



# ONRR COMPLIANCE COMMUNICATIONS

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Reporter Training 2025

June 2025



# Disclaimer

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These training materials are offered in a training scenario to serve as guidance for Federal and Indian oil, gas, and coal lease/agreement operators (onshore and offshore) to assist in determining value for royalties. Because reporting and valuation circumstances vary from lessee to lessee, be advised that these training materials may not precisely reflect your valuation scenario. Accordingly, these general materials should not be construed as setting binding or enforceable policy.

Reliance on this guidance does not prohibit ONRR from future compliance activities or auditing of your reporting based on your use of the information contained within or from directing you to report and pay in a different manner based on an application of federal law to your unique factual circumstances. These training materials do not constitute an appealable decision or order under 30 C.F.R. 1290, Subpart B.



# Agenda

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Overview

Methods of Communication

Types of Communication

- Data Requests
- Preliminary Determinations
- Order Letters

Confirm Compliance

Summary

Reminders



# Overview

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ONRR/States/Tribes<sup>1</sup> will contact companies when issues are detected, or additional information is required, during compliance activities

- Compliance activities include Data Mining Reviews, Compliance Reviews and Audit
- Issues occur when production or royalties are not reported or paid in accordance with the applicable lease terms, federal laws and regulations, and other directives
  - Reference information
  - Production reporting
  - Royalty reporting
  - Required forms

<sup>1</sup> ONRR has 15 cooperative agreements with states and Tribes to perform compliance activities.



# Methods of Communication

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Phone Call



Email



Teams



Letter



# Types of Communication

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## Data Requests

- Request for information
- A response due date is established
- If not complied with may refer for enforcement

## Preliminary Determinations

- Notice of potential compliance issue(s)
- Informal correspondence issued; no appeal rights
- A response due date is established
- If not complied with may issue an Order Letter

## Order Letters

- Notice of compliance issue(s)
- Official correspondence with appeal rights
- A response due date is established
- If not complied with or timely appealed, referred for enforcement

# Data Requests

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ONRR/States/Tribes send data requests to inquire and request information related to compliance activities

- Companies are required to maintain and provide access to all records demonstrating the payment of rentals, royalties, net profit shares, and other payments related to offshore and onshore Federal and Indian oil and gas leases
- This includes documentation you used to complete production reports, royalty reports, royalty payments and all required ONRR forms
- ONRR/States/Tribes may issue multiple data requests under a single case



# Types of Data Requests

Type	Description*
Engagement Letter Data Request	Issued when an audit is initiated to gather background information
Property Specific Data Request (for sample properties)	Issued during the planning phase of an audit to gather information for sample properties
Operator Data Requests	Issued as part of Data Mining activities
Payor Data Request	Issued as part of Data Mining activities
General Data Request	Issued as part of all compliance activities

\* General description for understanding. May not represent full application.





# Data Request Key Information

→ **ONRR Data Request Compliance Review** ← ←

Case No.: 99999999  
PAD No.: 99AA9999  
Request No.: DR-01

Request submitted to:  
ABC Company (99999)  
Company Contact Name  
[Phone]  
[Email]

→ Date of Request: June 1, 2025  
Property Number(s): 9999999999

Date Due: June 15, 2025  
Review Period(s): 01/2018 – 12/2020

Information Requested

→ [Description of information requested]

This data request is authorized under 30 U.S.C. 1713 and 1717, 30 CFR Chapter XII, and lease terms. Failure to provide the requested information may result in substantial civil penalties under 30 U.S.C. 1719 and 30 CFR part 1241

→ ONRR Representative  
Name: ONRR Analyst  
Phone: (999) 999-9999  
Office: ACO  
Email: auditor@email  
Mailing Address:

ONRR Approving Official  
Name: ONRR Supervisor  
Title: Supervisor

Completed by Company Representative  
(Please complete this section and return with response)  
Name:  
Phone:  
Email:  
Date:

Example shown in part for training purposes.

- Who sent the communication
- What is the communication
- Type of review
- Case number
- PAD No
- Property Number(s)
- Due Date (*important*)
- Review Period
- Information Requested (*read carefully*)
- ONRR/State/Tribe Representative



# Responding to a Data Request

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Provide all information within the specified time period

- Untimely or incomplete responses may result in Notice of Noncompliance, Civil Penalties, or other enforcement actions

Providing information that is non-responsive does not satisfy the request

Annotate information to clearly identify the responsive document(s)

Do not redact information

Contact the ONRR/State/ Tribe Representative listed on the correspondence if you need assistance or have questions

- Refer to the Case No.



# Requesting Data Request Extensions

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Data Request due dates range between 1 and 30 days

- Maximum is 30 days
- Due dates are established based on the quantity and type of information requested

You may request an extension

- Must contact the ONRR/State/Tribe representative as soon as possible but at least 5 days before the established due date
- Approval of an extension requires consult with supervisor/manager
- May need to sign a tolling agreement (Federal)

**IMPORTANT!** ONRR/States/Tribes are not obligated to grant an extension of time

Data Requests past due may be referred to the ONRR Enforcement



# Preliminary Determinations

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ONRR/States/Tribes send Preliminary Determinations to notify companies of potential issues related to production and royalty report, royalty payments, and ONRR forms submission

- Companies provided the opportunity to resolve issues prior to issuing formal actions
- Not required to issue a Preliminary Determination in advance of an Order Letter
- ONRR/States/Tribes may issue multiple preliminary determinations under a single case



# Preliminary Determination Key Information (1/2)

ONRR  
Preliminary Determination  
Compliance Review

Case No.: 99999999  
PAD No.: 99AA9999  
Request No.: PD-01

Determination submitted to:  
ABC Company (99999)  
Company Contact Name  
[Phone]  
[Email]

Date of Request: June 1, 2025  
Property Number(s): 9999999999

Date Due: June 15, 2025  
Review Period(s): 01/2018 – 12/2020

You are receiving this determination as the result of a Compliance Review. We determined that ABC Company Name (ABC) reported incorrectly, paid incorrectly, or both. This Preliminary Determination (PD) follows a review of production reports, royalty reports—or both—submitted to ONRR.

This is not a final decision. This PD allows you an opportunity to provide ONRR documents and comments that may cause ONRR to change our determination. If you do not resolve the issue(s) that we identified in the enclosed documentation by the date due, we may issue an Order.

As a result of our PD, ABC owes an additional \$100,000 in royalties or other obligations, as applicable.

Issues

Gas Production & Sales

Volume  
[Summarize details of the Issue(s)]

Royalty Rate  
[Summarize details of the Issue(s)]

Value/Pricing  
[Summarize details of the Issue(s)]

Allowances

Example shown in part for training purposes.

- Who sent the communication
- What is the communication
- Type of review
- Case number
- PAD No
- Property Number(s)
- Due Date (*important*)
- Review Period
- Amount due (if applicable)
- Issues (*read carefully*)



# Preliminary Determination Key Information (2/2)

## Reporting Guidance

You must use the following guidelines when making adjustments to the Report of Sales and Royalty Remittance (Form ONRR-2014).

- To report and pay, use the **CMP-2014** selection identified by PAD Number **99AA9999** and Report ID **999999**.
- Reverse previously reported lines and submit correct lines using Adjustment Reason Codes (ARC) 16, 17, 49, or 72 (as applicable) when reporting lines in the **CMP-2014**.
- Reference the PAD Number shown above on your payment document.
- Should the **CMP-2014** submitted for review not reflect the PAD Number **99AA9999** and Report ID **999999**, ONRR will reject your lines and require you to correct your report and resubmit. A rejected report may affect your ability to comply with this determination in a timely manner.
- Do not net or roll-up your reporting.
- Report adjusting entries separately from your regular monthly report.
- Reverse original line(s) and submit correcting line(s) on the same report.
- Do not submit royalty reporting corrections for Federal and Indian leases on the same report.
- Pay any monies due by the due date indicated on this PD.
- If your adjustments result in additional royalty payments, you are subject to late-payment interest. ONRR computes interest in accordance with 30 CFR part 1218 or applicable lease terms.
- Review your records to determine if other leases and/or sales months have the same errors. If you find errors, you must verify and correct your reporting.
- Do not correct reporting beyond the statute of limitations under 30 U.S.C. 1721a for Federal oil and gas leases.
- Refer to <https://www.onrr.gov/paying> for instructions on how to submit payments.

You must report accurate, complete, and timely information electronically to ONRR under 30 CFR part 1210. Refer to the handbooks available at <https://www.onrr.gov/references/handbooks>.

### ONRR Representative

**Name: ONRR Analyst**  
Phone: (999) 999-9999  
Office: ACO  
Email: ~~auditor@email~~  
Mailing Address:

ONRR Approving Official

Example shown in part for training purposes.

- Reporting guidance (*read carefully*)
  - MUST USE the CMP-2014 for all royalty adjustments
  - MUST USE the indicated PAD Number
  - MUST USE the indicated Report ID
  - MUST USE the correct Adjustment Reason Code
- ONRR/State/Tribe Representative



# Responding to a Preliminary Determination

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Submit corrections as directed by the Preliminary Determination

Provide information that refutes the identified issue(s)

- Annotate information to clearly identify the responsive document(s)

**IMPORTANT!** Untimely or incomplete responses may result in the issuance of an Order Letter

Contact the ONRR/State/ Tribe Representative listed on the correspondence if you need assistance or have questions

- Refer to the Case No.



# Requesting Extensions for Preliminary Determinations

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Preliminary Determination due dates are generally set between 15 and 30 days

- Maximum is 30 days
- Due dates are established based on the complexity of the issues and the required action

You may request an extension

- Must contact the ONRR representative as soon as possible but at least 5 days before the established due date
- Approval of an extension requires consult with ONRR supervisor/manager
- May need to sign a tolling agreement (Federal)

**IMPORTANT!** ONRR is not obligated to grant an extension of time

Preliminary Determinations past due may result in an Order Letter





# Order Letters

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ONRR/States/Tribes send Order Letters to formally notify companies of issues identified related to production and royalty reports, royalty payments, and ONRR forms submission


- Must comply or timely appeal by due date or will be referred for enforcement
- May result from Data Mining Reviews, Compliance Reviews and Audits
- Can initiate multiple order letters under a single case



# Types of Order Letters

Type	Description
Order to Report	Directs the company to report accurately based on the compliance findings. You have 30 days to comply or appeal.
Order to Report and Pay	Directs the company to report accurately and pay a certain sum based on the compliance findings. You have 30 days to comply or appeal.
Order to Perform Restructured Accounting and Pay	Directs the company to perform restructured accounting for a specified time period for a lease or group of leases. You have <u>30 days</u> to comply or appeal for Indian leases. You have <u>60 days</u> to comply or appeal for Federal leases. Includes corrections to non-sample properties and months.

# Order Letter Key Information (1/3)

 United States Department of the Interior  
OFFICE OF NATURAL RESOURCES REVENUE  
P.O. Box 25165  
Denver, Colorado 80225-0165

Certified Mail —  
Return Receipt Requested

Company Contact Name  
Company Contact Title  
ABC Company  
Mail Address  
City, State Zip Code

Company ID: 99999 (F)  
Case No. 99999999  
Order No: OL - 01

Order To Report (Order)  
or  
Order To Report And Pay (Order)  
or  
Order To Perform Restructured Accounting And Pay (Order)

Dear Company Contact Name:

The **Office of Natural Resources Revenue (ONRR)** determined that ABC Company (ABC) reported incorrectly, paid incorrectly, or both. You are receiving this Order as a result of an **audit**. To fully resolve the issues identified in the enclosed documentation, you are ordered to **perform restructured accounting and report and pay any additional royalties of \$100,000 within 60 calendar days of receipt of this Order**. In addition to making corrections for the sample properties and months identified in the enclosed documentation, you must review and correct all prior reports as described in the Explanation of Order. (Enclosure 1)

Refer to the enclosures for a detailed explanation of the Order and supporting information. You must keep and maintain all Federal and Indian records for the period and make them available for inspection in accordance with 30 United States Code (U.S.C.) §§ 1713 and 1717 and 30 Code of Federal Regulations (C.F.R.) part 1212.

If a lessee allows a payor to submit reports to ONRR on the lessee's behalf, the lessee is responsible for verifying that the payor complies with this order's requirements. The lessee, or payor on the lessee's behalf, must use the following guidelines when making adjustments to the Report of Sales and Royalty Remittance, (Form ONRR-2014):

- To report and pay, use the **CMP-2014** selection identified by **PAD Number 99AA9999** and **Report ID 999999**.
- Reverse previously reported lines and submit correct lines using Adjustment Reason Codes (ARC) 16, 17, 49, or 72 (as applicable) when reporting lines in the **CMP-2014**.
- Reference the PAD Number shown above on your payment document.
- Should the **CMP-2014** submitted for review not reflect the PAD Number **99AA9999** and Report ID **999999**, ONRR will reject your lines and require you to correct your report

Example shown in part for training purposes.

- Case number
- Type of order letter
- Who sent the order letter
- Type of review
- Amount due
- Due date (**Important**)
- Reporting guidance (**read carefully**)
  - MUST USE the CMP-2014 for all royalty adjustments
  - MUST USE the indicated PAD Number
  - MUST USE the indicated Report ID
  - MUST USE the correct Adjustment Reason Code



# Order Letter Key Information (2/3)

Company Contact Name  
ABC Company

3

served is incorrect or you have not previously submitted one. The form and associated instructions are available at <https://www.onrr.gov/references/forms>.

You may appeal this demand, order, or decision under 30 C.F.R. part 1290. Appeal instructions are enclosed.

If you appeal, you must take action to suspend performance of the Order under 30 C.F.R. part 1243. Those actions include submitting a bond or other surety instrument or demonstrating financial solvency. ONRR calculated that the surety amount you must post is \$150,000, which includes the principal and accrued interest through July 31, 2026. See Enclosure 10 for surety instructions.

Failure to comply with this Order may result in the imposition of civil penalties under 30 U.S.C. § 1719 and 30 C.F.R. part 1241.

In addition, if you do not timely appeal or comply with this Order, ONRR may pursue debt collection activities in accordance with the Debt Collections Act and 30 C.F.R. 1218, Subpart J. Enclosure 11 contains due process notification of debt collection information and actions that ONRR may consider as a result of non-compliance with this order.

Please contact Auditor at (999) 999-9999 or auditor@email, or you may contact Supervisor at (999) 999-9999 or supervisor@email with any questions regarding this letter.

Sincerely,

Manager

Enclosure(s)  
List of Enclosures

cc:  
Contact Name  
Title  
Company Name  
Mail Address  
City, State Zip Code

Example shown in part for training purposes.

- Appeal rights
- Surety requirements
  - Indian leases with an amount due over \$1,000, you must post a bond or other surety instrument
  - Federal leases with an amount due over \$10,000, you must post a bond or other surety instrument OR demonstrate financial solvency
- ONRR/State/Tribe representative/contact



# Order Letter Key Information (2/2)

Explanation of Order: ABC Company  
Case No: 99999999

Enclosure 1  
Page 1 of 5

## Basis for Order

The Office of Natural Resources Revenue (ONRR) bases this Order on an audit of records that support reporting and payment of royalties and other obligations, as applicable, on the Federal properties shown below and relevant regulations under 30 Code of Federal Regulations (C.F.R.) parts 1202, 1206, and 1210.

Property(ies)
1111111111
9999999999

ONRR audited ABC Company's (ABC) computation, reporting, and payment of royalties and other obligations, as applicable, for the period of January 2018, through December 2020, on oil and gas removed or sold from the subject properties. The objective of the audit is to determine if you reported and/or paid royalties and other obligations, as applicable, in substantial compliance with relevant lease terms, Federal laws and regulations, and other directives.

The following summarizes the issue(s) identified as a result of our audit and the corrective actions that we require.

## Corrective Action

Within 60 calendar days of receipt of this Order, you must:

Issue	Sales Period	Corrective Action*
1) Violation 1	January 2018 through December 2020	<b>Report and Pay:</b> Report and pay additional oil royalties of \$50,000 (Enclosure 2) [description of issue].  <b>Perform Restructured Accounting:</b> Perform dual accounting for all non-sample sales months and properties. You must recalculate gas royalties due, submit Form CMP-2014, and pay any additional royalties due.
2) Violation 2	January 2018 through December 2020	<b>Report and Pay:</b> Report and pay additional gas royalties of \$50,000 (Enclosure 3) [description of issue].  <b>Perform Restructured Accounting:</b> Perform dual accounting for all non-sample

Example shown in part for training purposes

- Property Number(s)
- Review Period
- Due Date (*important*)
- Issues (*read carefully*)
- Remainder of Enclosure 1 provides detailed explanation of issues



# Responding to an Order Letter

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Submit corrections as directed by the Order Letter

Provide information that refutes the identified issue(s)

- Annotate information to clearly identify the responsive document(s)

Timely appeal the order letter

**IMPORTANT!** ONRR does not grant extensions for Order Letters

**IMPORTANT!** Untimely or incomplete responses may result in enforcement action including notice of noncompliance, civil penalty or other enforcement action

Contact the ONRR/State/Tribe Representative listed on the correspondence if you need assistance or have questions

- Refer to the Case No.



# Confirm Compliance

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ONRR/State/Tribe must confirm your compliance with preliminary determinations and order letters

- Determines whether the issues are addressed and/or otherwise resolved, including corrected production reports (OGOR), royalty reports (ONRR-2014), and forms submittal
- Checks for correct PAD number, Report ID, and Adjustment Reason Code(s)
- May request additional information to assist with confirming compliance



# Reminders

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Review all documentation received from ONRR/State/Tribe

- Pay careful attention to the instructions

Promptly respond by or before due dates

Immediately contact the auditor/analyst with any questions

Appeal Order Letters timely if you disagree

Submit ALL royalty corrections using the CMP-2014 and the PAD Number and Report ID shown in the correspondence

- Be sure to use the appropriate Adjustment Reason Code

Communicate throughout the process





# Questions

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