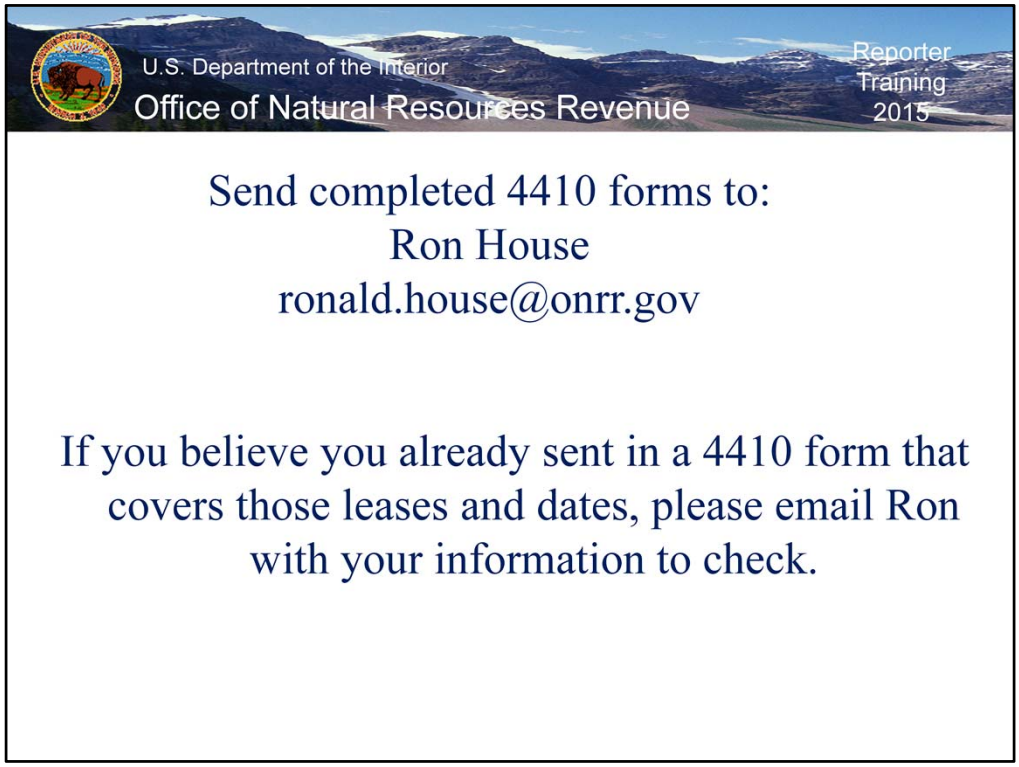
Very rarely will ONRR override this error – it indicates something is wrong with the form, or the filing, and it needs to be investigated and corrected.



Example of the 4410 Dual Accounting form.

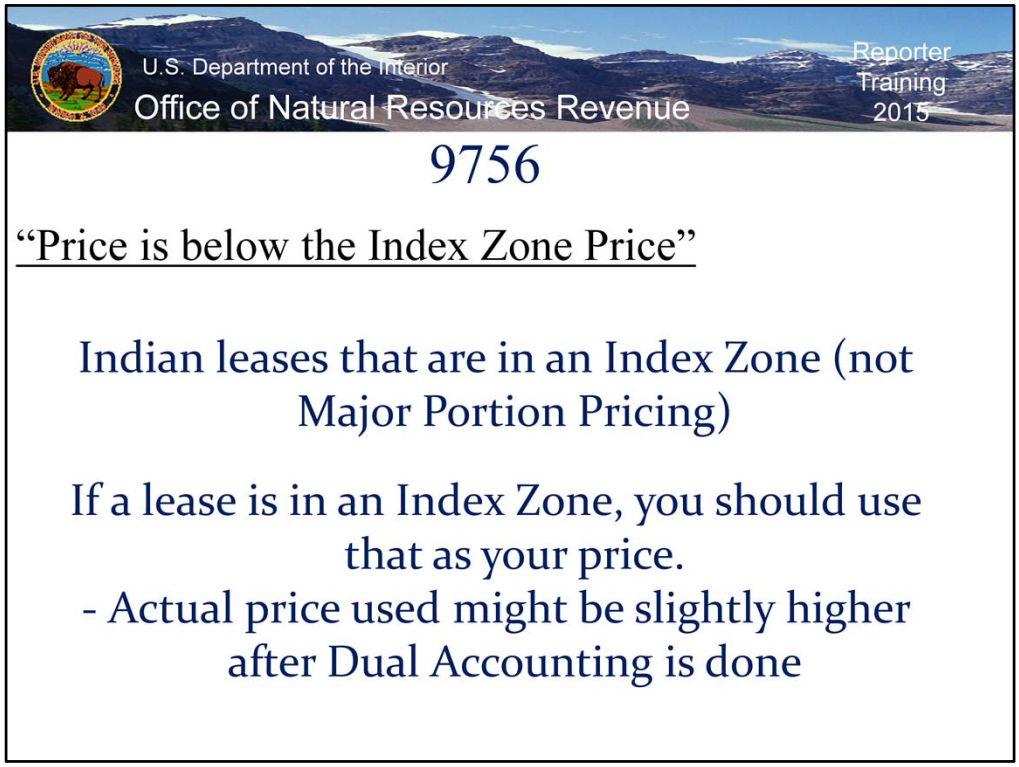
TIP - 4410 forms have a Start and End date.
If you think you already sent a form in, but are still getting the error, perhaps the date was done incorrectly.

The form can be found at: http://www.onrr.gov/reportpay/PDFDocs/4410.pdf



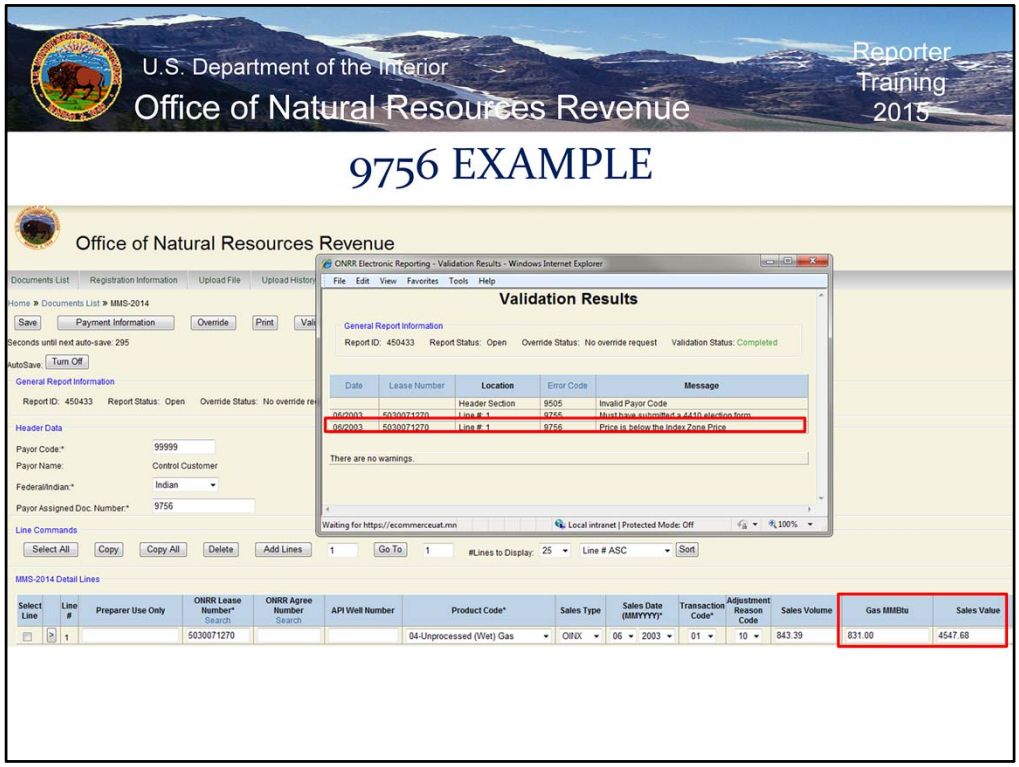
Ron House manages the 4410 Dual Accounting forms.

<u>Remember</u> to continue working with your 2014 Royalty Correction specialist for other errors or for 2014 questions.



Edit 9756 indicates that your price is below the Index Zone Price. This is determined by finding what Index Zone your lease is in and what Sales Date is being reported.

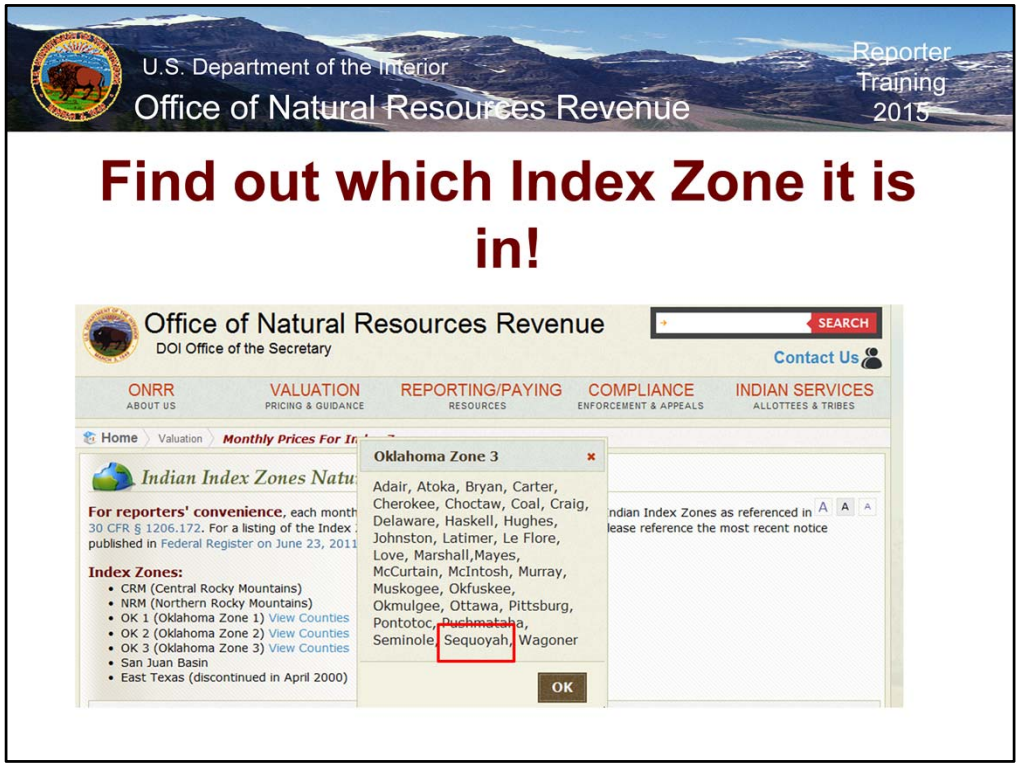
Index Prices are listed on www.ONRR.gov
Valuation > Index Zone Prices



9756 Example.

Payor entered 831.00 MMBtu and $4547.68 Sales Value for 06/2003. That means the price claimed is $5.472539.

Why is there an error?



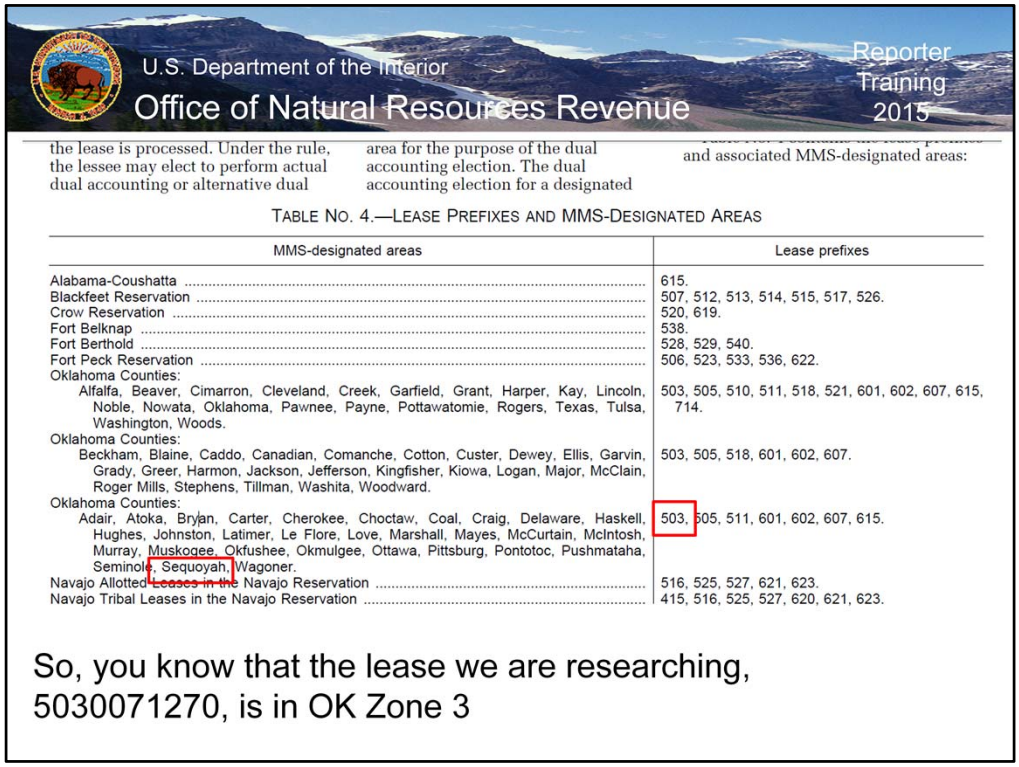
First we need to know what Index Zone it is in.

The lease in the example, 5030071270, is in Sequoyah, OK. OK is split up into 3 Zones based on the counties, and Sequoyah is in OK Zone 3.

If you do not know what Index Zone your lease is in, your Land Department can usually tell you.

If they can't help, you can find it in the 64 FR 66771:

http://www.onrr.gov/Laws_R_D/frnotices/PDFDocs/66771.pdf



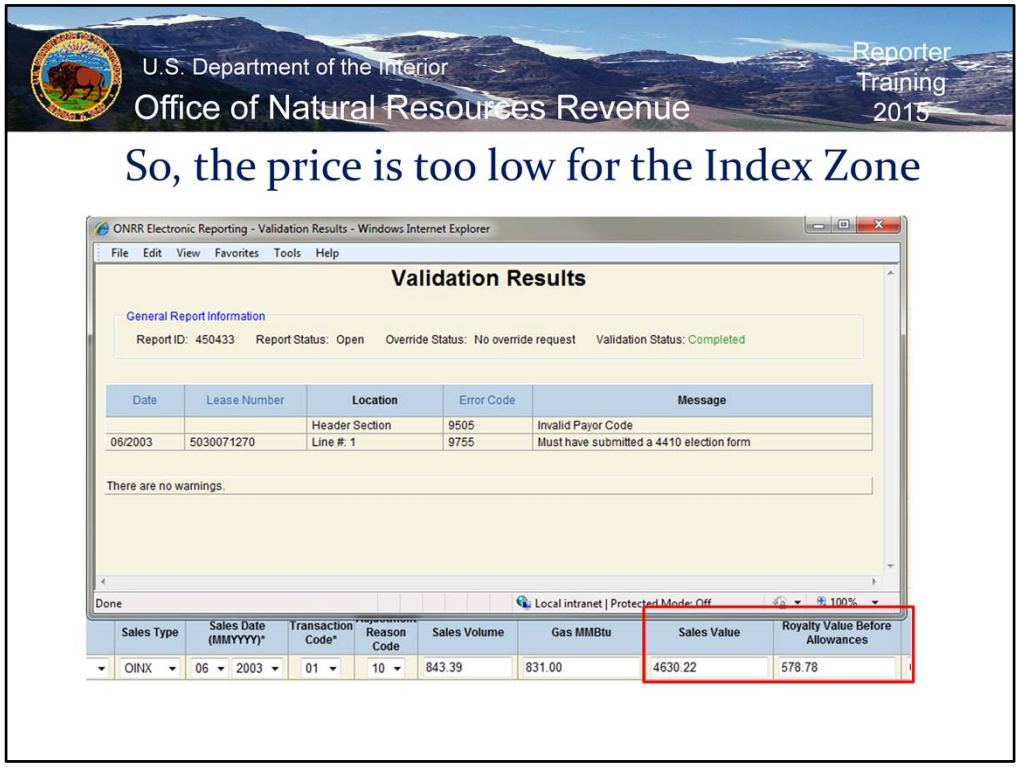
In this example, we do not necessarily need to know this lease is in Sequoyah, OK.

We can see that the lease prefix is 503, so it falls under OK Zone 3 (regardless of which of those counties it is in).

Remember, the example is:

Payor entered 831.00 MMBtu and $4547.68 Sales Value for 06/2003. That means the price claimed is $5.472539.

Now we look up the Index Zone Price for OK Zone 3 for 06/2003. The Index Zone price is $5.49, but Industry is only Paying $5.472539.



So, the price was not high enough to meet the minimum Index Zone price – the line needs to be corrected.

The Sales Volume is still 843.39 (the Volume did not change), and the minimum price is $5.49, so the minimum Sales Value must be $4630.22.

Remember; if your Sales Value needed to be corrected, then the Royalty values will also need to be corrected (usually, more money is required to meet the Price requirement).

9757

"Allowances are not allowed in an index zone"

On TC:	And PC:
01 11	03 07
06 15	04 09
10	

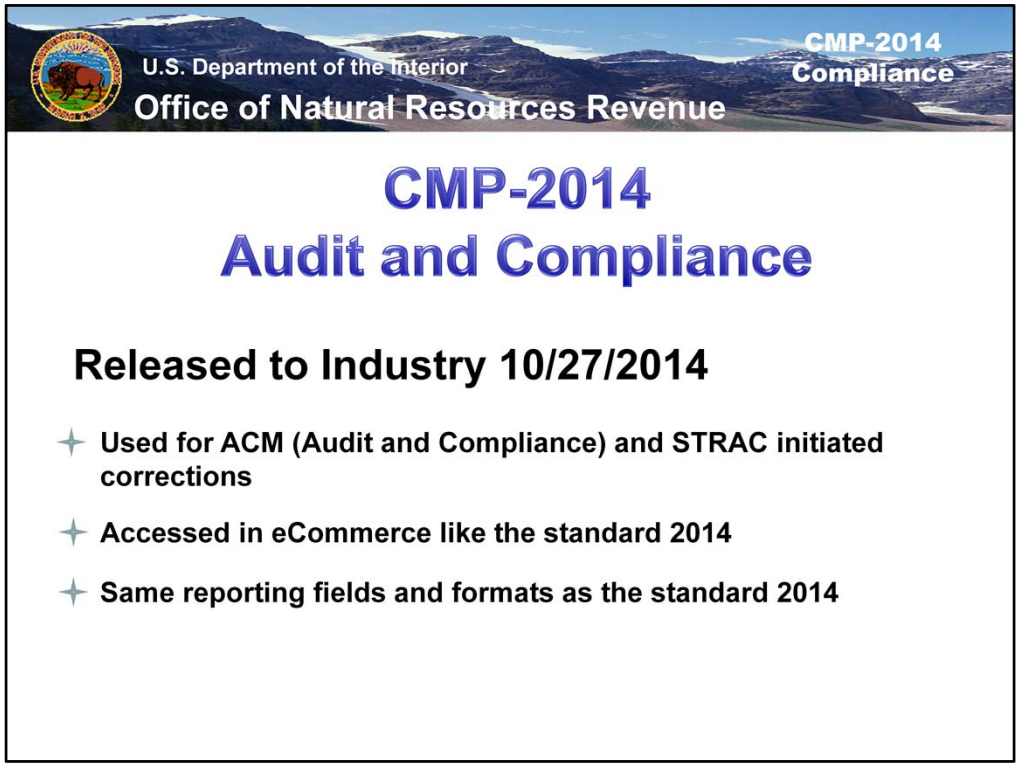
Gas products that use Sales Type OINX

- Index Zone leases can't take allowances (delete the Allowances to fix)

eCommerce was recently updated with a new option: CMP-2014.

This new form looks like the regular 2014 and has the same fields, but it is used in conjunction with audit and compliance requests.

Questions?



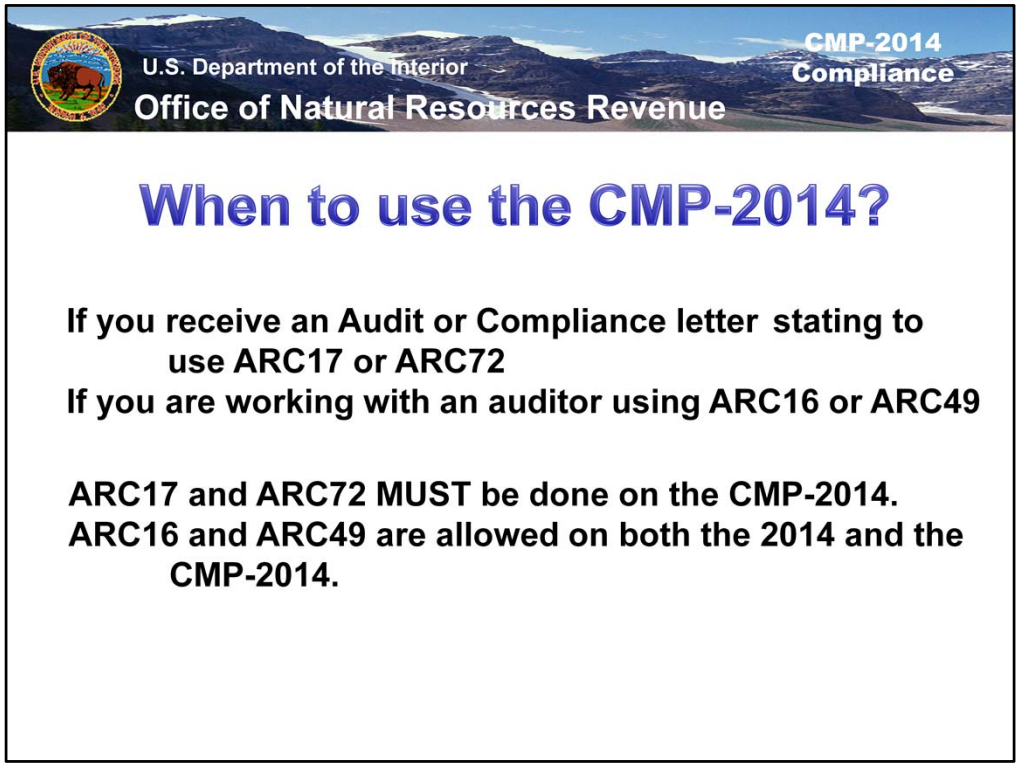
The CMP-2014 is considered a Compliance-2014, used for Audit /ACM corrections.

The CMP-2014 is not (currently) used for Data Mining requests.

Remember that eCommerce works best with Internet Explorer 8.0 (do not use Chrome)

The CMP-2014 increases accuracy of the reporting by giving the auditors a chance to review the lines before they are allowed into the system. This also helps ensure the correct PAD/UFI is used.

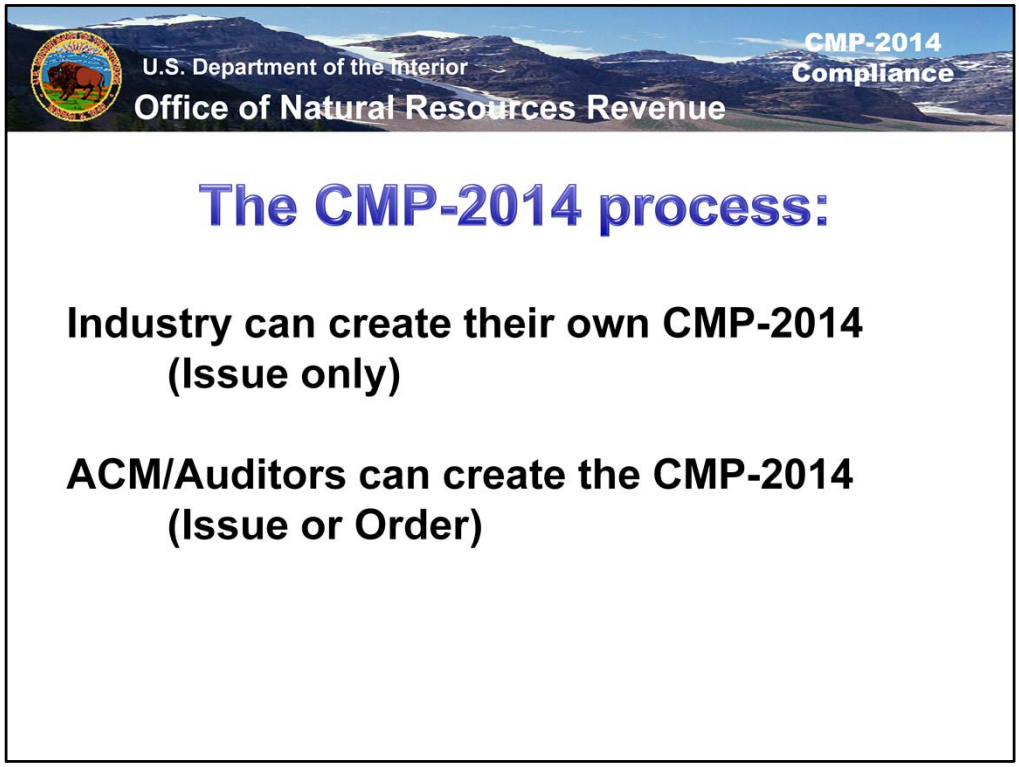
The CMP-2014 only allows Adjustment Reason Codes (ARC) 16, 17, 49, and 72. This means monthly reports (with no ARC) won't be allowed, ensuring monthly reports are separated from compliance reports.



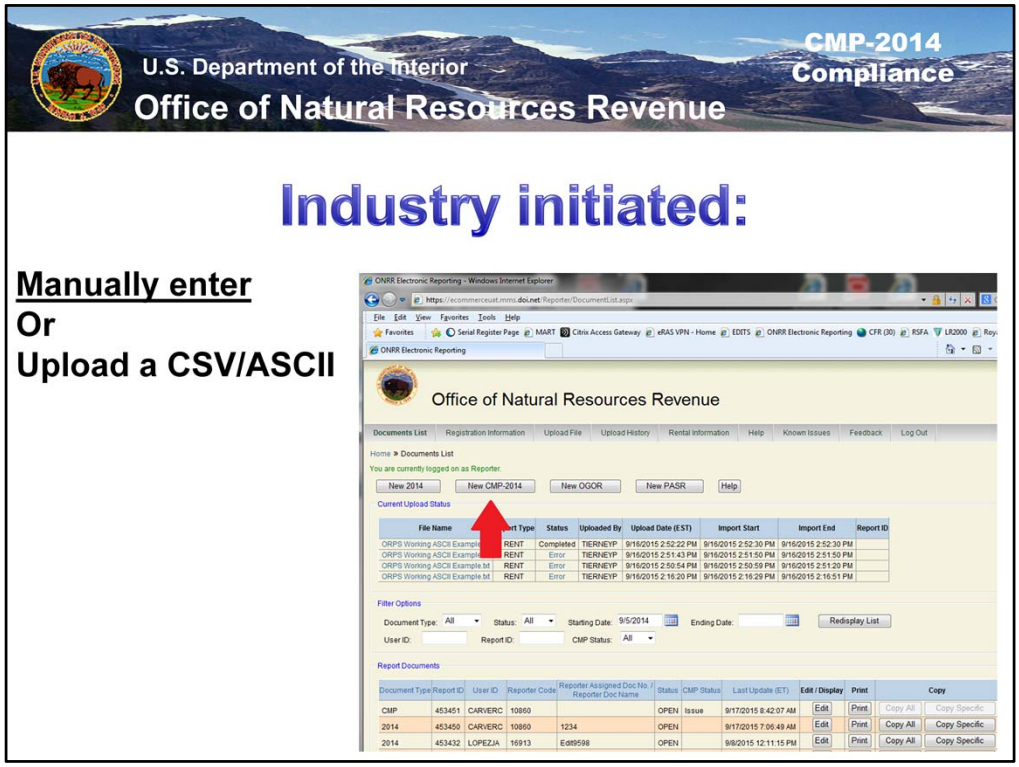
The standard 2014 will no longer allow ARC17 or ARC72 – those ARCs can only be used on the CMP-2014.

The CMP-2014 also allows ARC16 and ARC49, which are still allowed on the standard 2014 as well:

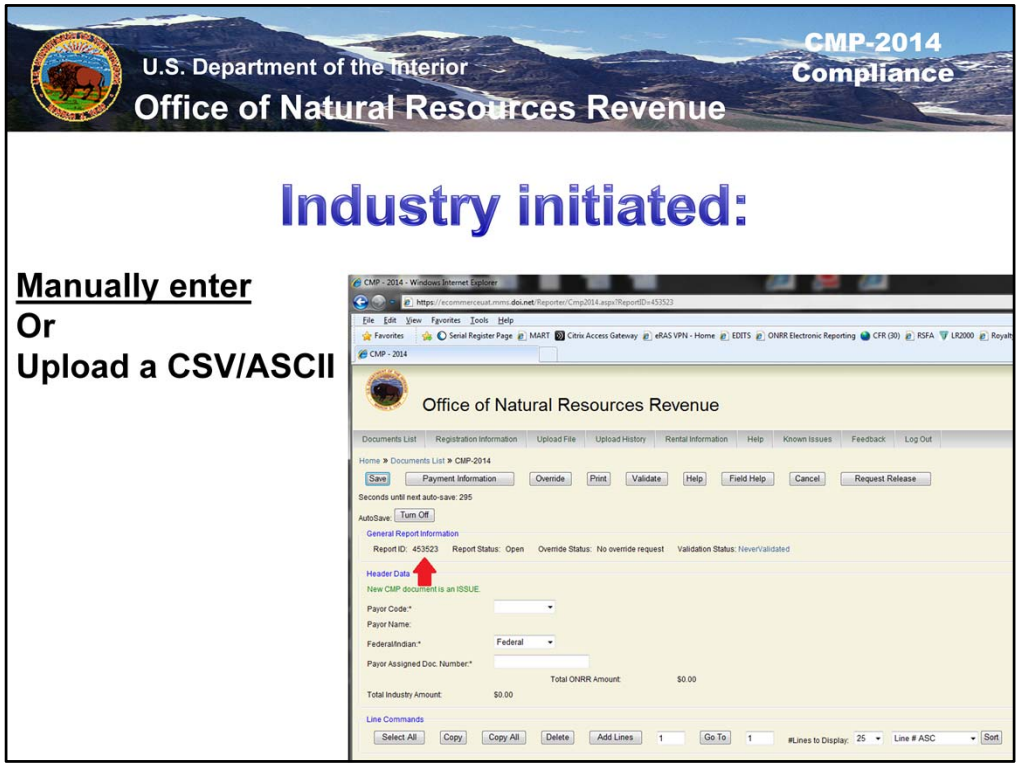
ARC16: Either standard 2014 or CMP-2014 (if working with an auditor)
ARC17: CMP-2014 only
ARC49: Either standard 2014 or CMP-2014 (if working with an auditor)
ARC72: CMP-2014 only



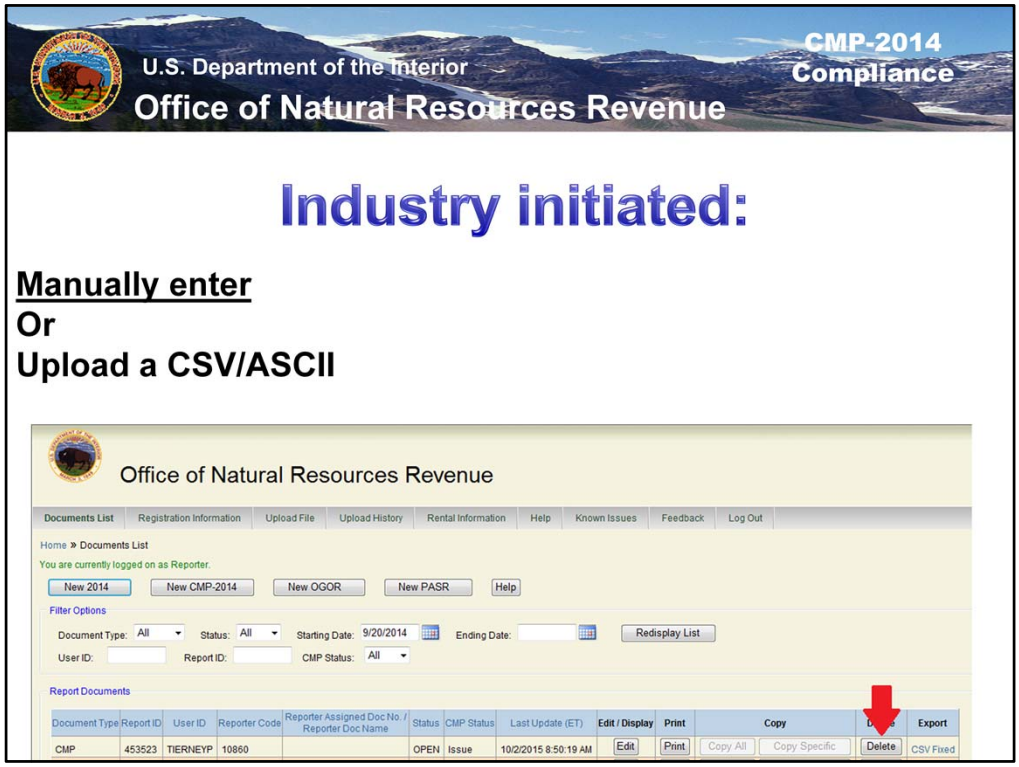
The CMP-2014 allows ACM/Audit to pre-load some information for Industry.



Industry can create a CMP-2014 by clicking “New CMP-2014” or by uploading a .csv or ASCII formatted file.



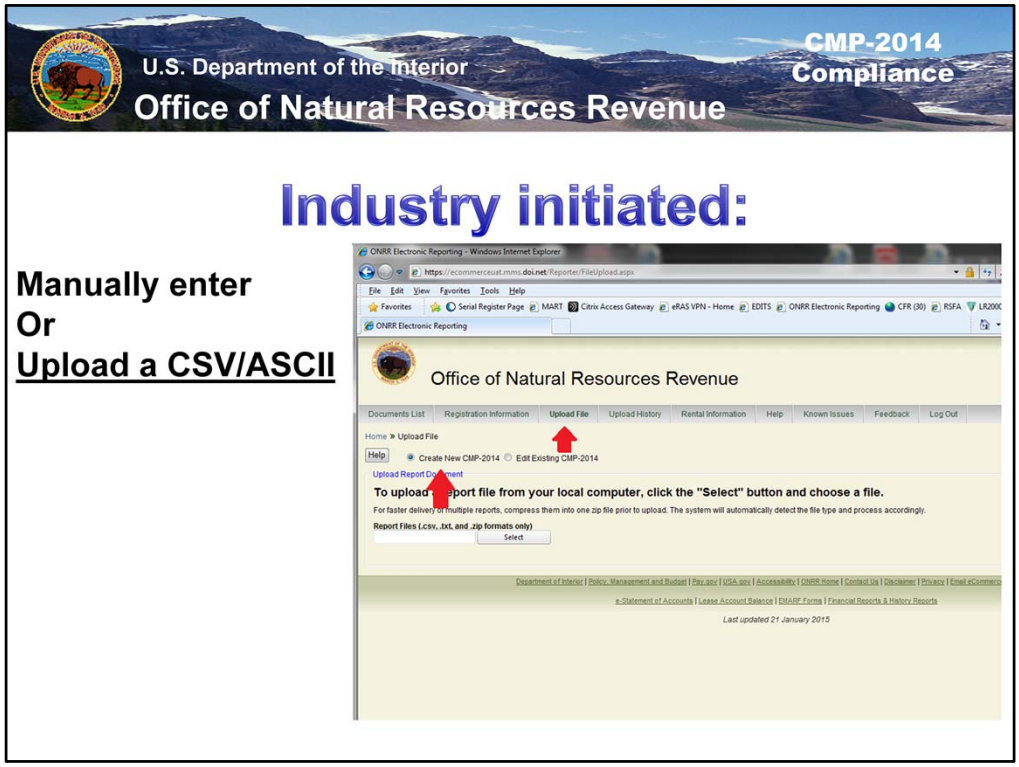
As soon as you click “New CMP-2014”, a report is created and a Report ID is generated. This means you will have a CMP-2014 in your Documents List even if you don’t add any lines or Save any of the changes.



If you clicked New CMP-2014 on accident, or simply don't need that document, you are able to Delete it yourself.

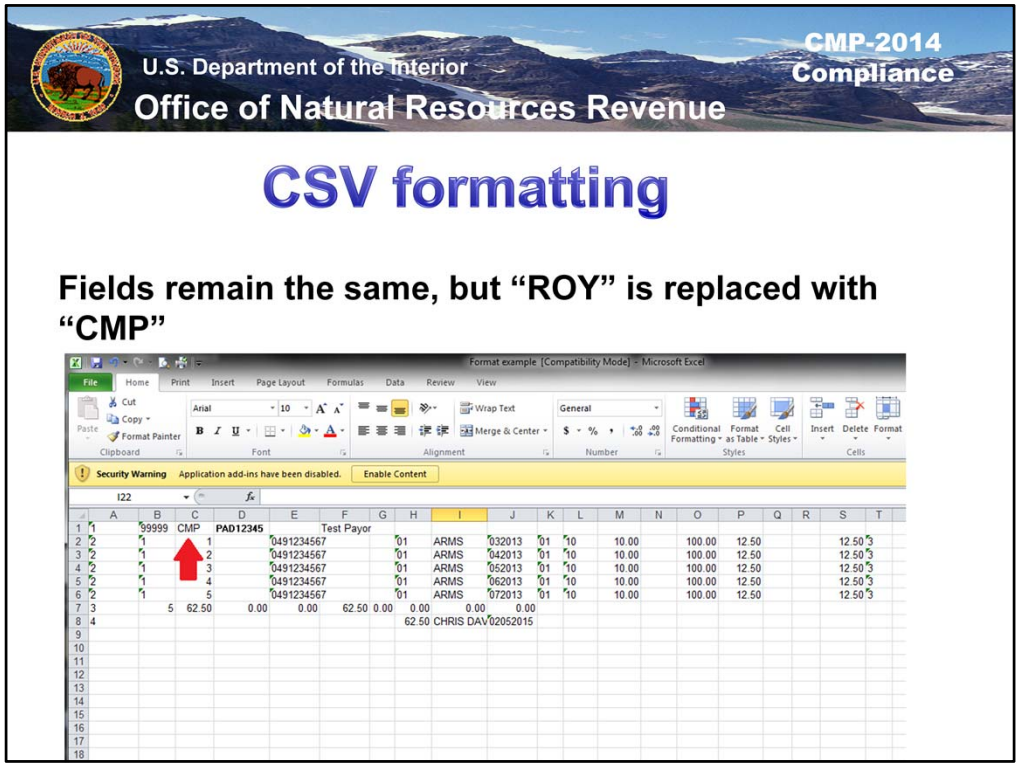
This is important because every time "New CMP-2014" is clicked, a new report is made and will be on the Documents List. If you are simply exploring eCommerce and didn't mean to create a CMP-2014, you are able to Delete it here.

Note that the option to Delete a report is no longer available once you Release the report. If you created a CMP-2014 document when it should have been a standard 2014 (for example, Data Mining requests are still done under the standard 2014), and you already Released it, contact ONRR to have the report returned to you so you can Delete it.

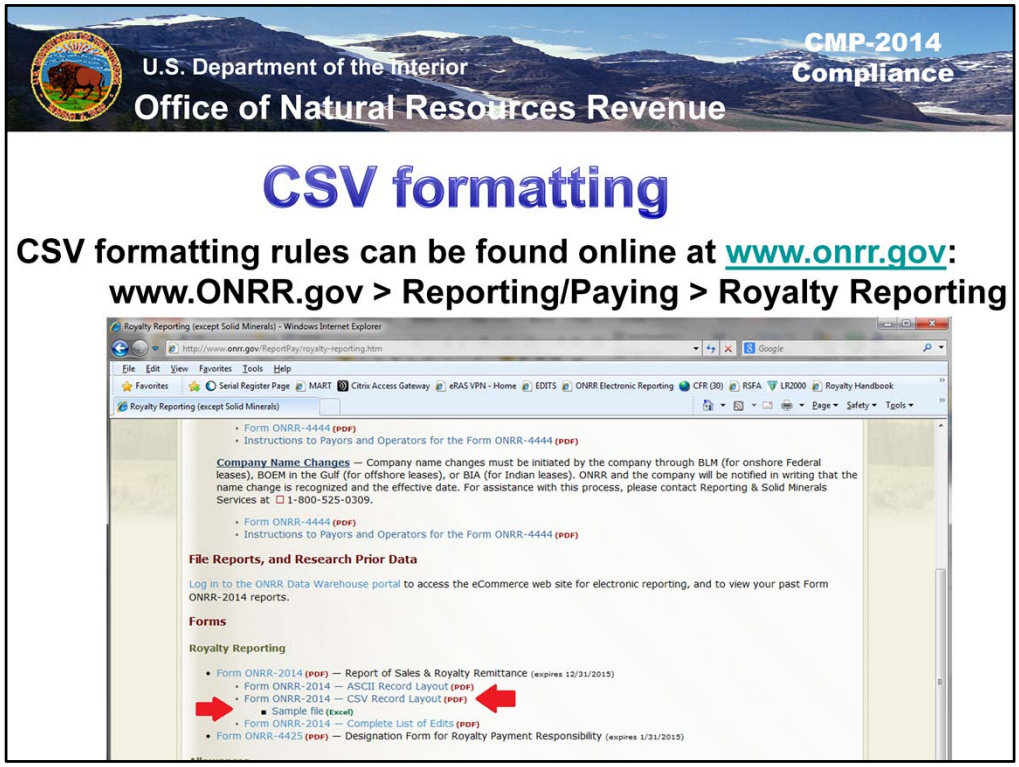


When uploading any file (standard 2014, CMP-2014, Rental, OGOR, etc.), leave the left button checked.

Only use the right button if working on a CMP-2014 that ACM/Audit initiated for you. The auditor will give you a specific Report ID to work on if you are supposed to use Edit Existing CMP-2014.

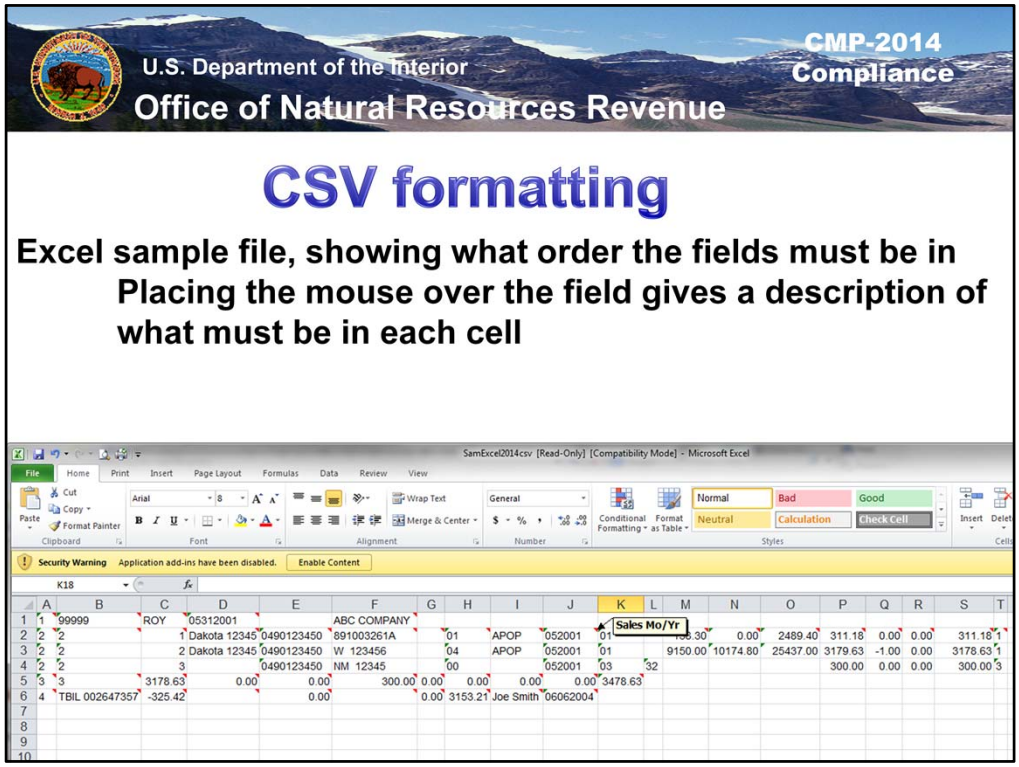


The fields on the standard 2014 and the CMP-2014 (including the formatting requirements) remain the same. The only change is the literal "ROY" is instead a literal "CMP".



CSV Formatting help can be found online at http://www.onrr.gov/ReportPay/royalty-reporting.htm

The PDF, CSV Record Layout, contains all the rules and character limitations for a CSV. The Excel file is a sample file showing what order fields must be in and provides examples of how fields are formatted.

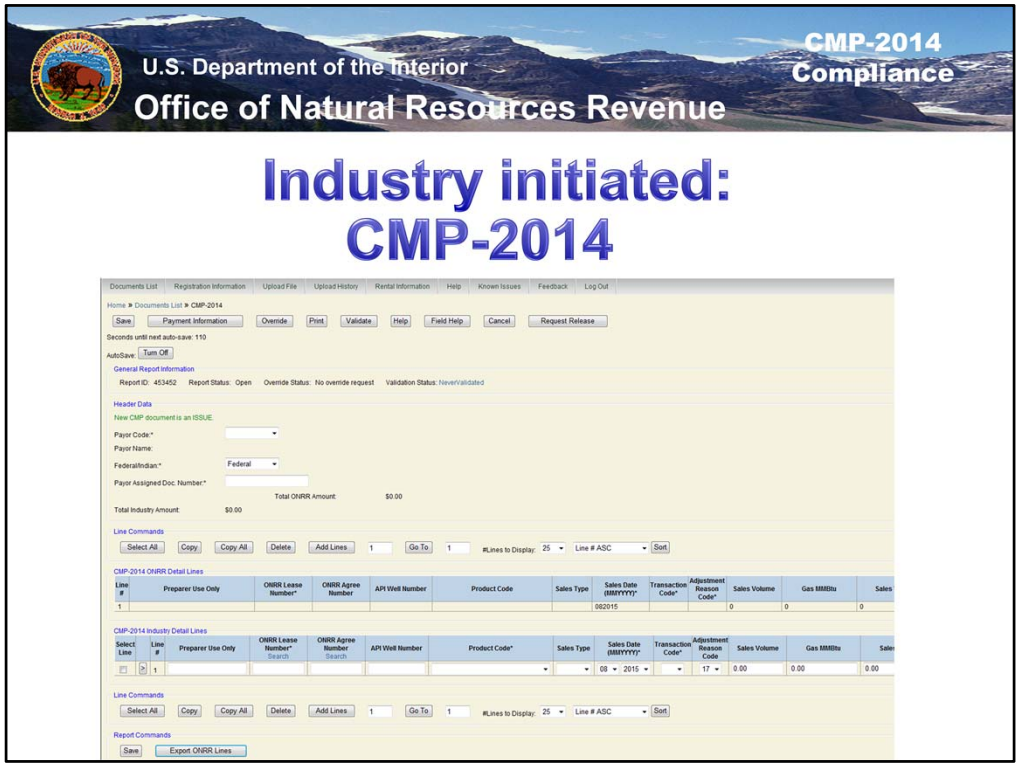


The Excel sample file shows what each cell represents. Hovering your mouse over the fields with a red tab explains exactly what each cell must contain.

TIPS:

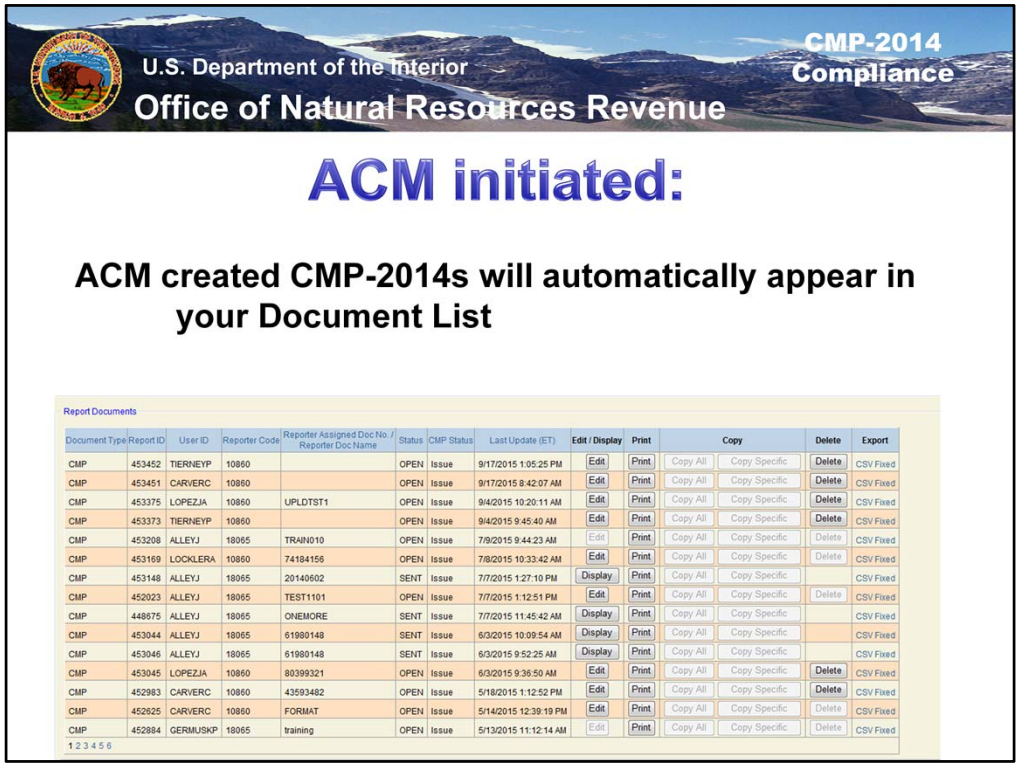
- Save changes to the original Spreadsheet and then Save As a CSV when you are ready to upload (so you will have both the Spreadsheet and the CSV files). If you need to make changes, make changes to the original Spreadsheet and Save As a CSV again (save over your existing CSV). Do not make changes directly to the CSV.
- Leading zeroes must be included. For example, the Sales Date must read 052001, not 52001.
- Decimals must be carried two digits out. For example, values must read 2489.40, not 2489.4.
- Remember to change the “ROY” in cell C1 to “CMP” for CMP-2014 files.
- The PAD number in cell D1 must be 8 characters or less, and should match the UFI the auditor provided.

If you are having difficulty with the formatting, contact the Royalty Error Correction specialist for your company (http://www.onrr.gov/ReportPay/PDFDocs/royassign.pdf)



Your lines will have the same requirements as the standard 2014:

- Ensure the Payor Code and Payor Name are accurate
- Separate out Federal leases and Indian leases (both can't be mixed into a single report)
- Create a PAD number, or use the UFI provided by ACM.
- Enter data in the "CMP-2014 Industry Detail Lines" area as normal.
    - <u>Corrections still require reversals and rebooks, NO roll-up accounting</u>



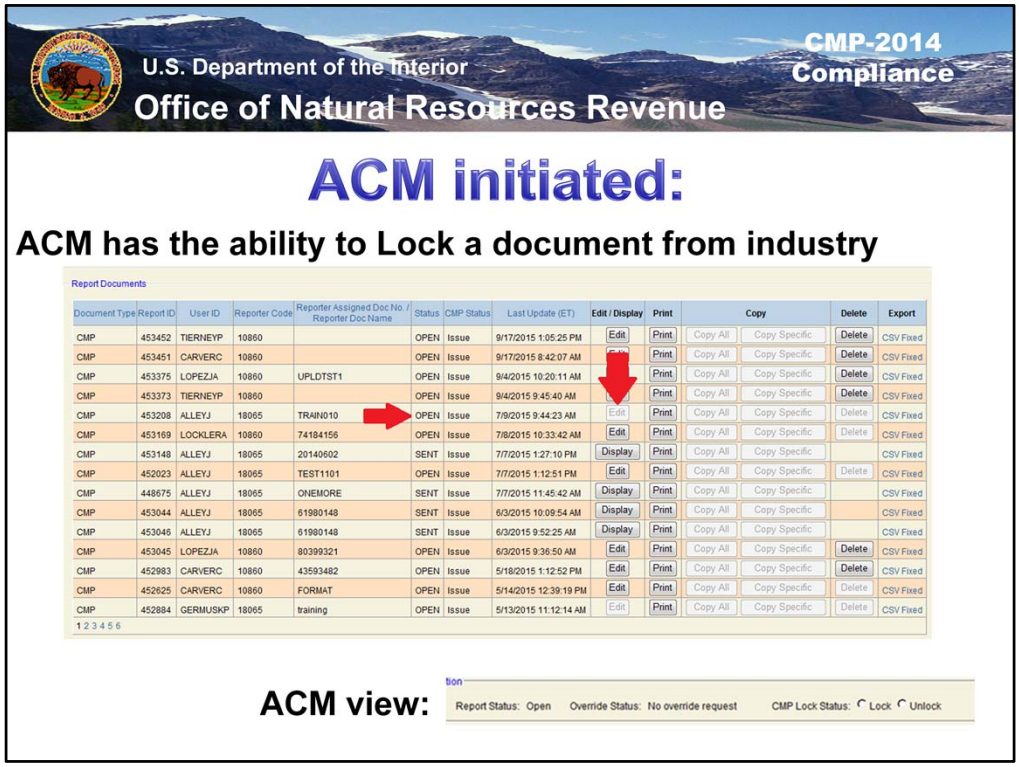
Document Type	Report ID	User ID	Reporter Code	Reporter Assigned Doc No. / Reporter Doc Name	Status	CMP Status	Last Update (ET)	Edit / Display	Print	Copy		Delete	Export
CMP	453452	TIERNEYP	10860		OPEN	Issue	9/17/2015 1:05:25 PM	Edit	Print	Copy All	Copy Specific	Delete	CSV Fixed
CMP	453451	CARVERC	10860		OPEN	Issue	9/17/2015 8:42:07 AM	Edit	Print	Copy All	Copy Specific	Delete	CSV Fixed
CMP	453375	LOPEZJA	10860	UPLDTST1	OPEN	Issue	9/4/2015 10:20:11 AM	Edit	Print	Copy All	Copy Specific	Delete	CSV Fixed
CMP	453373	TIERNEYP	10860		OPEN	Issue	9/4/2015 9:45:40 AM	Edit	Print	Copy All	Copy Specific	Delete	CSV Fixed
CMP	453208	ALLEYJ	18065	TRAIN010	OPEN	Issue	7/9/2015 9:44:23 AM	Edit	Print	Copy All	Copy Specific	Delete	CSV Fixed
CMP	453169	LOCKLERA	10860	74184156	OPEN	Issue	7/8/2015 10:33:42 AM	Edit	Print	Copy All	Copy Specific	Delete	CSV Fixed
CMP	453148	ALLEYJ	18065	20140602	SENT	Issue	7/7/2015 1:27:10 PM	Display	Print	Copy All	Copy Specific		CSV Fixed
CMP	452023	ALLEYJ	18065	TEST1101	OPEN	Issue	7/7/2015 1:12:51 PM	Edit	Print	Copy All	Copy Specific	Delete	CSV Fixed
CMP	448675	ALLEYJ	18065	ONEMORE	SENT	Issue	7/7/2015 11:45:42 AM	Display	Print	Copy All	Copy Specific		CSV Fixed
CMP	453044	ALLEYJ	18065	61980148	SENT	Issue	6/3/2015 10:09:54 AM	Display	Print	Copy All	Copy Specific		CSV Fixed
CMP	453046	ALLEYJ	18065	61980148	SENT	Issue	6/3/2015 9:52:25 AM	Display	Print	Copy All	Copy Specific		CSV Fixed
CMP	453045	LOPEZJA	10860	80399321	OPEN	Issue	6/3/2015 9:36:50 AM	Edit	Print	Copy All	Copy Specific	Delete	CSV Fixed
CMP	452983	CARVERC	10860	43593482	OPEN	Issue	5/18/2015 1:12:52 PM	Edit	Print	Copy All	Copy Specific	Delete	CSV Fixed
CMP	452625	CARVERC	10860	FORMAT	OPEN	Issue	5/14/2015 12:39:19 PM	Edit	Print	Copy All	Copy Specific	Delete	CSV Fixed
CMP	452884	GERMUSKP	18065	training	OPEN	Issue	5/13/2015 11:12:14 AM	Edit	Print	Copy All	Copy Specific	Delete	CSV Fixed

1 2 3 4 5 6

ACM created CMP-2014s will automatically appear in the Documents List.

This is based on what Payor Code ACM created the Issue/Order under, and what Payor Code you have access to.

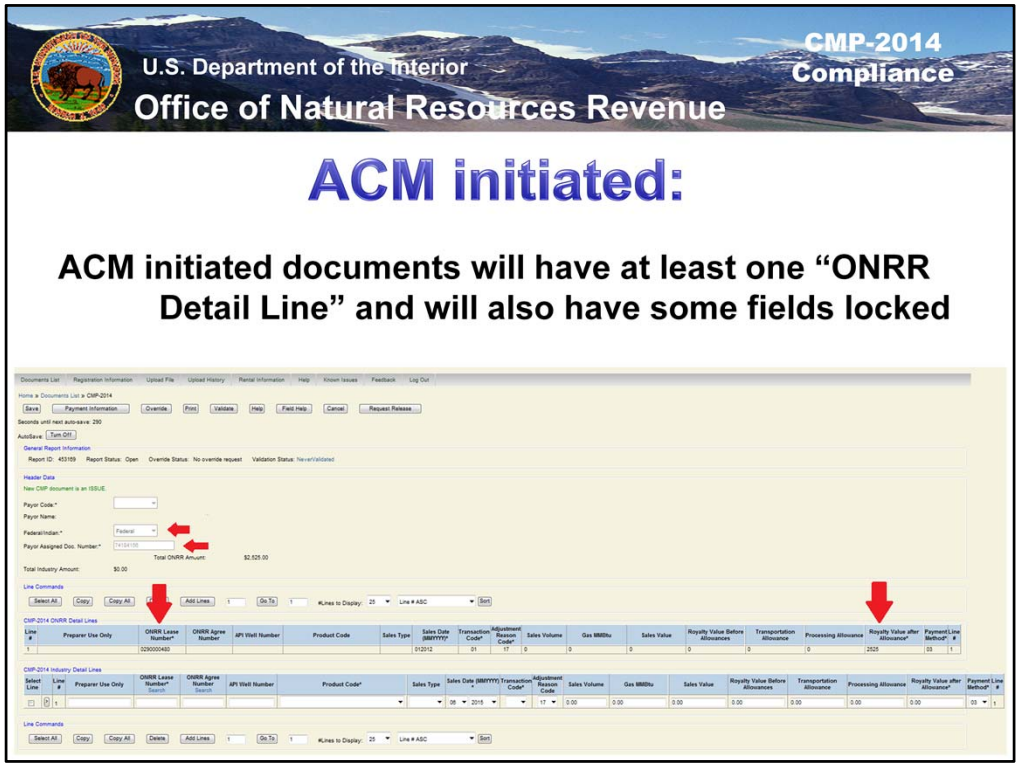
If ACM creates a CMP-2014 for you, you can click on Edit to manually enter lines. Or, you can upload a file and connect it to that ACM created report.



ACM has a unique option to “Lock” and “Unlock” a report.

This can prevent you from accessing or Editing the CMP-2014. This is done because the ACM specialist might be analyzing the current lines, adding ONRR-Detail lines, or might not be ready to send the report/letter yet (so it is “Locked” until it is ready).

If you received the Audit letter and need to start making the corrections, but the report is still locked, contact the auditor to check if it is still locked.

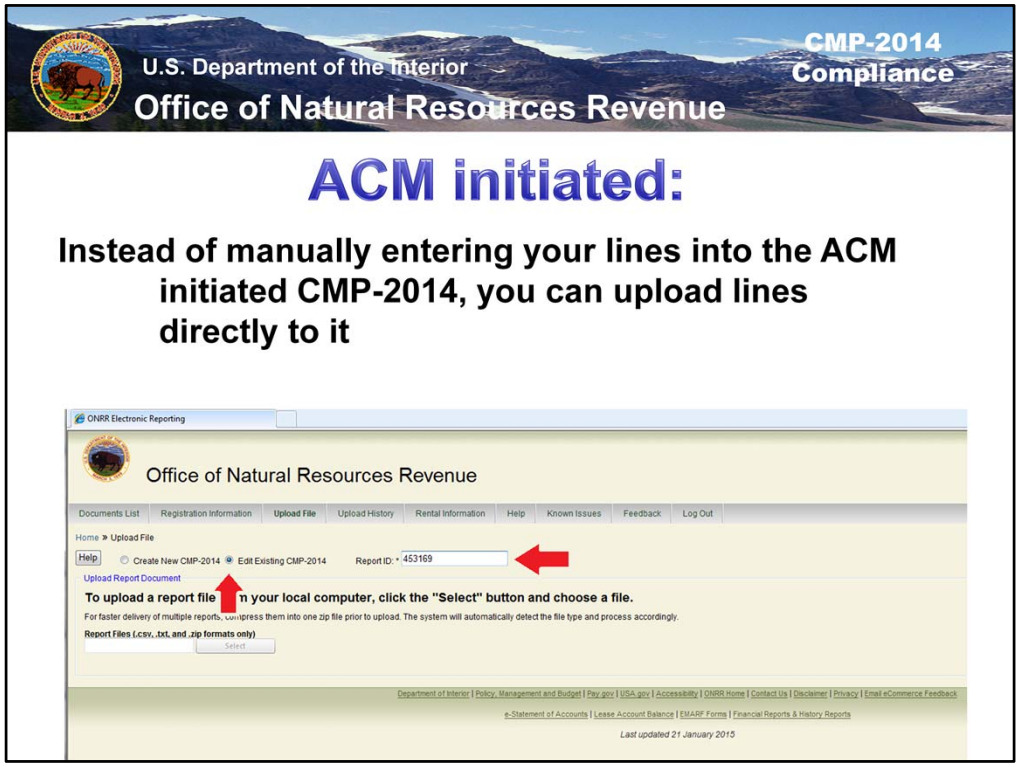


ACM Initiated CMP-2014s will have at least one "CMP-2014 ONRR Detail Line".

- This can be considered an estimate, or what the auditor is expecting
    - This can still be disputed like normal
    - You can work with the auditor to send the amount you agree with, and dispute the rest
    - This might be just a "placeholder" amount - $0.01

- Unlike your reporting, the ONRR line can be rolled up.
    - ACM might list one line that covers multiple months and multiple issues
    - You are still required to come in with full reversals/rebooks

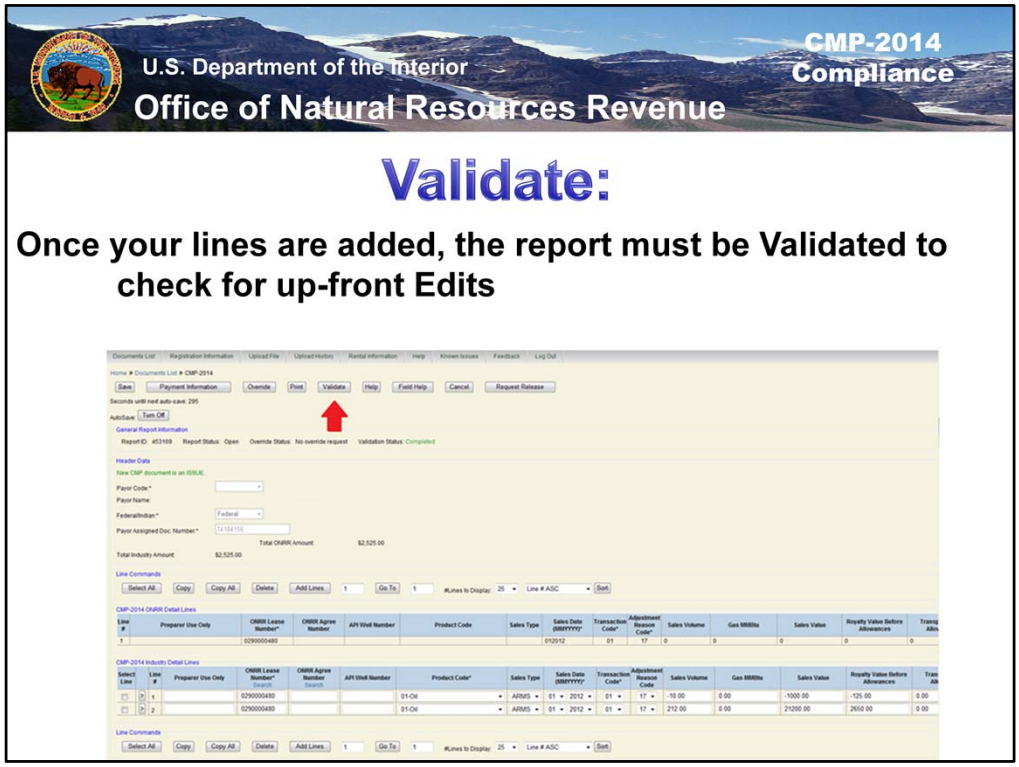
- Your PAD/UFI will be locked along with the option for Federal/Indian and Payor Code
- Manually enter your lines in the "CMP-2014 Industry Detail Lines" like you would on a standard 2014, or Upload a file.



ACM initiated reports can also be modified by uploading a CSV or ASCII file. Remember to change the “ROY” to “CMP” on the file before uploading it.

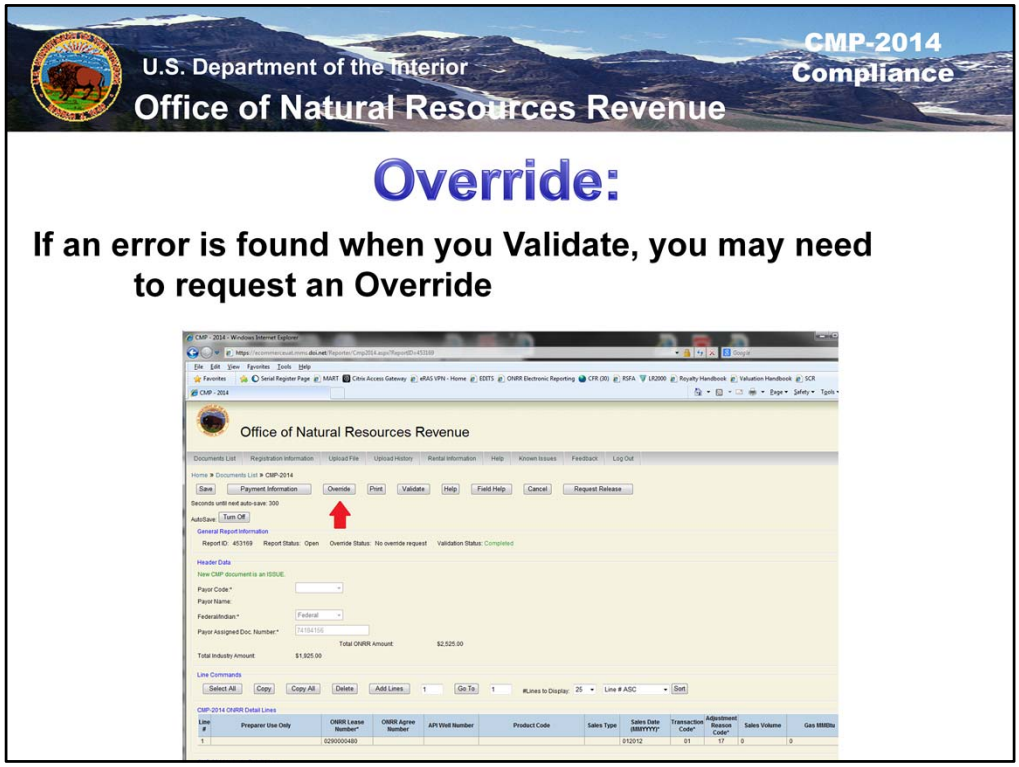
To modify a CMP-2104 that ACM created under Upload File, click the “Edit Existing CMP-2014” button. A new option will appear for “Report ID”. The auditor likely provided this to you, or you can find in by viewing your Documents List.

NOTE: The Report ID is the eCommerce Report ID – not the PAD/UFI.



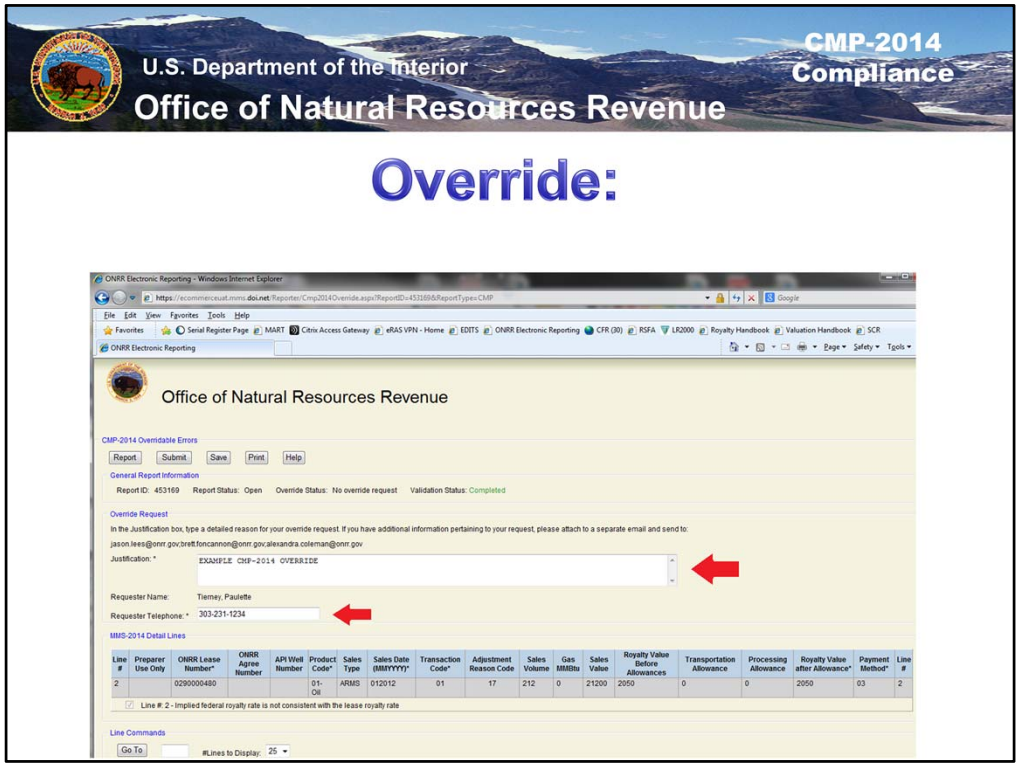
Once your lines are added (either manually or by uploading them), click Validate.

Remember that the Validate feature is a Pop-Up window, so be sure to disable your Pop-Up blockers.



If the Validate window shows any Errors, look through the report to find out why. If you believe the lines are accurate and do not require changes, contact your Royalty Reporting specialist to discuss an Override: http://www.onrr.gov/ReportPay/PDFDocs/royassign.pdf

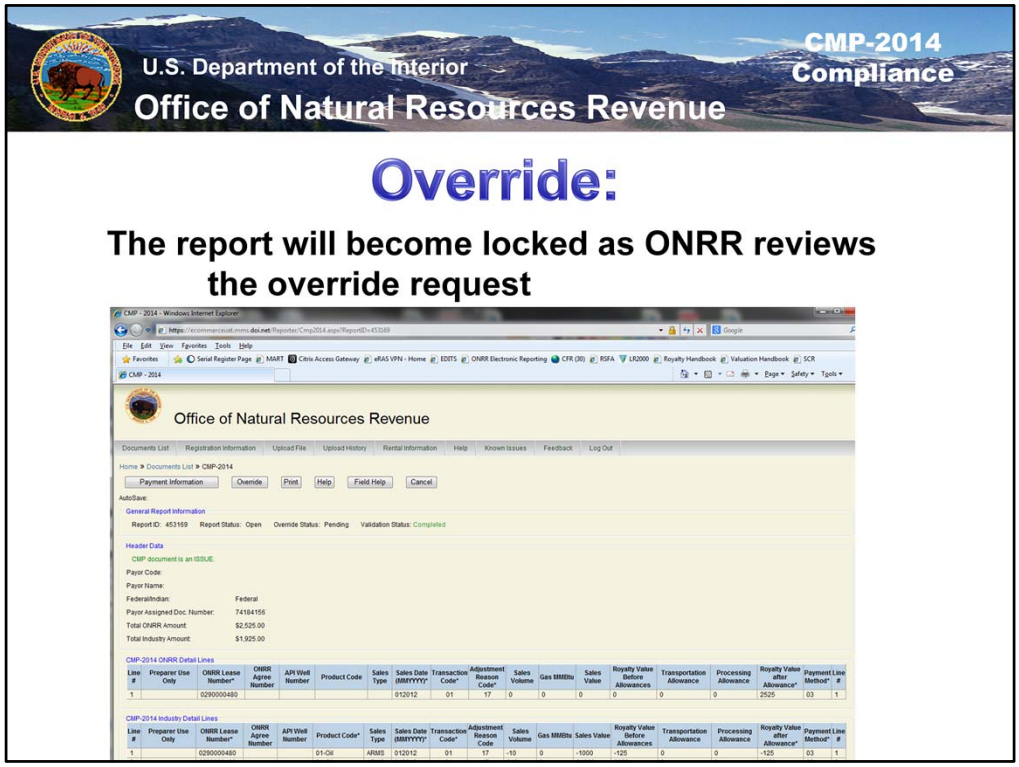
If an Override is required, click here.



On the Override page, enter your Justification for the override. This should be as clear as possible: the reason you are submitting the report, the reason the lines are rejecting, and the auditor you are working with. Also enter the telephone number you can be reached at if there are any questions.

Please note that only the rejected lines are shown here, and the Royalty Reporting specialist will only be able to see those rejecting lines.

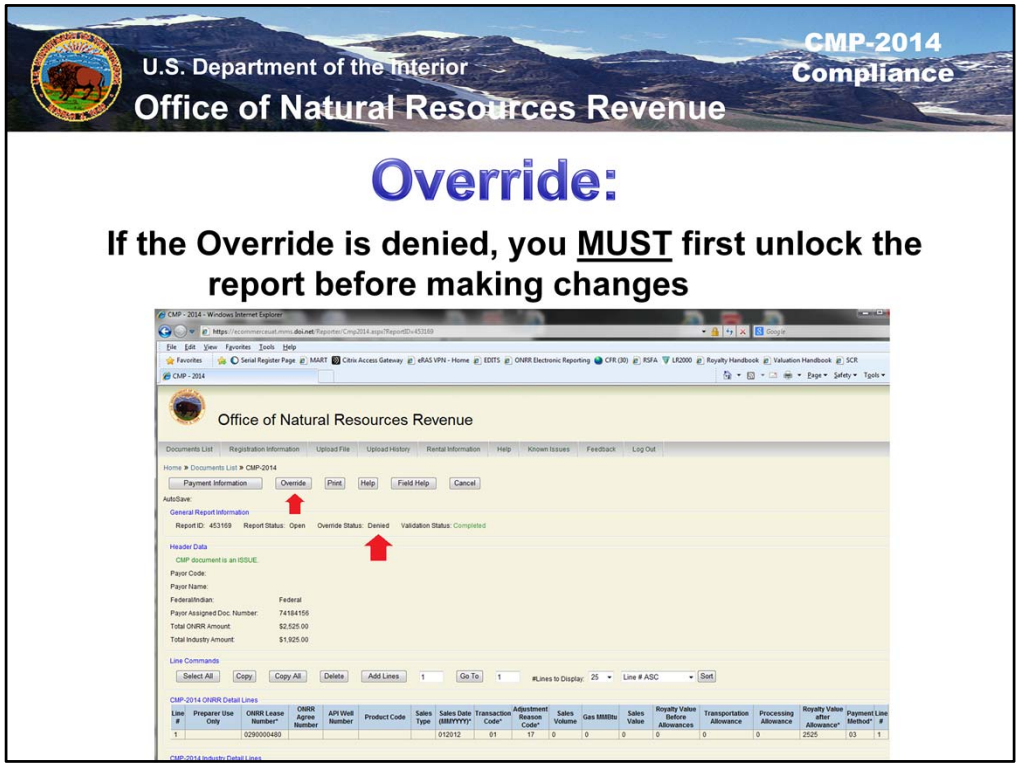
Once your information is entered, click Submit to send the Override request to ONRR. Or, click Report to cancel and go back to the lines.



Once the Override is requested, the report will be locked and un-editable. The report can't be Deleted or modified until ONRR reviews it and chooses to Accept or Deny the override.

If you notice something is incorrect and need to make a change, contact the Royalty Reporting specialist and request the Override be denied.

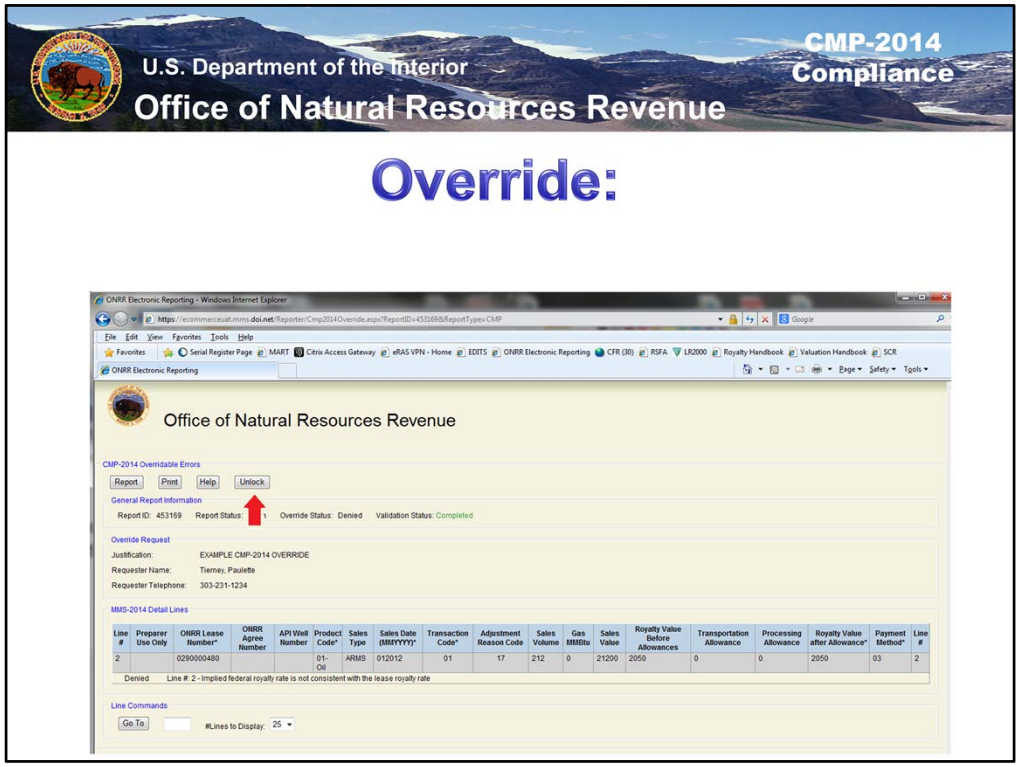
NOTE: Do not try to make changes to the report while an Override is being requested. If you try to modify the report via the Upload feature (Edit Existing CMP-2014) while an Override is Pending, your report could become corrupted and unusable. You would then contact the auditor and discuss deleting the report and starting over.



If the Override is denied, the Royalty Reporting specialist will contact you to review why.

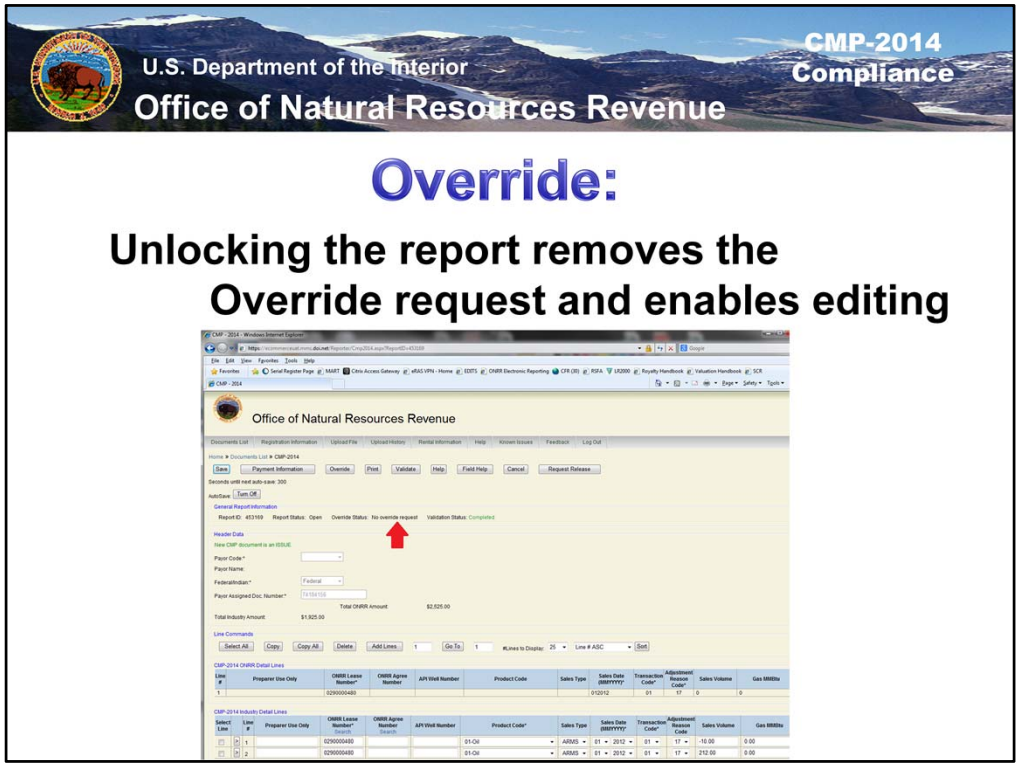
The report must first be unlocked before changes can be made. Click on Override first and then Unlock.

NOTE: If you do not first Unlock the document using these steps, and try to make changes to the report via the Upload feature, your report could become corrupted and unusable. You would then contact the auditor and discuss deleting the report and starting over. It is very important to Unlock the report before making changes.

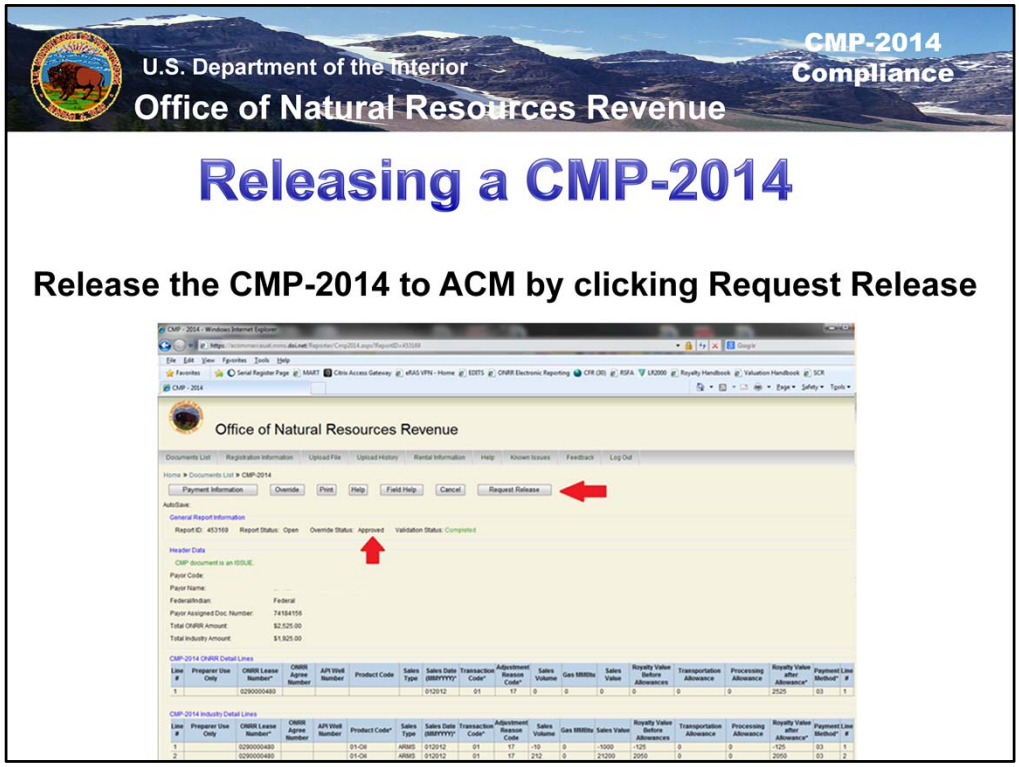


The report is unlocked here.

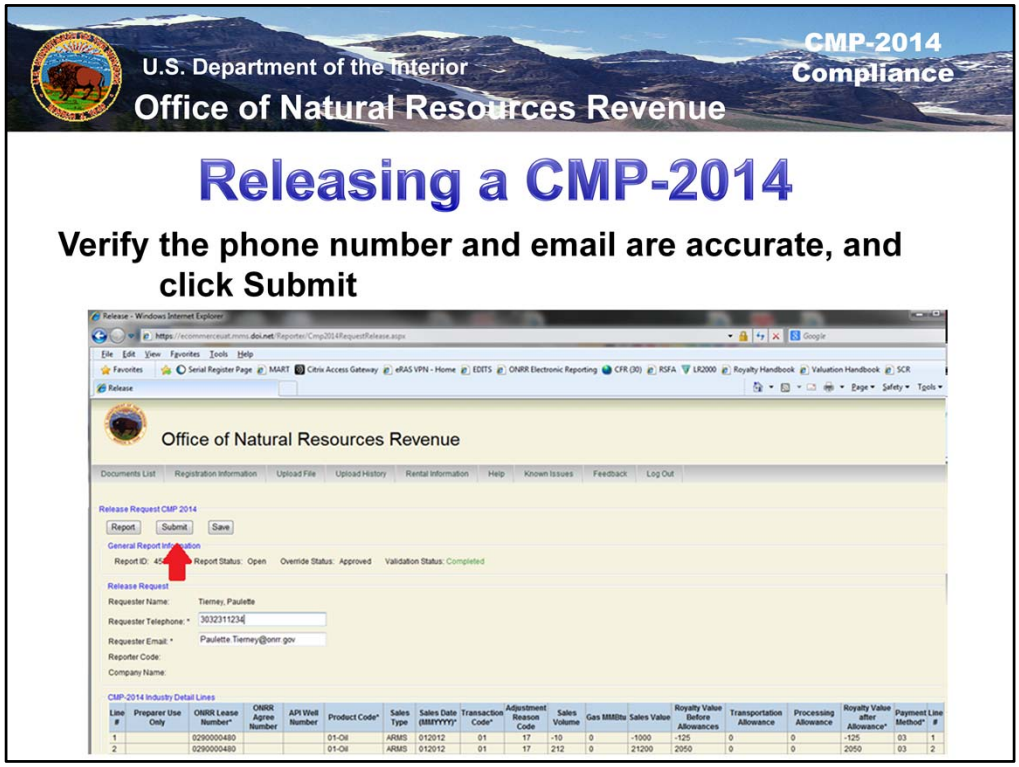
Please note that unlocking the report removes the override request completely. Do not click Unlock unless you truly want to remove the Override (IE if the Override was denied or if you need to make a change to the report).



Unlocking the report removes the Override request completely, and allows changes to be made again. The report will need to be Validated again (and another Override requested) once changes are made.



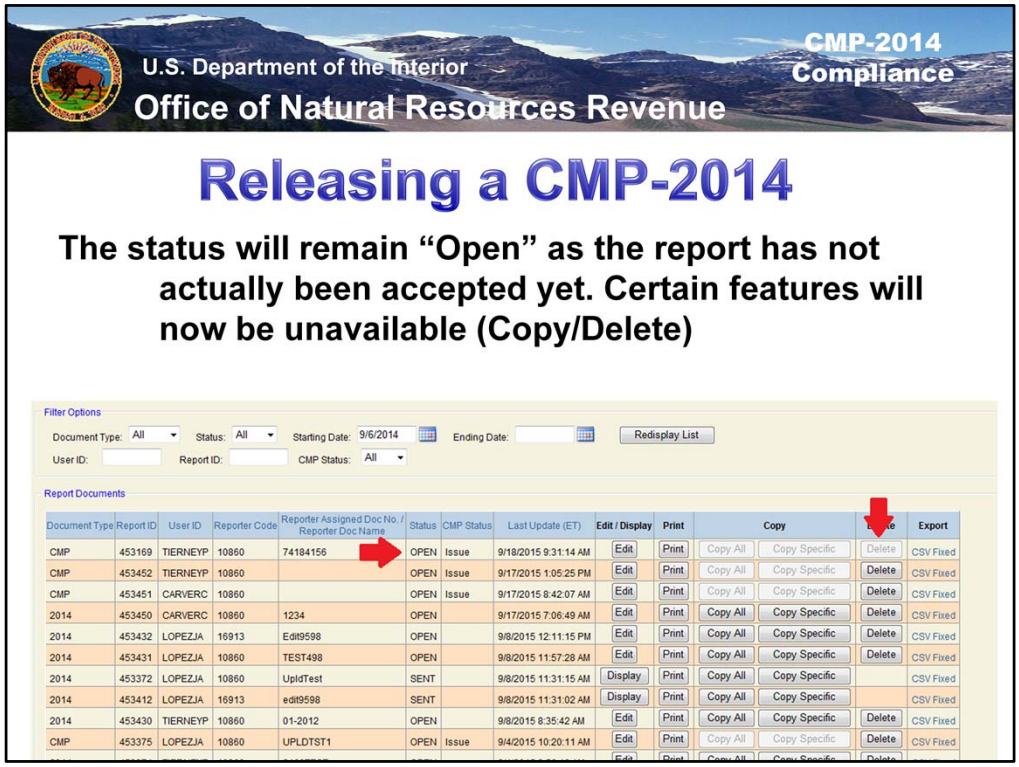
If your Override is Approved (or if you didn't have any Errors when you first Validated), and you are ready to send the report to ONRR, click Request Release.



Unlike the standard 2014, where you only click “Send”, the CMP-2014 has another screen where you must click “Submit”

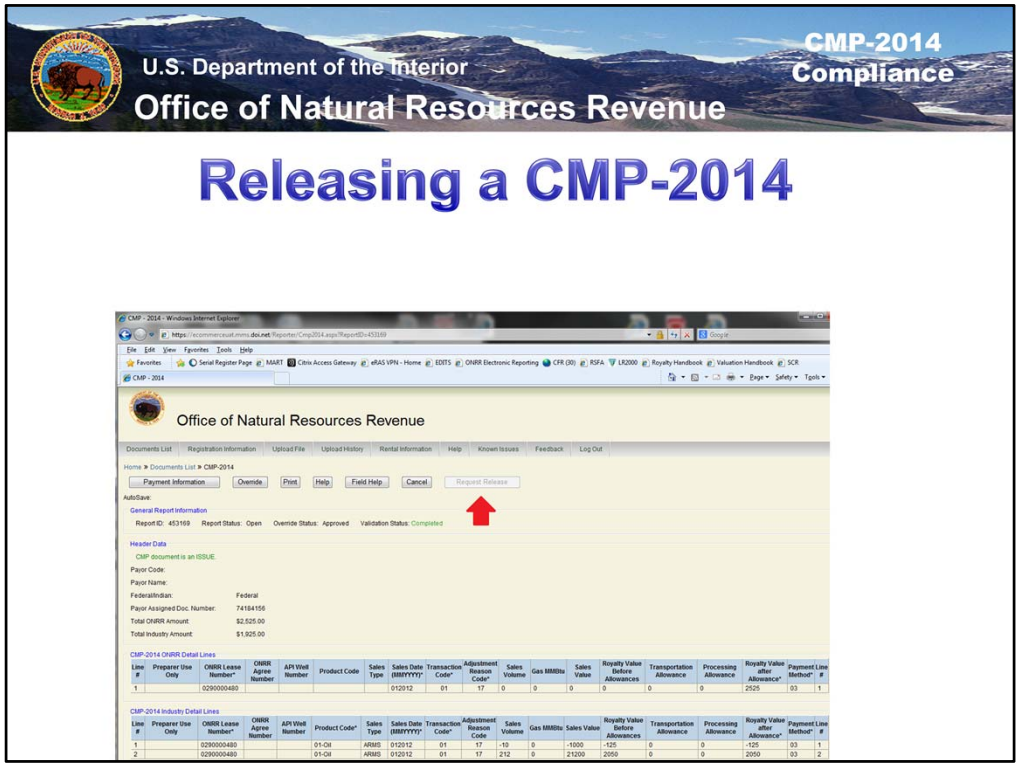
Remember to click both “Request Release” and also “Submit” to actually send the report to the auditor.

After you release the CMP-2014, contact the auditor and let them know.

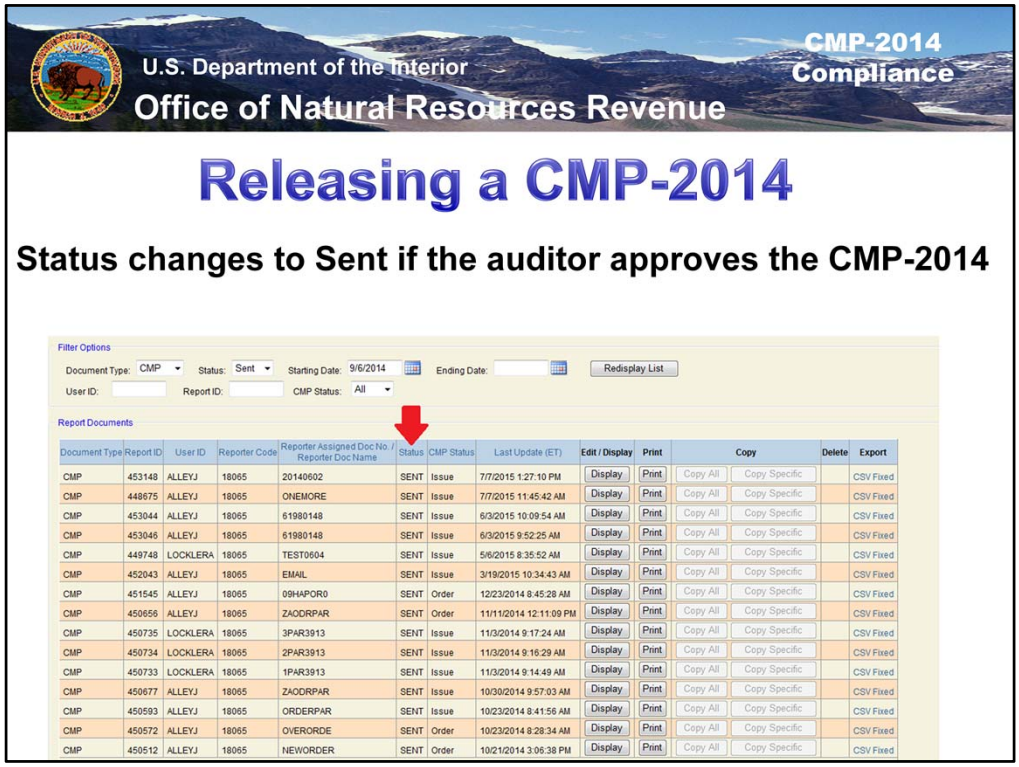


After your CMP-2014 has been released, you will note the status still stays "Open". Unlike the standard 2014, your report has not actually been accepted into ONRR's internal system. Instead, the report is now available for the auditor to review. The auditor can then choose to allow the lines in or to deny the report and return it to you for modifications.

Be sure to contact the auditor and let them know you Released (and Submitted) the CMP-2014 to them.

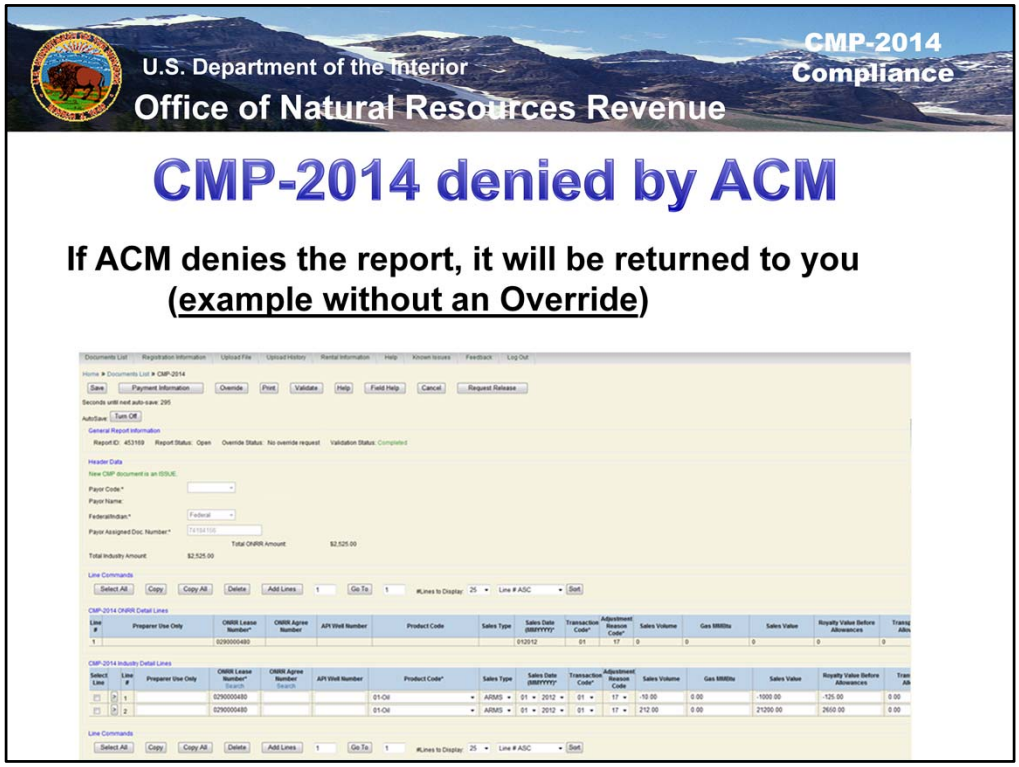


You can verify the report was successfully released to the auditor by entering the report (Edit) and making sure the “Request Release” button is no longer available.

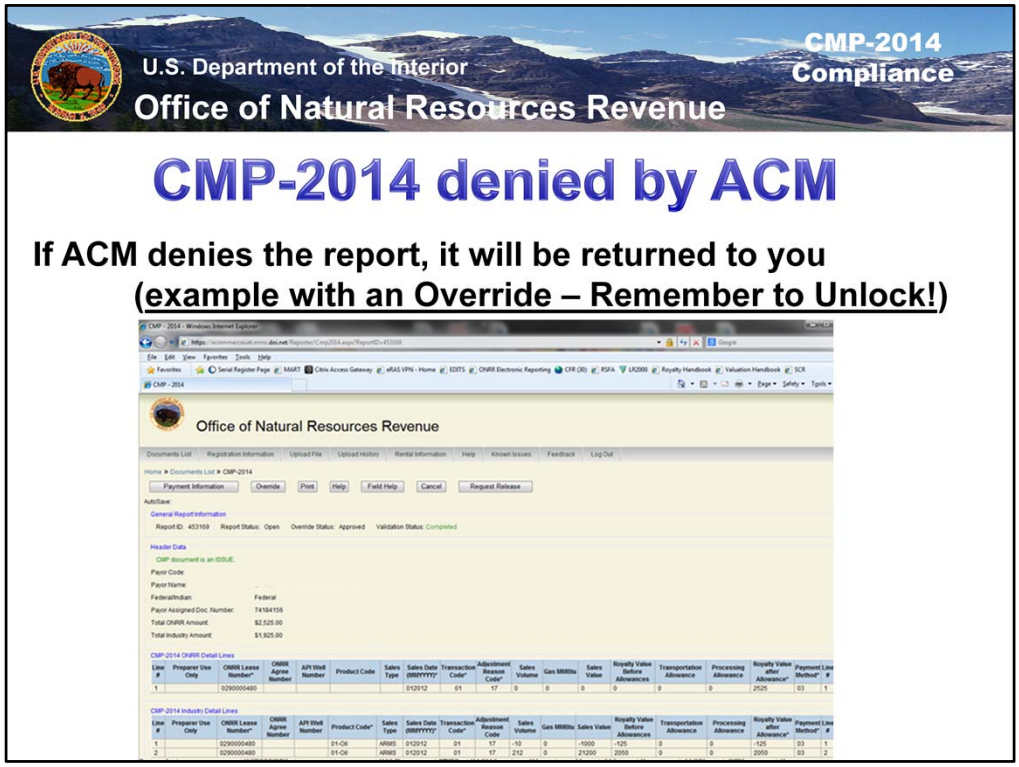


Document Type	Report ID	User ID	Reporter Code	Reporter Assigned Doc No. / Reporter Doc Name	Status	CMP Status	Last Update (ET)	Edit / Display	Print	Copy		Delete	Export
CMP	453148	ALLEYJ	18065	20140602	SENT	Issue	7/7/2015 1:27:10 PM	Display	Print	Copy All	Copy Specific		CSV Fixed
CMP	448675	ALLEYJ	18065	ONEMORE	SENT	Issue	7/7/2015 11:45:42 AM	Display	Print	Copy All	Copy Specific		CSV Fixed
CMP	453044	ALLEYJ	18065	61980148	SENT	Issue	6/3/2015 10:09:54 AM	Display	Print	Copy All	Copy Specific		CSV Fixed
CMP	453046	ALLEYJ	18065	61980148	SENT	Issue	6/3/2015 9:52:25 AM	Display	Print	Copy All	Copy Specific		CSV Fixed
CMP	449748	LOCKLERA	18065	TEST0604	SENT	Issue	5/6/2015 8:35:52 AM	Display	Print	Copy All	Copy Specific		CSV Fixed
CMP	452043	ALLEYJ	18065	EMAIL	SENT	Issue	3/19/2015 10:34:43 AM	Display	Print	Copy All	Copy Specific		CSV Fixed
CMP	451545	ALLEYJ	18065	09HAPOR0	SENT	Order	12/23/2014 8:45:28 AM	Display	Print	Copy All	Copy Specific		CSV Fixed
CMP	450656	ALLEYJ	18065	ZAODRPAR	SENT	Order	11/11/2014 12:11:09 PM	Display	Print	Copy All	Copy Specific		CSV Fixed
CMP	450735	LOCKLERA	18065	3PAR3913	SENT	Issue	11/3/2014 9:17:24 AM	Display	Print	Copy All	Copy Specific		CSV Fixed
CMP	450734	LOCKLERA	18065	2PAR3913	SENT	Issue	11/3/2014 9:16:29 AM	Display	Print	Copy All	Copy Specific		CSV Fixed
CMP	450733	LOCKLERA	18065	1PAR3913	SENT	Issue	11/3/2014 9:14:49 AM	Display	Print	Copy All	Copy Specific		CSV Fixed
CMP	450677	ALLEYJ	18065	ZAODRPAR	SENT	Issue	10/30/2014 9:57:03 AM	Display	Print	Copy All	Copy Specific		CSV Fixed
CMP	450593	ALLEYJ	18065	ORDERPAR	SENT	Issue	10/23/2014 8:41:56 AM	Display	Print	Copy All	Copy Specific		CSV Fixed
CMP	450572	ALLEYJ	18065	OVERORDE	SENT	Order	10/23/2014 8:28:34 AM	Display	Print	Copy All	Copy Specific		CSV Fixed
CMP	450512	ALLEYJ	18065	NEWORDER	SENT	Order	10/21/2014 3:06:38 PM	Display	Print	Copy All	Copy Specific		CSV Fixed

The auditor will let you know if the CMP-2014 is allowed into the system, but you can also see this in your Documents List. Once the auditor approves the report into ONRR's internal system, the status changes to "Sent".

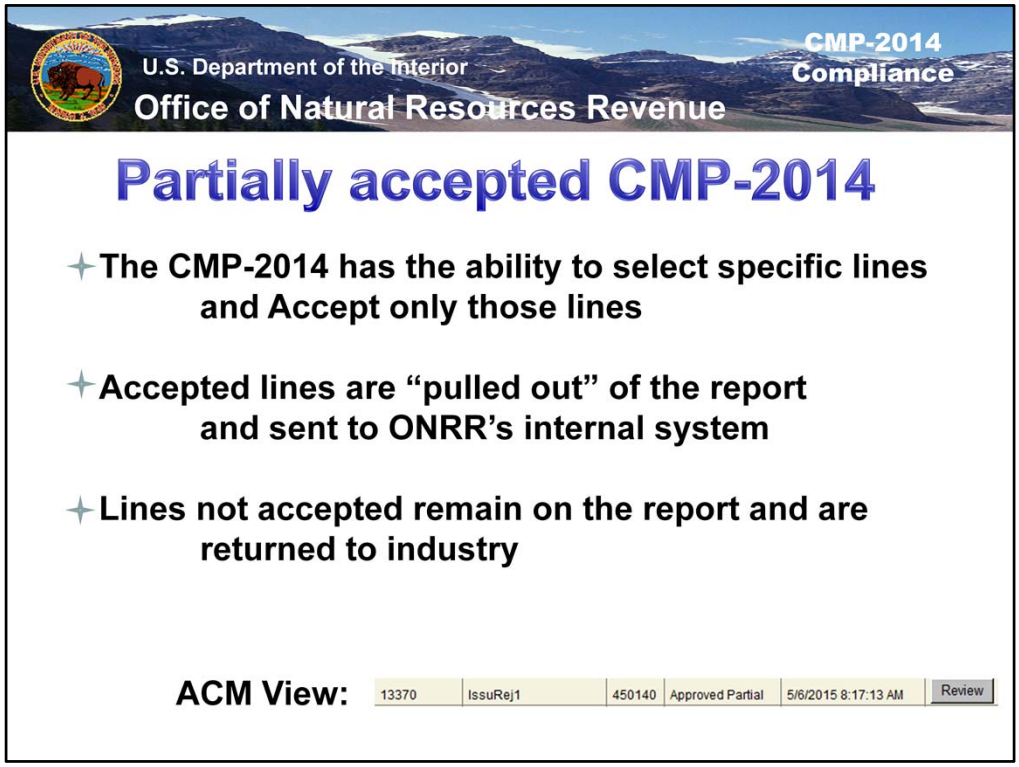


Once you Request Release and Submit, the document goes to ACM for review. If ACM denies the report instead, it will be available to Edit again in eCommerce. The auditor will contact you to review why it was denied and what changes are requested.



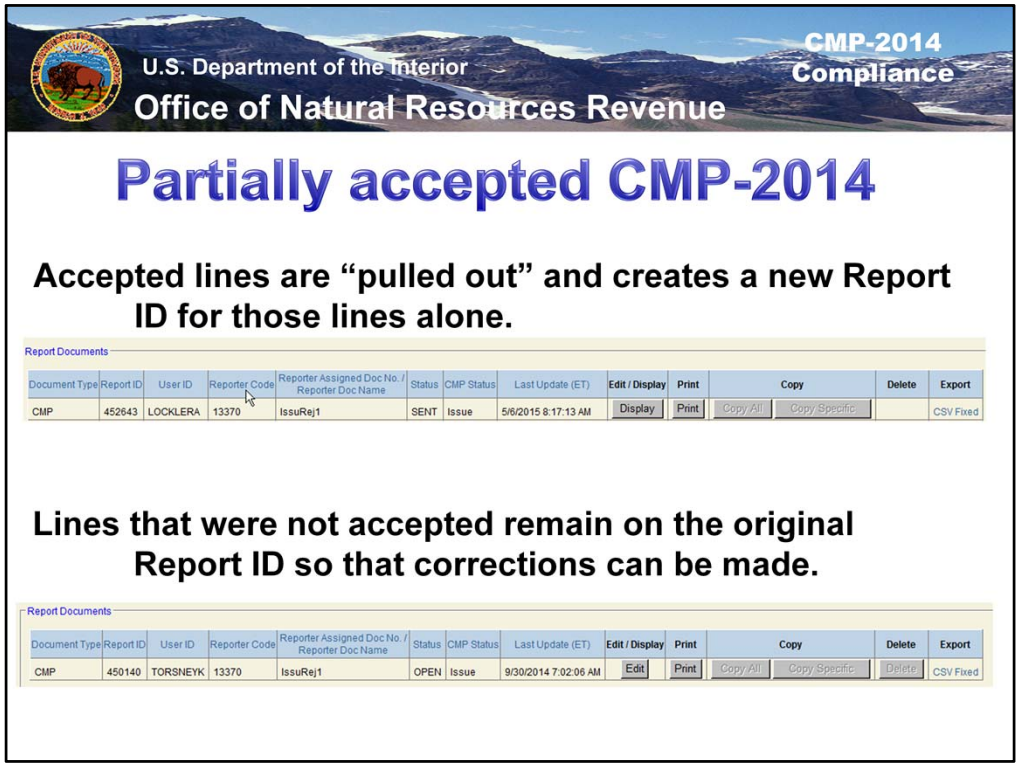
Once you Request Release and Submit, the document goes to ACM for review. If ACM denies the report, but you had an Override approved before releasing it to them, you must Unlock the document before making changes. This is done by clicking Override and then Unlock.

NOTE: If you do not first Unlock the document, and try to make changes to the report via the Upload feature, your report could become corrupted and unusable. You would then contact the auditor and discuss deleting the report and starting over. It is very important to Unlock the report before making changes.



Unlike the standard 2014, in which the entire report must be Accepted or Denied, the CMP-2014 allows auditors to select certain lines to allow in.

The decision to use this feature is up to the auditor, as a partially accepted report poses potential risk. For example, Indian reports might have issues if lines are split up ("Net Negative" problems might arise if reversals and rebooks are split up).



Approved lines are "pulled out" and put into a new report with a new Report ID. This new report will automatically show Sent (because all of those lines were approved into the system) and will not be editable. But you can Display the report and print the lines.

The lines that were not approved remain on the original report and keep the same Report ID (minus the approved lines). This is the Open report, and you can click Edit to make changes.

NOTE: The remaining lines are on the original report, and still follow the Override rules. If an Override was requested, remember to Unlock the document before attempting to make changes. If the report hasn't been Unlocked, and you upload corrections (Edit Existing CMP-2014), the report could become corrupt and unusable. You would then contact the auditor and discuss deleting the report and starting over.

4444, Mergers, and Acquisitions

U.S. Department of the Interior

Office of Natural Resources Revenue (ONRR)

EITI, Form ONRR-4444, W-9, Mergers/Acquisitions, and Payor Codes

Presented by:

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

Industry Compliance • Accurate Revenues and Data • Professionalism & Integrity

Topics

- EITI
- Form ONRR-4444
- Payor Codes
- Data Mining

What is EITI?

The Extractive Industries Transparency Initiative, or EITI, is a global standard that promotes revenue transparency and accountability in the extractive sector.

1.

A national **multi-stakeholder group** (government, industry and civil society) decides how their EITI process should work.

2.

Government revenues and company payments are disclosed and independently assessed in an **EITI Report.**

3.

The findings are communicated to create **public awareness and debate** about how the country should manage its resources better.

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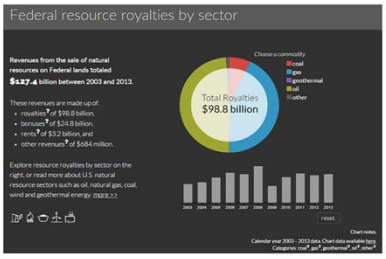
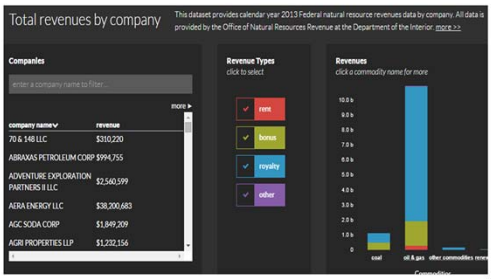
Implementation

- **September 2011 –** President Obama announced U.S. commitment to implement EITI as part of the Open Government National Action Plan
- **February 2013 –** DOI hosted the 1st USEITI Multi-Stakeholder Group (MSG) Meeting
- **December 2013 –** Secretary Jewell submitted the USEITI Candidacy Application on behalf of the MSG
- **March 2014 –** The EITI Board approved the USEITI application and admitted the U.S. as a Candidate Country
- **September 2014 –** ONRR hired an Independent Administrator to support USEITI Implementation
- **December 2014** – DOI launched an online Data Portal
- **December 2015 –** Publish 1st USEITI Report

DOI's Online Data Portal

- Unprecedented transparency and accessibility of extractive revenue data
- For the first time, disclosure of ONRR revenue data at a company-level
- Developed in partnership with GSA's 18f Program using open source software
- Developed in collaboration with a diverse range of end users at stakeholder design workshops
- Combines interactive data visualizations & detailed data sets to enhance user experiences





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The Scope of USEITI

- **What commodities are included within the scope of the first USEITI Report?**
  - Oil, Gas (including NGLs), Coal, Geothermal, Onshore & Offshore Renewables, Other Leasable Minerals, Non-Fuel Minerals, and Other (as reported to ONRR)
- **Besides ONRR, what other government revenues are part of the Report?**
  - Within DOI, the reporting will include revenues reported to BLM, OSMRE, and ONRR
  - Outside of DOI, the reporting with include corporate tax payments made to the Internal Revenue Service
- **What revenue types are included for each of the DOI entities?**
  - BLM: Bonuses and first year rents, permit fees and renewable collections
  - OSMRE: AML fees including audits and civil penalties (including late charges)
  - ONRR: Bonuses, rents, royalties, other revenues (as defined by ONRR), offshore inspection fees, and civil penalties

Reporting Companies

- **What companies are expected to report?**
  - Companies with payments to ONRR greater than $50 million in CY 2013 will be asked to report their CY 2013 payments for the 2015 USEITI Report
  - The CEO's of these companies received a letter from Secretary Sally Jewell in November 2014
  - Although company participation and disclosure for USEITI is voluntary, reporting is required under the EITI Standard and therefore highly encouraged by the USEITI MSG in order for the U.S. to achieve compliance
- **How will companies report?**
  - Companies will receive a reporting template that identifies the revenue data streams and provides detailed reporting guidance
  - The reporting template will be approved at the February 24-25th MSG Meeting
  - Once approved, the Independent Administrator will distribute the template to reporting companies
  - In early March, ONRR and the Independent Administrator will host webinars for reporting companies to provide guidance and answer questions

Data Reporting

- **What data will companies report?**
  - Payments to each government entity by revenue type for calendar year 2013
  - Reporting will not occur at a commodity level
- **Will the Reporting Template include detailed instructions for companies?**
  - Yes, detailed reporting guidelines will be included for each government entity and revenue type
- **How can a company find out what payments are being reported for each line item on the DOI data portal?**
  - Companies can contact the ONRR employees listed at the end of this presentation to discuss ONRR data disclosure
- **What transaction codes are included in the ONRR revenue types?**
  - For ONRR revenues, a detailed list of transaction codes will be included in the reporting template guidance

Data Reconciliation

- **What will the Independent Administrator (IA) do with the collected data?**
  - The IA reconciles the information disclosed by the reporting entities, identifies discrepancies, and distinguishes discrepancies that are above the established variance
- **Are the discrepancies resolved?**
  - Yes, the IA will contact the reporting entities and seek to clarify and resolve discrepancies above the established variance
- **What is the established variance?**
  - The USEITI Multi-Stakeholder Group is scheduled to discuss the variance threshold at the February 24-25th meeting
- **Is the data reconciliation included in the USEITI Report?**
  - Yes, the results of the data reporting and the IA reconciliation are part of the USEITI Report

Contact Information

U.S. Extractive Industries Transparency Initiative (USEITI)
Judy Wilson, Program Manager
judith.wilson@onrr.gov
202-208-4410

The USEITI Secretariat
www.doi.gov/eiti
useiti@ios.doi.gov
202-208-0272

ONRR Data Disclosure
useiti.doi.gov
Jon Swedin, 303-231-3028
Bob Kronebusch, 303-231-3510

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Questions?

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Form ONRR-4444

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

Exempt from the Paperwork Reduction Act of 1995
Requesting Only Identifying Information and Certification
See 5 CFR 1320.3(h) (1-1-01 Edition)

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

Please see the Instructions for Form ONRR-4444 in a separate document.

☐ **New** ☐ **Modification** **Effective Date:**

Company Name:

Payor Code or Operator Number:

Please mark the correspondence type(s) with which the address below is being associated:

- ☐ Royalty Reporting (Forms MMS-2014)
- ☐ Solid Minerals (P&R) Reports
- ☐ Rental courtesy notices
- ☐ Invoices: Financial terms (FIN)
- ☐ Invoices: Indian overrecoupment (IOR)
- ☐ Inspection Fees, Rigs
- ☐ Inspection Fees, Fixed
- ☐ Production Reporting (Forms MMS-4054/4058)
- ☐ Audit and compliance correspondence
- ☐ Enforcement notices
- ☐ Invoices: Rights of Way/Use and Easement (ROW/RUE)
- ☐ Invoices: Interest (INT)

Address of Record (for the function(s) checked above):

Line 1:

Line 2:

City: State: Zip:

Person to contact as Addressee of Record:

and/or

Title of position designated as Addressee of Record:

Phone: **Ext:** **Fax:**

E-mail Address:

Print the name and title of company official making Addressee designation:

Signature:

Date:

Print Form

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What not to submit for change of address

RSMS receives information that leads to **Request for Form ONRR-4444:**

- "Return to Sender" items
- "Address Corrections"
- "Notice to Mailer of Correction in Address"
- Change of Address letters and/or card

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What should you remit?

Effective August 31, 2006, Federal Register Notice 71 FR 51749 issued a requirement that companies submit information designating a specific address or record for service of official correspondence on Form ONRR-4444, Address of Record Designation for Service of Official Correspondence.

The final rule became effective on November 29, 2006, can be found on the ONRR Web site at:
http://www.onrr.gov/laws_r_d/frnotices/PDFDocs/51749.pdf

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Definitions of Terms

Address of record is the address to which official correspondence is served.

Addressee of record for service of official correspondence is the person or position to whom official correspondence is served, as specified on Form ONRR–4444, or in the absence of such a form, as established in § 1218.540(b)(2). The addressee of record in part 1290, subpart B, appeal will be the person or representative making the appeal.

Official correspondence is all correspondence from ONRR or our delegates, served on companies related to matters such as: forms reporting, audit and compliance, enforcement notices, rental courtesy notices, and invoices.

Problems encountered with submission of Form ONRR-4444

- Does not indicate if it is “NEW” or “MODIFICATION” or both is checked
- Effective Date is not filled in
- Company name does not match payor code or operator code
- Multiple Payor Codes are listed
- Every box on form is checked

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

Exempt from the Paperwork Reduction Act of 1995
Requesting Only Identifying Information and Certification
See 5 CFR 1320.3(h) (1-1-01 Edition)

Addressee of Record Designation for Service of Official Correspondence
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Company Name:

Payor Code or Operator Number:

Please mark the correspondence type(s) with which the address below is being associated:

- ☐ Royalty Reporting (Forms MMS-2014)
- ☐ Solid Minerals (P&R) Reports
- ☐ Rental courtesy notices
- ☐ Invoices: Financial terms (FIN)
- ☐ Invoices: Indian overrecoupment (IOR)
- ☐ Inspection Fees, Rigs
- ☐ Inspection Fees, Fixed
- ☐ Production Reporting (Forms MMS-4054/4058)
- ☐ Audit and compliance correspondence
- ☐ Enforcement notices
- ☐ Invoices: Rights of Way/Use and Easement (ROW/RUE)
- ☐ Invoices: Interest (INT)

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Form ONRR-4444 Improvements

ONRR has formed an Internal Working Group. This group will:

- Establish a mechanism for industry to maintain this data in ONRR's systems
- Streamline and automate the Form ONRR-4444 so that industry can maintain their addresses of record in ONRR's system
- Amend the regulations to mandate entities submit and maintain the ONRR-4444 and add/delete payor codes based on mergers and acquisitions

Why automate:

- Industry has asked for access to the addresses within ONRR's Customer Database.

Location of Form 4444

Form ONRR-4444 and instructions can be found at:
http://www.onrr.gov/ReportPay/Forms/default.htm

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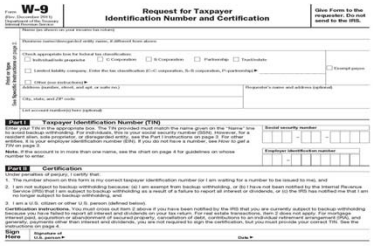
W-9 Filing

The Debt Collection Improvement Act of 1996 (31 U.S.C. § 7701) requires the Office of Natural Resources Revenue (ONRR) to collect a Taxpayer Identification Number (TIN) from all persons with whom we do business. We request your cooperation in completing and sending an Internal Revenue Service (IRS) Form W-9 with an Employer Identification Number (Federal tax ID number) to ONRR. You may obtain a Federal tax ID number on line from the IRS or by filing an IRS Form SS-4, Application for Employer Identification Number.

Note: ONRR **cannot** accept a Social Security Number as a TIN. Whether you are paying as an individual payor or a company, you *must* enter an Employee Identification Number (EIN). If you do not have an EIN, follow page 3 of the instructions attached to the Form W-9.



Form W-9 (Rev. December 2011) Department of the Treasury Internal Revenue Service

Request for Taxpayer Identification Number and Certification

Give Form to the requester. Do not send to the IRS.

Print or type See Specific Instructions on page 2.

Name (as shown on your income tax return)

Business name/disregarded entity name, if different from above

Check appropriate box for federal tax classification: ☐ Individual/sole proprietor ☐ C Corporation ☐ S Corporation ☐ Partnership ☐ Trust/estate

☐ Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=partnership) ▶

☐ Exempt payee

☐ Other (see instructions) ▶

Address (number, street, and apt. or suite no.) | Requester's name and address (optional)

City, state, and ZIP code

List account number(s) here (optional)

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on the "Name" line to avoid backup withholding. For individuals, this is your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see How to get a TIN on page 3.

Note: If the account is in more than one name, see the chart on page 4 for guidelines on whose number to enter.

Social security number ☐☐☐ - ☐☐ - ☐☐☐☐

Employer identification number ☐☐ - ☐☐☐☐☐☐☐

Part II Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends; or (c) the IRS has notified me that I am no longer subject to backup withholding; and
3. I am a U.S. citizen or other U.S. person (defined below).

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because of underreporting interest or dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions on page 4.

Sign Here Signature of U.S. person ▶ | Date ▶

Instructions to Payors and Operators

for

Form W-9

Request for Taxpayer Identification Number and Certification

All payors and operators *must* send an original, signed Form W-9 to the Office of Natural Resources Revenue. Put your five-digit, ONRR-assigned Payor Code or Operator Number at the top of the form.

The Debt Collection Improvement Act of 1996 (31 U.S.C. § 7701) requires the Office of Natural Resources Revenue (ONRR) to collect a Taxpayer Identification Number (TIN) from all persons with whom we do business. We request your cooperation in completing and sending an Internal Revenue Service (IRS) Form W-9 with an Employer Identification Number (Federal tax ID number) to ONRR. You may obtain a Federal tax ID number on line from the IRS or by filing an IRS Form SS-4, Application for Employer Identification Number.

The following instructions describe how to complete a W-9 for ONRR purposes. Please make sure all information is complete and legible. For ease of reference, each item is entitled exactly as it appears on the form.

Form and Instructions can be found at: http://www.onrr.gov/ReportPay/Forms/default.htm

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Change of Name and Mergers

The Form ONRR-4444 **cannot be used for company name changes or mergers**. You must initiate those changes with BLM or BIA, whichever issued your lease(s).

Per 43 CFR § 3106.8-2:
A change of name of a lessee shall be reported to the proper BLM office. Include the processing fee for name change found in the fee schedule in § 3000.12 of this chapter with your notice of name change. The notice of name change shall be submitted in writing and be accompanied by a list of the serial numbers of the leases affected by the name change.

Per 43 CFR § 3106.8-3:
Where a corporate merger affects leases situated in a State where the transfer of property of the dissolving corporation to the surviving corporation is accomplished by operation of law, no transfer of any affected lease interest is required. A notification of the merger shall be furnished with a list, by serial number, of all lease interests affected. Include the processing fee for corporate merger found in the fee schedule in § 3000.12 of this chapter with your notification of a corporate merger.

Payor Codes

ONRR requires that each reporting company have an identifying five-digit Payor Code and/or Operator Code (known as a Customer ID). A Customer ID is used on several documents and forms, e.g., ONRR-Form 2014's, Courtesy Notices, Production Reports, etc.

A Customer ID identifies each reporting company as a single entity, and much like the Tax ID Number, must be guarded to ensure privacy.

Payor/Operator Code Cleanup

Why? Currently, ONRR has over 26,000 payor/operator codes.

- Payors can request a payor code for any reason. Many companies have multiple payor codes (Onshore, Offshore, Indian, rent, etc.)
- Many of these codes are outdated.
- In FY2013:
  - 1,242 payors reported rent only
  - 949 payors reported royalties only
  - 1 payor reported bonus only
  - 844 payors reported a combination of revenue

Goal of cleanup:

- Identify relationships between payor codes
- Establish a mechanism for industry to maintain this data in ONRR's systems
- Allows automated company consolidation for development of EITI Unilateral Disclosure Report*

*EITI is the Extractive Industries Transparency Initiative. The Extractive Industries Transparency Initiative, or EITI, is a voluntary, global effort designed to strengthen accountability and public trust for the revenues paid and received for a country's oil, gas and mineral resources. Countries that follow the standard publish a report in which governments and companies publicly disclose royalties, rents, bonuses, taxes and other payments from oil, gas, and mining resources.

Questions?

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U.S. Department of the Interior

Office of Natural Resources Revenue (ONRR)

Data Mining

Presented by:

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

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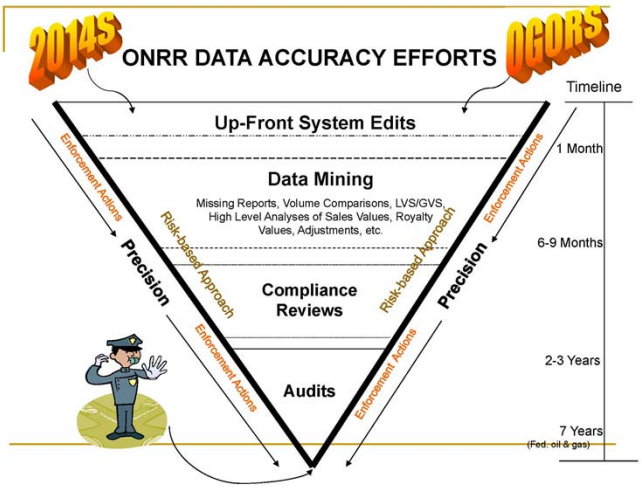
ONRR Data Accuracy Efforts



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Data Mining Processes

- Volume Comparison
- RSFA Statute of Limitation – Federal leases
- Net Negatives
- Agreement Approvals & Revisions
- Repetitive Reporting
- Pricing – Offshore GOM oil
- Processed Gas – PC 03 without 07 or 19

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What is Data Mining Finding?

- Missing Reports and volumes
- Invalid adjustments
  - Duplicates
  - Correction of volumes w/o change in royalty values
- Agreement misreporting
  - Missing Agreement Numbers
  - Incorrect reporting of allocations
  - Incorrect lease and/or agreement numbers
  - Lease level vs agreement level
  - Incorrect reporting of overlapping agreements
- Invalid deductions (i.e. marketable condition/field fuel)
- 6 yr statute of limitations

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New and Future Processes

- New Processes in FY2014
  - Overlapping agreements project
  - Agreement approvals and revision
- Future Processes
  - Pricing review of additional commodities/areas
  - Approvals for venting and flaring
  - Chronic over sufficient royalty estimates and other misreporting
  - Additional Adjustment Monitoring
    - Adjustments after closed audit periods
    - Original line monitoring
    - Duplicate adjustments

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How do overrides work?

- If an override is requested due to a data mining request, email the following to your Royalty Error Correction Specialist:
  - The data request
- Once received, the royalty error correction specialist will send the lines to the Data Mining Analyst for approval to override.
  - NOTE: Royalty cannot override without data mining's consent – this can take awhile.

Questions?

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