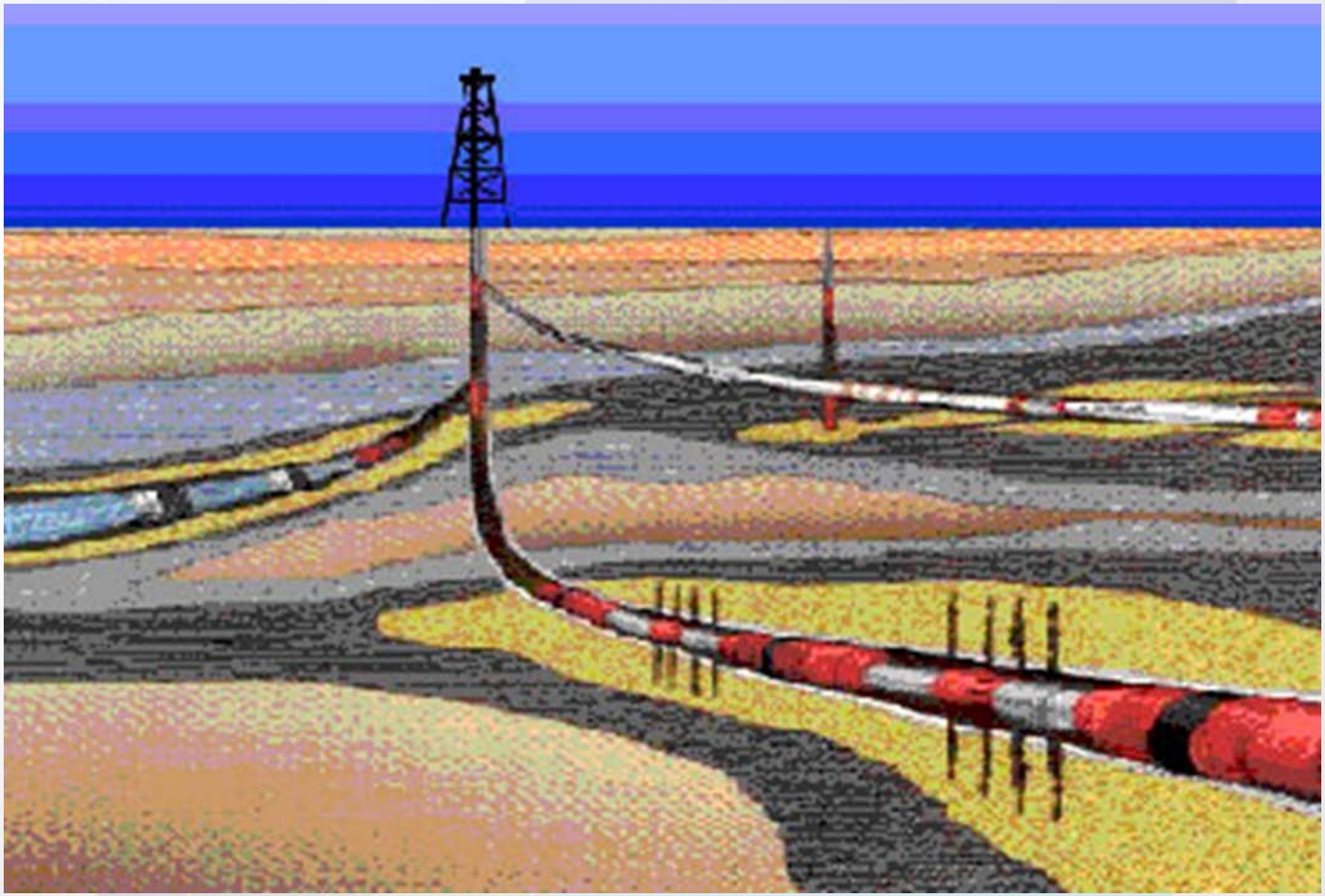
Overlapping Agreements



Objectives

In this course we are going to:

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

Agreement Overlaps

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

Total Overlap – CA is completely overlapping <u>ONE</u> Agreement.

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

Partial Overlap – CA is partially within the Agreement

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

The Future of Overlaps

Issued July 3, 2018

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

- BLM/BIA will approve a new CA when the CA overlaps an existing CA(s) **ONLY** when the new CA will allocate production and associated royalties from the new CA directly to the leases within the boundary of the new CA.

- BLM/BIA will continue to follow the existing policy when processing a new CA that would partially overlap an existing PA for the same formation within an approved Federal or Indian exploratory oil and gas unit.

What does this mean?

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

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

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

North Dakota IM

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

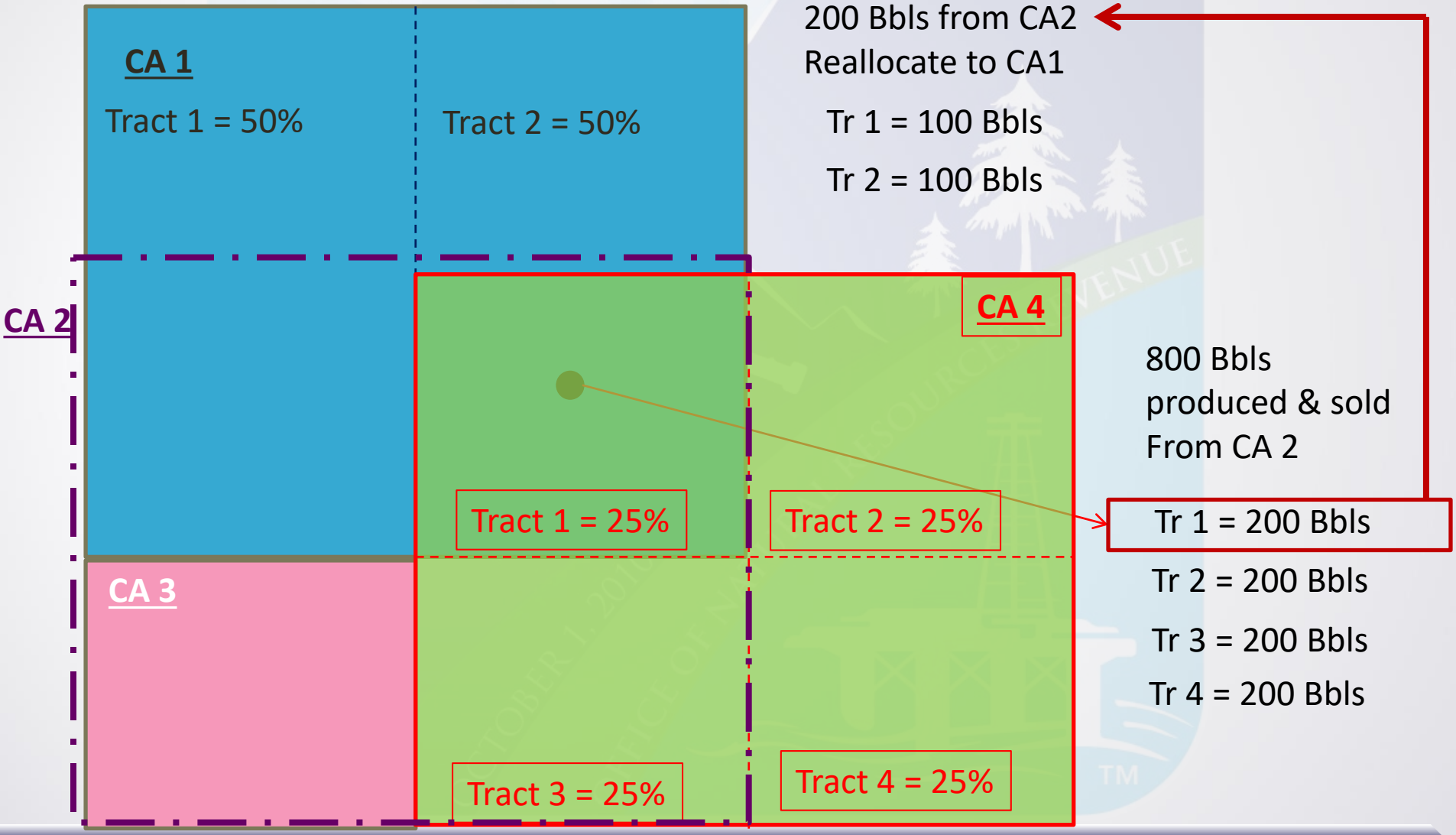
This IM applies to any CA ***approved after*** July 27, 2018. This Instruction Memorandum can be found on BLM's website.

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

Oil and Gas Reporting

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

Partial Overlap-New ND IM Example



Total Overlap-New ND IM Example

400 Bbls from CA 3
Reallocate to CA 1

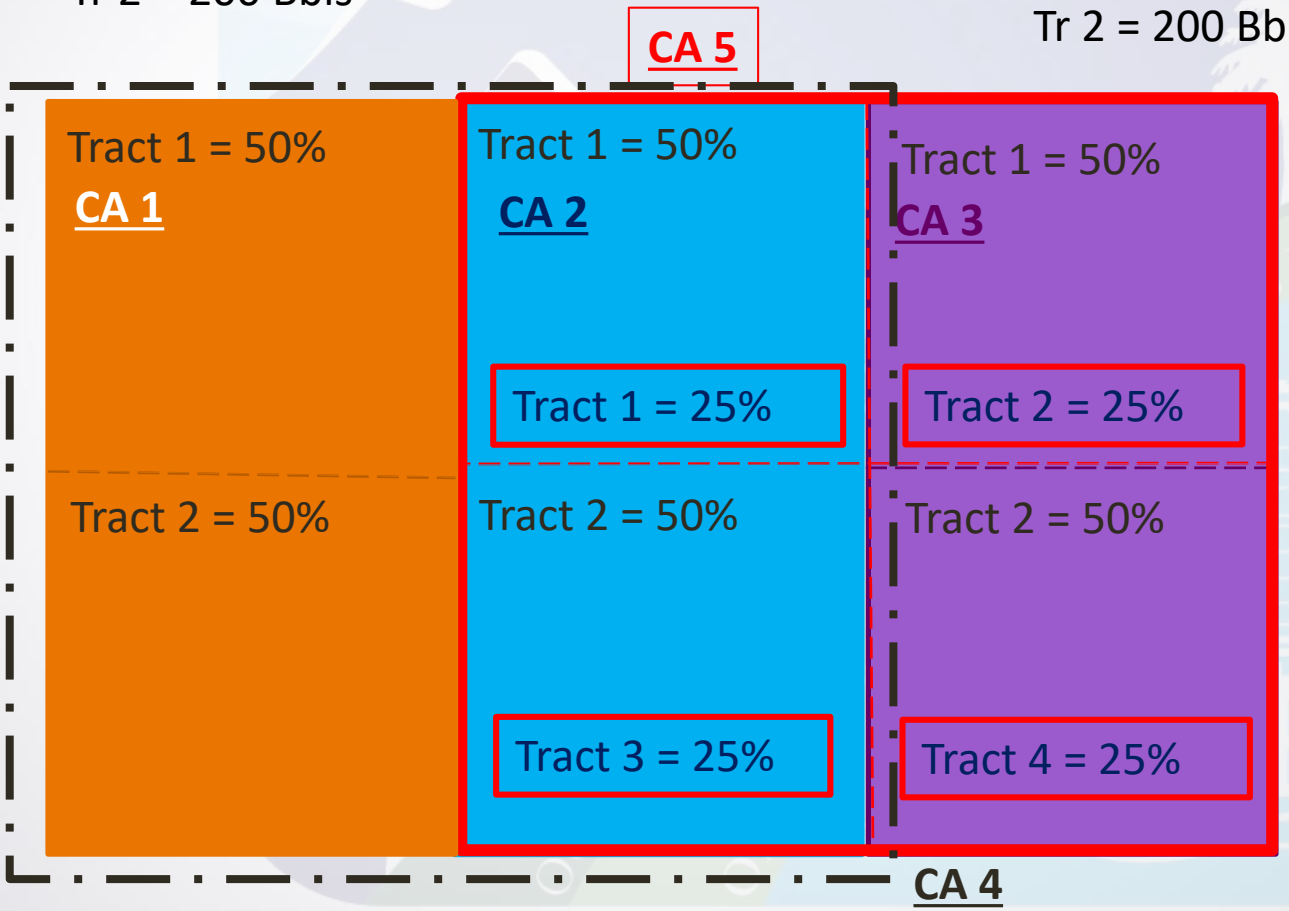
Tr 1 = 200 Bbls

Tr 2 = 200 Bbls

400 Bbls from CA 3
Reallocate to CA 2

Tr 1 = 200 Bbls

Tr 2 = 200 Bbls



800 Bbls
produced & sold
From CA 3

Tr 1 = 200 Bbls

Tr 2 = 200 Bbls

Tr 3 = 200 Bbls

Tr 4 = 200 Bbls

Let's Review

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

A. True
B. False

Example Overlap NDM108645

Serial Number: NDM--- - 108645

Mer	Twp	Rng	Sec	SType	Nr	Suff	Subdivision	District/ Field Office	County	Mgmt Agency
05	153	0N 094	0W 019	ALL			ENTIRE SECTION	NORTH DAKOTA FIELD OFFICE	MCKENZIE	BUREAU OF LAND MGMT
05	153	0N 094	0W 019	ALL			ENTIRE SECTION	NORTH DAKOTA FIELD OFFICE	MCKENZIE	DAKOTA PRAIRIES GRASSLAND
05	153	0N 094	0W 020	ALL			ENTIRE SECTION	NORTH DAKOTA FIELD OFFICE	MCKENZIE	DAKOTA PRAIRIES GRASSLAND

Relinquished/Withdrawn Lands

Serial Number: NDM--- - 108645

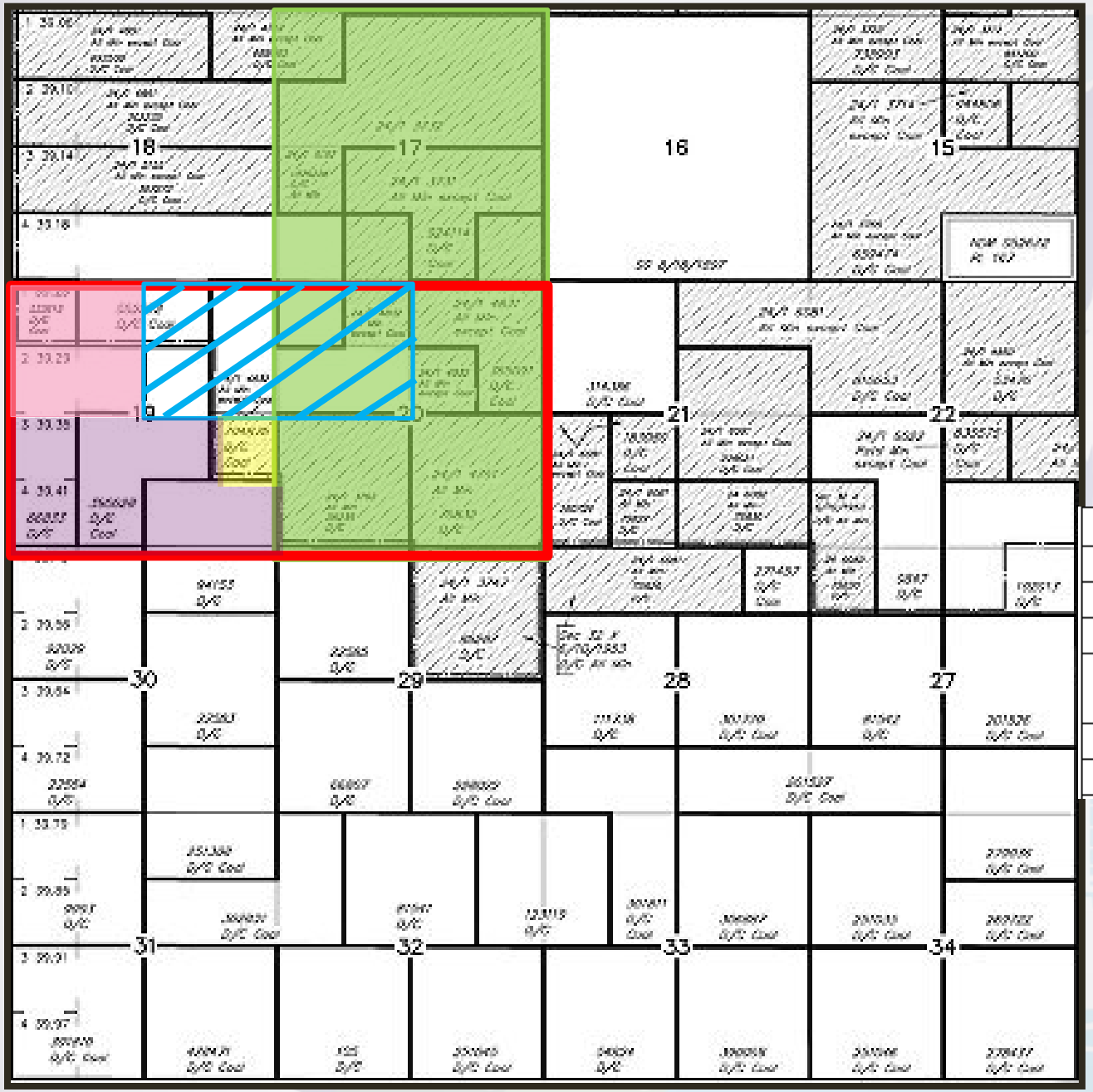
Serial Number: NDM--- - 108645

Act Date	Act Code	Action Txt	Action Remarks	Pending Off
03/01/2016	387	CASE ESTABLISHED		
03/01/2016	516	FORMATION	ELM TREE/BAKKEN;	
03/01/2016	525	ACRES-NONFEDERAL	998.52; 78.1755;	
03/01/2016	526	ACRES-FED INT 100%	278.76; 21.8245;	
03/01/2016	530	RLTY RATE - 12 1/2%	NDM95794;	
03/01/2016	868	EFFECTIVE DATE	/A/	
03/14/2016	580	PROPOSAL RECEIVED	CA RECD.	
09/22/2017	654	AGRMT PRODUCING	/B/	
09/22/2017	690	AGRMT VALIDATED		
02/05/2018	334	AGRMT APPROVED		

Line Number Remark Text

Serial Number: NDM--- - 108645

TR#	LEASE SERIAL NO	AC COMMITTED	% INTEREST
1	NDM 102885	640.00	50.1100
2	NDM 97814	158.52	12.41
3	PA NDM 68713A	160.00	12.5300
4	NDM 95794	40.00	3.1300
5	FEE	278.76	21.8200
	Total	1277.28	100.0000



Agreements	Date
CA NDM108645	03/01/2016
CA NDM102885 OLAP	10/01/2010
CA NDM97814 OLAP	02/01/2007
PA NDM68713A OLAP ONRR # 8860687130	03/28/1986
Lease NDM95794	07/01/2006
Fee	N/A

Line Number Remark Text

Serial Number: NDM--- - 108645

TR#	LEASE SERIAL NO	AC COMMITTED	% INTEREST
1	NDM 102885	640.00	50.1100
2	NDM 97814	158.52	12.41
3	PA NDM 68713A	160.00	12.5300
4	NDM 95794	40.00	3.1300
5	FEE	278.76	21.8200
		1277.28	100.0000

Allocation Schedule for CA NDM108645 (W/OLAP)

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

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

Federal LTOA/CRAA (Not included in OLAP)

Tract #	Lease Number	Acres	Allocation	Absolute
001			0.000000	0.000000
002			0.000000	0.000000
003			0.000000	0.000000
004	2840957940	40.00	0.031317	0.031317
Total		**40.00**	**0.031317**	**0.031317**

Indian LTOA/CRAA (Not included in OLAP)

Tract #	Lease Number	Acres	Allocation	Absolute
			0.000000	0.000000
			0.000000	0.000000
			0.000000	0.000000
			0.000000	0.000000
Total		**0.00**	**0.000000**	**0.000000**

Agreement Overlap (Fed/Ind/Fee/State)

Tract	Agreement No.	Acres	Allocation	Absolute
001	NDM102885	**640.00**	**0.501065**	**0.501065**
002	NDM97814	**158.52**	**0.124107**	**0.124107**

Tract	Agreement No.	Acres	Allocation	Absolute
003	8860687130 - NDM68713A	**160.00**	**0.125266**	**0.125266**
		0.00	**0.000000**	**0.000000**

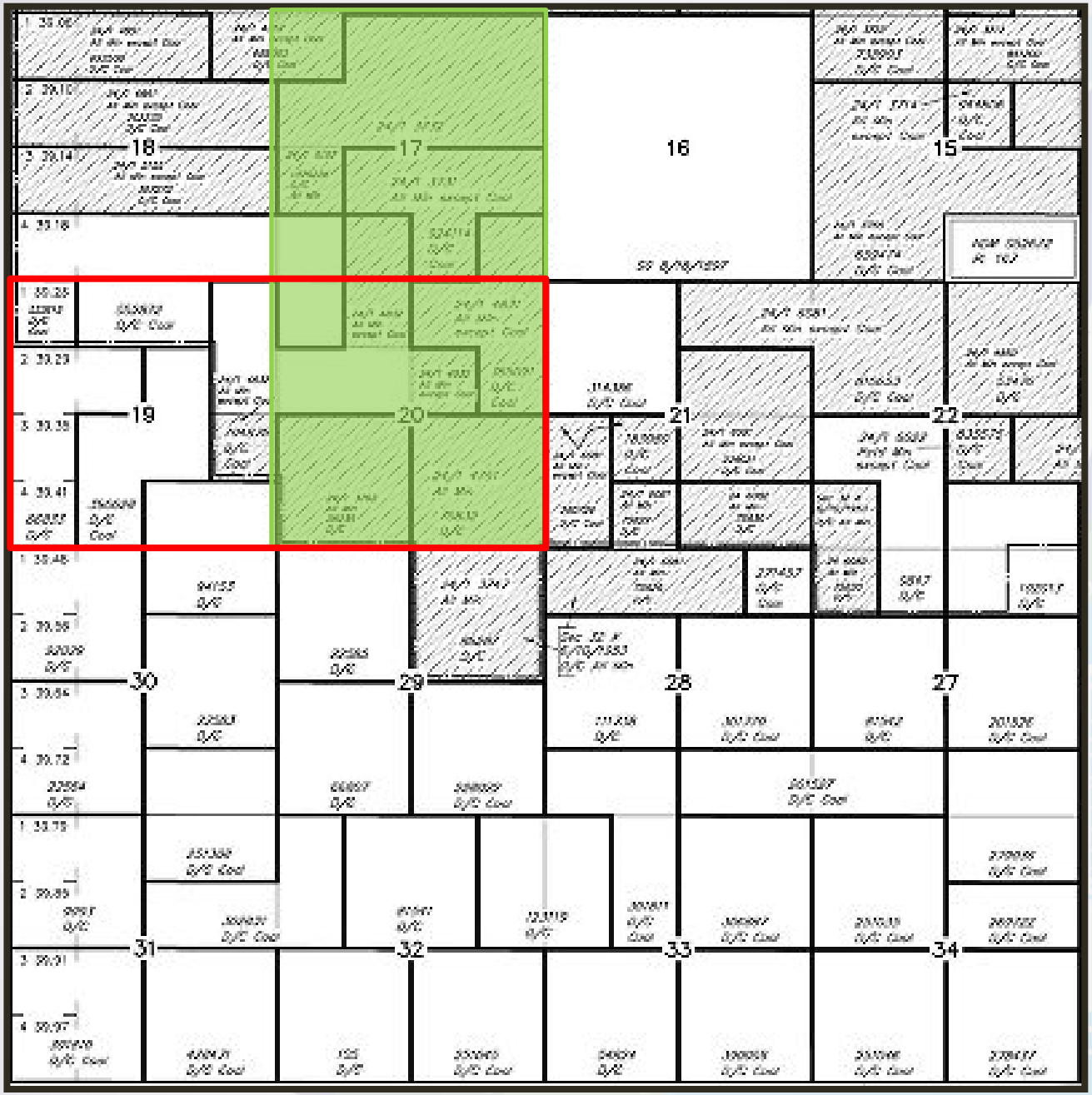
Do Not use the below for your Land Classifications.

***Fee Land (not incl in OLAP)**

Tract #	Lease Number	Acres	Allocation	Absolute
001	Fee		0.000000	0.000000
002	Fee		0.000000	0.000000
003	Fee		0.000000	0.000000
004	Fee		0.000000	0.000000
005	Fee	278.76	0.218245	0.218245
006	Fee		0.000000	0.000000
Total		**278.76**	**0.218245**	**0.218245**

***State Land (not incl in OLAP)**

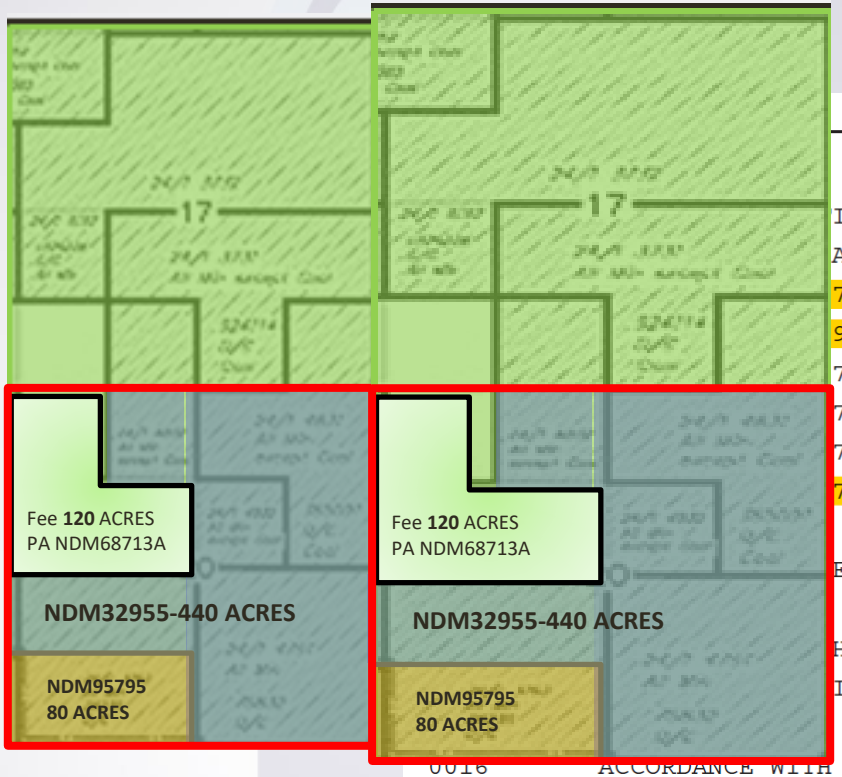
Tract #	Lease Number	Acres	Allocation	Absolute
001	State		0.000000	0.000000
002	State		0.000000	0.000000
003	State		0.000000	0.000000
004	State		0.000000	0.000000
005	State		0.000000	0.000000
006	State		0.000000	0.000000
Total		**0.00**	**0.000000**	**0.000000**
	Grand Total	**1277.28**	**1.000000**	**1.000000**



1st CA NDM102885

Agreements	Effective Date
CA NDM102885 OLAP	10/01/2010

1st CA - M 102885 eff 10/1/2010



Serial Number: NDM--- 102885

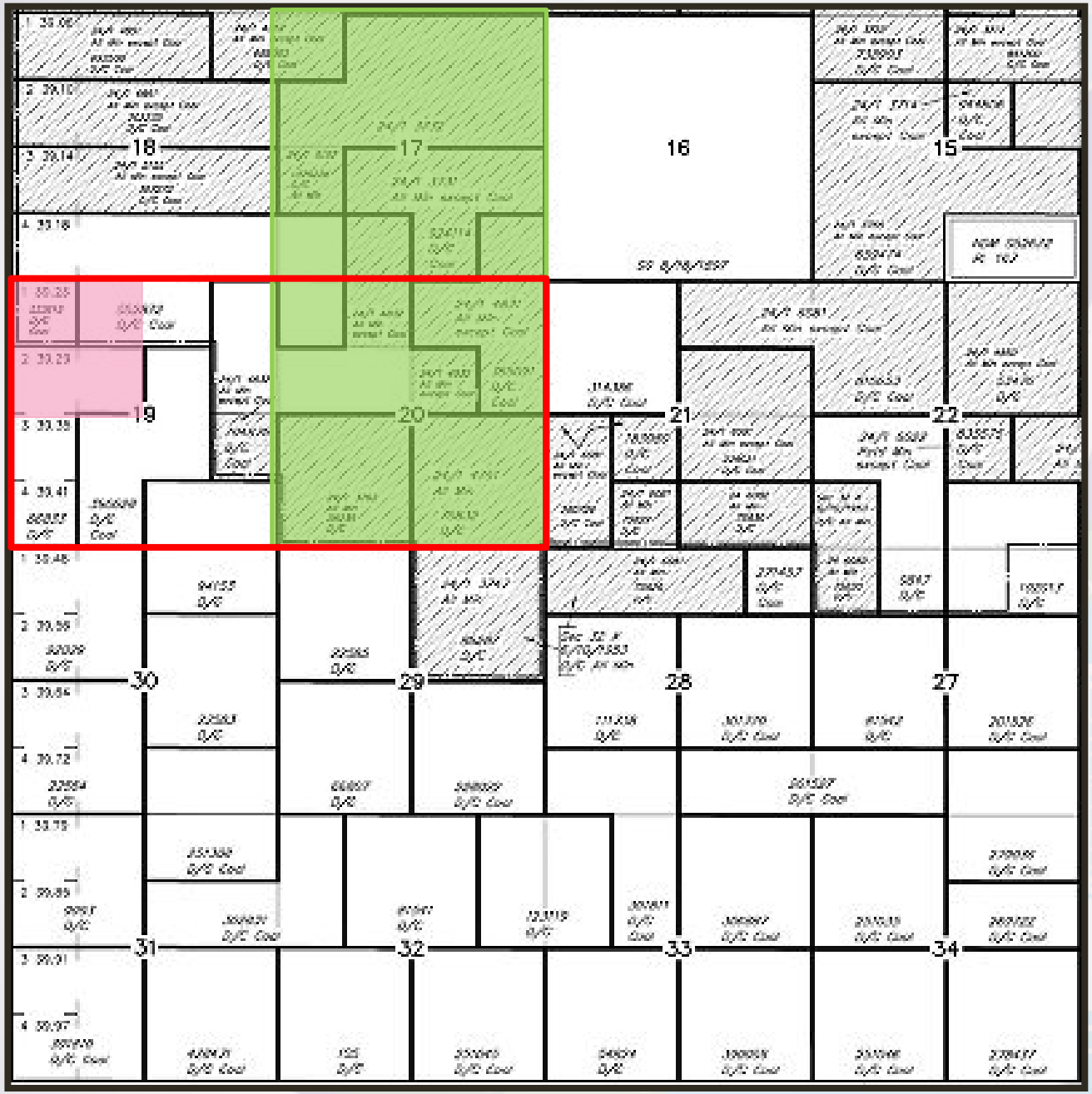
OVERLAPS BAKKEN UNIT PA
ION EFFECTIVE 10/01/2010

AL NO	AC COMMITTED	% INTEREST
713A	240.00	18.7500
955	440.00	34.3750
771	320.00	25.0000
793	40.00	3.1250
770	160.00	12.5000
795	80.00	6.2500
TOTAL	1280.00	100.0000

EN POOL
(API: 33-053-03235)
HICH CVRS SEC 17 S2SW & SEC 20 NW IS
INED W/I THIS CA. PA NDM 68713A WILL
ALL PROD WILL CONT TO BE ALLOC IN
ACCORDANCE WITH THE BAKKEN UNIT PA.

120 acres Fee from PA NDM68713A

OVERLAP INFO		
Agreement No.	**Acres**	**Lease #**
NDM102885	**640.00**	
Fed	440.00	2840329550
Fed	80.00	2840957950
*Fee	120.00	NDM68713A (8860687130)
*State	0.00	
Total	**640.00**	



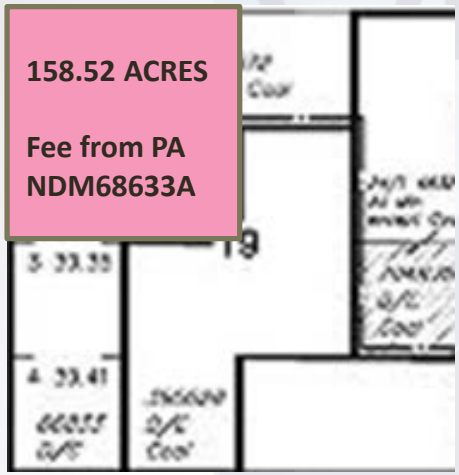
2nd CA NDM97814

Agreements	Date
CA NDM102885 OLAP	10/01/2010
CA NDM97814 OLAP	02/01/2007

2nd CA M 97814 eff 02/01/2007

158.52 ACRES

Fee from PA NDM68633A



Serial Number: NDM--- - 097814

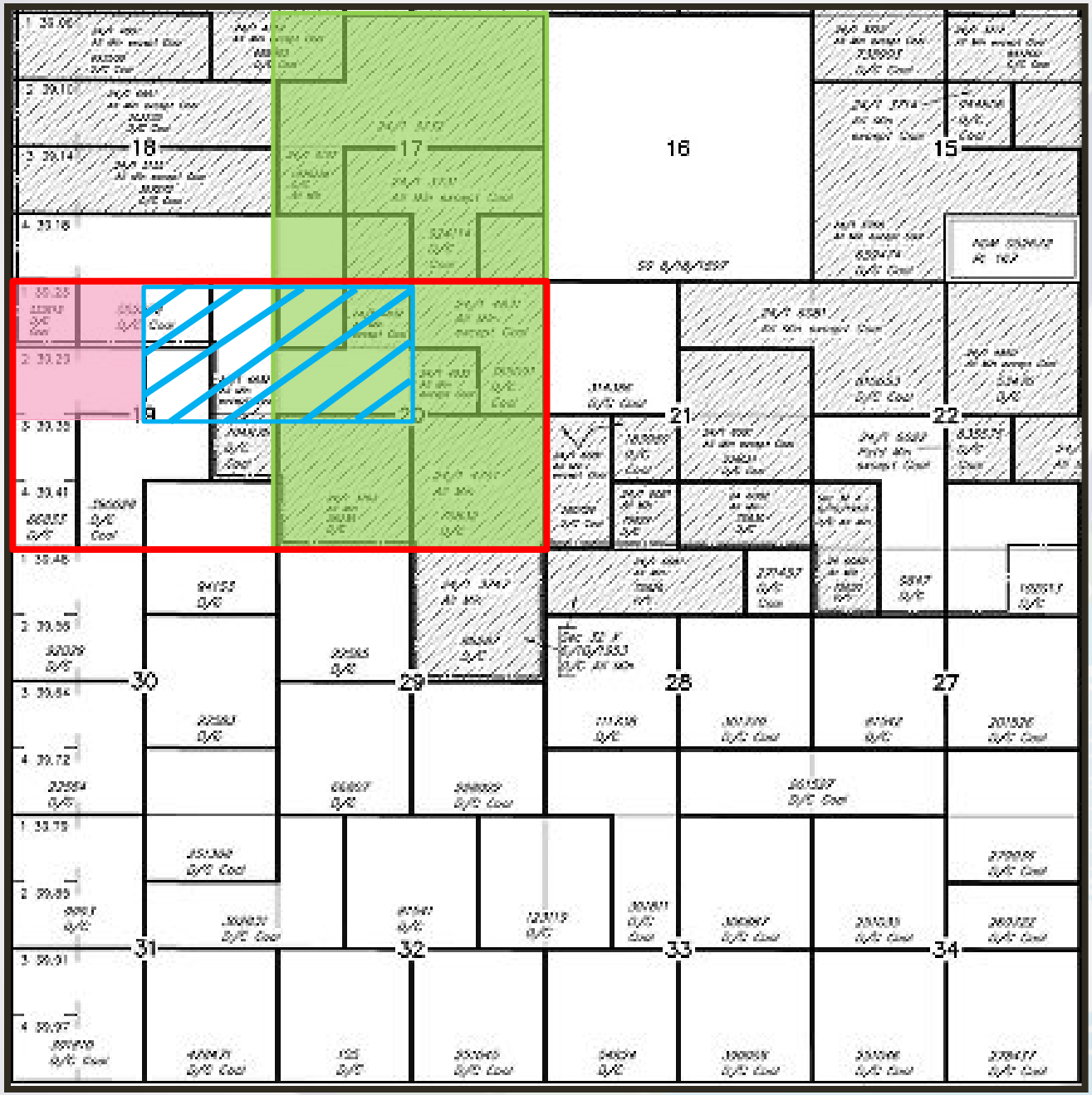
Line Number	Remark Text			
0001	/A/ RECAPITULATION EFFECTIVE 02/01/2007			
0002	TR#	LEASE SERIAL NO	AC COMMITTED	% INTEREST
0003	1	ANTELOPE EAST UA PA A	278.52	87.44
0004	2	FEE	40.00	12.56
0005		TOTAL	318.52	100.00

158.52 Acres Fee within CA NDM97814 from Tracks 6, 7, & 9 in PA NDM68633A

Serial Number: NDM--- - 068633A

Line Number	Remark Text				
0001	/A/PA ALLOCATION EFFECITVE 12/19/1985				
0002	LEASE SERIAL NO	TR#	STATUS	ACRES	PERCENT
0003	NDM 32958	1	EC	320.00	38.1625
0004	FEE	3	PC	240.00	28.6219
0005	FEE	4	FC	120.00	14.3109
0006	FEE	6	FC	79.29	9.4559
0007	FEE	7	FC	39.23	4.6785
0008	FEE	9	FC	40.00	4.7703
0009			TOTAL	838.52	100.0000
0010	TR1,152N,95W,S13,N2SE,NW,W2NE				
0011	TR3,153N,95W,S13,SW,S2SE				
0012	TR4,153N,95W,S24,N2NE,SENE				
0013	TR6,153N,94W,S19,LOT2,SENW				
0014	TR7,153N,94W,S19,LOT1				
0015	TR9,153N,94W,S19,NENW				

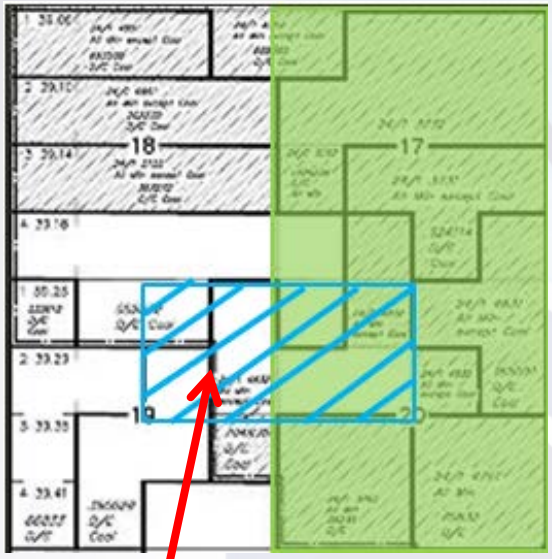
OVERLAP INFO		
Agreement No.	Acres	Lease #
NDM97814	158.52	
*Fee	158.52	NDM68633A (72485U2050)
*State	0.00	
Total	158.52	



PA NDM68713A

Agreements	Date
CA NDM102885 OLAP	10/01/2010
CA NDM97814 OLAP	02/01/2007
PA NDM68713A OLAP ONRR # 8860687130	03/28/1986

PA M 68713A (8860687130) eff 02/01/2007

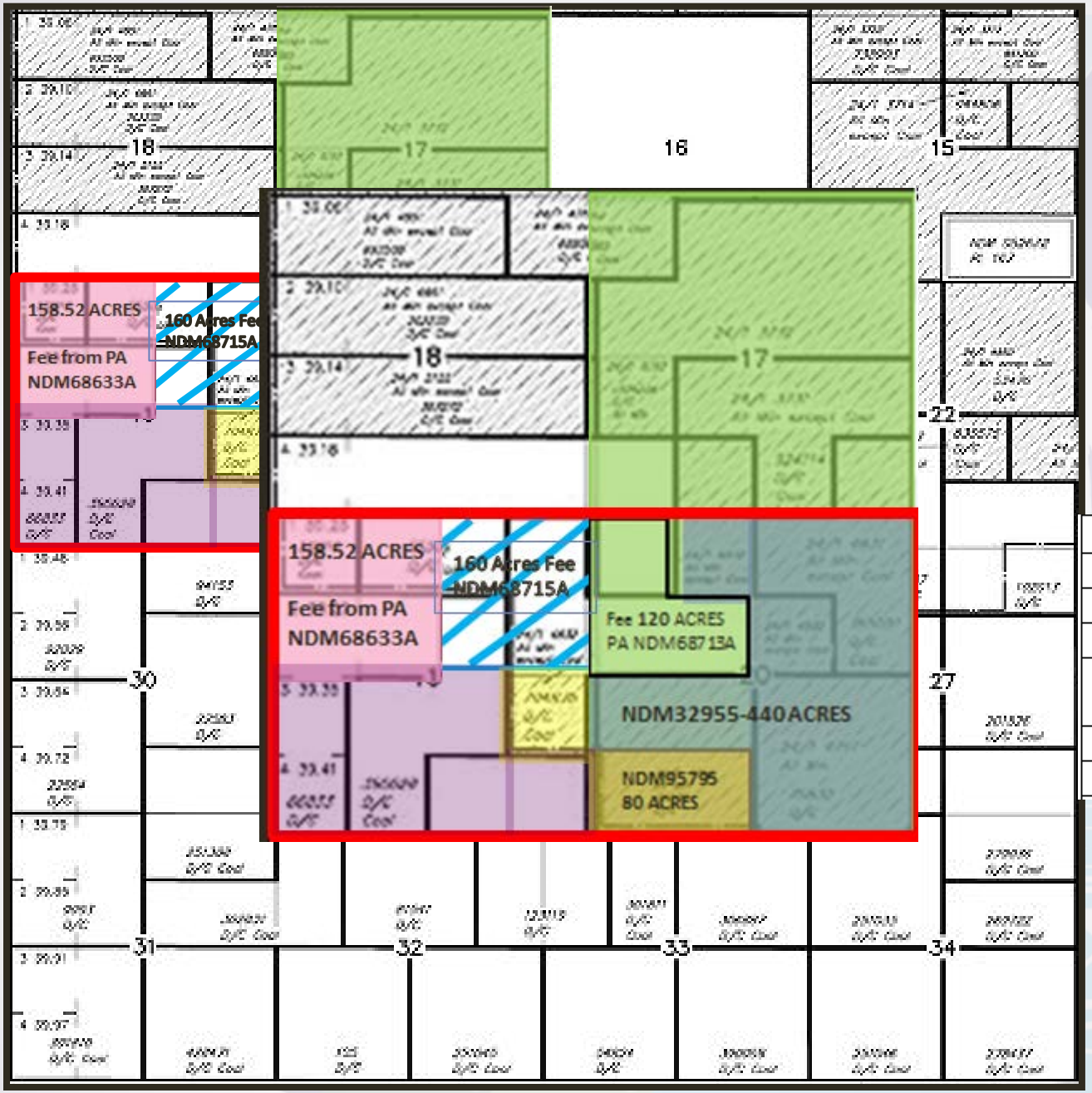


160 Acres Fee from PA NM68713A, SEC 19 ONLY.

Serial Number: NDM--- 068713A

Line Number	Remark Text					
0003	NDM	32955	1	FC	557.30	53.7700
0004	FEE		5	FC	80.00	7.7200
0005	FEE		6	FC	40.00	3.8600
0006	FEE		7	FC	80.00	7.7200
0007	FEE		8	FC	79.18	7.6300
0008	FEE		9	FC	40.00	3.8600
0009	FEE		10	FC	80.00	7.7200
0010	FEE		11	FC	40.00	3.8600
0011	FEE		12	FC	40.00	3.8600
0012				TOTAL	1036.48	100.0000
0013	TR1,153N,94W,S17,SESW;S18,LOTS 1-3,E2NW,NESW,NE,N2SE					
0014	S20,NENW					
0015	TR5,153N,R94W,S20,S2NW					
0016	TR6,153N,94W,S20,NWNW					
0017	TR7,153N,94W,S18,S2SE					
0018	TR8,153N,94W,S18,LOT 4,SESW					
0019	TR9,153N,94W,S17,SWSW					
0020	TR10,153N,94W,S19,S2NE					
0021	TR11,153N,94W,S19,NWNE					
0022	TR12,153N,94W,S19,NENE					

OVERLAP INFO		
Agreement No.	Acres	Lease #
8860687130 - NDM68713A	160.00	
*Fee	160.00	
*State	0.00	
Total	160.00	



Agreements	Date
CA NDM108645	03/01/2016
CA NDM102885 OLAP	10/01/2010
CA NDM97814 OLAP	02/01/2007
PA NDM68713A OLAP ONRR # 8860687130	03/28/1986
Lease NDM95794	07/01/2006
Fee	N/A

Land Classification for CA NDM108645 (W/OLAP)

Federal Land Classification					
Tract #	OLAP	Lease Number	Acres	Allocation	Absolute
001	X	2840329550	440.00	0.344482	0.344482
001	X	2840957950	80.00	0.062633	0.062633
002			0.00	0.000000	0.000000
003			0.00	0.000000	0.000000
004		2840957940	40.00	0.031317	0.031317
		Federal Land	**560.00**	**0.438432**	**0.438432**

OVERLAP INFO		
Agreement No.	Acres	Lease #
NDM102885	**640.00**	
Fed	440.00	2840329550
Fed	80.00	2840957950
*Fee	120.00	
*State	0.00	
Total	**640.00**	

*Fee Land Classification					
Tract #	OLAP	Lease Number	Acres	Allocation	Absolute
001	X	Fee	120.00	0.093950	0.093950
002	X	Fee	158.52	0.124107	0.124107
003	X	Fee	160.00	0.125266	0.125266
004		Fee	0.00	0.000000	0.000000
005		Fee	278.76	0.218245	0.218245
Total			**717.28**	**0.561568**	**0.561568**
		Grand Total	**1277.28**	**1.000000**	**1.000000**

OVERLAP INFO		
Agreement No.	Acres	Lease #
NDM97814	**158.52**	
Fed	0.00	
*Fee	158.52	
*State	0.00	
Total	**158.52**	

OVERLAP INFO		
Agreement No.	Acres	Lease #
8860687130 - NDM68713A	**160.00**	
*Fee	160.00	
*State	0.00	
Total	**160.00**	

Example for how to report royalties on production from NDM108645

CA - NDM108645

		Production Volumes	
Allocation Schedule	**%**	**17855.00**	*Well #1 (example only)*
OLAP NDM102885	0.501065	8946.52	*Move to Page for NDM102885*
OLAP NDM97814	0.124107	2215.93	*Move to Page for NDM97814*
OLAP NDM68713A - 8860687130	0.125266	2236.62	*Move to Page for 8860687130 1st Alloc*
2840957940 - NDM95794	0.031317	559.17	*2014 Reporting*
Fee	0.218245	3896.76	*No Reporting*
TOTAL	**1.000000**	**17855.00**	

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

This example follows the reporting of royalties from a single well. Royalties on production from additional wells in CA NDM108645 would be reported in the same manner.

Note: OGOR stays with this CA.

1st CA in Overlap

CA - NDM102885			
		Production Volumes	
Allocation Schedule	**%**	**8946.52**	from well #1
OLAP NDM68713A - 8860687130	0.187500	1677.47	*Move to Page for PA 8860687130 2nd Alloc*
2840329550 - NDM32955	0.343750	3075.37	*2014 Reporting*
2550987710 - NDM98771	0.250000	2236.63	*2014 Reporting*
2840957930 - NDM95793	0.031250	279.58	*2014 Reporting*
2840987700 - NDM98770	0.125000	1118.32	*2014 Reporting*
2840957950 - NDM95795	0.062500	559.15	*2014 Reporting*
TOTAL	**1.000000**	**8946.52**	

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

Note: OGOR stays with CA NDM108645

PA - 8860687130 - NDM68713A 2nd Alloc			
		Production Volumes	
Allocation Schedule	**%**	**1677.47**	from well #1
2840329550 - NDM32955	0.537700	901.98	*2014 Reporting*
Fee	0.462300	775.49	*No Reporting*
TOTAL	**1.000000**	**1677.47**	

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

Note: OGOR stays with CA NDM108645

2nd CA within Overlap

CA - NDM97814			
		Production Volumes	
Allocation Schedule	**%**	**2215.93**	from well #1
OLAP 72485U2050 - NDM68633A	0.874400	1937.61	*Move to Page for PA 72485U2050*
Fee	0.125600	278.32	*No Reporting*
TOTAL	**1.000000**	**2215.93**	

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

Note: OGOR stays with CA NDM108645

PA - 72485U2050 - NDM68633A			
		Production Volumes	
Allocation Schedule	**%**	**1937.61**	from well #1
2840329580 - NDM32958	0.381625	739.44	*2014 Reporting*
Fee	0.618375	1198.17	*No Reporting*
TOTAL	**1.000000**	**1934.61**	

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

Note: OGOR stays with CA NDM108645

PA NDM68713A (8860687130) 1st Allocation

PA - 8860687130 1st Alloc			
		Production Volumes	
Allocation Schedule	**%**	**2236.62**	from well #1
2840329550 - NDM32955	0.537700	1202.63	*2014 Reporting*
Fee	0.462300	1033.99	*No Reporting*
TOTAL	**1.000000**	**2236.62**	

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

Note: OGOR stays with CA NDM108645

		Production Volumes for **Well #1**	
CA - NDM108645		**17855**	***OGOR***
Below is how the 2014 reporting would actually take place after the volumes kept moving for reporting purposes due to the overlaps.			
CA - NDM108645	2840957940-NDM95794	559.17	*2014 Reporting*
	Fee	3896.76	*No Reporting*
	TOTAL	**4455.93**	
CA - NDM102885	2840329550-NDM32955	3075.37	*2014 Reporting*
	2550987710-NDM98771	2236.63	*2014 Reporting*
	2840957930-NDM95793	279.58	*2014 Reporting*
	2840987700-NDM98770	1118.32	*2014 Reporting*
	2840957950-NDM95795	559.15	*2014 Reporting*
	TOTAL	**7269.05**	
PA - 8860687130 - NDM68713A 2nd Alloc	2840329550-NDM32955	901.98	*2014 Reporting*
	Fee	775.49	*No Reporting*
	TOTAL	**1677.47**	*From NDM102885*
CA - NDM97814	Fee	278.32	*No Reporting*
	TOTAL	**278.32**	
PA - 72485U2050 - NDM68633A	2840329580-NDM32958	739.44	*2014 Reporting*
	Fee	1198.17	*No Reporting*
	TOTAL	**1937.61**	*From NDM97814*
PA - 8860687130 - NDM68713A 1st Alloc	2840329550-NDM32955	1202.63	*2014 Reporting*
	Fee	1033.99	*No Reporting*
	TOTAL	**2236.62**	*From NDM108645*
	Total OGOR Volumes	**17855.00**	

Agreements	Effective Date
CA NDM108645	03/01/2016
CA NDM102885 OLAP	10/01/2010
CA NDM97814 OLAP	02/01/2007
PA NDM68713A OLAP ONRR # 8860687130	03/28/1986
Lease NDM95794	07/01/2006
Fee	N/A

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

But what about my lease??

- In our example CA NDM108645 the company holds 100% interest:
  100% in Lease 2840957940
- There is no lease basis well on the above lease.
- In overlapping agreement situations, you must report royalties based on your entitled share.
- Let's complete the ONRR-2014 for royalties on the above lease.

CA - NDM108645			
		Production Volumes	
Allocation Schedule	**%**	**17855.00**	*Well #1 (example only)*
OLAP NDM102885	0.501065	8946.52	*Move to Page for NDM102885*
OLAP NDM97814	0.124107	2215.93	*Move to Page for NDM97814*
OLAP NDM68713A - 8860687130	0.125266	2236.62	*Move to Page for 8860687130 1st Alloc*
2840957940 - NDM95794	0.031317	559.17	*2014 Reporting*
Fee	0.218245	3896.76	*No Reporting*
TOTAL	**1.000000**	**17855.00**	

Lease #	Source CA	Total sales Volume Reported On	CA # Reported on 2014	Bbls Sold/Allocated to CA reported on 2014		Allocation %	Bbls Allocated to Tract		Working Interest %	Working Interest BBls (2014 Sales Volume)		Price		Sales Value		Royalty Rate		Royalty Value Prior to Allowances
2840957940	M108645	17855	M108645	17855	X	0.031317	559.17	X	100%	559.17	X	$50.00	=	$27,958.25	X	0.125	=	$3,494.78

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

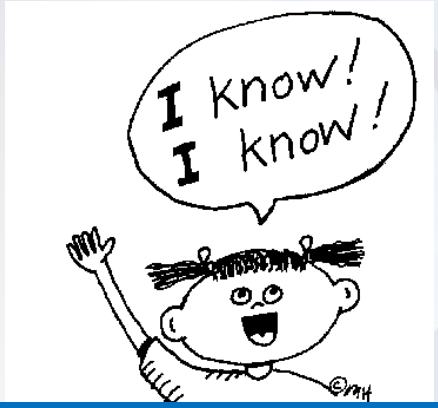
Sales Volume x price x royalty rate – allowances = Royalty Value

2014 Reporting

Lease #	Source CA	Total sales Volume Reported On	CA # Reported on 2014	Bbls Sold/Allocated to CA reported on 2014		Allocation %	Bbls Allocated to Tract		Working Interest %	Working Interest BBls (2014 Sales Volume)		Price		Sales Value		Royalty Rate		Royalty Value Prior to Allowances
2840957940	M108645	17855	M108645	17855	X	0.031317	559.17	X	100%	559.17	X	$50.00	=	$27,958.25	X	0.125	=	$3,494.78

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
☐	>	1		2840959740	M 108645		01-Oil	ARMS	09	2017	01	

Sales Volume	Gas MMBtu	Sales Value	Royalty Value Before Allowances	Transportation Allowance	Processing Allowance	Royalty Value after Allowance*	Payment Method*	Line #
559.17	0.00	27958.25	3494.78	0.00	0.00	3494.78	03	1



2nd Allocation

1st Allocation

Line Number	1	2	3	4	5	6	7	8	9
API Well Number									
ONRR Lease Number	2840957940	2840329550	2550987710	2840957930	2840987700	2840957950	2840329550	2840329580	2840329550
ONRR Agreement Number	M 108645	M 102855	M 102855	M 102855	M 102855	M 102855	8860687130	72485U2050	8860687130
Product Code	01	01	01	01	01	01	01	01	01
Sales Type Code	ARMS	ARMS	ARMS	ARMS	ARMS	ARMS	ARMS	ARMS	ARMS
Sales MO/YR	092017	092017	092017	092017	092017	092017	092017	092017	092017
Transaction Code	01	01	01	01	01	01	01	01	01
Adjustment Reason Code									
Sales Volume	559.17	3075.37	2236.63	279.58	1118.32	559.16	901.98	739.44	1202.63
Gas MMBtu									
Sales Value	27958.25	153768.31	111831.50	13978.94	55915.75	27957.88	45098.78	36972.02	60131.53
Royalty Value Prior to Allowances	3494.78	19221.04	13978.94	1747.37	6989.47	3494.73	5637.35	4621.50	7516.44
Transporation Allowance Deduction									
Processing Allowance Deduction									
Royalty Value Less Allowance	3494.78	19221.04	13978.94	1747.37	6989.47	3494.73	5637.35	4621.50	7516.44
Payment Method Code	3	3	3	3	3	3	3	3	3

CA NDM110449

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

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

Example Overlap NDM110449

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

Total Acres: 2,562.400

Serial Number
NDM 110449

Serial Number: NDM--- - 110449

Name & Address					Int Rel	% Interest
BURLINGTON RESOURCES OIL & GAS COMPANY LP	600 N DAIRY ASHFORD RD	HOUSTON	TX	770791100	OPERATOR	100.000000000
BLM NORTH DAKOTA FO	99 23RD AVE W STE A	DICKINSON	ND	586012202	OFFICE OF RECORD	0.000000000

Serial Number: NDM--- - 110449

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

Serial Number: NDM--- - 110449

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

Serial Number: NDM--- - 110449

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

TR#	LEASE SERIAL NO	AC COMMITTED	% INTEREST
1	NDM98624	1281.28	50.0031
2	NON-FEDERAL	1281.12	49.9969
	TOTAL	**2562.40**	**100.00**

Allocation Schedule for CA NDM110449 (W/OLAP)

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

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

Federal LTOA/CRAA (Not included in OLAP)

Tract #	Lease Number	Acres	Allocation	Absolute
001			0.000000	0.000000
002			0.000000	0.000000
Total		**0.00**	**0.000000**	**0.000000**

Indian LTOA/CRAA (Not included in OLAP)

Tract #	Lease Number	Acres	Allocation	Absolute
			0.000000	0.000000
			0.000000	0.000000
Total		**0.00**	**0.000000**	**0.000000**

Agreement Overlap (Fed/Ind/Fee/State)

Tract	Agreement No.	Acres	Allocation	Absolute
001	NDM98624	**1281.28**	**0.500031**	**0.500031**
002		**0.00**	**0.000000**	**0.000000**

Tract	Agreement No.	Acres	Allocation	Absolute
		0.00	**0.000000**	**0.000000**
		0.00	**0.000000**	**0.000000**

Do Not use the below for your Land Classifications.

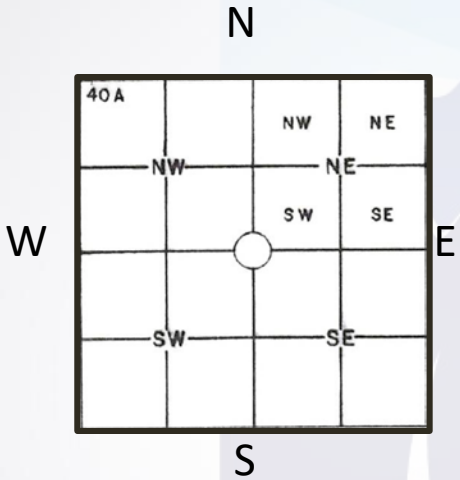
***Fee Land (not incl in OLAP)**

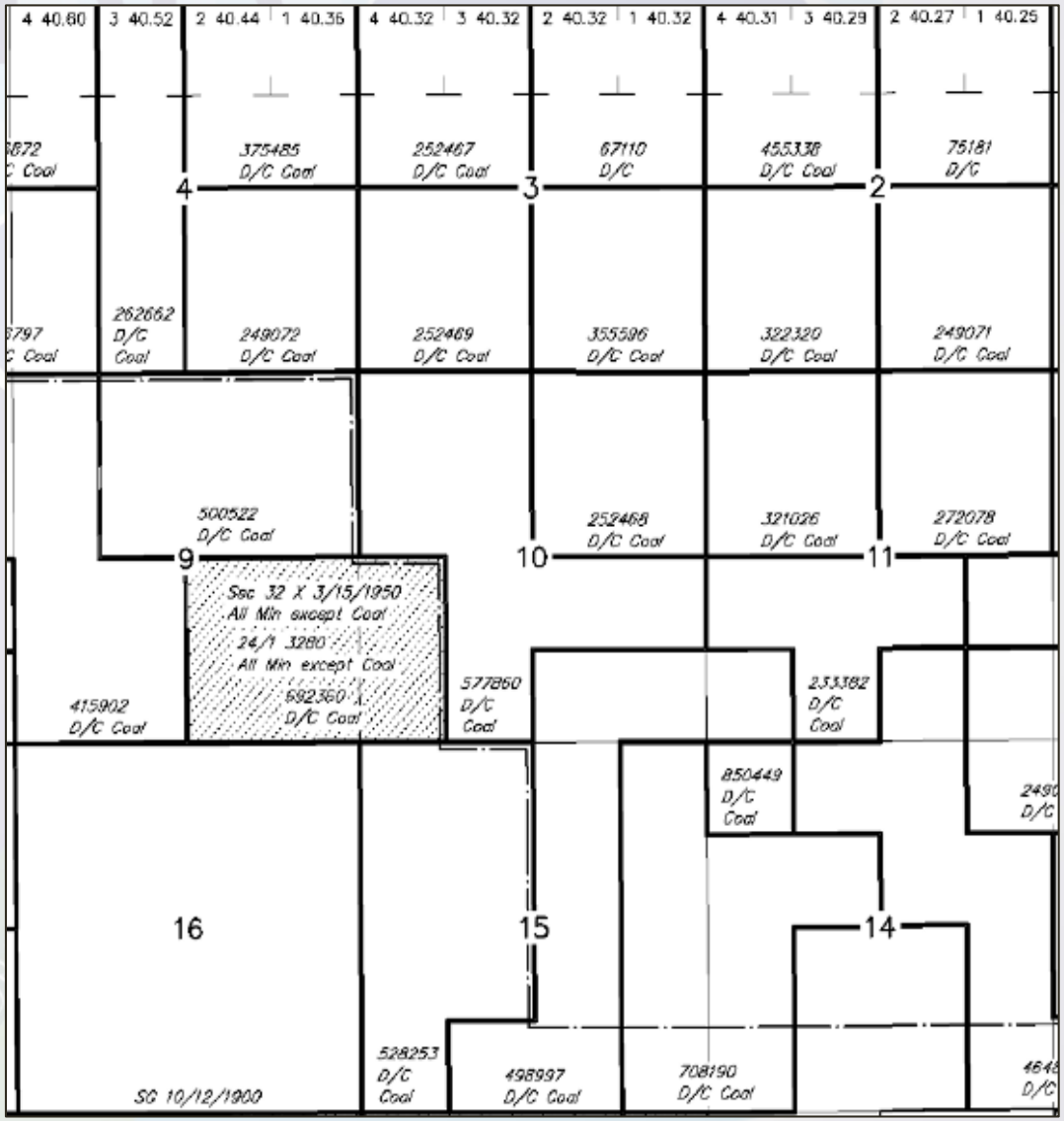
Tract #	Lease Number	Acres	Allocation	Absolute
001	Fee		0.000000	0.000000
002	Fee	1281.12	0.499969	0.499969
003	Fee		0.000000	0.000000
004	Fee		0.000000	0.000000
005	Fee		0.000000	0.000000
006	Fee		0.000000	0.000000
Total		**1281.12**	**0.499969**	**0.499969**

***State Land (not incl in OLAP)**

Tract #	Lease Number	Acres	Allocation	Absolute
001	State		0.000000	0.000000
002	State		0.000000	0.000000
003	State		0.000000	0.000000
004	State		0.000000	0.000000
005	State		0.000000	0.000000
006	State		0.000000	0.000000
Total		**0.00**	**0.000000**	**0.000000**
	Grand Total	**2562.40**	**1.000000**	**1.000000**

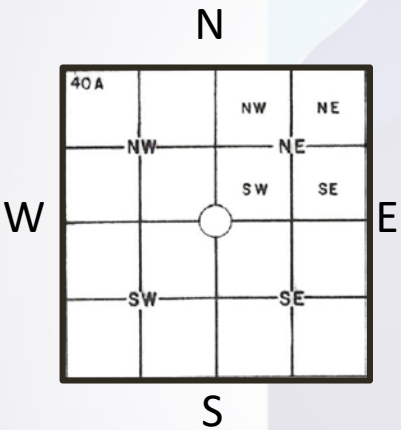
Mapping NDM110449

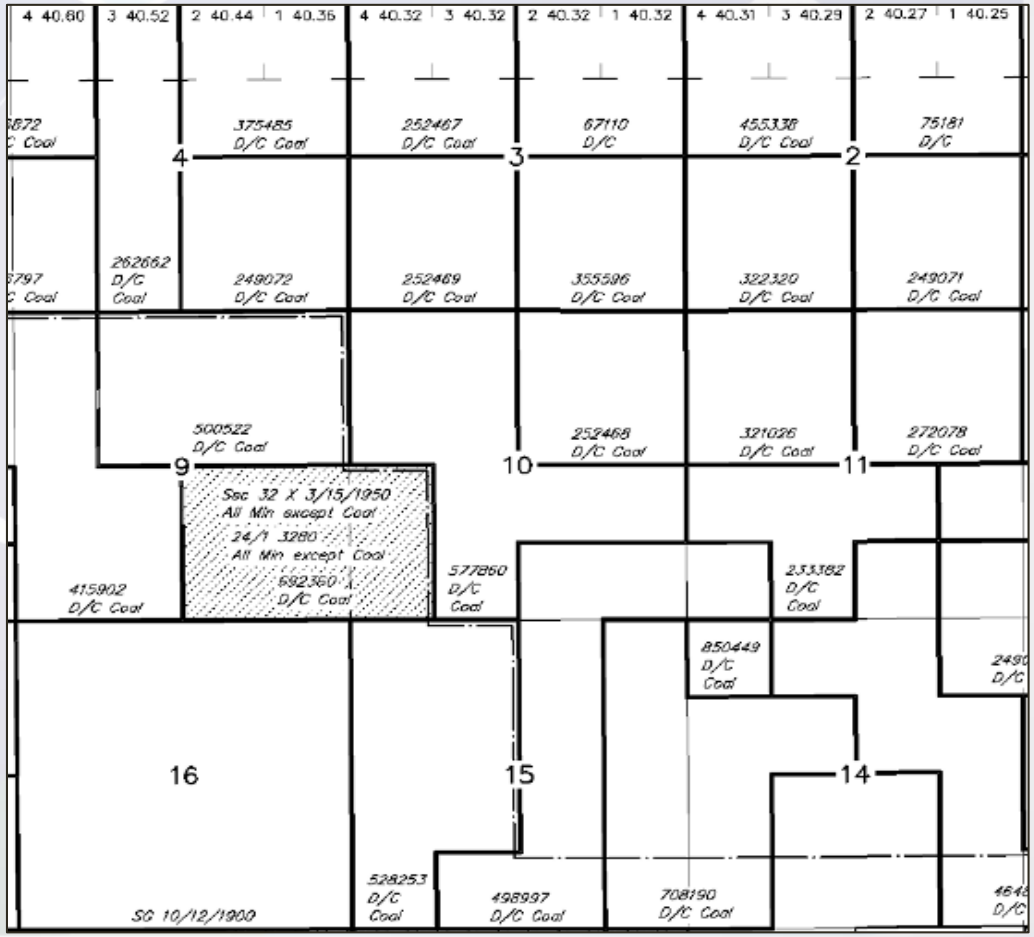




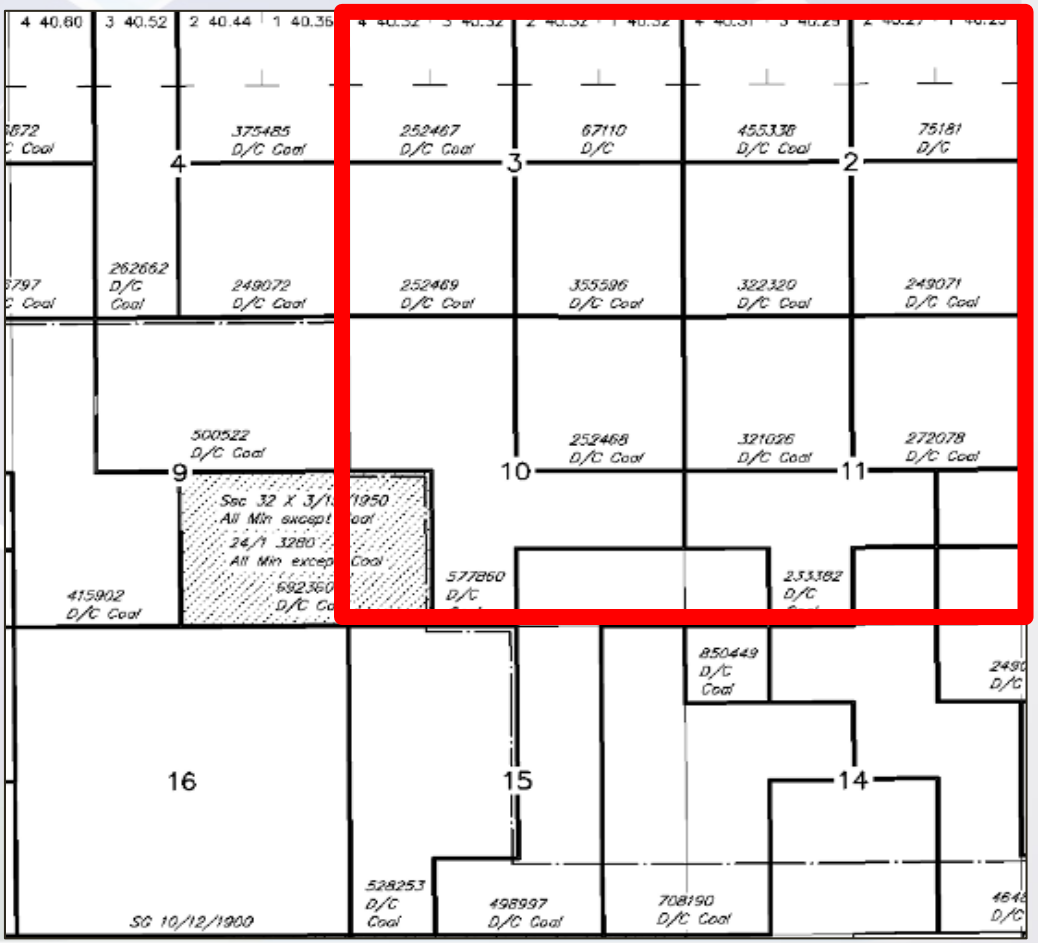
Serial Number: NDM--- - 110449

Mer	Twp	Rng	Sec	SType	Nr	Suff	Subdivision	District/ Field Office	County	Mgmt Agency
05	149ON	096OW	002	ALL			ENTIRE SECTION	NORTH DAKOTA FIELD OFFICE	MCKENZIE	BUREAU OF LAND MGMT
05	149ON	096OW	003	ALL			ENTIRE SECTION	NORTH DAKOTA FIELD OFFICE	MCKENZIE	BUREAU OF LAND MGMT
05	149ON	096OW	010	ALL			ENTIRE SECTION	NORTH DAKOTA FIELD OFFICE	MCKENZIE	DAKOTA PRAIRIES GRASSLAND
05	149ON	096OW	010	ALL			ENTIRE SECTION	NORTH DAKOTA FIELD OFFICE	MCKENZIE	BUREAU OF LAND MGMT
05	149ON	096OW	011	ALL			ENTIRE SECTION	NORTH DAKOTA FIELD OFFICE	MCKENZIE	BUREAU OF LAND MGMT





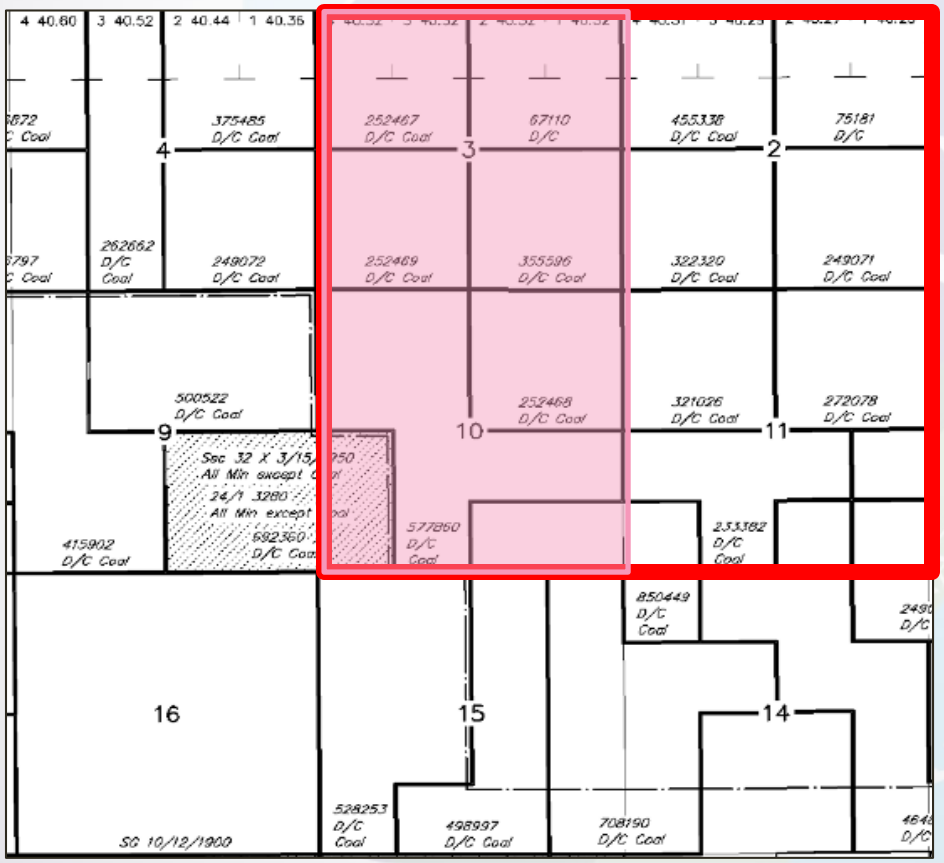
Agreements	Eff Date
CA NDM110449	12/1/2017
CA NDM98624	8/1/2008
Non-Federal	N/A



Track 1 CA NDM98624

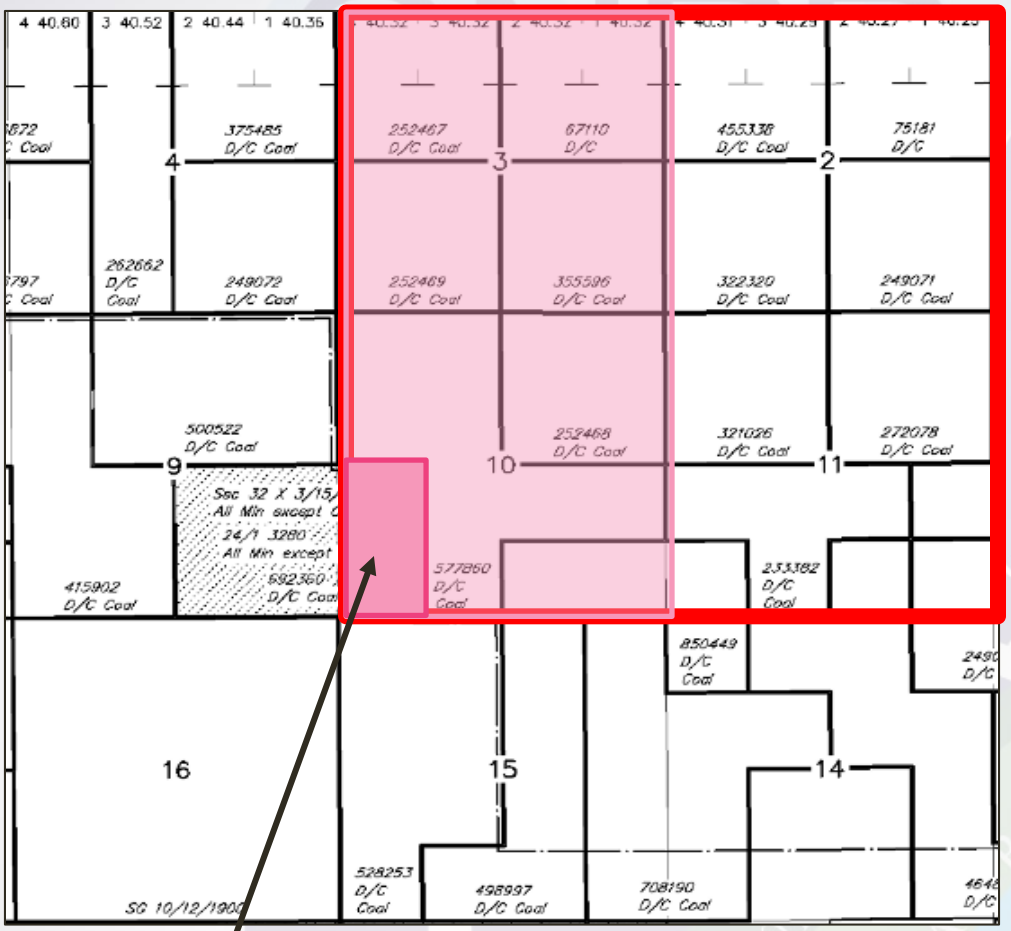
Serial Number: NDM--- - 098624

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



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

Track 1 CA NDM98624



80 Acres Federal from NDM88563

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

/A/ RECAPITULATION EFFECTIVE 08/01/2008

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

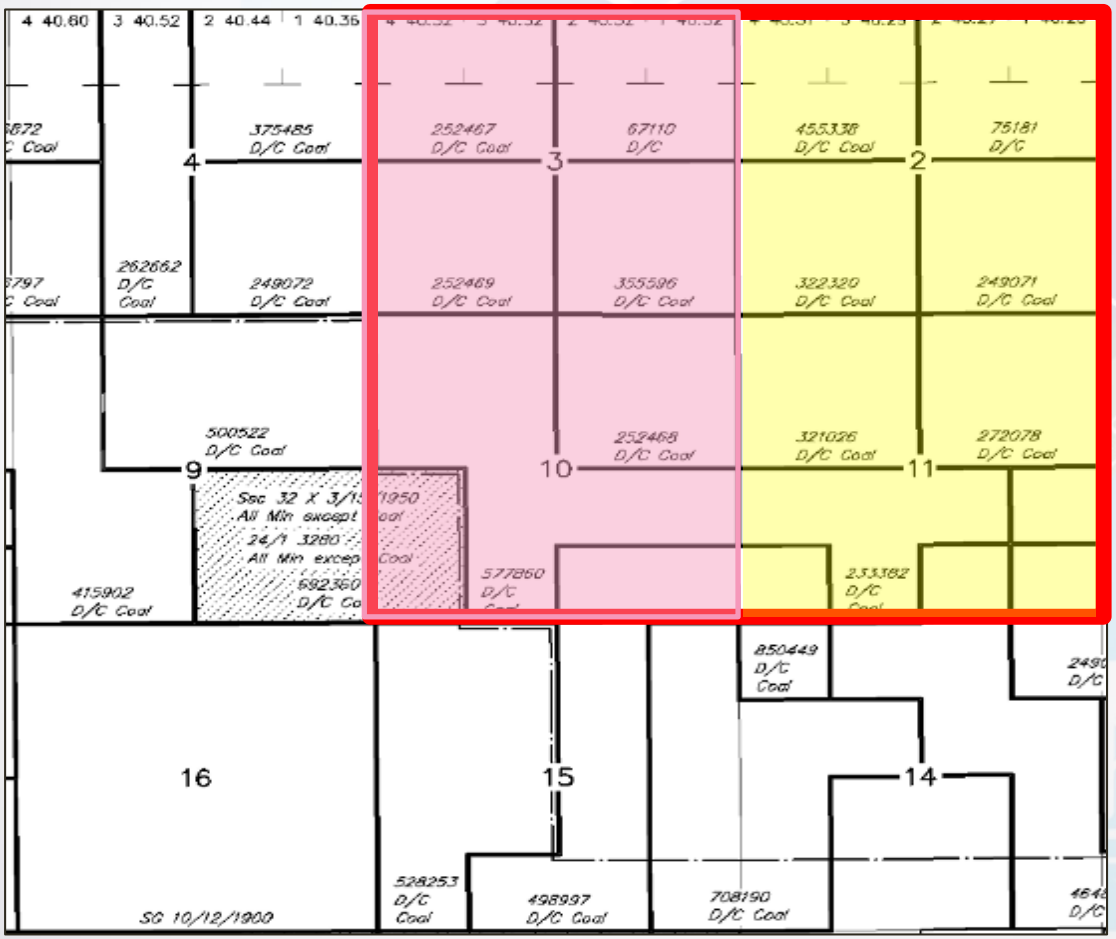
Serial Number: NDM--- - 088563

Mer	Twp	Rng	Sec	SType	Nr	Suff	Subdivision	District/ Field Office	County	Mgmt Agency
05	149ON	096OW	009	ALIQ			SE;	NORTH DAKOTA FIELD OFFICE	MCKENZIE	DAKOTA PRAIRIES GRASSLAND
05	149ON	096OW	010	ALIQ			W2SW;	NORTH DAKOTA FIELD OFFICE	MCKENZIE	DAKOTA PRAIRIES GRASSLAND

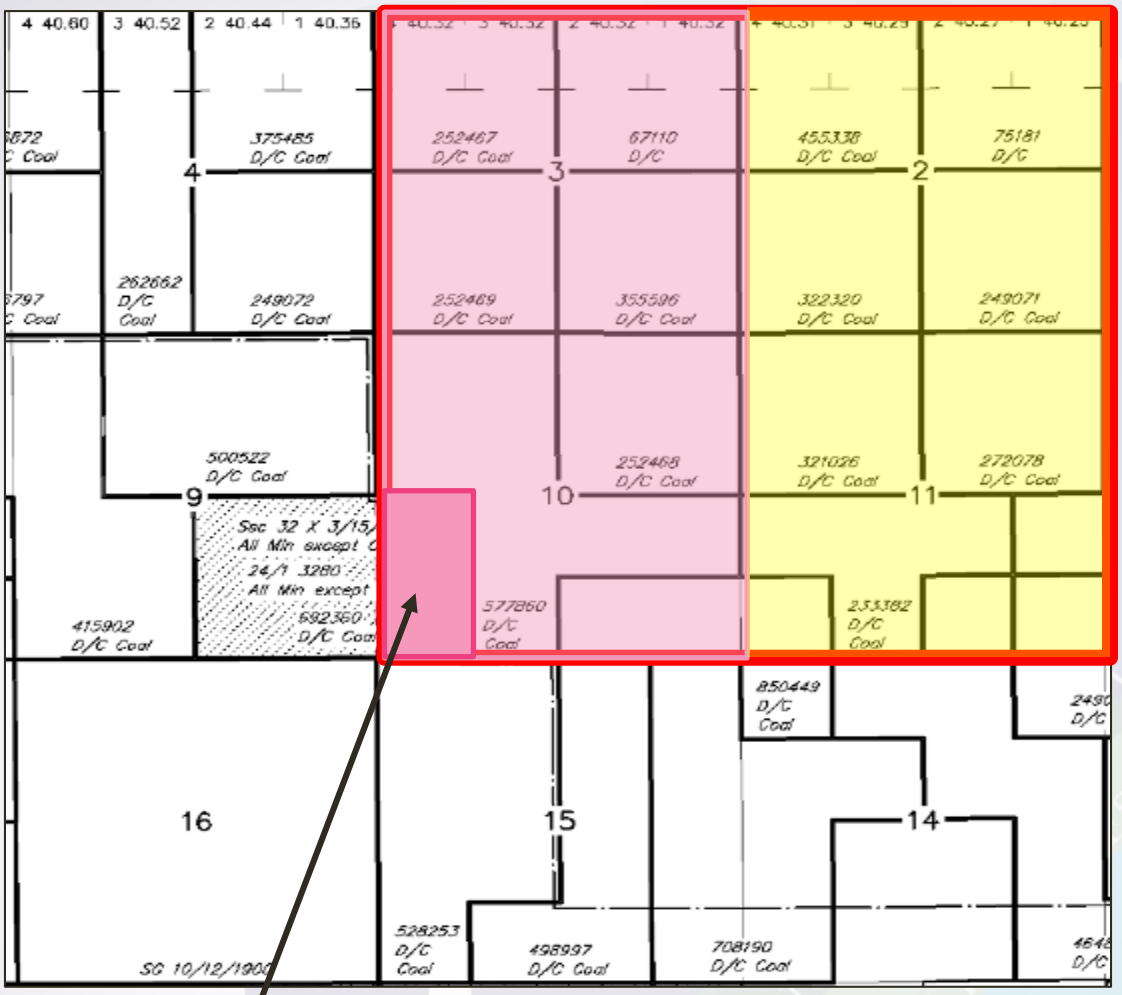
Track 2 Non-Federal

Remark Text — **Serial Number: NDM--- - 110449**

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



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

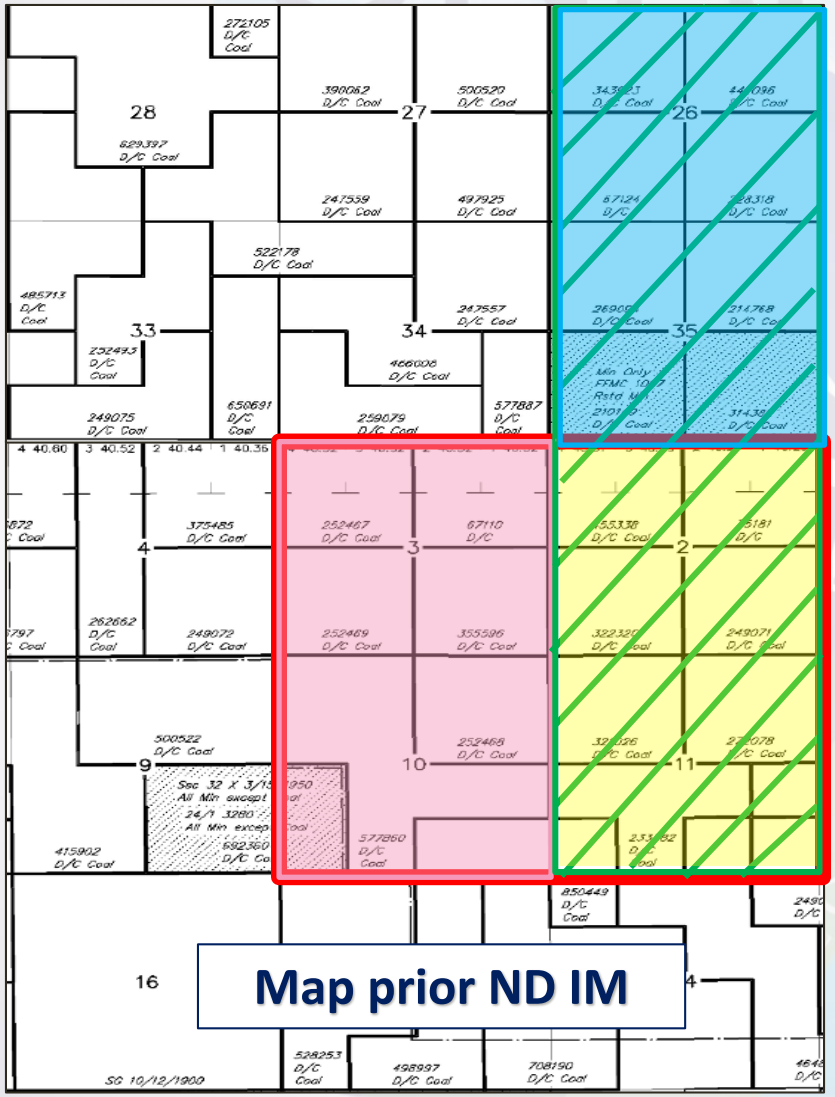


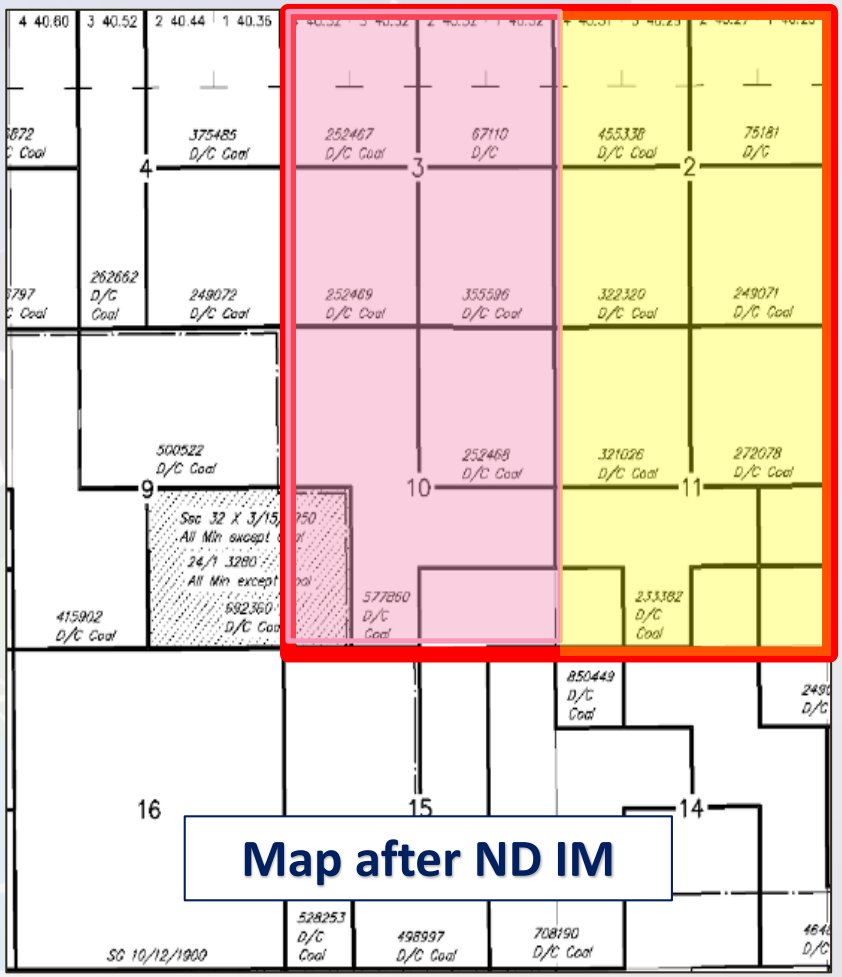
Agreements	Eff Date
CA NDM110449	12/1/2017
CA NDM98624	8/1/2008
Non-Federal	N/A

80 Acres Federal from NDM88563

Old & New Map Comparison for NDM110449

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





Land Classification for CA NDM110449 (W/OLAP)

Federal Land Classification					
Tract #	OLAP	Lease Number	Acres	Allocation	Absolute
001	X	2840885630	80.00	0.031221	0.031221
001			0.00	0.000000	0.000000
003			0.00	0.000000	0.000000
004			0.00	0.000000	0.000000
005			0.00	0.000000	0.000000
		Federal Land	**80.00**	**0.031221**	**0.031221**

*Fee Land Classification					
Tract #	OLAP	Lease Number	Acres	Allocation	Absolute
001	X	Fee	1201.28	0.468810	0.468810
002		Fee	1281.12	0.499969	0.499969
003		Fee	0.00	0.000000	0.000000
004		Fee	0.00	0.000000	0.000000
005		Fee	0.00	0.000000	0.000000
Total			**2482.40**	**0.968779**	**0.968779**
		Grand Total	**2562.40**	**1.000000**	**1.000000**

OVERLAP INFO		
Agreement No.	Acres	Lease #
NDM98624	**1281.28**	
Fed	80.00	2840885630
Fed	0.00	
Ind	0.00	
Ind	0.00	
Fee/State	1201.28	
*Fee	0.00	
*State	0.00	
Total	**1281.28**	

Example for how to report royalties on production from NDM110449

CA - NDM110449

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

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

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

Note: OGOR stays with this CA.

CA NDM98624 within Overlap

Example for how to report royalties on production from NDM110449			
CA - NDM110449			
		Production Volumes	
Allocation Schedule	**%**	**17855.00**	*Well #1 (example only)*
OLAP NDM98624	0.500031	8928.05	*Move to tab NDM98624*
Non-Fed	0.499969	8926.95	*No 2014 Reporting*
TOTAL	**1.000000**	**17855.00**	

CA - NDM98624			
		Production Volumes	
Allocation Schedule	**%**	**8928.05**	from well #1
Lease 2840885630	0.062438	557.45	*2014 Reporting*
Fee	0.937562	8370.60	*No 2014 Reporting*
TOTAL	**1.000000**	**8928.05**	
2014 reporting should be done based on the overlapped agreements allocations.			
Note: OGOR stays with CA NDM110449			

		Production Volumes for **Well #1**	
CA - NDM110449		**17855**	***OGOR***
Below is how the 2014 reporting would actually take place after the volumes kept moving for reporting purposes due to the overlaps.			
CA - NDM110449	Fee	8926.95	*No 2014 Reporting*
		8926.95	
CA - NDM98624	Lease 2840885630	557.45	*2014 Reporting*
	Fee	8370.60	*No 2014 Reporting*
	TOTAL	8928.05	
	Total OGOR Volumes	**17855.00**	

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

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

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

CA - NDM98624			
		Production Volumes	
Allocation Schedule	%	8928.05	from well #1
Lease 2840885630	0.062438	557.45	*2014 Reporting*
Fee	0.937562	8370.60	*No 2014 Reporting*
TOTAL	1.000000	8928.05	
2014 reporting should be done based on the overlapped agreements allocations.			
Note: OGOR stays with CA NDM110449			

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

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

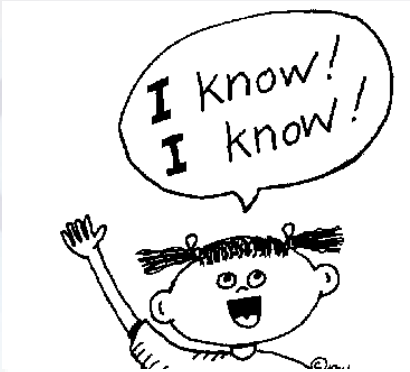
Sales Volume x price x royalty rate – allowances = Royalty Value

2014 Reporting

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

Select Line		Line #	Preparer Use Only	ONRR Lease Number* Search	ONRR Agree Number Search	API Well Number	Product Code*	Sales Type	Sales Date (MMYYYY)*	Transaction Code*	Adjustment Reason Code
☐	>	1		2840885630	M 98824		01-Oil	ARMS	11 2018	01	

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



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

Where do we get this information?

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

What % of Production will be reported on OGOR's for CA NDM108645?

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

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

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

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

A. Approval
B. Effective

Questions

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