

# Glossary

| Term                                     | Definition  |
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| Adjustment                               | Correction made on Form ONRR-2014 or Form ONRR-4430 to previously reported lines. An adjustment may be made to pay additional monies, to recoup overpaid amounts, or to change information that has no effect on payments. Lease type (Federal or Indian) affects the way an adjustment is reported.  |
| Advance Royalty                          | A payment under a Federal lease in advance of actual production when authorized by the authorized officer (BLM) to be made in lieu of continued operation. Payments made under the minimum production clause, in lieu of actual production from a Federal lease issued prior to August 4, 1976, and not readjusted after August 4, 1976, are not advance royalty under the provisions of 43 CFR 3483.4. |
| Allocation Ratio                         | Equals the Lease-level Production Available for Sale divided by the total Production Available for Sale from all leases.  |
| BIA                                      | Bureau of Indian Affairs, an agency in the Department of the Interior   |
| BLM                                      | Bureau of Land Management, an agency in the Department of the Interior  |
| <i>Code of Federal Regulations</i> (CFR) | A codification of the general and permanent rules of Federal departments and agencies, initially published in the <i>Federal Register</i>   |
| Contract Settlement                      | Settlement between a lessee and a third party.  |
| Customer Document ID                     | An alphanumeric code of up to 8 characters created by the customer uniquely identifying a Form ONRR-4430 from all other forms previously submitted.   |
| Customer Number                          | A five-character alphanumeric code assigned by ONRR and beginning with “MA.” (Previously the Payor Code.)   |
| Deferred Bonus                           | Monies paid over and above any royalties due. The successful bidding company must pay one-fifth of the bonus at the time of sale and then a fifth every year for the next four years.   |
| error                                    | A condition identified by the reporter or ONRR on an input that prevents the reported information from entering the system for  |

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|                             | <p>processing. Errors under the financial accounting system include the following:</p> <ul style="list-style-type: none"> <li>• Missing or incomplete data</li> <li>• Illegible reports (paper)</li> <li>• Mathematical inaccuracies</li> <li>• Invalid codes</li> <li>• Invalid report field combinations</li> </ul>  |
| Federal land                | All land and interests in land owned by the United States that are subject to mineral leasing laws, including mineral resources or mineral estates reserved to the United States in the conveyance of a surface or non-mineral estate.   |
| Fee land                    | Privately owned land.  |
| financial accounting system | Also called the “MRM Financial System.” The ONRR system responsible for collecting, accounting for, and distributing royalty payments on minerals produced from Federal and Indian lands.  |
| Gross Proceeds              | The total monies and other consideration accruing for the disposition of the produced solid minerals resources, or products derived therefrom.   |
| Indian land                 | Any lands or interest in lands of an Indian tribe or allottee held in trust by the United States, or that are subject to Federal restrictions against alienation. This includes mineral resources and mineral estates reserved to an Indian tribe or allottee in the conveyance of a surface or non-mineral estate, except that such term does not include any lands subject to the provisions of section 3 of the Act of June 28, 1906 (30 CFR 1216.6) (34 Stat. 539) applicable to the Osage Indian Tribe. BIA monitors Indian leases. |
| Lease                       | Any contract issued or approved by the United States under a mineral leasing law that authorizes for, extraction of, or removal of solid minerals.   |
| Lease-level transaction     | An obligation that is reported against the lease rather than a specific product or sales type.   |
| lessee                      | The entity (company or individual) entitled under solid minerals lease to explore for and produce minerals from a lease. The lessee has the responsibility for payment of royalties but may authorize others to do so on its behalf.   |

| <b>Term</b>                        | <b>Definition</b>   |
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| lessor                             | The owner of mineral rights through execution of a lease. For the purposes of the financial accounting system, the lessor is the U.S. Government, an Indian tribe, or an Indian allottee.   |
| Lockbox payment                    | A tribal lease payment that is sent directly to a bank of the tribe's choosing.   |
| Minimum Royalty Payment            | A minimum amount of annual royalty due on a per-acre basis for leases that do not meet their minimum royalty obligation from action production royalties or for non-producing leases.   |
| Minimum Royalty Payable in Advance | If your lease has the Minimum Royalty Payable in Advance (or MRPIA) obligation, you can recoup against net royalties reported and paid, by lease, within the same lease year. One hundred percent of the current month's net royalties that you report may be used to offset the Minimum Royalty Payable in Advance, subject to no more than the minimum royalty payment. |
| Net royalty                        | Royalty less deductions (such as allowances).   |
| ONRR                               | Office of Natural Resources Revenue. ONRR operates in the Office of the Secretary, Department of the Interior. ONRR's mission is "To collect, disburse, and verify Federal and Indian energy and other natural resource revenues on behalf of all Americans."   |
| overreported                       | Amount reported on either Form ONRR-4430 OR Form ONRR-2014 greater than actually due ONRR.  |
| P&R                                | Production and Royalty Report, Form ONRR-4430. This Internet reporting tool replaced the Sales and Royalty Remittance Form (Form ONRR-2014) and the Solid Minerals Operation Reports (SMOR and SMFR) for solid minerals reporting.  |
| PAR number                         | Created on the Main Payment page of the P&R Report by the ONRR financial accounting system. It consists of the pre-populated System ID of the current session prefixed by "PAR."  |
| payment document                   | A payment document can be a commercial check drawn on a solvent bank, a certified check, a cashier's check, a money order, a bank draft drawn on a solvent bank, or a Federal Reserve check.  |
| payor                              | An entity that reports and pays to ONRR.  |
| payor code                         | A five-digit, ONRR-assigned code used by payors to report royalties.  |

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| product          | Any marketable mineral production from a lease.   |
| production month | The calendar month and year in which production and/or disposition occurs.  |
| recoupment       | <p>An adjustment on the P&amp;R resulting in net negative totals for transactions, with credit recovered from the balance of the report.</p> <p>A recoupment can occur when a payor recovers an overpaid but not overreported amount from a previous overpayment on a Federal or Indian P&amp;R.</p> <p>A recoupment can occur when a payor recovers an overpaid <b>and</b> overreported Indian P&amp;R by making adjusting entries to create a recoupable balance on an Indian P&amp;R for lease(s) that were previous overreported <b>and</b> overpaid.</p> |
| Rent             | Annual amount due on leases as specified in lease terms. Rental payments are usually due on or before the lease anniversary date.   |
| reporter         | An entity required to submit a report or form to ONRR.  |
| royalty          | Any part of solid minerals resources or their cash value paid by a lessee and/or parties acquiring possession of royalty rights based on a certain percentage of production from the property.  |
| Royalty rate     | The rate used to calculate royalty due on Federal or Indian production. This rate is always specified in the lease terms.   |
| State land       | Land and interest in land owned by a State.   |
| Tribal land      | Land owned by an entire group or tribe of Indians.  |