



United States Department of the Interior

MINERALS MANAGEMENT SERVICE

Royalty Management Program

P.O. Box 5760

Denver, Colorado 80217-5760

IN REPLY REFER TO

ARD/RB
Mail Stop 3132

JUL - 1 1997

Subject: Royalty Estimate Balance Report (Report)

The Minerals Management Service (MMS) provides the enclosed Report annually. All accepted estimate transactions as of June 18, 1997, appear on this Report. Please review it for accuracy and completeness.

Payers are responsible for determining the accuracy of their estimate balance(s). Balances are established with each estimate transaction (Transaction Code 03) reported on your Report of Sales and Royalty Remittance (Form MMS-2014). Information on establishing/changing estimates is provided in the *MMS Oil and Gas Payor Handbook*, Volume II, pages 3-113 through 3-120.

The Federal Oil and Gas Royalty Simplification and Fairness Act of 1996 (RSFA) provides for interest to be paid on overpayments. However, this may not apply to overpaid estimated payments if your total overpayments exceed 10 percent of the royalties paid that month. Therefore, there is additional incentive to review the enclosed Report and bring all estimates in line with current production.

IF

THEN


Your estimate balances as shown on the enclosed Report are negative	You must report and pay a TC 03 line on a Form MMS-2014 sufficient to offset the negative balance.
Your estimate balances as shown on the enclosed Report agree with your records	No action required.
Your estimate balances as shown on the enclosed Report do not agree with your records	Provide a worksheet to MMS for each incorrect lease showing the TC 03's submitted on your Form MMS-2014. The worksheet must include the: 1) MMS Lease Number 2) Sales Month 3) Report Month 4) Royalty Value
Your estimate balances as shown on the enclosed Report significantly exceed the current production levels on your lease(s)	Reduce your balances using a TC 03 line on a Form MMS-2014.

Do **NOT** submit the worksheet information on a Form MMS-2014. Send your worksheet by July 31, 1997, to:

Minerals Management Service
P.O. Box 5760, MS-3132
Denver, Colorado 80217-5760

If you have any questions regarding the Report or these instructions, please contact the Reports Branch at 800 525-0309.

Sincerely,


Mary A. Williams
Chief, Reports Branch

Enclosure