

**RECOMMENDATIONS TO IMPROVE  
ROYALTY REPORTING AND  
PRODUCTION ACCOUNTING**

**ROYALTY POLICY COMMITTEE  
REPORT TO THE DIRECTOR,  
MINERALS MANAGEMENT SERVICE**

**July 1996**

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## **SUBCOMMITTEE MEMBERSHIP ROSTER**

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### **MMS Representative**

Mary Williams

## ACRONYMS

<b>ABIL</b>	Allowance Bill
<b>AFMSS</b>	Automated Fluid Mineral Support System
<b>AFS</b>	Auditing and Financial System
<b>AID</b>	accounting identification
<b>API</b>	American Petroleum Institute
<b>ARC</b>	adjustment reason code
<b>BIA</b>	Bureau of Indian Affairs
<b>BLM</b>	Bureau of Land Management
<b>Btu</b>	British thermal unit
<b>CA</b>	communitization agreement
<b>CFR</b>	Code of Federal Regulations
<b>CSV</b>	Comma Separated Values
<b>EDI</b>	electronic data interchange
<b>E-Mail</b>	electronic mail
<b>FMP</b>	facility measurement point
<b>GAR</b>	Gas Analysis Report (Form MMS-4055)
<b>GBIL</b>	Federal Interest Bill
<b>GPM</b>	gallons per thousand cubic feet
<b>GPOR</b>	Gas Plant Operations Report (Form MMS-4056)
<b>IBIL</b>	Indian Interest Bill
<b>ID</b>	identification
<b>Mcf</b>	thousand cubic feet
<b>MMBtu</b>	million British thermal units
<b>MMS</b>	Minerals Management Service
<b>MO/YR</b>	month/year
<b>MR</b>	minimum royalty
<b>MRO</b>	Monthly Report of Operations (Form MMS-3160)
<b>MSHA</b>	Mine Safety Health Administration

<b>OCS</b>	Outer Continental Shelf
<b>OGOR</b>	Oil and Gas Operations Report (Form MMS-4054)
<b>OMM</b>	Offshore Minerals Management
<b>PAAS</b>	Production Accounting and Auditing System
<b>PASR</b>	Production Allocation Schedule Report (Form MMS-4058)
<b>PIF</b>	Payor Information Form (Form MMS-4025)
<b>REGNEG</b>	Federal/Indian Gas Valuations Negotiated Rulemaking
<b>RIK</b>	royalty-in-kind
<b>RMP</b>	Royalty Management Program
<b>RN</b>	rental
<b>RNG</b>	range
<b>RR</b>	rent recoupment
<b>RS</b>	revenue source
<b>R/S</b>	revenue source
<b>SA</b>	selling arrangement
<b>S/A</b>	selling arrangement
<b>SMOR</b>	Solid Minerals Operations Report (Form MMS-4059)
<b>SMFR</b>	Solid Minerals Facility Report (Form MMS-4060)
<b>TC</b>	transaction code
<b>TIMS</b>	Technical Information Management System
<b>TWP</b>	township

## **EXECUTIVE SUMMARY**

### **Background**

The Department of the Interior (DOI) established a Royalty Policy Committee (RPC) in 1995 under the Minerals Management Advisory Board. The RPC's purpose was to provide advice on the Department's management of Federal and Indian mineral leases, revenues, and other minerals-related policies. The RPC included representatives from States, Indian Tribes and allottee organizations, minerals industry associations, the general public, and Federal departments.

At its first meeting in September 1995, the RPC established eight subcommittees, including the Reporting and Production Accounting Subcommittee. This subcommittee was established to focus on improving and streamlining reporting for production and royalties on Federal and Indian mineral leases. The purpose of this report is to set forth the subcommittee's recommendations.

### **Organization**

The Reporting Subcommittee included 19 representatives from the States, Tribes, and industry, plus one nonvoting representative from the Minerals Management Service (MMS). A quorum of nine voting members with at least one member from each of the constituent groups was present at each of the meetings. All recommendations obtained the required two-thirds vote, thereby representing consensus.

### **Scope of Work**

In an effort to stay focused on the guidelines given to the Reporting Subcommittee by the RPC, the subcommittee established this Mission Statement:

To simplify and improve royalty and production reporting to DOI, while maintaining DOI's ability to perform its related mineral resource management and trust responsibilities.

Due to the desire to implement streamlining opportunities as soon as possible and due to time constraints on participating members, the subcommittee elected—in fulfilling its Mission Statement—to develop recommendations with corresponding benefits that were achievable within the current overall framework of MMS systems, as opposed to a full-scale reengineering effort.

With this single boundary in mind, subcommittee members spent two sessions “brainstorming” processes, reports, etc., that were conducive to change. Ideas with potential fell into two general categories: those that would require changes in “policy” and those associated with “data elements” that would not require changes in policy. Since the various ideas were specific to the major reports (or forms) being submitted to MMS, the subcommittee established the following four work groups to concentrate on each major report:

1. Monthly Report of Operations (Form MMS-3160) and Oil and Gas Operations Report (OGOR)
2. Coal/Solid Minerals (Solid Minerals Operations and Facility Reports [SMOR and SMFR])
3. Payor Information Form (PIF)
4. Report of Sales and Royalty Remittance (Form MMS-2014)

## **Recommendations**

The recommendations in this report represent the efforts of the Reporting Subcommittee’s four work groups and final approval by the full subcommittee. Where appropriate, full explanations of the recommendations are provided, along with identifiable savings, advantages/disadvantages, and an assessment of the extent of any systems changes that may be required. The system changes are classified as major or minor. Their classification was determined based only on system impacts to MMS. Major changes affect dependent systems or downstream processes resulting in increased implementation costs. The subcommittee recognizes that royalty and production reports are the initial source of input for MMS and most subsequent system processes. The royalty and production reports are normally output records for industry’s systems.

The time required to implement some changes depends on the extent of system changes and the associated cost/benefit. Because various options for system reconfiguration are being considered (such as client/server applications and departmental consolidation), estimates on implementation costs for most major recommendations were not developed.



### ***Production Accounting Recommendations***

- **Oil and Gas**

The Reporting Subcommittee recommends both minor and major changes to the Form MMS-3160 and the OGOR. The subcommittee suggests several significant policy changes as well, including reporting unit revisions on an unapproved/submitted basis and working with any States submitting proposals to implement the Uniform Production Reporting Model.

- **Solid Minerals**

The subcommittee recommends eliminating the SMOR Part B form, which largely duplicates the SMOR Part A. The SMOR-A will be modified to capture facility sales data. The subcommittee recommends several other short-term changes to the SMOR-A. Also, the subcommittee recommends combining the SMFR, Parts A and B, but recognizes that any major modifications would probably require a rewrite of the entire system.

### ***Royalty Reporting Recommendations***

- **PIF**

The Reporting Subcommittee initially considered eliminating the PIF entirely but concluded that it is the best method of linking payors to leases. The subcommittee did, however, modify and eliminate many of the PIF's data fields so that it will contain only the items necessary to accomplish that link

The subcommittee also recommends several policy changes, including reducing the frequency of PIF filings and modifying the form to allow reporting of multiple leases on one form.

- **Form MMS-2014**

The subcommittee recommends substantial modifications to several code fields, including the transaction code, adjustment mason code, and selling arrangement code. The subcommittee also recommends eliminating the report month field, which MMS should be able to assign based on the receipt date of the report.

The subcommittee also recommends several major data modifications, including eliminating the selling arrangement code upon implementation of the Federal Gas Valuation Negotiated Rule and eliminating the adjustment reason code field by combining it with the transaction code.

In the policy area, the subcommittee recommends that MMS consider modifying its system to allow reporting of prior period adjustments on a net basis, thus cutting the number of adjustment lines in half.

The subcommittee also recommends that MMS establish several study groups to review and modify:

- Reporting of estimated royalties,
- Thresholds for allowance exceptions and interest bills, and
- Reporting, billing, and administration of the oil royalty-in-kind program.

The study groups would address these issues on Federal leases only.

The Reporting Subcommittee believes that implementation of these recommendations will bring about significant savings for all entities involved in administering the Royalty Management Program, as well as those reporting and paying royalties. The subcommittee estimates these savings to be in the range of \$1 to \$1.5 million per year for RMP (as summarized in appendix A). The savings are offset by one-time implementation costs of \$500,000 to \$1.5 million. (These are approximate costs since estimates on many of the major system changes are not available.) The recommendations will not result in reduction of revenues to the Department, States, Tribes, or allottees.

## **PRODUCTION REPORTING RECOMMENDATIONS**

### **Monthly Report of Operations, Form MMS-3160**

#### *Purpose of Form MMS-3160*

The Form MMS-3160 ensures that the Federal Government receives proper information regarding energy and mineral resources removed from Federal and Indian leases and federally approved agreements. All operators must report to the Minerals Management Service (MMS) operational information associated with production from Federal and Indian leases or federally approved agreements when the operations occur prior to the point of sale or royalty determination. Operators must submit the Monthly Report of Operations, Form MMS-3160 (used for onshore leases and agreements only), beginning with drilling operations through termination of the lease or agreement, or when the last well is permanently plugged and abandoned.

#### *Policy Issue Recommendations for Form MMS-3160*

1. **Amended reporting** — Review and modify the Form MMS-3160 amended reporting process. Alternatives could include just adding a well to a previously submitted report and any production to existing volumes and dispositions.

Reason: The entire Form MMS-3160 must be resubmitted to add or amend any data on the original report. This requires rekeying all the data for paper reporters and increases system processing time for all reports. Much of the same original data must be resent to the Bureau of Land Management (BLM) or Bureau of Indian Affairs (BIA).

Advantage: Saves resources for both industry and MMS.

Disadvantage: Requires extensive system redesign for both industry and MMS.

System change: Major.

2. **Due date**— Extend the due date for production reports to the 25th of the month for reporters who file via electronic data interchange (EDI), magnetic or cartridge tape, diskette (including reporter-prepared or template), and electronic mail (E-mail). Currently, the due date is the 15th.

Reason: Many operators submit estimated volumes to meet the due date for production reports and then amend the report the following month. This recommendation applies only to electronic filers because the data should still be timely processed for turnaround to the BLM, BIA, States, and Tribes. The due date for paper documents will remain the 15th because they are key-entered and normally contain more errors requiring correction prior to sending to external users.

Advantages:

- Reduces the volume of adjustments.
- Permits industry to obtain more accurate data before filing.

Disadvantage: Many operators may not have the capability to report electronically to obtain the benefit of a later due date.

System change: None.

The results of this effort will be reviewed and the due date extended further if turnaround timeframes to external users of data can still be met.

3. **Unit revisions**— Report production unit revisions on a submitted/unapproved basis. This recommendation may be modified and/or eliminated based upon BLM's anticipated changes to 43 CFR part 3180.

Reason: Would eliminate the reporting of thousands of adjustment lines when agreements are approved. About 95 percent of agreement proposals submitted to BLM are approved as submitted. Currently, sufficient production data must be available to show the new well is capable of producing unitized substances before agreement revisions are approved.

- Advantages:
- Reduces the volume of adjustments submitted by industry and processed by MMS.
  - Reduces the volume of data sent by MMS to BLM and the volume stored and processed by BLM.
  - Requires no MMS system changes to implement.
- Disadvantages:
- Requires coordination and changes to current BLM practice.
  - Many units also have State and/or Indian leases requiring their input to effect this change.

System change: None.

4. **Uniform reporting guidelines**— Support implementation of the Department of Energy Uniform Production Reporting Guidelines for any State submitting an implementation proposal.

Reason: The guidelines are designed to improve and streamline production reporting for States, industry, and the Federal Government.

System change: Major.

### ***Data Issue Recommendations for Form MMS-3160***

1. **Drilling wells**— Eliminate reporting of drilling wells. Begin reporting on a well when completed.

Reason: Sundries provide notice of drilling status. Data will be entered in the Automated Fluid Mineral Support System (AFMSS) to provide information on drilling wells. Identification and reporting of drilling wells is difficult for industry because there is no production and most States do not require drilling wells to be reported on a production report. The Production Accounting and Auditing System (PAAS) generates missing exceptions on drilling wells, which MMS must research and resolve. Currently, companies must send amended reports if all other wells were reported except for the drilling well. All the data must be keyed (paper reporters), processed in the system, and sent to

BLM, BIA, States, etc., to include only a drilling well. Note: When a Form MMS-3160 is amended, the entire document must be resubmitted to include the missing or amended information.

Advantages: 

- Saves resources for both industry and MMS .
- Saves system processing time and storage.

Disadvantages: 

- Must identify any test production and ensure that it is disposed of properly. Current disposition is reported under drilling well status.
- Volumes and number of wells with test production are minimal. An alternative reporting method must be developed for these situations.

System change: Minor.

2. **Abandoned wells**— Review the need to report wells as abandoned (post-AFMSS).

Reason: A sundry notice identifies abandoned wells. The status is reported only once on Form MMS-3160 to close out any further reporting. BLM and BIA track the abandoned well through restoration; the Form MMS-3160 is not used. PAAS generates missing exceptions on abandoned wells, and MMS and industry resources are expended to obtain reports. Companies must send amended reports if an abandoned status was not reported. These reports must be key-entered (paper reports) and processed, and the data must be sent to BLM, BIA, States, etc., to include the abandoned well.

Advantages: 

- Saves resources for both industry and MMS.
- Saves system processing time and storage.

Disadvantages: This is the only mechanism to trigger the system to stop expecting a Form MMS-3160. An alternative must be developed to replace this process.

System change: Major.

3. **Shut-in wells**— Eliminate reporting of all shut-in status codes except for oil and gas.

Reason: The status code for producing water disposal and injection wells must be changed to a shut-in status each time the wells are not producing. The system will be modified to accept these well types with no production or days produced shown when the well is shut in.

Advantage: Eliminates five status codes and the need to amend the Form MMS-3160 if the well status is not reported properly.

Disadvantage: None.

System change: Minor.

4. **Well status**— Eliminate reporting of well status (post-AFMSS).

Reason: The AFMSS will contain and track the status of wells (historical also) and will be integrated with all BLM systems, including lease adjudication.

Advantages:

- Eliminates rejected Forms MMS-3160 when the status does not match the expected status from BLM's database. In many cases, this is due to timing of data input.
- Eliminates storage and processing requirements for the data.

Disadvantages: Numerous edits are tied to well status to ensure consistency of data reported; for example, "status on report indicates volume needs to be reported and no volume reported." Edits must be reviewed to ensure integrity of data.

System change: Major.

5. **Days produced**— Change the system to recognize the number of days in the month to match the production month, if the well produced for the entire month (relates to days produced column on the Form MMS-3160). Operators must still report actual days produced.

Reason: Eliminates rejection of a document if more days are reported than the actual days in the month; for example, 31 days for January versus 28 days for February.

System change: Minor.

6. Btu column-Accommodate any Form MMS-3160 modified reporting requirements resulting from the Indian Gas Rule; that is, add a Btu column to well production to provide a verification mechanism for dual accounting under the negotiated rulemaking.

System change: Major.

7. **Other data fields**— Eliminate, modify, and/or clarify numerous data fields (see appendix B for details).

Reason: The data was redundant and collected or available from other sources. It was no longer used extensively and/or was clarified to simplify reporting and ensure accurate data.

Advantages: The changes will reduce filing and collection costs for MMS and industry.

System change: See appendix B for classifications.



## Oil and Gas Operations Report (OGOR), Form MMS-4054

### *Purpose of the OGOR*

The OGOR ensures that the Federal Government receives proper information regarding energy and mineral resources removed from Federal and Indian leases and federally approved agreements, including the Outer Continental Shelf. All operators must report to MMS operational information associated with production from Federal and Indian leases or federally approved agreements when the operations occur prior to the point of sale or royalty determination. All offshore operators must use the OGOR beginning with drilling operations through termination of the lease or agreement, or when the last well is permanently plugged and abandoned. Only a few operators utilize the OGOR onshore. All other onshore operators report on the Form MMS-3160.

### *Policy Issue Recommendations for the OGOR*

1. **Lease/agreement/borehole ownership** —Review and modify the process of lease/agreement/borehole ownership when reporting temporarily abandoned and newly completed wells. The well must be reported on the lease—even if it is an agreement well—prior to completion and if it is the last completion on the agreement.

Reason: The system is designed with borehole reporting at the lease level only (X01 completion code as part of the API well number). Reporting does not change until the determination is made after completion that the well is a unit well. Conversely, if the well is abandoned and there are no other completions on the agreement, the well/borehole must be reported on the lease.

Advantages:

- Fewer documents would reject.
- Industry would experience less confusion about where to report the well.

Disadvantage: System modifications may be extensive.

System change: Major.

2. **Due date**— Extend the due date for production reports to the 25th of the month for reporters who file via EDI, magnetic or cartridge tape, diskette (including reporter-prepared) and E-mail. Currently, the due date is the 15th.

Reason: Many reporters submit estimated volumes to meet the due date for production reports and then amend the report the following month. This recommendation applies only to electronic filers because the data should still be timely processed for turnaround to the BLM, BIA, States, and Tribes. The due date for paper documents will remain the 15th because they are key-entered and normally contain more errors requiring correction prior to sending to external sources.

Advantages:

- Reduces the volume of adjustments.
- Permits industry to obtain more accurate data before filing.

Disadvantage: Many operators may not have the capability to report electronically to obtain the benefit of a later due date.

System change: None.

The results of this effort will be reviewed and the due date extended further if turnaround timeframes to external users of data can still be met.

3. **Unit revisions**— Report unit revisions on a submitted/unapproved basis.

Reason: Would eliminate the reporting of numerous adjustment lines when agreements are approved. About 95 percent of agreement proposals submitted to Offshore Minerals Management (OMM) are approved as submitted.

Advantages:

- Reduces the volume of adjustments submitted by industry and processed by MMS.
- Reduces the volume of data sent by MMS to OMM and the volume stored and processed by OMM.
- Requires no MMS system changes to implement.

- Disadvantages:
- Requires coordination and changes to current OMM practice.
  - Many units also have State leases requiring their input to effect this change.

System change: None.

4. **GAR changes**— Change the Gas Analysis Report (GAR) to accept adds and changes similar to the OGOR, Production Allocation Schedule Report (PASR), and Gas Plant Operations Report (GPOR).

Reason: The entire report must be submitted to modify previously reported data, similar to the Form MMS-3160.

Advantage: Reduces the number of lines reported by industry and processed by MMS.

System change: Major.

### ***Data Issue Recommendations for the OGOR***

1. **Well code changes**— Eliminate month/year of last production, action code, and month/year of expected action from the well code (fields 5-13).

Reason: MMS does not use this data.

System change: Minor.

2. **Drilling wells**— Eliminate reporting of drilling wells. Begin reporting on a well when completed.

Reason: Sundries provide notice of drilling status. Data is entered in the OMM Technical Information Management System (TIMS). PAAS generates missing exceptions on drilling wells, which MMS and industry must research and resolve.

Advantage: Saves resources for both MMS and industry.

- Disadvantages:
- Must identify any test production (volumes of test production are minimal) and ensure that it is disposed of and reported properly. Currently, test production is identified if sold or disposed of on the OGOR when the drilling well is reported. An alternate method must be developed.
  - The number of drilling wells is extracted by OMM for inclusion in various publications. This change will impact OMM TIMS. The TIMS is already designed to use the status from the OGOR in extracting data.

System change: Major.

3. **Well status and reason code**— Eliminate these data fields.

Reason: Data is reported on sundries and entered in TIMS.

- Advantages:
- Eliminates rejected OGORs when status does not match expected status.
  - Eliminates storage and processing requirements for the data.

Disadvantage: This change will impact OMM (TIMS) and RMP. The OGOR well status is used to extract data from TIMS and is already in production.

System change: Major.

4. **Days produced**— Change the system to recognize the number of days in the month to match the production month, if the well produced for the entire month (relates to days produced column). Operators must still report actual days produced.

Reason: Eliminates rejection of a document if more days are reported than the actual days in the month; for example, 31 days for January versus 28 days for February.

System change: Minor.

5. **Eliminate OGOR-C**— Combine needed data from the OGOR-C (inventory) to the OGOR-B (disposition) and eliminate the OGOR-C.

Reason: Some of the data is redundant and will not be needed if combined with the disposition data from the OGOR-B.

Advantage: Eliminates redundant data and numerous lines that industry must report and MMS must process.

Disadvantage: MMS and industry must modify their systems.

System change: Major.

6. **Other data fields**— Eliminate, modify, and/or clarify numerous data fields from the OGOR, PASR, GAR, and GPOR. See appendix C for details.

Reason: The data was redundant and collected or available from other sources. It was no longer used extensively and/or was clarified to simplify reporting and ensure accurate data.

Advantages: The changes will reduce filing and collection costs for MMS and industry.

System change: See appendix C for classifications.

7. **Eliminate PASR**— Eliminate the Production Allocation Schedule Report.

Reason: This form is difficult to use and data is available from various other sources, run tickets, OGORs, etc.

Advantages: Saves resources for MMS and industry.

Disadvantages: Although data is available from other sources, it may be difficult to determine proper allocation for the Liquid Verification System.

System change: Major.

## **Solid Minerals Operations Report (SMOR), Form MMS-4059**

### ***Purpose of the SMOR***

The SMOR is submitted by Federal and Indian lease operators producing solid minerals subject to royalties. The type and number of production forms required depend on the point of royalty determination. This form has two parts:

- The SMOR Part A, Production and Disposition of Raw Materials, is submitted by operators of all producing mines that include Federal or Indian leases within the approved mine plan. Only the SMOR-A is required if production is sold directly from the mine.
- The SMOR Part B, Mine Sales From a Facility, is submitted only by those mine operators whose production is sold after secondary processing or from remote storage facilities.

### ***Data Issue Recommendations for the SMOR***

1. **Eliminate SMOR-B and modify SMOR-A**— Eliminate the SMOR-B and modify the SMOR-A to capture facility sales data. Review the edit classification for the remaining data.

Reason: For those operators who sell a product from a remote storage or secondary processing facility, the PAAS reporting process requires certain information to be reported multiple times. If the operator does not report this data correctly, MMS personnel must correct it. See appendix D for details on fields eliminated or modified.

Advantages:

- Saves resources for both industry and MMS.
- Reduces the SMOR-A from an 8 ½- & by 14-inch form to an 8 ½- by 11-inch, more standard-sized form.

Disadvantage: Requires extensive system redesign for MMS.

System change: Major.

## **Solid Minerals Facility Report (SMFR), Form MMS-4060**

### ***Purpose of the SMFR***

The SMFR is submitted to MMS by operators of secondary processing or remote storage facilities that handle solid mineral production on which royalties have not been determined. This form has two parts:

- SMFR Part A, Process Operations, is used to identify the quantity and quality of raw product(s) input and the resulting processed product(s) produced at a secondary processing facility. An operator must submit the SMFR-A only when secondary processing has occurred.
- SMFR Part B, Inventory, is used to track inventories and shows facility production. It also provides information on raw and processed product sales, transfers, and other product dispositions from a secondary processing or remote storage facility.

Regardless of whether or not the mine and facility operator are the same company, the mine operator must submit both the SMOR and the SMFR.

### ***Data Issue Recommendations for the SMFR***

1. **Eliminate SMFR-A and modify SMFR-B**— Combine the SMFR-A and -B and eliminate the SMFR-A. Review the edit classification for the remaining data.

Reason: For those operators who sell products from a remote storage or secondary processing facility, the PAAS reporting process requires certain information to be reported multiple times. This includes duplicate information to be completed on the SMFR-A and -B header and trailer sections. If the operator does not report this data correctly, MMS personnel must correct it. See appendix D for details on fields eliminated or modified.

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Reporting and Production Accounting*

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Advantages:

- Saves resources for both industry and MMS.
- Reduces the number of edits required to track data between the SMFR-A and -B.
- Eliminates the reporting of duplicate fields on the SMFR.

Disadvantage: Requires extensive system redesign for MMS.

System change: Major.



## **ROYALTY REPORTING RECOMMENDATIONS**

### **Payor Information Form (PIF), Form MMS-4025 (Oil and Gas)**

#### *Purpose of the PIF*

All payors on Federal and Indian leases reporting rents and royalties on the Report of Sales and Royalty Remittance (Form MMS-2014) must file the Payor Information Form (PIF). The PIF is used to transmit lease and payor information to MMS. Information supplied on the PIF establishes and/or updates the MMS database for a specific payor reporting on a specific lease for a specific revenue source, selling arrangement, and product. MMS uses PIF information to establish and maintain the lease and payor accounts required for monthly reporting on the Form MMS-2014. It is important for the payor to file PIFs timely for establishing, revising, and discontinuing lease-level and royalty payment responsibilities.

The subcommittee concluded that the **PIF is the best method today to accomplish the link of payors to leases**, and the PIF will contain only the **minimum data** necessary.

#### *Policy Issue Recommendations for the PIF*

1. **Frequency of submissions**— Reduce the frequency of PIF submissions.

Reason: The PIF is needed only for establishing and/or terminating payment transactions on a lease and for multiple royalty rates. This recommendation is dependent on establishing acceptable detail codes on Form MMS-2014 to replace the need for a selling arrangement. Therefore, a PIF will be necessary only to initialize or terminate payment transactions for:

- A lease,
- A communitization agreement,
- A participating area agreement,
- A compensatory royalty assessment/agreement, and
- Multiple royalty rate leases (stripper and heavy oil properties, deep water, etc.).

System change: Minor.

2. **Multiple leases on one PIF**— Modify the PIF to report multiple leases on one form, and attach the payor code to each line (similar to the Form MMS-2014).

Reason: Currently done monthly on the Form MMS-2014.

Advantage: Reduces the number of paper forms submitted.

System change: Minor.

3. **Electronic data interchange**— Increase the number of PIF submissions via E-mail, magnetic tape, and/or diskette, and send Payor Confirmation Reports electronically to companies (currently planned).

System change: Minor.

4. **Rent/minimum royalty**— Eliminate the need for a PIF to establish rent/minimum royalty payments.

Reason: If a valid lease and payor code are reported, the payment should process instead of preventing disbursement due to lack of a PIF. The connection of the payor to the lease and financial terms will be created from the Form MMS-2014 line instead of the PIF.

Advantages:

- Allows the Form MMS-2014 rent/royalty payment to disburse if the payor code and lease number are correct.
- Reduces the number of PIFs filed.
- Reduces the number of Form MMS-2014 rejected lines.

Disadvantages: May increase the amount of manual research time to determine which company to bill when lease-level payments are not made.

System change: Minor.

5. **Timing of PIF submission**— After recommendations 1,2,3, and 4 above are implemented, review the need to reject the Form MMS-2014 line if a PIF is not submitted prior to reporting royalty.

System change: Major.

6. **Alternatives to the PIF**— Develop a method of linking a payor to the lease in conjunction with applicable effective dates. This is necessary for accountability and comparisons between the Auditing and Financial System (AFS) and the Production Accounting and Auditing System (PAAS). The subcommittee considered the following alternatives to the PIF:

- MMS assigns the revenue sources based on data from BLM/OMM and notifies the operator. The operator then notifies each working interest owner of the revenue source so payors can be notified (if different from working interest owner).
- The reporter calls MMS and requests the revenue source before reporting on Form MMS-2014. This method will result in an increase in exceptions for audit and sales to production (AFS/PAAS) comparisons. Reporters may not call or may not provide sufficient information to assign the correct revenue source.

Recommendations related to eliminating the PIF would require MMS to:

- Establish the revenue source via notification from the surface management agency and post it online where reporters can obtain the revenue source, or
- Consider interactive system communication with companies to establish PIF data.

Reason: MMS needs the data, but the data does not necessarily need to be submitted on the PIF.

System changes: Major.

### ***Data Issue Recommendations for the PIF***

These recommendations are minor system changes that can be done concurrently.

1. **Lease-level payment fields**— Eliminate rental, minimum royalty, rent recoupment, and other payment fields from Part III (A)— Lease Level Payments.

Reason: These fields are not needed for the system to accept payment or recoupment on the Form MMS-2014. Financial terms in AFS establish payment and recoupment provisions for each lease.

System change: Minor.

2. **Royalty rate field**— The royalty rate field in III (B)—Royalties on Production will be **optional** unless the lease has multiple royalty rates.

Reason: Multiple royalty rates only affect certain leases and are necessary to determine the correct revenue source; they are not necessary on every lease.

System change: Minor.

3. **Revenue source types**— Eliminate revenue source types, except compensatory royalty, from Section III (B)—Royalties on Production.

Reason: The agreement number or lack thereof determines the revenue source type; this data is not necessary. Compensatory royalty is still required because there is no other indicator in the system for compensatory royalty revenue source.

System change: Minor.

4. **Product code field**— Make the product code field in Section IV—Selling Arrangements **optional**.

Reason: The product code is reported on Form MMS-2014. Reporting the data in both places is redundant. This field will remain optional for reporters who want product code(s) to preprint on their Model Form MMS-2014.

System change: Minor.

5. **RIK data**— Eliminate royalty-in-kind (RIK) data from Section IV-Selling Arrangements.

Reason: MMS establishes selling arrangements; companies do not submit this data on the PIF.

System change: Minor.

6. **Allowance information**— Eliminate allowance information from Section IV—Selling Arrangements.

**Reason:** The requirement for allowance form filing on Federal leases has been discontinued, and selling arrangement will be eliminated from the PIF. If disposition or product value identifiers are necessary, a Form MMS-2014 code will be created. The fields eliminated include the name of the company, the code for which the allowance applies, and whether or not the allowance is arm's-length.

**Advantages:**

- Any identifiers necessary will be associated with the actual royalty line and can be more easily used in system majority price calculations, valuation monitoring, and safety net calculations under the new Federal Gas Valuation Rule (for example, disposition code 01 = arm's-length).
- Results in less data for companies to submit and for MMS to maintain.

**Disadvantages:** Data that could be reported once (or only as the data changes) on the PIF will be reported as a code each month on the Form MMS-2014.

**System change:** Minor.

7. **Other data fields**— Eliminate, modify, and/or clarify numerous data fields. See appendix E for details.

**Reason:** The data was redundant and collected or available from other sources. It was no longer used extensively and/or was clarified to simplify reporting and ensure accurate data.

**Advantages:**

- Reduces the number of rejected Form MMS-2014 lines.
- Allows money to be disbursed sooner.
- Reduces the amount of resources needed for both MMS and industry.

**System change:** Minor.

## **Report of Sales and Royalty Remittance, Form MMS-2014**

### ***Purpose of Form MMS-2014***

The Report of Sales and Royalty Remittance, Form MMS-2014, is the report payors of Federal or Indian royalty must use to report detail transactions at the time of royalty payment to MMS. A properly completed Form MMS-2014 must accompany all payments, and the appropriate payment must accompany all Forms MMS-2014.

The MMS has several methods of submitting the Form MMS-2014:

1. **Model Form MMS-2014**— An MMS computer-generated version of the Form MMS-2014 on diskette or hardcopy with certain reference data included based on submission of the PIF.
2. **EDI**— A computer-processable format using the American National Standards Institute's Accredited Standards Committee X12 standards.
3. **Payor computer-generated Form MMS-2014**— A payor-generated facsimile of the Form MMS-2014.
4. **Magnetic or cartridge tape**— A tape reporting medium.
5. **Reporter-prepared diskette**— A diskette that the reporter can complete in either ASCII or Comma Separated Values (CSV) format.
6. **Email**— A method of sending data electronically in either ASCII or CSV format.

The subcommittee made the following recommendations after performing a detail analysis on the current and anticipated (pending final rule of the Federal REGNEG Gas Valuation team) reporting requirements. The subcommittee identified data fields as candidates for elimination, modification, or addition. All recommendations apply to both Federal/Indian oil and gas and solid mineral leases, unless noted otherwise.

### ***Policy Issue Recommendations for Form MMS-2014***

1. **Prior period adjustments**— Report prior period adjustments on a net basis. Net basis is defined as the incremental positive or negative volume/value change for a line of reporting. A line of reporting is a combination of the lease, revenue source, product code, sales month, and transaction code (TC). Original volume/value data would not be reversed. The newly reported volume/value would be added/subtracted from the previous data.

Reason: The current reporting practice requires detail monitoring of the “last line” reported. Payors know the total amount that has been paid on a single lease for a particular month. The current system also requires that detail accounting be retained on the product code and selling arrangement level in order to reverse the last line reported. This requires multiple line reporting, processing, and verification where a net reporting process would require a single line entry.

Advantages:

- Reduces the number of prior period lines reported by industry and processed by MMS by 50 percent.
- Reduces the number of lines maintained in both industry and MMS history databases.
- Significantly reduces the number of original line adjustment monitoring exceptions detected. MMS must still ensure that an original line was reported and that negative adjustments do not reduce the original data reported to less than zero.

Disadvantages: Requires extensive system changes by MMS.

System change: Major.

2. **Transportation and processing allowance deduction columns**— Add columns to the Form MMS-2014 to report these deductions on the same line as the royalty value (TC 01 line) and eliminate reporting transportation and processing allowance deductions on two separate lines.

Reason: The current process requires reporting gross royalty volumes and values on one line, transportation allowance deductions on a second line, and processing allowance deductions on a third line. This

necessitates duplication and triplication of reporting the key data. To report the transportation and processing allowance deductions on the same line as the gross royalty identifies the property once with all related transactions.

- Advantages:
- Reduces the number of Form MMS-2014 lines reported, processed, and verified by hundreds of thousands of lines each year.
  - Streamlines and improves the accuracy of the payor's initial reporting of deductions.
  - Streamlines and improves the accuracy of allowance exception processing by automatically assigning the transportation and processing allowance deductions to the associated royalty value.

Disadvantages: Requires system changes by both industry and MMS.

System change: Major.

3. **Estimated royalties**— Establish a study group to determine other options for reporting estimates, including billing for estimate interest. This recommendation does not apply to Indian leases. Two suggestions from the subcommittee include:

- Reporting estimates at the State/beneficiary level, and
- Offsetting overestimates and underestimates before billing interest.

Reason: The current process requires that an estimated royalty payment be made and maintained at an MMS lease. This fairly detailed level of reporting is an administrative burden on industry and often requires payors to maintain large monthly overpayments at a company level to prevent receiving insufficient estimate interest bills on a property level.

4. **Thresholds for allowance and interest bills**— Analyze the cost-effectiveness of generating, processing, and tracking allowance exceptions (ABILs) and interest assessments (GBILs) on immaterial amounts for Federal leases only.



- Reason: The costs of analyzing, printing, mailing, tracking, collecting, and processing minimum dollar amounts on a lease-level basis may exceed the dollar amount collected. If the number of lines below a certain threshold (for example, \$1.00) are significant and the corresponding dollar amount is not material, then a threshold should be used or raised to reduce the number of lines billed to the lessee/payor. **Note: ABILs currently have a \$0.25 threshold per report line.**
- Advantage: Reduces the number of lines billed to payors and reviewed/verified by MMS. This may become even more significant **if** MMS is required to pay interest for royalty overpayments on Federal leases.
- Disadvantage: Although the dollar amount may be small, this would reduce the amount of money distributed to the States, Indians, and Federal Government. This may become even more negligible if MMS is required to pay interest for royalty overpayments on Federal leases.
5. **Consistency of reporting formats on Federal and Indian leases**— Require one report format and the same data elements for both Federal and Indian leases.
- Reason: Creating two reports with varying data elements would require two accounting systems for industry and for MMS.
- Advantage: Significantly reduces the costs required to program and maintain two separate report formats.
- Disadvantage: None.
6. **Agreement approval/revision**— Allow reporting of royalties (and production) based on the submitted but unapproved agreement. This recommendation does not apply to solid mineral leases.
- Reason: About 95 percent of agreement proposals submitted to BLM/OMM are approved as submitted. This recommendation may be modified and/or eliminated based upon BLM's anticipated changes to 43 CFR part 3180.
- Advantages:
- Eliminates the reporting of thousands of adjustment lines submitted by industry and processed by MMS when agreements are finally approved.

- Reduces the volume of interest bills sent to industry.
  - Reduces MMS processing and manual review costs associated with interest bills generated as a result of industry reporting retroactive agreement approvals.
  - Requires no MMS or industry system changes to implement.
- Disadvantages:
- Requires coordination and changes to current BLM/OMM practice.
  - Many of the units also have State and/or Indian leases; therefore their input would also be needed to effect this change.

System change: None.

7. **RIK reporting**— Establish a study group to review the Federal oil RIK program and explore all options for improving the reporting, billing, and MMS administration of the program. Possible options include, but are not limited to:

- Eliminate reporting on the Form MMS-2014.
- Establish product value in the RIK contract.
- Bill entitled volumes from the Form MMS-316O/OGOR.

Reason: The current method of administering the Federal oil RIK program is time-consuming and burdensome on producers, small refiners, and MMS. The administrative burden includes reconciling what volumes the small refiner actually took, what value to assign to the small refiner volumes, who paid for what volumes, and who owes for what volumes.

### ***Data Issue Recommendations for Form MMS-2014***

1. **Selling arrangement code**— As a long-term recommendation, eliminate this data element. Currently, this is a required data field that is tied to a payor's submission of a PIF. Due to the extensive system changes required to eliminate this field, short-term changes are recommended to alleviate the administrative burden of reporting this data element.

Recommended for immediate implementation: Continue to report selling arrangements, but:

- Do not edit the Form MMS-2014 line to determine if the selling arrangement has been established by a PIF submission.
- Establish standardized codes for new selling arrangements so a payor will automatically know which code to use and will not have to contact MMS to have one assigned.

Reason: This is a level of reported detail that will no longer be required if (1) the calculation method codes are modified to include the selling arrangement detail, and (2) the transportation and processing allowance deductions are reported on the same line as the royalty value. Current system edits and downstream verification processes prevent this data element from being eliminated immediately.

Advantages:

- Streamlines PIF processing for both MMS and industry.
- Simplified coding will result in more accurate allowance exception processing.
- Current selling arrangement detail will be retained for MMS to monitor allowances claimed and to calculate major portion pricing.

Disadvantages:

- The Model Form MMS-2014 is generated based on the products and selling arrangements submitted on the PIF. MMS will need to develop an alternative way of generating the Model Form MMS-2014 for those payors who report on the Model.
- MMS will be required to coordinate reporting instructions until this data element is no longer required on the Form MMS-2014.

System changes: Minor.

Recommended for long-term implementation: Eliminate all selling arrangement codes and replace with detail provided by the calculation method code and allowance deductions reported on the same line as the royalty value. Implement this change concurrently with the changes necessary for the Federal REGNEG Gas Valuation proposed rule.

Reason: The selling arrangement information will be incorporated as specific codes of the calculation method code, and the allowance deductions will automatically be tied to the lease level on a single reported line. So the selling arrangement code is no longer necessary.

Advantages:

- Reduces prior period adjustments due to incorrect reporting of selling arrangements.
- Reduces the number of lines reported and maintained in both industry and MMS history databases.
- Eliminates MMS and industry processing and manual review costs associated with correcting selling arrangement errors.

Disadvantage: None.

System changes: Major.

2. **Product code edits** —Eliminate the current MMS system edits that reject a payor's payment for a particular product whose product code has not previously been established by the submission of a PIF.

Reason: Operational changes from processed to unprocessed gas or periodic sales of condensate or scrubber oil should not reject as invalid payments simply because a producer has failed to submit a form previously for that product.

Advantages:

- Eliminates rejected lines and disallowed payments for varying product sales.
- Allows immediate acceptance of those payments, which expedites the associated royalty payments to the States and Indian Tribes.

Disadvantage: Could result in more AFS/PAAS discrepancies if the product code reported is truly invalid.

System change: Minor.

3. **Adjustment reason code (ARC)**— In the short term, remove many of the codes no longer used or needed. In the long term, combine the purposes for this code with the TC and eliminate the ARC. Currently, the ARC is used to identify why the payor is making an adjustment to a previously reported line.

Reason: Each code assigned as ARC and TC represents a specific type of transaction being reported. Both codes are two digits.

Advantages:

- Reduces data required for reporting.
- Eliminates reporting of redundant data.

Disadvantage: None.

System change: None/major: None for removing unused codes. Major for combining ARC and TC.

4. **Report month**— Eliminate this data element..

Reason: MMS can assign the report month based on the receipt date of the Form MMS-2014.

Advantage: Eliminates unnecessary data reporting.

Disadvantage: None.

System change: Minor.

5. **Other data fields**— Eliminate, modify, or clarify numerous data fields. See appendix F for details.

Reason: Several of the codes no longer apply to today's operational environment. MMS does not use some columns. Some codes may be modified to implement the Federal REGNEG Gas Valuation proposed rule and the Indian Gas Valuation negotiated rulemaking.

Advantage: Eliminates reporting of unnecessary data.

*Recommendations to Improve Royalty  
Reporting and Production Accounting*

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Disadvantage: None.

System change: See appendix F for classification.

## APPENDIX A COSTS/SAVINGS OF SELECTED RECOMMENDATIONS

Production reporting recommendations	Number of lines or records <sup>1</sup>	Costs			Yearly savings	One-time implementation costs
		Data entry	Personnel	System processing <sup>4</sup>		
<b>1. Modify the MMS-3160 to allow adds and changes to previously reported data versus submitting the entire report.</b>						
FY-95 Lines	4,745,000	\$378,000 <sup>2</sup>	\$1,450,000 <sup>3</sup>	\$71,175		
24% Reduction <sup>5</sup>	<u>-1,139,000</u>	<u>- 90,700</u>	<u>- 350,000</u>	<u>- 17,100</u>		
Balance	<u>3,606,000</u>	<u>287,300</u>	<u>1,100,000</u>	<u>54,015</u>		\$154,000 to 246,000
Savings Per Year		\$90,700	\$350,000	\$17,100	<u>\$457,800</u>	
<b>2. Elimination of various fields from MMS-3160</b>						
FY-95 Records	2,400,000	378,000	No measurable reduction, fields eliminated do not significantly impact personnel costs.	36,000		
Recommended change would result in approximately a 53% reduction in records keyed.	<u>-1,272,000</u>	<u>- 200,340</u>		<u>- 19,000</u>		
Balance	<u>1,128,000</u>	<u>177,660</u>		<u>17,000</u>		\$86,000 to 137,000
Savings Per Year		\$200,340		\$19,000	<u>\$219,340</u>	

<sup>1</sup> A Form MMS-3160 record equates to slightly less than a reported line of data.

<sup>2</sup> Records keyed in FY 95 about 2.4m. Average cost = \$.1575/record keyed.

<sup>3</sup> Support Services Contract and MMS error correction personnel.

<sup>4</sup> System processing costs are about \$.015/record processed. Record equates to a reported line of data.

<sup>5</sup> Amended lines are approximately 40 percent of total lines or 1.898m. Estimated reduction based on above recommendation is 60 percent (data not available on actual lines amended).

Calculation: 4.745m x .40 x .60 = 1,139,000.

*Recommendations to Improve Royalty Reporting and Production Accounting*

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Production reporting recommendations	Number of lines or records	Costs			Yearly savings	One-time implementation costs
		Data entry	Personnel	System processing		
<b>3. Combine OGOR-C with OGOR-B<sup>6</sup></b>						
FY-95 Records	33,600	\$5,300 <sup>7</sup>	N/A	\$500		
25% Reduction	<u>- 8,400</u>	<u>- 1,300</u>		<u>- 125</u>		
Balance	<u>25,200</u>	<u>4,000</u>		<u>375</u>		
Savings Per Year		\$1,300		\$125	<u>\$1,425</u>	Major
<b>4. Eliminate PASR</b>						
FY-95 Records	58,000	9,300	N/A	870		
Reduction--All	<u>- 58,000</u>					
Balance	<u>-0-</u>					
Savings Per Year		\$9,300		\$870	<u>\$10,170</u>	Major

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<sup>6</sup> Data reduction is about 25 percent.

<sup>7</sup> OGOR-C records keyed represent about 8 percent of total OGOR records keyed.



A. Costs/Savings of Selected Recommendations

PIF recommendations	Number of PIFs	Costs			Yearly savings	One-time implementation costs
		Data entry	Personnel	System processing		
1. Require PIF only to establish or terminate payment transactions on a lease.						
2. Report multiple leases on one form.						
FY-95	27,000	N/A	\$450,000 <sup>1</sup>	N/A		
67% Reduction	<u>-18,000</u>					
Balance	<u>9,000<sup>2</sup></u>					
Savings Per Year			\$450,000		<u>\$450,000</u>	\$137,280

<sup>1</sup> Support Services Contract

<sup>2</sup> Remaining PIFs will be processed by MMS personnel.

*Recommendations to Improve Royalty Reporting and Production Accounting*

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Costs and savings are only through system acceptance of the MMS-2014 line.

MMS-2014 recommendations	Number of lines or records <sup>1</sup>	Errors	Costs			Yearly savings	One-time implementation costs
			Data entry	Personnel	System processing		
1. Report allowance deductions on the same line as the royalty value.							
2. Report prior period adjustments on a net basis.							
July 1994-June 1995	3,188,000	91,000 <sup>2</sup>	\$238,000 <sup>3</sup>	\$210,000 (Error Correction)	\$48,000 <sup>4</sup>		
Reduction in allowance lines reported.	- 911,000	- 26,000	- 68,000		- 14,000		
Reduction for net reporting. <sup>5</sup>	<u>455,400</u>	<u>- 13,000</u>	<u>- 34,000</u>		<u>- 7,000</u>		
Balance (43% Reduction)	<u>1,821,600</u>	<u>52,000</u>	<u>136,000</u>	<u>119,700</u>	<u>27,000</u>		
Saving Per Year			\$102,000	\$90,300	\$21,000	<u>\$213,300</u>	Major <sup>6</sup>

<sup>1</sup> A Form MMS-2014 line is about equal to 1.4 records.

<sup>2</sup> 2.8 percent error rate.

<sup>3</sup> Cost per record key averages \$.1725. Records keyed in FY 95 about 1.380m.

<sup>4</sup> Some additional savings would be realized in MMS downstream exception processing routines.

<sup>5</sup> 2.277m x .40 (average number of adjustment lines) x .50.

<sup>6</sup> Changes the detail financial transaction records which impact the majority of the Auditing and Financial System programs.

A. Costs/Savings of Selected Recommendations

MMS-2014 recommendations	Number of lines or records	Errors	Costs			Yearly savings	One-time implementation costs
			Data entry	Personnel	System processing		
3. No longer reject a MMS-2014 line if the lease level, selling arrangement, or product code have not been established via a PIF submission.							
FY-95		33,200 <sup>7</sup>	N/A	\$90,000 (Error Correction)	N/A		
Reduction <sup>8</sup> in number of MMS-2014 lines rejected.		16,600		<u>- 90,000</u>			
Balance		<u>16,600</u>		<u>-0-</u>			
Savings Per Year				\$90,000		<u>\$90,000</u>	\$38,600

<sup>7</sup> Number is only those errors related to lease level, selling arrangement, and product code (two-thirds of all PIF errors).

<sup>8</sup> Multiple PIF error messages may occur on one rejected line. Reduction in lines rejected is estimated to be about 50 percent of the number of errors.

**APPENDIX B  
 PRODUCTION REPORTING  
 MONTHLY REPORT OF OPERATIONS, FORM MMS-3160  
 FIELD-BY-FIELD REVIEW**

Field	Report item	Recommendations	Comments
Form MMS-3160 will be modified to accommodate imaging.			
<b>HEADER FIELDS</b>			
Lease Number	1	Combine to create "Agency Lease or Agreement Number"	Allows users to enter lease or agreement number in one field rather than requiring value to be entered in the "correct" field.
Agreement Number	2		Minor.
MMS Lease or Agreement Number	New	New field	Allows reporters to use either MMS or Agency format for lease/ agreement number. Minor.
Field Name	3	Eliminate field	This reference data is already retained in the database.  Minor.
Unit Name	4	Eliminate field	
Participating Area Name	5	Eliminate field	
County	6	Eliminate field	
State	7	Eliminate field	
Operator	8	Change to "Operator Name"	Minor.
Operator Number	9	Change from tick marks to standard field with field name	Minor.

*Recommendations to Improve Royalty Reporting and Production Accounting*

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<b>Field</b>	<b>Report item</b>	<b>Recommendations</b>	<b>Comments</b>
Amended Report (indicator)	10	Retain field	
Federal/Indian (indicators)	11	Eliminate "Federal" indicator	Indian indicator needed for file retention purposes. Minor.
Report Period	12	Change to "production month"	Minor.
<b>DETAIL SECTION</b>			
API Well Number	13	Retain field	
Operator Well Number	14	Retain field	
Section & 1/4 of 1/4	15	Eliminate field	Not edited. Data already in database and API is the key field.  Minor.
TWP (Township)	16	Eliminate field	
RNG (Range)	17	Eliminate field	
Well Status	18	Retain field (minor)	Data reported on sundries and entered in AFMSS. Eliminate reporting of drilling wells and shut-in status for water disposal and injection wells. Minor. Major—eliminate field.
Days Produced	19	Retain field	Modify edit to recognize days in month to match production month. Minor.
Barrels of Oil	20	Retain field	
MCF of Gas	21	Retain field	
Barrels of Water	22	Retain field	

Field	Report item	Recommendations	Comments
Remarks	23	Eliminate field	Minor.
<b>TRAILER SECTION</b>			
On hand, Start of Month	24	Change to "Beginning Inventory"	Minor.
Produced	25	Retain field	
Sold	26	Change to "Sales (volumes subject to royalty)"	Minor.
Spilled or Lost	27	Retain field	
Flared or Vented	28	Retain field	
Used on or for Benefit of Lease	29	Retain field	
Injected	30	Retain field	
Gas Transferred	31	Retain field	
Plant Number/Name	32	Retain—separate into two fields. Name is optional.	Minor.
Surface Pits	33	Retain field	
Other	34	Retain field	
Identify (identify Other volumes)	35	Retain field	Publish and use EDI codes. Minor.
On hand, End of Month	36	Change to "Ending Inventory"	Minor.
API Gravity/BTU Content	37	Separate field titles to appear under appropriate product. Force decimal place for API gravity.	Minor.

*Recommendations to Improve Royalty  
Reporting and Production Accounting*

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<b>Field</b>	<b>Report item</b>	<b>Recommendations</b>	<b>Comments</b>
Comments	38	Retain field	
Contact Name	39	Retain field	
Phone Number/ Extension	40	Retain field	
Address	41	Eliminate field	Minor.
Authorizing Signature	42	Retain field	
(Authorizing) Date	43	Retain field	
Authorizing Name	44	Eliminate field	Minor.





# MONTHLY REPORT OF OPERATIONS

**DRAFT**  
**4/96**

Agency Lease or Agreement Number \_\_\_\_\_

OR

MMS Lease or Agreement Number \_\_\_\_\_

Operator Name \_\_\_\_\_

Operator Number \_\_\_\_\_

\_\_\_ Amended \_\_\_ Indian

The following is a correct report of operations and production (including status of all unplugged wells) for the production month \_\_\_\_ \_\_\_\_ \_\_\_\_ (mmyy) (See reverse of form for instructions)

API Well Number (Required) Operator Well Number (Optional)	Well Status	Days Prod	Barrels of Oil	MCF of Gas	Barrels of Water
1					
2					
3					
4					
5					
6					
7					

**DISPOSITION OF PRODUCTION (Lease or Agreement Basis)**

	Oil & Condensate (BBLs)	Gas (MCF)	Water (BBLs)
• Beginning Inventory	_____	XXXXXXXXXXXXXXXXXX	XXXXXXXXXXXXXXXXXX
• Produced	_____	_____	_____
• Sales (volumes subject to royalty)	_____	_____	XXXXXXXXXXXXXXXXXX
• Spilled or Lost	_____	XXXXXXXXXXXXXXXXXX	XXXXXXXXXXXXXXXXXX
• Flared or Vented	XXXXXXXXXXXXXXXXXX	_____	XXXXXXXXXXXXXXXXXX
• Used on or for Benefit of Lease	_____	_____	XXXXXXXXXXXXXXXXXX
• Injected	_____	_____	_____
• Gas Transferred	XXXXXXXXXXXXXXXXXX	_____	XXXXXXXXXXXXXXXXXX
Plant Number _____ Name (optional) _____			
• Surface Pits	XXXXXXXXXXXXXXXXXX	XXXXXXXXXXXXXXXXXX	_____
• Other	_____	_____	_____
Identify _____			
• Ending Inventory	_____	XXXXXXXXXXXXXXXXXX	XXXXXXXXXXXXXXXXXX
API Gravity _____		BTU Content _____	XXXXXXXXXXXXXXXXXX

COMMENTS \_\_\_\_\_

CONTACT NAME \_\_\_\_\_ PHONE NUMBER \_\_\_\_\_ EXT \_\_\_\_\_

AUTHORIZING SIGNATURE \_\_\_\_\_ DATE \_\_\_\_\_ (mmdyy)

**APPENDIX C  
PRODUCTION REPORTING  
OIL AND GAS OPERATIONS REPORT (OGOR), FORM MMS-4054  
FIELD-BY-FIELD REVIEW**

Field	Report item	Recommendations	Comments
<b>OGOR A, B, AND C HEADER INFORMATION</b>			All Parts will be modified to accommodate imaging.
Reporter Use	1	Eliminate	No editing performed—used rarely by industry. Minor.
MMS Use	2	Retain	
Federal or Indian indicator	3	Eliminate "Federal indicator"	Only Indian indicator is needed for file retention. Minor.
Report Type	4	Retain	
Report Period	5	Change to "Production Month"	Minor.
MMS Operator Number	6	Retain	
Operator Name	7	Retain	Used by industry and MMS for communication.
Operator Lease, Unit, or CA Number	8	Retain	Used by industry and MMS for communication.
Operator Lease, Unit, or CA Name	9	Retain	Used by industry and MMS for communication.
MMS Lease, Unit, or CA Number	10	Retain	

*Recommendations to Improve Royalty  
Reporting and Production Accounting*

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Field	Report item	Recommendations	Comments
Agency Lease/ Agreement Number	11	Retain	
<b>OGOR PART A—DETAIL</b>			
Line Number	12	Retain	
Action Code	13	Retain	
API Well Number	14	Retain	
Producing Interval	15	Retain	
Operator Well Number	16	Retain	
Well Code	17	Eliminate elements 5 through 13. Minor. Eliminate remaining fields. Major.	Data is not currently used or can be obtained from other sources; i.e., sundries.
Days Produced	18	Retain	Modify system to recognize days in month to match production month.
Production Volumes	19	Retain	
Injection Volume	20	Retain	
Check if Part A is continued	21	Retain	
Total Production	22	Eliminate for electronic filers	Minor.
Total Injection	23	Retain	Totals needed by product.

Field	Report item	Recommendations	Comments
<b>OGOR PART B—DETAIL</b>			Needed fields from Part C will be combined with Part B. Part B will include Disposition Information and Inventory Sections. Major.
Line Number	31	Retain	
Action Code	32		
Disposition Codes	33	Retain	Review for elimination of unused codes. Minor.
Metering Point	34	Retain	
Gas Plant	35	Retain	
API Gravity/BTU	36	Retain	
Disposition Volumes	37	Retain	
Check if Part B is Continued	38	Retain	
Total Dispositions	39	Eliminate for electronic filers	Minor.
<b>OGOR PART C—DETAIL</b>			Eliminate Part C and combine needed data fields with Part B. Major.
Line Number	40	Eliminate	Already on B. Major.
Action Code	41	Eliminate	Already on B. Major.
Product Code	42	Eliminate	Logic must be modified to determine product from FMP type. Major.
Facility Number	43	Move to Part B	Include in new Inventory section of Part B. Major.
Metering Point	44	Eliminate	Already on B. Major.

*Recommendations to Improve Royalty  
Reporting and Production Accounting*

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Field	Report item	Recommendations	Comments
API Gravity/BTU	45	Eliminate	Already on B. Major.
Beginning Inventory	46	Move to Part B	Include in new Inventory section of B. Major.
Production	47	Move to Part B	Include in new Inventory section of B. Major.
Sales	48	Eliminate	Will use Disposition section of B to reflect sales. Major.
Adjustments	49	Move to Part B	Include in new Inventory section of B. Major. Codes no longer used will be eliminated. Minor.
Ending Inventory	50	Move to Part B	Include in new Inventory section of B.
Check if Part C is continued	51	Eliminate	Already on B. Major.
Totals	52	Move to Part B	Include in new Inventory section of B. Major.
<b>OGOR PART A, B, AND C TRAILER</b>			
Contact Name	24	Retain	
Telephone Number	25	Retain	
Authorizing Name	26	Eliminate	Contact name and Authorizing signature is sufficient. Minor.
Title	27	Eliminate	Contact Name and Authorizing signature is sufficient. Minor.
Authorizing Signature	28	Retain	
Date	29	Retain	

Field	Report item	Recommendations	Comments
Comments	30	Retain	
<b>OGOR SUPPORT FORMS</b>			
<b>PRODUCTION ALLOCATION SCHEDULE REPORT (PASR)</b>		Eliminate report major	If data can be located and utilized from other sources, the report will be eliminated. The only minor changes recommended are to the header and trailer fields of the PASR.
<b>PASR HEADER FIELDS</b>			
Reporter Use	1	Eliminate	Minor.
MMS Use	2	Retain	
Report Type	3	Retain	
Report Period	4	Change to Production Month	Minor.
MMS Operator Number	5	Retain	
Operator Name	6	Retain	
Facility/ Measurement Point Number	7	Retain	
Product Code	8	Eliminate	Logic must be modified to determine product from FMP type. Major.
Output Facility/ Measurement Point	9	Retain	
Sales Facility/ Measurement Point	10	Retain	

*Recommendations to Improve Royalty  
Reporting and Production Accounting*

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Field	Report item	Recommendations	Comments
API Gravity/BTU	11	Retain	
<b>PASR TRAILER FIELDS</b>			
Beginning Inventory	12	Retain	
Ending Inventory	13	Retain	
Contact Name	14	Retain	
Phone Number	15	Retain	
Authorizing Name	16	Eliminate	Contact name and authorizing signature are sufficient. Minor.
Title	17	Eliminate	Contact name and authorizing signature are sufficient. Minor.
Authorizing Signature	18	Retain	
Date	19	Retain	
Comments	20	Retain	
<b>GAS PLANT OPERATIONS REPORT (GPOR)</b>			The only changes recommended are to the header and trailer fields.
<b>GPOR HEADER FIELDS</b>			
Reporter Use	1	Eliminate	
MMS Use	2	Retain	
Report Type	3	Retain	
Report Period	4	Change to Production Month	Minor.

Field	Report item	Recommendations	Comments
MMS Operator Number	5	Retain	
Operator Name	6	Retain	
Operator Facility Number	7	Retain	
Gas Plant Name	8	Retain	
MMS Facility Number	9	Retain	
Plant Volumes (MCF)	10	Retain	
Scrubber Condensate	11	Retain	
<b>GPOR TRAILER</b>			
Total	12	Retain	
Check if continued	13	Retain	
Contact Name	14	Retain	
Phone Number	15	Retain	
Authorizing Name	16	Eliminate	Contact Name and Authorizing Signature are sufficient. Minor.
Title	17	Eliminate	Contact Name and Authorizing signature are sufficient. Minor.
Authorizing Signature	18	Retain	
Date	19	Retain	



*Recommendations to Improve Royalty Reporting and Production Accounting*

Field	Report item	Recommendations	Comments
Comments	20	Retain	
<b>GAS ANALYSIS REPORT (GAR)</b>			In addition to the header and trailer field changes, an action code will be added. The GAR can then be modified without filing the entire report again.
<b>GAR HEADER FIELDS</b>			
Reporter Use	1	Eliminate	
MMS Use	2	Retain	
Operator Name	3	Retain	
MMS Operator Number	4	Retain	
Report Period	5	Change to Production Month	Minor.
Operator Lease, Unit of Comm. Name	6	Retain	
MMS Lease, Unit, or Comm. Number	7	Retain	
Date of Sample	8	Retain	
Gross Heating Value - BTU	9	Retain	
Total GPM	10	Retain	
FMP Number	11	Retain	

Field	Report item	Recommendations	Comments
<b>GAR TRAILER FIELDS</b>			
Contact Name	12	Retain	
Phone Number	13	Retain	
Authorizing Name	14	Eliminate	Contact Name and Authorizing signature are sufficient. Minor.
Title	15	Eliminate	Contact Name and Authorizing signature is sufficient. Minor.
Authorizing Signature	16	Retain	
Date	17	Retain	
Comments	18	Retain	

(OMB 1010-0040)  
 (Expires July 31, 1998)  
 The Paperwork Reduction Act of 1980 (44 U.S.C. 3501 et seq.) requires us to inform you that this information is being collected to determine where production is measured and/or transferred for royalty determination purposes. MMS will use this information to assure that all production is accounted for properly.

U.S. DEPARTMENT OF THE INTERIOR  
 Minerals Management Service  
 Royalty Management Program

**CURRENT FORM**

**OIL AND GAS OPERATIONS REPORT  
 PART A - WELL PRODUCTION  
 (OGOR-A)**

3 FEDERAL   
 or INDIAN

MMS USE

REPORTER USE

REPORT TYPE:  ORIGINAL  MODIFIED (4)

REPORT PERIOD: MMY (4) (5)

MMS OPERATOR NUMBER: (5) (6)

OPERATOR NAME: (30) (7)

OPERATOR LEASE, UNIT, OR COMMUNITIZATION NUMBER: (20) (8)

OPERATOR LEASE, UNIT, OR COMMUNITIZATION NAME: (30) (9)

MMS LEASE, UNIT, OR COMMUNITIZATION NUMBER: (11) (10)

AGENCY LEASE/AGREEMENT NUMBER: (25) (11)

LINE NUMBER ACTION CODE (1)	API WELL NUMBER (12) (14)				PRODUCING INTERVAL (6)	OPERATOR WELL NUMBER (12) (18)	WELL CODE (13) (17)	DAYS PRODUCED (3) (18)	PRODUCTION VOLUMES (19)			INJECTION VOLUME (BBL/MCF) (9) (20)
	STATE (2)	COUNTY (3)	SEQUENCE (5)	SIDE TRACK (2)					OIL/CONDENSATE (BBL) (9)	GAS (MCF) (9)	WATER (BBL) (9)	
1												
2												
3												
4												
5												
6												
7												
8												
9												
10												
									TOTAL PRODUCTION (19) (22)			
									TOTAL INJECTION (19) (23)			

(21)  CHECK IF PART A IS CONTINUED

WARNING: This is to inform you that failure to report accurately and timely in accordance with the statute, regulations, or terms of the lease, permit, or contract may result in late payment charges, civil penalties, or liquidated damages being assessed without further notification. Intentional false or inaccurate reporting is subject to criminal prosecution in accordance with applicable Federal law(s).

CONTACT NAME: (First, M.I., Last) (30) (24)

TELEPHONE NUMBER: (10) (25) ( ) ( ) ( ) ( )

EXTENSION NUMBER: (4) ( ) ( )

AUTHORIZING NAME: (First, M.I., Last) (30) (26)

TITLE: (30) (27)

AUTHORIZING SIGNATURE: (28)

DATE: (6) MMDDYY (29)

COMMENTS: (60) (30)

(OMB 1010-0040)  
 (Expires July 31, 1998)  
 The Paperwork Reduction Act of 1990 (44 U.S.C. 3501 et seq.) requires us to inform you that this information is being collected to determine where production is measured and/or transferred for royalty determination purposes. MMS will use this information to assure that all production is accounted for properly.

REPORTER USE

U.S. DEPARTMENT OF THE INTERIOR  
 Minerals Management Service  
 Royalty Management Program

OIL AND GAS OPERATIONS REPORT  
 PART B - PRODUCT DISPOSITION  
 (OGOR-B)

CURRENT  
 FORM

FEDERAL   
 or  
 INDIAN

MMS USE

REPORT TYPE: <input type="checkbox"/> ORIGINAL <input type="checkbox"/> MODIFIED	REPORT PERIOD: (4) MMY	MMS OPERATOR NUMBER: (5)
OPERATOR NAME: (30)	OPERATOR LEASE, UNIT, OR COMMUNITIZATION NUMBER: (20)	
OPERATOR LEASE, UNIT, OR COMMUNITIZATION NAME: (30)	MMS LEASE, UNIT, OR COMMUNITIZATION NUMBER: (11)	AGENCY LEASE/AGREEMENT NUMBER: (25)

LINE NUMBER (1)	ACTION CODE (2)	DISPOSITION CODE (3)	METERING POINT (11) (34)	GAS PLANT (11) (35)	API GRAVITY/STU (9) (36)	DISPOSITION VOLUMES (37)		
						OIL/CONDENSATE (BBL) (9)	GAS (MCF) (9)	WATER (BBL) (9)
1								
2								
3								
4								
5								
6								
7								
8								
9								
10								
TOTAL DISPOSITIONS (10) (39)								

(38)  
 CHECK IF PART B IS CONTINUED

WARNING: This is to inform you that failure to report accurately and timely in accordance with the statutes, regulations, or terms of the lease, permit, or contract may result in late payment charges, civil penalties, or liquidated damages being assessed without further notification. Intentional false or inaccurate reporting is subject to criminal prosecution in accordance with applicable Federal law(s).

CONTACT NAME: (First, M.I., Last) (30)	TELEPHONE NUMBER: (10)	EXTENSION NUMBER: (4)
AUTHORIZING NAME: (First, M.I., Last) (30)	TITLE: (30)	
AUTHORIZING SIGNATURE:	DATE: (6) MMDDYY	COMMENTS: (80)

(OMB 1010-0040)  
 (Expires July 31, 1998)  
 The Paperwork Reduction Act of 1980 (44 U.S.C. 3501 et seq.) requires us to inform you that this information is being collected to determine where production is measured and/or transferred for royalty determination purposes. MMS will use this information to assure that all production is accounted for properly.

REPORTER USE

U.S. DEPARTMENT OF THE INTERIOR  
 Minerals Management Service  
 Royalty Management Program

OIL AND GAS OPERATIONS REPORT  
 PART C -PRODUCT SALES  
 FROM FACILITY  
 (OGOR-C)

CURRENT  
 FORM

FEDERAL   
 or  
 INDIAN  MMS USE

REPORT TYPE:  ORIGINAL  MODIFIED

REPORT PERIOD: (4) MMY

MMS OPERATOR NUMBER: (9)

OPERATOR NAME: (30)

OPERATOR LEASE, UNIT, OR COMMUNITIZATION NUMBER: (20)

OPERATOR LEASE, UNIT, OF COMMUNITIZATION NAME: (30)

MMS LEASE, UNIT, OR COMMUNITIZATION NUMBER: (11)

AGENCY LEASE/AGREEMENT NUMBER: (25)

LINE NUMBER (1)	FACTORY CODE (1) PRODUCT CODE (2)	FACILITY NUMBER (11) (43)	METERING POINT (11) (44)	API GRAVITY/STU (5) (45)	BEGINNING INVENTORY (9) (46)	PRODUCTION (9) (47)	SALES (9) (48)	ADJUSTMENTS (49)		ENDING INVENTORY (9) (50)
								CODE (2)	VOLUME (9)	
1										
2										
3										
4										
5										
6										
7										
8										
9										
10										
				(52) TOTALS (10)						

(51)  CHECK IF PART C IS CONTINUED

WARNING: This is to inform you that failure to report accurately and timely in accordance with the statutes, regulations, or terms of the lease, permit, or contract may result in late payment charges, civil penalties, or liquidated damages being assessed without further notification. Intentional false or inaccurate reporting is subject to criminal prosecution in accordance with applicable Federal law(s).

CONTACT NAME: (First, M.I., Last) (30)

AUTHORIZING NAME: (First, M.I., Last) (30)

AUTHORIZING SIGNATURE:

TELEPHONE NUMBER: (10)

TITLE: (30)

DATE: (9) MMYYY

COMMENTS: (80)

EXTENSION NUMBER: (4)

OMB 1010-0040  
 (Expires July 31, 1998)  
 The Paperwork Reduction Act of 1980 (44 U.S.C. 3501 et seq.) requires that we inform you that this information is being collected to determine the percentage of product to be allocated back to each lease after being commingled. MMS will use this information to compute the amount of royalty due for each lease.

U.S. DEPARTMENT OF THE INTERIOR  
 Minerals Management Service  
 Royalty Management Program

②

MMS USE

①

REPORTER USE

PRODUCTION ALLOCATION  
 SCHEDULE REPORT  
 (PASR)

REPORT TYPE: <input type="checkbox"/> ORIGINAL <input type="checkbox"/> MODIFIED <span style="float: right;">③</span>	REPORT PERIOD: (4) MMY <span style="float: right;">④</span>	MMS OPERATOR NUMBER: (5) <span style="float: right;">⑤</span>
OPERATOR NAME: (30) <span style="float: right;">⑥</span>	FACILITY/MEASUREMENT POINT NUMBER: (11) <span style="float: right;">⑦</span>	PRODUCT CODE: (2) <span style="float: right;">⑧</span>
OUTPUT FACILITY/MEASUREMENT POINT: (11) <span style="float: right;">⑨</span>	SALES FACILITY/MEASUREMENT POINT: (11) <span style="float: right;">⑩</span>	API GRAVITY/BTU: (5) <span style="float: right;">⑪</span>

LINE NUMBER	ACTION CODE (1)	METERING POINT (11)	MMS LEASE, UNIT, OR COMMUNITIZATION NUMBER (11)	VOLUMES	
				DELIVERED PRODUCTION (9)	SALES/TRANSFERS (9)
01					
02					
03					
04					
05					
06					
07					
08					
09					
10					
11					
12					
13					
14		OTHER SOURCES			
15		OTHER SOURCES			
TOTALS: (10)					
				BEGINNING INVENTORY (9)	ENDING INVENTORY (9) <span style="float: right;">⑬</span>

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CONTACT NAME: (First, M.I., Last) (30) <span style="float: right;">⑭</span>	PHONE NUMBER: (10) <span style="float: right;">⑮</span>	EXTENSION NUMBER: (4) <span style="float: right;">⑯</span>
AUTHORIZING NAME: (First, M.I., Last) (30) <span style="float: right;">⑰</span>	TITLE: (30) <span style="float: right;">⑱</span>	
AUTHOI <span style="float: right;">⑲</span>	DATE: (6) MMDDYY <span style="float: right;">⑳</span>	COMMENTS: (60) <span style="float: right;">㉑</span>

OMB 1010-0040  
 (Expires July 31, 1998)  
 The Paperwork Reduction Act of 1980 (44 U.S.C. 3501 et seq.) requires us to inform you that this information is being collected to determine expected residue and natural gas liquid production from Federal and Indian leases. MMS will use this information to determine specific production on which royalty is due.

U.S. DEPARTMENT OF THE INTERIOR  
 Minerals Management Service  
 Royalty Management Program

②

MMS USE

①

REPORTER USE

GAS PLANT OPERATIONS REPORT  
 (GPOR)

REPORT TYPE:  ORIGINAL ③  MODIFIED

REPORT PERIOD: (4) MMY ④ MMS OPERATOR NUMBER: (5) ⑤

OPERATOR NAME: (30) ⑥ OPERATOR FACILITY NUMBER: (20) ⑦

GAS PLANT NAME: (30) ⑧ MMS FACILITY NUMBER: (11) ⑨

PLANT VOLUMES (MCF) ⑩

FIELD: (9) BY-PASS: (9) RESIDUE: (9) GPM: (5)

FUEL: (9) FLARE: (9) SHRINKAGE: (9) BTU: (4)

⑪ VOLUME: (9) (BBL) API GRAVITY: (3)

SCRUBBER CONDENSATE

LINE NUMBER	ACTION CODE (1)	COMPONENT (19)	PRODUCT CODE (2)	INLET ANALYSIS (MOL %) (5)	RESIDUE ANALYSIS (MOL %) (5)	NGL PRODUCTION VOLUMES (GAL.) (9)	OTHER COMPONENT PRODUCT VOLUMES (9)
01		CARBON DIOXIDE	17				
02		NITROGEN	09				
03		HYDROGEN SULFIDE	31				
04		METHANE	06				
05		ETHANE	50				
06		PROPANE	51				
07		I-BUTANE	52				
08		N-BUTANE	53				
09		I-PENTANE	54				
10		N-PENTANE	55				
11		HEXANE-PLUS	56				
12							
13							
14							
15							
16							
17							
18							
19		SULFUR (LONG TONS)	19				
20		SULFUR (LONG TONS)	19				
TOTAL (10)			⑫	100.000% *	100.000% *		

⑬  CHECK IF CONTINUED

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CONTACT NAME: (First, M.I., Last) (30) ⑭ PHONE NUMBER: (10) ( ⑮ ) ( ) - ( ) ( ) EXTENSION NUMBER: (4)

AUTHORIZING NAME: (First, M.I., Last) (30) ⑯ TITLE: (30) ⑰

AUTHORIZING SIGNATURE: ⑱ DATE: (6) MMDDYY COMMENTS: (60) ⑳





(OMB 1010-0040)  
 (Expires July 31, 1998)  
 The Paperwork Reduction Act of 1980 (44U.S.C. 3501 et seq.) requires us to inform you that this information is being collected to determine where production is measured and/or transferred for royalty determination purposes. MMS will use this information to assure that all production is accounted for properly.

**DRAFT**  
**5/1/96**

**OIL AND GAS OPERATIONS REPORT**  
**PART A - WELL PRODUCTION**  
**(OGOR-A)**

INDIAN

MMS USE

REPORT TYPE: <input type="checkbox"/> ORIGINAL <input type="checkbox"/> MODIFIED	PRODUCTION MONTH: MMY (4)	MMS OPERATOR NUMBER: (5)
OPERATOR NAME: (30)		OPERATOR LEASE, UNIT, OR COMMUNITIZATION NUMBER: (20)
OPERATOR LEASE, UNIT, OR COMMUNITIZATION NAME: (30)		MMS LEASE, UNIT, OR COMMUNITIZATION NUMBER: (11)      AGENCY LEASE/AGREEMENT NUMBER: (25)

LINE NUMBER ACTION CODE (1)	API WELL NUMBER (12)				PRODUCING INTERVAL (3)	OPERATOR WELL NUMBER (12)	WELL CODE (4)	DAYS PRODUCED (2)	PRODUCTION VOLUMES			INJECTION VOLUME (BBL/MCF) (9)
	STATE (2)	COUNTY (3)	SEQUENCE (5)	SIDE TRACK (2)					OIL/CONDENSATE (BBL) (9)	GAS (MCF) (9)	WATER (BBL) (9)	
1												
2												
3												
4												
5												
6												
7												
8												
9												
10												

CHECK IF PART A IS CONTINUED

WARNING: This is to inform you that failure to report accurately and timely in accordance with the statutes, regulations, or terms of the lease, permit, or contract may result in late payment charges, civil penalties, or liquidated damages being assessed without further notification. Intentional false or inaccurate reporting is subject to criminal prosecution in accordance with applicable Federal law(s).

TOTAL PRODUCTION (10)

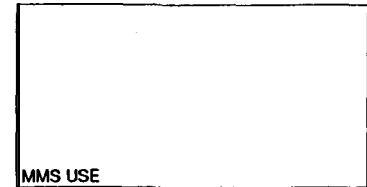
TOTAL INJECTION (10)

CONTACT NAME: (First, M.I., Last) (30)	TELEPHONE NUMBER: (10) ( ) ( ) ( ) ( ) ( ) ( )	EXTENSION NUMBER: (4) ( ) ( ) ( ) ( )
AUTHORIZING SIGNATURE:	DATE: (8) MMDDYY 	COMMENTS: (60)

(OMB 1010-0040)  
 (Expires July 31, 1998)  
 The Paperwork Reduction Act of 1980 (44 U.S.C. 3501 et seq.) requires us to inform you that this information is being collected to determine where production is measured and/or transferred for royalty determination purposes. MMS will use this information to assure that all production is accounted for properly.

U.S. DEPARTMENT OF THE INTERIOR  
 Minerals Management Service  
 Royalty Management Program

DRAFT  
 5/1/96



OIL AND GAS OPERATIONS REPORT  
 PART B-PRODUCT DISPOSITION  
 (OGOR-B)

INDIAN  MMS USE

REPORT TYPE: <input type="checkbox"/> ORIGINAL	PRODUCTION MONTH: (4) MMY	MMS OPERATOR NUMBER: (5)
<input type="checkbox"/> MODIFIED		
OPERATOR NAME: (30)		OPERATOR LEASE, UNIT, OR COMMUNITIZATION NUMBER: (20)
OPERATOR LEASE, UNIT, OR COMMUNITIZATION NAME: (30)		MMS LEASE, UNIT, OR COMMUNITIZATION NUMBER: (11)      AGENCY LEASE/AGREEMENT NUMBER: (25)

Disposition Information

Inventory

LINE NUMBER ACTION CODE (1)	DISPOSITION CODE (2)	METERING POINT (11)	GAS PLANT (11)	API GRAVITY/ BTU (5)	DISPOSITION VOLUMES			FACILITY NUMBER (11)	BEGINNING INVENTORY (9)	PRODUCTION (9)	ADJUSTMENTS		ENDING INVENTORY (9)
					OIL/CONDENSATE (BBL) (9)	GAS (MCF) (9)	WATER (BBL) (9)				CODE (1)	VOLUME (9)	
1													
2													
3													
4													
5													
6													
7													
8													
9													
10													
<b>TOTAL DISPOSITIONS (10)</b>								<b>TOTALS (10)</b>					

CHECK IF PART B IS CONTINUED

WARNING: This is to inform you that failure to report accurately and timely in accordance with the statutes, regulations, or terms of the lease, permit, or contract may result in late payment charges, civil penalties, or liquidated damages being assessed without further notification. Intentional false or inaccurate reporting is subject to criminal prosecution in accordance with applicable Federal law(s).

CONTACT NAME: (First, M.I., Last) (30)	TELEPHONE NUMBER: (10) ( ) ( ) ( ) ( ) ( ) ( ) ( ) ( ) ( ) ( )	EXTENSION NUMBER: (4) ( ) ( ) ( ) ( )
AUTHORIZING SIGNATURE:	DATE: (8) MMDDYY 	COMMENTS: (60)

**APPENDIX D  
PRODUCTION REPORTING  
SOLID MINERALS OPERATIONS AND FACILITY REPORTS  
(SMOR AND SMFR), FORMS MMS-4059 AND MMS-4060  
FIELD-BY-FIELD REVIEW**

<b>Field</b>	<b>Report item</b>	<b>Recommendations</b>	<b>Comments</b>
<b>SMOR A AND B HEADER INFORMATION</b>			SMOR-B header fields are eliminated due to consolidation of SMOR A and B. Listed below are SMOR-A header revisions:
Reporter Use	1	Eliminate field	No editing performed
MMS Use	2	Retain field	Expand "MMS USE" block to handle bar coding label
Federal or Indian	3	Retain Indian Block Delete Federal Block	No editing performed
Report Type	4	Retain field	Review and revise edit use
Effective Report Period	5	Retain field	Review edit use
MMS Operator Number	6	Retain field	Review edit use
MSHA Mine Number	7	Retain field	Review edit use
Operator Name	8	Retain field	No editing performed
Mine Name	9	Retain field	No editing performed
<b>SMOR-A DETAIL INFORMATION</b>			Consolidation of SMOR A and B will require major edit revisions.
Line Number	10	Retain field	Use on preprinted and facsimile form only

*Recommendations to Improve Royalty  
Reporting and Production Accounting*

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<b>Field</b>	<b>Report item</b>	<b>Recommendations</b>	<b>Comments</b>
Action Code	11	Retain field	Change reporting requirements and revise edits
MMS Lease Number	12	Retain field	Review edit use
Product Code	13	Retain field	Review and revise edit use
Beginning Inventory	14	Retain field	Review edit use
Quantity Produced	15	Retain field	Review and revise edit use
Losses from Production	16	Eliminate field	Report losses from primary processing as a disposition.
Net Production	17	Eliminate field	Delete associated edits
Quality Code	18	Retain field	Review edit use
Analysis	19	Retain field	Review edit use
Disposition Code	20	Retain field	Review and revise edit use
Quantity	21	Retain field	Review edit use
Facility Number of Transfers	22	Retain field	Modify edit use and change name to "FACILITY NUMBER"
Measurement Point	23	Retain field	Review edit use
Ending Inventory	24	Retain field	Review edit use
Grand Totals (Last SMOR-A Pg Only)	25	Eliminate field	Delete associated edits
Check if Part A is continued	26	Eliminate field	Delete associated edits

Field	Report item	Recommendations	Comments
<b>SMOR-B DETAIL INFORMATION</b>			SMOR-B detail fields are eliminated, due to consolidation of SMOR A and B.
Line Number	36	Eliminate field	Delete associated edits
Action Code	37	Eliminate field	Delete associated edits
Source MMS Lease Number	38	Eliminate field	Delete associated edits
Product Code	39	Eliminate field	Delete associated edits
Selling Facility Number	40	Eliminate field	Delete associated edits
Sales Quantity	41	Eliminate field	Delete associated edits
Grand Total (Last SMOR-B Pg Only)	42	Eliminate field	Delete associated edits
Check if Part B is Continued	43	Eliminate field	Delete associated edits
<b>SMOR A AND B TRAILER INFORMATION</b>			SMOR-B trailer fields are eliminated, due to consolidation of SMOR A and B. Listed below are SMOR-A trailer revisions:
Contact Name	27	Retain field	No editing performed
Telephone Number	28	Retain field	Review and revise edits
Extension Number	29	Retain field	No editing performed
Authorizing Name	30	Eliminate field	Delete associated edits

*Recommendations to Improve Royalty  
Reporting and Production Accounting*

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<b>Field</b>	<b>Report item</b>	<b>Recommendations</b>	<b>Comments</b>
Title	31	Eliminate field	No editing performed
Authorizing Signature	32	Retain field	Review and revise edits
Date: MMDDYY	33	Retain field	Review and revise edits
Comments	34	Retain field	Review and revise edits
Page of	35	Retain field	Review and revise edits
<b>SMFR A AND B HEADER INFORMATION</b>			SMFR-A header fields are eliminated, due to consolidation of SMFR A and B. Listed below are SMFR-B header revisions:
Reporter Use	1	Eliminate field	No editing performed
MMS Use	2	Retain field	Expand "MMS USE" block to handle bar coding label
Federal or Indian	3	Retain Indian Block Delete Federal Block	No editing performed
Report Type	4	Retain field	Review and revise edit use
Effective Report Period	5	Retain field	Review edit use
MMS Operator Number	6	Retain field	Review edit use
Operator Name	7	Retain field	No editing performed
MMS Facility Number	8	Retain field	Review edit use
Facility Name	9	Retain field	No editing performed
Operator's Facility Number	10	Eliminate field	Delete associated edits

Field	Report item	Recommendations	Comments
<b>SMFR-A DETAIL INFORMATION</b>			Some of the SMFR-A detail fields are eliminated and some are moved to SMFR-B, due to the consolidation of SMFR A and B.
Line Number	11	Eliminate field	Delete associated edits
Action Code	12	Eliminate field	Delete associated edits
Source MSHA Mine Number	13	Eliminate field	Delete associated edits
Product Code	14	Eliminate field	Delete associated edits
Quantity (Process Input)	15	Retain field	Move field to SMFR-B detail and revise edits.
Quality Code	16	Retain field	Move field to SMFR-B detail and revise edits.
Analysis	17	Retain field	Move field to SMFR-B detail and revise edits.
Product Code	18	Eliminate field	Delete associated edits
Quantity (Process Output)	19	Retain field	Move field to SMFR-B detail and revise edits.
Quality Code	20	Eliminate field	Delete associated edits
Analysis	21	Eliminate field	Delete associated edits
Grand Totals (Last SMFR-A Pg Only)	22	Eliminate field	Delete associated edits
Check if Part A is Continued	23	Eliminate field	Delete associated edits

*Recommendations to improve Royalty  
Reporting and Production Accounting*

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<b>Field</b>	<b>Report Item</b>	<b>Recommendations</b>	<b>Comments</b>
<b>SMFR-B DETAIL INFORMATION</b>			Consolidation of SMFR A and B will require major edit revisions.
Line Number	33	Retain field	Use on preprinted and facsimile form only
Action Code	34	Retain field	Change reporting requirements and revise edits
Product Code	35	Retain field	Review and revise edits
Source MSHA Mine Number	36	Retain field	Review and revise edits
Beginning Inventory	37	Retain field	Review and revise edits
Raw Material Receipts	38	Eliminate field	Delete associated edits
Production	39	Eliminate field	Delete associated edits
Disposition Code	40	Retain field	Review and revise edits
Quantity	41	Retain field	Review and revise edits
Facility Number for Transfers	42	Retain field	Modify edit use and change name to "FACILITY NUMBER"
Measurement Point	43	Retain field	Review and revise edits
Ending Inventory	44	Retain field	Review and revise edits
Grand Totals (Last SMFR-B Pg Only)	45	Eliminate field	Delete associated edits
Check if Part B is Continued	46	Eliminate field	Delete associated edits



Field	Report item	Recommendations	Comments
<b>SMFR A AND B TRAILER INFORMATION</b>			SMFR-A trailer fields are eliminated, due to consolidation of SMFR A and B. Listed below are SMFR-B revisions:
Contact Name	24	Retain field	No editing performed
Telephone Number	25	Retain field	Review and revise edits
Extension Number	26	Retain field	No editing performed
Authorizing Name	27	Eliminate field	Delete associated edits
Title	28	Eliminate field	No editing performed
Authorizing Signature	29	Retain field	Review and revise edits
Date: MMDDYY	30	Retain field	Review and revise edits
Comments	31	Retain field	Review and revise edits
Page of	32	Retain field	Review and revise edits

DMS 1010-0053  
 Expires October 31, 1988  
 The Paperwork Reduction Act of 1980  
 (44 U.S.C. 3501 et seq.) requires us to  
 inform you that this information is being  
 collected to document solid minerals  
 production, disposition, and sales from  
 Federal and Indian leases. MMS uses  
 the information to reconcile source  
 production to sales and disposition  
 from the lease.

1  
 REPORTER USE

U.S. DEPARTMENT OF THE INTERIOR  
 Minerals Management Service  
 Royalty Management Program  
 SOLID MINERALS OPERATIONS REPORT  
 PART A - PRODUCTION AND DISPOSITION  
 OF RAW MATERIALS  
 (SMOR-A)

3 FEDERAL   
 or  
 INDIAN

2  
 MMS USE

REPORT TYPE:  ORIGINAL  MODIFIED 4  
 EFFECTIVE REPORT PERIOD: (4) MMYY 6  
 MMS OPERATOR NUMBER (9) 6  
 MBHA MINE NUMBER (8) 7  
 OPERATOR NAME: (30) 8  
 MINE NAME: (30) 9

10 LINE NUMBER (1)	11 ACTION CODE (1)	12 MMS LEASE NUMBER (10)	13 PRODUCT CODE (5)	14 BEGINNING INVENTORY (9)	15 QUANTITY PRODUCED (9)	16 LOSSES FROM PRODUCTION (9)	17 NET PRODUCTION (9)	18 QUALITY CODE (3)	19 ANALYSIS (8)	20 DISPOSITION CODE (5)	DISPOSITIONS			24 ENDING INVENTORY (9)
											21 QUANTITY (9)	22 FACILITY NUMBER FOR TRANSFERS (11)	23 MEASUREMENT POINT (11)	
1														
2														
3														
4														
5														
6														
7														
8														
9														
10														
GRAND TOTALS (LAST SMOR-A PAGE ONLY) 25														

26 CHECK IF PART A IS CONTINUED  
 WARNING: This is to inform you that failure to report accurately and timely in accordance with the statutes, regulations, or terms of the lease, permit, or contract may result in late payment charges, civil penalties, or liquidated damages being assessed without further notification. Intentional false or inaccurate reporting is subject to criminal prosecution in accordance with applicable Federal law(s).

CONTACT NAME: (First, M.I., Last) (30) 27  
 TELEPHONE NUMBER: (10) (28) EXTENSION NUMBER: (4) (29)  
 AUTHORIZING NAME: (First, M.I., Last) (30) 30  
 TITLE: (30) (31)  
 AUTHORIZING SIGNATURE: (32) DATE: (8) MMDDYY (33)  
 COMMENTS: (80) (34)

FOR ILLUSTRATIVE PURPOSES ONLY

OMB 1010-0063

Expires October 31, 1996  
Paperwork Reduction Act  
44 U.S.C. et seq.  
Requires us to inform you that this information is being collected to document amounts and types of solid minerals from a Federal or Indian lease sold after secondary processing. MMS uses the information to allocate sales back to the proper lease and to reconcile sales and disposition to lease production.

1

**REPORTER USE**

U.S. DEPARTMENT OF THE INTERIOR  
Minerals Management Service  
Royalty Management Program

**SOLID MINERALS OPERATIONS REPORT  
PART B - MINE SALES FROM A FACILITY  
(SMOR-B)**

3 FEDERAL   
or  
INDIAN

2

**MMS USE**

REPORT TYPE:  ORIGINAL 4  MODIFIED

EFFECTIVE REPORT PERIOD:(4)MMYY 5

MMS OPERATOR NUMBER:(5) 6

MSHA MINE NUMBER:(8) 7

OPERATOR NAME:(30) 8

MINE NAME: (30) 9

LINE NUMBER (36)	ACTION CODE(1) (37)	SOURCE MMS LEASE NUMBER (10) (38)	PRODUCT CODE (2) (39)	SELLING FACILITY NUMBER (11) (40)	SALES QUANTITY (9) (41)
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
<b>GRAND TOTAL (LAST SMOR-B PAGE ONLY)</b> (42)					

43  CHECK IF PART B IS CONTINUED

CONTACT NAME: (First, M.I., Last) (30) (27)

TELEPHONE NUMBER:(10) (28)

EXTENSION NUMBER:(4) (29)

AUTHORIZING NAME: (First, M.I., Last) (30) (30)

TITLE:(30) (31)

AUTHORIZING SIGNATURE: (32)

DATE:(6)MMDDYY (33)

COMMENTS:(60) (34)

FOR ILLUSTRATIVE PURPOSES ONLY

U.S. DEPARTMENT OF THE INTERIOR  
 Minerals Management Service  
 Royalty Management Program

SOLID MINERALS FACILITY REPORT  
 PART A - PROCESS OPERATIONS  
 (SMFR-A)

FEDERAL   
 or  
 INDIAN

MMS USE

1  
 REPORTER USE

2

PROPRIETARY - FOR U.S. GOVERNMENT USE ONLY

REPORT TYPE:  ORIGINAL 4  MODIFIED

EFFECTIVE REPORT PERIOD: (4) MMY Y Y Y Y

MMS OPERATOR NUMBER: (5) 6

OPERATOR NAME: (30) 7

MMS FACILITY NUMBER: (11) 8

FACILITY NAME: (30) 9

OPERATOR'S FACILITY NUMBER: (20) 10

11 LINE NUMBER ACTION CODE (1)	SOURCE MSHA MINE NUMBER (8) 13	PROCESS INPUTS			PROCESS OUTPUTS			
		PRODUCT CODE (2) 14	QUANTITY (9) 15	QUALITY CODE (2) 16	ANALYSIS (8) 17	PRODUCT CODE (2) 18	QUANTITY (9) 19	QUALITY CODE (2) 20
1 12					.			.
2					.			.
3					.			.
4					.			.
5					.			.
6					.			.
7					.			.
8					.			.
9					.			.
10					.			.
23 GRAND TOTALS (LAST SMFR-A PAGE ONLY) 22								

CHECK IF PART A IS CONTINUED

CONTACT NAME: (First, M.I., Last) (30) 24

TELEPHONE NUMBER: (10) 25 EXTENSION NUMBER: (4) 26

AUTHORIZING NAME: (First, M.I., Last) (30) 27

TITLE: (30) 28

AUTHORIZING SIGNATURE: 29

DATE: (6) MMDDYY 30

COMMENTS: (60) 31

FOR ILLUSTRATIVE PURPOSES ONLY

U.S. DEPARTMENT OF THE INTERIOR  
 Minerals Management Service  
 Royalty Management Program

SOLID MINERALS FACILITY REPORT  
 PART B - INVENTORY  
 (SMFR-B)

FEDERAL   
 or  
 INDIAN

MMS USE

1  
 REPORTER USE

2

REPORT TYPE:  ORIGINAL  MODIFIED (4)  
 EFFECTIVE REPORT PERIOD: (4) MM/YY (5)  
 MMS OPERATOR NUMBER: (5) (6)  
 OPERATOR NAME: (30) (7)  
 MMS FACILITY NUMBER: (11) (8)  
 FACILITY NAME: (30) (9)  
 OPERATOR'S FACILITY NUMBER: (20) (10)

LINE NUMBER (33)	ACTION CODE (34)	PRODUCT CODE (2)	SOURCE MSHA MINE NUMBER (8) (36)	BEGINNING INVENTORY (9) (37)	RAW MATERIAL RECEIPTS (9) (38)	PRODUCTION (9) (39)	DISPOSITION CODE (2)	DISPOSITIONS			ENDING INVENTORY (9) (44)
								QUANTITY (9) (41)	FACILITY NUMBER FOR TRANSFERS (11) (42)	MEASUREMENT POINT (11) (43)	
1											
2											
3											
4											
5											
6											
7											
8											
9											
10											
GRAND TOTAL (LAST SMFR-B PAGE ONLY)			(45)								

46 CHECK IF PART B IS CONTINUED

CONTACT NAME: (First, M.I., Last) (30) (24) TELEPHONE NUMBER: (10) (25) EXTENSION NUMBER: (4) (26)

AUTHORIZING NAME: (First, M.I., Last) (30) (27) TITLE: (30) (28)

AUTHORIZING SIGNATURE: (29) DATE: (6) MMDDYY (30) COMMENTS: (60) (31)

FOR ILLUSTRATIVE PURPOSES ONLY



# DRAFT

U.S. DEPARTMENT OF THE INTERIOR  
Minerals Management Service  
Royalty Management Program

SOLID MINERALS FACILITY REPORT  
(SMFR)

INDIAN

MMS USE
---------

REPORT TYPE: <input type="checkbox"/> ORIGINAL <input type="checkbox"/> MODIFIED	EFFECTIVE REPORT PERIOD:(4)MMYY <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	MMS OPERATOR NUMBER:(5) <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
OPERATOR NAME:(30) <input type="text"/>		MMS FACILITY NUMBER: (11) <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
FACILITY NAME: (30) <input type="text"/>		

LINE NUMBER	ACTION CODE(1)	PRODUCT CODE (2)	SOURCE MSHA MINE NUMBER (8)	BEGINNING INVENTORY (9)	PROCESS INPUTS (9)	PROCESS OUTPUTS (9)	QUALITY CODE (2)	ANALYSIS (8)	DISPOSITION CODE (2)	DISPOSITIONS			ENDING INVENTORY (9)
										QUANTITY (9)	FACILITY NUMBER (11)	MEASUREMENT POINT (11)	
1								.					
2								.					
3								.					
4								.					
5								.					
6								.					
7								.					
8								.					
9								.					
10								.					

CONTACT NAME: <i>(First, M.I., Last)</i> (30) <input type="text"/>	TELEPHONE NUMBER:(10) <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	EXTENSION NUMBER:(4) <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
AUTHORIZING SIGNATURE: <input type="text"/>		DATE:(6)MMDDYY <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
COMMENTS:(60) <input type="text"/>		

**APPENDIX E  
ROYALTY REPORTING  
PAYOR INFORMATION FORM (PIF), FORM MMS-4025  
FIELD-BY-FIELD REVIEW**

<b>Field</b>	<b>Report item</b>	<b>Recommendations</b>	<b>Comments</b>
<b>SECTION I—PAYOR INFORMATION</b>			
Payor Name	1	Retain field	Optional for electronic files Mandatory for paper files
Payor Code	2	Retain field	Required to process PIF
Person to contact	3	Retain field	Required to process PIF
Area Code- Telephone No.- Extension	4	Retain field	Required to process PIF
Authorized signature	5	Retain field	Required to process PIF
Date	6	Retain field	Required to process PIF
<b>SECTION II—LEASE INFORMATION</b>			
BLM/OCS Lease No. Or BIA Contract No.	7	Retain field	Combined into one field; payor reports either/or number.
MMS Lease No.	8	Retain field	Combined into one field; payor reports either/or number.



*Recommendations to Improve Royalty  
Reporting and Production Accounting*

<b>Field</b>	<b>Report item</b>	<b>Recommendations</b>	<b>Comments</b>
<b>SECTION III A.) LEASE LEVEL PAYMENTS</b>			
Add-Change-Delete	9	Eliminate field	Use start date or end date
Start Date	10	Retain field	To establish payment transactions
End Date	11	Retain field	To end payment transactions
Rental (RN)	12	Eliminate field	Requirement to submit PIF for lease level obligations is eliminated. The lease/payor code link/structure to be created from the Form MMS-2014 line when a payment is made. Eliminate edit on Form MMS-2014 that requires a PIF for these.
Minimum Royalty (MR)	13	Eliminate field	Same comment as Report Item 12
Rent Recoupment (RR)	14	Eliminate field	Same comment as Report Item 12
Other (Well Fees, Gas Storage, etc.)	15	Eliminate field	Same comment as Report Item 12
<b>SECTION III B.) ROYALTIES ON PRODUCTION</b>			
Royalty Rate	16	Retain field	Complete only if lease has multiple royalty rates
Revenue Source Code	17	Retain field	Needed for end dating payor transactions
Your Internal ID (Name/No.)	18	Retain field	Helpful for payor

<b>Field</b>	<b>Report item</b>	<b>Recommendations</b>	<b>Comments</b>
Unitized Production Allocation	19	Eliminate field	Redundant—use unit name field
Communitized Production Allocation	20	Eliminate field	Redundant—use participating area/formation field
Lease Production	21	Eliminate field	Not needed—in MMS data base
Compensatory Royalty	22	Retain field	No other indicator in system for compensatory royalty revenue source
<b>SECTION III</b>			
<b>C.) UNIT/COMM AGREEMENT DATA</b>			
Unit Name (Comm. Well Name)	23	Retain field	Complete for Unit/Comm. Production
Participating Area (Comm. Formation)	24	Retain field	Complete for Unit/Comm. Production
BLM/OCS Agreement No.	25	Retain field	Combined into one field—BLM/OCS or MMS Agreement Number
MMS Agreement No.	26	Retain field	Combined into one field—BLM/OCS or MMS Agreement Number
Tract No.	27	Eliminate field	Not needed—in MMS data base
Tract %	28	Eliminate field	Not needed—in MMS data base

*Recommendations to Improve Royalty  
Reporting and Production Accounting*

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<b>Field</b>	<b>Report item</b>	<b>Recommendations</b>	<b>Comments</b>
<b>SECTION III D.) WELL DATA</b>			
Well Name	29	Eliminate field	No editing performed for these fields. Accurate information is available on the system "Well Inquiry."
Formation	30	Eliminate field	Same as Report Item 29
API Well No.	31	Eliminate field	Same as Report Item 29
Location	32	Eliminate field	Same as Report Item 29
Comments	33	Retain field	Combined with Internal ID field
<b>PAGE 2—HEADER</b>			
Payor Name	34	Eliminate field	PIF consolidated onto one page. All of these fields are on the one page PIF.
Payor Code	35	Eliminate field	Same as Report Item 34
BLM/OCS Lease No. Or BIA Contract No.	36	Eliminate field	Same as Report Item 34
MMS Lease No.	37	Eliminate field	Same as Report Item 34
R/S Code	38	Eliminate field	Same as Report Item 34
<b>SECTION IV—SELLING ARRANGEMENTS</b>			
Add-Change-Delete	39	Eliminate field	Use start date or end date

<b>Field</b>	<b>Report Item</b>	<b>Recommendations</b>	<b>Comments</b>
Start Date	40	Eliminate field	PIF consolidated onto one page. These data fields are on the one page PIF.
End Date	41	Eliminate field	Same as Report Item 40
S/A Code	42	Eliminate field	Requirement for allowance form filing on Federal Leases has been discontinued. If S/A is necessary, a Form MMS-2014 code will be created.
Product Description	43	Eliminate field	Redundant data—use Product code
Product Code	44	Retain field as optional	Reported on Form MMS-2014. Optional for payors who want product codes to preprint on Model 2014. Eliminate "AP" edit; edit on Form MMS-2014 will be modified to determine only if a valid product code is reported.
The Buyer, Seller, RIK Refiner	45	Eliminate field	See comments by S/A Code. RIK refiner not on PIF because MMS establishes refiner.
Name	46	Eliminate field	Same as Report Item 45
Code	47	Eliminate field	Same as Report Item 45
Spot Sale	48	Eliminate field	See comments by S/A code
Royalty-in-Kind	49	Eliminate field	Reporting responsibility established by MMS—not needed on PIF
RIK Contract Number	50	Eliminate field	Same as Report Item 49

*Recommendations to Improve Royalty  
Reporting and Production Accounting*

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<b>Field</b>	<b>Report item</b>	<b>Recommendations</b>	<b>Comments</b>
Name of company for which allowance applies	51	Eliminate field	Requirement for allowance form filing on Federal leases has been discontinued. Any identifiers necessary will be on Form MMS-2014.
Code	52	Eliminate field	Same as Report Item 51
Is Allowance Arm's Length?	53	Eliminate field	Same as Report Item 51
Comments	54	Retain field	Combined with Internal ID field
<b><i>ADDED FIELD TO NEW PIF</i></b>			
Employer Identification Number		Retain field	Needed for refunds and debt collection

# PAYOR INFORMATION FORM

OMB 1010-0033  
 (Expires June 30,1997)  
 The Paperwork Reduction Act of 1980 (44 USC. 3501 et seq.) requires us to inform you that this information is being collected to set up an automated accounting data base for Federal and Indian oil and gas lease production and sales. MMS will use the information to monitor and collect rents and royalties due the Government and Indians.

Public reporting burden for this form is estimated to average one-half hour per response, including the time spent reviewing instructions, searching existing data sources, gathering and maintaining data, and completing and reviewing the form. Direct comments regarding the burden estimate or any other aspect of this form including suggestions for reducing this burden to the Information Collection Clearance Officer, Mail Stop 2053, Minerals Management Service, 381 Elden Street, Herndon, Va 22070; and the Office of Management and Budget, Paperwork Reduction Project (1010-0033), Washington, DC 20503.

<b>SECTION I PAYOR INFORMATION</b>	PAYOR NAME <span style="float:right;">(1)</span>	PAYOR CODE <span style="float:right;">(2)</span>			
	PERSON TO CONTACT <span style="float:right;">(3)</span>	<span style="float:right;">(4)</span>			
	(5)	(6)	AREA CODE	TELEPHONE NUMBER	EXTEN.
AUTHORIZED SIGNATURE		DATE			
<b>SECTION II LEASE INFORMATION</b>	Bureau of Land Mgmt. / Outer Continental Shelf Lease No. or Bureau of Indian Affairs Contract No.		(7)		
	MMS Lease No.		(8)		
<b>SECTION III</b>	<b>FILL IN A., B., OR BOTH</b>				
A.) LEASE LEVEL PAYMENTS	<input type="checkbox"/> ADD <input type="checkbox"/> CHANGE <input type="checkbox"/> DELETE		START DATE MO. DAY YR.	END DATE MO. DAY YR.	
	(9)	(10)	(11)		
	(12)	(13)	(14)	(15)	
B.) ROYALTIES ON PRODUCTION	ROYALTY RATE <span style="float:right;">(16)</span>		REVENUE SOURCE CODE <span style="float:right;">(17)</span>		
	YOUR INTERNAL ID (NAME/NO.) <span style="float:right;">(18)</span>				
	<input type="checkbox"/> UNITIZED PRODUCTION ALLOCATION (COMPLETE (C) UNIT AGREEMENT DATA)		<input type="checkbox"/> LEASE PRODUCTION (COMPLETE (D) WELL DATA)		
	<input type="checkbox"/> COMMUNITIZED PRODUCTION ALLOCATION (COMPLETE (C) COMM. AGREEMENT DATA)		<input type="checkbox"/> COMPENSATORY ROYALTY		
C.) UNIT/COMM AGREEMENT DATA (APPROVED AGREEMENT DATA ONLY)	UNIT NAME (COMM. WELL NAME) <span style="float:right;">(23)</span>				
	PARTICIPATING AREA (COMM. FORMATION) <span style="float:right;">(24)</span>				
	BLM/OCS AGREEMENT NO. <span style="float:right;">(25)</span>				
	MMS AGREEMENT NO. <span style="float:right;">(26)</span>		TRACT NO. <span style="float:right;">(27)</span>	TRACT % <span style="float:right;">(28)</span>	
D.) WELL DATA (Use Well Data Continuation Sheet To List Additional Lease Basis Wells)	1.) WELL NAME <span style="float:right;">(29)</span>		FORMATION <span style="float:right;">(30)</span>		
	API WELL NO. <span style="float:right;">(31)</span>		LOCATION <span style="float:right;">(32)</span>		
	ST.	CNTY.	WELL CODE	S/T	CMPL
				1/4	1/4
				SEC.	TOWNSHIP
					RANGE
	2.) WELL NAME <span style="float:right;">(29)</span>		FORMATION <span style="float:right;">(30)</span>		
	API WELL NO. <span style="float:right;">(31)</span>		LOCATION <span style="float:right;">(32)</span>		
	ST.	CNTY.	WELL CODE	S/T	CMPL
				1/4	1/4
				SEC.	TOWNSHIP
					RANGE
	COMMENTS: <span style="float:right;">(33)</span>				

PAYOR NAME   
 BLM/OCS LEASE NO.   
 or  
 BIA CONTRACT NO.   
 MMS LEASE NO.

PAYOR CODE

R/S CODE

**SECTION IV SELLING ARRANGEMENTS**

**A.) OIL**  ADD  CHANGE  DELETE  (39)

START DATE  MO. YR. END DATE  MO. YR. S/A CODE

PRODUCT DESCRIPTION  PRODUCT CODE

THE BUYER  SELLER  RIK REFINER  NAME  CODE

SPOT SALE?  YES  NO (48) ROYALTY-IN-KIND?:  YES  NO RIK CONTRACT NUMBER

NAME OF COMPANY FOR WHICH ALLOWANCE APPLIES  IS ALLOWANCE ARM'S-LENGTH?  YES  NO  
 CODE

**B.) GAS**  ADD  CHANGE  DELETE

START DATE  MO. YR. END DATE  MO. YR. S/A CODE

PRODUCT DESCRIPTION  PRODUCT CODE

THE BUYER  SELLER  RIK REFINER  NAME  CODE

SPOT SALE?  YES  NO ROYALTY-IN-KIND?  YES  NO

YOUR GAS CONTRACT ID  RIK CONTRACT NUMBER

NAME OF COMPANY FOR WHICH ALLOWANCE APPLIES  IS ALLOWANCE ARM'S-LENGTH?  YES  NO  
 CODE

**C.) OTHER PRODUCTS**  ADD  CHANGE  DELETE

START DATE  MO. YR. END DATE  MO. YR. S/A CODE

PRODUCT DESCRIPTION  PRODUCT CODE

THE BUYER  SELLER  NAME  CODE

NAME OF COMPANY FOR WHICH ALLOWANCE APPLIES  IS ALLOWANCE ARM'S-LENGTH?  YES  NO  
 CODE

COMMENTS:

**WARNING:** This is to inform you that failure to report accurately and timely in accordance with the statutes, regulations, or terms of the lease, permit, or contract may result in late payment charges, civil penalties, or liquidated damages being assessed without further notification. Intentional false or inaccurate reporting is subject to criminal prosecution in accordance with applicable Federal law(s).

# PAYOR INFORMATION FORM

# DRAFT

## PART 1: PAYOR INFORMATION

<b>PAYOR NAME</b>	<input type="text"/>	<b>PAYOR CODE</b>	<input type="text"/>
<b>PERSON TO CONTACT</b>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="checkbox"/> EMPLOYER IDENTIFICATION NUMBER	OR	<input type="checkbox"/> SOCIAL SECURITY NUMBER	<input type="text"/>
		AREA CODE	TELEPHONE NUMBER
			EXTEN.

## PART 2: PRODUCING LEASE DETAIL

Internal ID/Comments	BLM/OCS/MMS Lease No. BIA Contract No.	Compensatory Royalty (If applicable)	Revenue Source	Royalty Rate (If applicable)	Product Code (Optional)	Start Date	End Date
BLM/OCS or MMS Agreement Number		Unit Name		Participating Area/Formation			
1							
2							
3							
4							
5							

Authorized Signature

Date

WARNING: This is to inform you that failure to report accurately and timely in accordance with the statutes, regulations, or terms of the lease, permit, or contract may result in late payment charges, civil penalties, or liquidated damages being assessed without further notification. Intentional false or inaccurate reporting is subject to criminal prosecution in accordance with applicable Federal law(s).

The Paperwork Reduction Act of 1980 (44 U.S.C. 3501 et seq.) requires us to inform you that this information is being collected to set up an automated accounting data base for Federal and Indian oil and gas lease production and sales. MMS will use the information to monitor and collect rents and royalties due the Government and Indians. Public reporting burden for this form is estimated to average one-half hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining data, and completing and reviewing the form. Direct comments regarding the burden estimate or any other aspect of this form including suggestions for reducing this burden to the Information Collection Clearance Officer, Mail Stop 2033, Minerals Management Service, 381 Elden Street, Herndon, Va. 22070; and the Office of Management and Budget, Paperwork Reduction Project (1010-0064), Washington, DC 20503.



**APPENDIX F  
ROYALTY REPORTING  
REPORT OF SALES AND ROYALTY REMITTANCE  
FORM MMS-2014  
FIELD-BY-FIELD REVIEW**

<b>Field name</b>	<b>Field number</b>	<b>Recommendations</b>	<b>Comments</b>
Report MO/YR		Remove—AFS will assign based upon receipt date of Form MMS-2014.	Minor
Payors Name	1	Retain	
Payor Code	2	Retain	
Federal or Indian Indicator	3	Retain	
Payor Assigned Document Number	3a	Retain	
Line Number	4	Retain	
Reserved for Preparers Use	5	Retain	
Accounting Identification (AID) Number	6	Retain	
Product Code	7	Use Form MMS-2014 edits to verify a valid PC is reported, but do not require product be established via PIF. submission.	Minor
Regulated Price Code	8	Eliminate	Major

*Recommendations to Improve Royalty  
Reporting and Production Accounting*

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<b>Field name</b>	<b>Field number</b>	<b>Recommendations</b>	<b>Comments</b>
Selling Arrangement Code	9	Minor—Use Form MMS-2014 edits to verify that a 3-digit Selling Arrangement (SA) is reported, but do not require SA be established via PIF submission. Calculation Method Code will be redefined and used to establish new SA's. Major—Eliminate and use Calculation Method data to identify valuation detail.	
Sales Month/Year	10	Retain	
Transaction Code	11	Eliminate TC's that are not needed	Minor
Adjustment Reason Code	12	Minor—Reduce number of ARC's. Major—Eliminate and replace with Transaction Codes.	
Sales Quantity	13	Retain	Needed for AFS/PAAS Comparison and royalty rate verification.
Quality Measurement	14	Modify—Will not be reported for Gas produced from Federal Leases. See Royalty MMBTU/Gallons Column.	
Calculation Method	15	Retain Minor—Redefine to establish new SA data used in valuation. Major—Redefine to provide data needed for proposed Federal/Indian Gas Valuation rule and elimination of SA's.	

B. Report of Sales and Royalty Remittance  
Form MMS-2014

Field name	Field number	Recommendations	Comments
Sales Value	16	Eliminate	Royalty Rate comparisons will be done using the Sales Quantity and Royalty Quantity data.
Royalty Quantity	17	Retain	Needed for royalty rate verification.
Royalty MMBTU/Gallons	New	Add	Needed for proposed Federal Gas Valuation rule.
Gross Royalty Value	New	Add	Needed to show the royalty due prior to transportation/processing allowance deductions. Used for valuation determinations.
Transportation Allowance	New	Add	Needed to allow reporting of transportation as part of the transaction code (TC) 01, royalty due line. Eliminates the use of SA's to tie the deduction to the TC 01 line.
Processing Allowance	New	Add	Same as above
Royalty Value	18	Rename "Net Royalty Payable"	
Payment Method Code	19	Retain	
Page Total	20	Retain	
Report Total	21	Retain	
Report Control Block	22-29	Retain	
Name and Authorized Signature	30	Retain	
Name of Preparer	31	Retain	

U.S. DEPARTMENT OF THE INTERIOR

Minerals Management Service - Royalty Management Program

REPORT OF SALES AND ROYALTY REMITTANCE

Form MMS-2014

The Paperwork Reduction Act of 1980 (44 U.S.C. 3501 et seq.) requires us to inform you that this information is being collected to document details of royalty payments on sales of minerals from leases on Federal and Indian lands. MMS will use this information to maintain and audit lease accounts.

REPORT MO/YR: \_\_\_\_\_

1 PAYORS NAME: \_\_\_\_\_

FEDERAL

3 OR

INDIAN

3a PAYOR-ASSIGNED DOCUMENT NUMBER \_\_\_\_\_

Page \_\_\_\_\_ of \_\_\_\_\_

For MMS Use Only

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

4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
RESERVED FOR PREPARERS USE	ACCOUNTING IDENTIFICATION (AID) NUMBER	PRODUCT CODE	REG PRICE CODE	SELLING AFFR CODE	SALES MONTH/YEAR	TRANS CODE	ADJ REAS CODE	SALES QUANTITY	QUALITY MEASUREMENT	CALC METH	SALES VALUE	ROYALTY QUANTITY	ROYALTY VALUE	PAYMENT METHOD CODE	
1															
2															
3															
4															
5															
6															
7															
8															
9															
0															
1															
2															
3															

Form MMS-2014 (5/95)

REPORT CONTROL BLOCK		Amount
Payment	(Method Code)	
2 Checks to MMS	(01)	
23 Payments to Others	(02)	
24 EFT to MMS	(03)	
25 Royalty-In-Kind	(04)	
26 Checks to MMS for BIA	(05)	
27 EFT to BIA	(06)	
28 Payments to Lockboxes	(07)	
29 TOTAL OF ITEMS 22-28		

For detailed instructions and examples on how to complete and submit this form, please refer to the appropriate Minerals Management Service handbook. See the *Oil and Gas Payor Handbook-Volume II* for oil and gas and geothermal leases. See the *AFS Payor Handbook-Solid Minerals* for solid mineral leases.

20 PAGE TOTAL \_\_\_\_\_

21 REPORT TOTAL \_\_\_\_\_

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

30 \_\_\_\_\_  
Name (typed or printed) and authorized signature Date

31 \_\_\_\_\_  
Name of preparer Telephone

The Paperwork Reduction Act of 1980 (44 U.S.C. 3501 et seq.) requires us to inform you that this information is being collected to document details of royalty payments on sales of minerals from leases on Federal and Indian lands. MMS will use this information to maintain and audit lease accounts.

U.S. DEPARTMENT OF THE INTERIOR  
Minerals Management Service - Royalty Management Program

**REPORT OF SALES AND ROYALTY REMITTANCE**

Form MMS-2014

**DRAFT**

Page \_\_\_\_\_ of \_\_\_\_\_

For MMS Use Only

1 PAYOR'S NAME: \_\_\_\_\_

FEDERAL

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

3 OR INDIAN

3a PAYOR-ASSIGNED DOCUMENT NUMBER \_\_\_\_\_

1	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
	RESERVED FOR PREPARERS USE	ACCOUNTING IDENTIFICATION (AID) NUMBER	PRODUCT CODE	SALES MONTH/ YEAR	TRANS CODE	SALES QUANTITY	QUALITY MEASURE- MENT	CALC METH	ROYALTY QUANTITY	ROYALTY MMBTU/ GALLONS	GROSS ROYALTY PAYABLE	TRANSPORTATION ALLOWANCE DEDUCTION	PROCESSING ALLOWANCE DEDUCTION	NET ROYALTY PAYABLE	PAYMENT METHOD CODE
1															
2															
3															
4															
5															
6															
7															
8															
9															
10															
11															
12															
13															

Form MMS-2014 (5/95)

REPORT CONTROL BLOCK		Amount
Payment	(Method Code)	
22	Checks to MMS (01)	
23	Payments to Others (02)	
24	EFT to MMS (03)	
25	Royalty-In-Kind (04)	
26	Checks to MMS for BIA (05)	
27	Payments to Lockboxes (06)	
28	TOTAL OF ITEMS 22-27	

For detailed instructions and examples on how to complete and submit this form, please refer to the appropriate Minerals Management Service handbook. See the *Oil and Gas Payor Handbook—Volume II* for oil and gas and geothermal leases. See the *AFS Payor Handbook—Solid Minerals* for solid mineral leases.

20 PAGE TOTAL \_\_\_\_\_

21 REPORT TOTAL \_\_\_\_\_

**DRAFT**

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

30 \_\_\_\_\_  
Name (typed or printed) and authorized signature Date

31 \_\_\_\_\_  
Name of preparer Telephone