



# United States Department of the Interior

OFFICE OF NATURAL RESOURCES REVENUE

## Solids Reporter Training

**Denver, Colorado**

**September 8<sup>th</sup> and 9<sup>th</sup>, 2015**

Tuesday, September 8th

Event	Speaker	Time
Opening	Rebecca Dyess	1:00 – 1:15 pm
Solid Mineral Lease	Michael Anspach	1:15 – 2:15 pm
Break		2:15 – 2:30 pm
Sales Summary & Facility Data	Karen Garza/Dane Templin	2:30 – 3:30 pm
Sales Contracts	Lee-Ann Martin	3:30 – 4:00 pm
Financial Viewpoint	Lee-Ann Martin	4:00 – 4:30 pm

Wednesday, September 9th

Event	Speaker	Time
Opening (4444, Payor Codes, EMARF)	Rebecca Dyess	8:30 – 8:45 am
Form ONRR-4430 (P&R)	Michael Anspach	8:45 – NOON
Lunch		12:00 – 1:00 pm
Data Warehouse	Michael Anspach	1:00 – 1:30 pm
Coal Valuation	Robert Malandri	1:30 – 3:30 pm
Meet & Greet		3:30 – 4:30 pm

*\*Times are approximate and may run over or under*

Opening (4444, Payor  
Codes, EMARF)



## **Form ONRR-4444, Payor Codes, and New EMARF Process**

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## Topics

- Form ONRR-4444/W-9
- Payor Codes
- Current Emarf Process
- New Emarf Process

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# Form ONRR-4444

**U.S. Department of the Interior**  
Office of Natural Resources Revenue

Revised from the Paperwork Reduction Act of 1995.  
Requesting Only Necessary Information and Certification  
See 5 CFR 1320.26 (1-1-01 Edition)

**Addressee of Record Designation for Service of Official Correspondence**  
**Form ONRR-4444**  
Please see the instructions for Form ONRR-4444 in a separate document.

**New**       **Modification**      **Effective Date:**

**Company Name:**

**Payer Code or Operator Number:**

**Please mark the correspondence type(s) with which the address below is being associated:**

<input type="checkbox"/> Royalty Reporting (Forms MMS-2014)	<input type="checkbox"/> Production Reporting (Forms MMS-425-4/4258)
<input type="checkbox"/> Solid Minerals (P&R) Reports	<input type="checkbox"/> Audit and compliance correspondence
<input type="checkbox"/> Rental courtesy notices	<input type="checkbox"/> Enforcement notices
<input type="checkbox"/> Invoices: Financial terms (FIN)	<input type="checkbox"/> Invoices: Rights of Way/Use and Easement
<input type="checkbox"/> Invoices: Indian overencroachment (IOR)	<input type="checkbox"/> ROW/USE
<input type="checkbox"/> Inspection Fees, Rigs	<input type="checkbox"/> Invoices: Interest (INT)
<input type="checkbox"/> Inspection Fees, Fluid	

**Address of Record (for the function(s) checked above):**

Line 1:

Line 2:

City:  State:  Zip:

**Person to contact as Addressee of Record:**

*and/or*

**Title of position designated as Addressee of Record:**

Phone:  Ext:  Fax:

**E-mail Address:**

Print the name and title of company official making Address designation:

Signature:

Date:

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## What not to submit for change of address

- RSMS receives information that leads to **Request for Form ONRR-4444:**
  - ❖ “Return to Sender” items
  - ❖ “Address Corrections”
  - ❖ “Notice to Mailer of Correction in Address”
  - ❖ Change of Address letters and/or card





## Problems encountered with submission of Form ONRR-4444

- ❖ Does not indicate if it is “NEW” or “MODIFICATION” or both is checked
- ❖ Effective Date is not filled in
- ❖ Company name does not match payor code or operator code
- ❖ Multiple Payor Codes are listed
- ❖ Every box on form is checked

U.S. Department of the Interior  
Office of Natural Resources Revenue

Exempt from the Paperwork Reduction Act of 1995  
Reporting Only Identifying Information and Certification  
See 5 CFR 1320.301 (1-1-01 Edition)

### Addressee of Record Designation for Service of Official Correspondence Form ONRR-4444

Please see the instructions for Form ONRR-4444 in a separate document.

New  Modification Effective Date:

Company Name:

Payor Code or Operator Number:

Please mark the correspondence type(s) with which the address below is being associated:

- |  |  |
|--|--|
| <input type="checkbox"/> Royalty Reporting (Forms MMS-2014)    | <input type="checkbox"/> Production Reporting (Forms MMS-4054/4058)          |
| <input type="checkbox"/> Solid Minerals (P&R) Reports          | <input type="checkbox"/> Audit and compliance correspondence                 |
| <input type="checkbox"/> Rental courtesy notices               | <input type="checkbox"/> Enforcement notices                                 |
| <input type="checkbox"/> Invoices: Financial terms (FIN)       | <input type="checkbox"/> Invoices: Rights of Way/Use and Easement (ROW/RLUE) |
| <input type="checkbox"/> Invoices: Indian overrecoupment (IOR) | <input type="checkbox"/> Invoices: Interest (INT)                            |
| <input type="checkbox"/> Inspection Fees, Rigs                 |  |
| <input type="checkbox"/> Inspection Fees, Fixed                |  |

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## Form ONRR-4444 Improvements

ONRR has formed an Internal Working Group. This group will:

- Establish a mechanism for industry to maintain this data in ONRR's systems
- Streamline and automate the Form ONRR-4444 so that industry can maintain their addresses of record in ONRR's system
- Amend the regulations to mandate entities submit and maintain the ONRR-4444 and add/delete payor codes based on mergers and acquisitions

Why automate:

- Industry has asked for access to the addresses within ONRR's Customer Database.

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## Location of Form ONRR-4444

Form ONRR-4444 and instructions can be found  
at:

<http://www.onrr.gov/ReportPay/Forms/default.htm>

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The Debt Collection Improvement Act of 1996 (31 U.S.C. § 7701) requires the Office of Natural Resources Revenue (ONRR) to collect a Taxpayer Identification Number (TIN) from all persons with whom we do business. We request your cooperation in completing and sending an Internal Revenue Service (IRS) Form W-9 with an Employer Identification Number (Federal tax ID number) to ONRR. You may obtain a Federal tax ID number on line from the IRS or by filing an IRS Form SS-4, Application for Employer Identification Number.

Note: ONRR **cannot** accept a Social Security Number as a TIN. Whether you are paying as an individual payor or a company, you *must* enter an Employee Identification Number (EIN). If you do not have an EIN, follow page 3 of the instructions attached to the Form W-9.

**W-9** Request for Taxpayer Identification Number and Certification

OMB Form 1545-0045  
Use Form to the individual. Do not use for the business. See instructions.

Section 1. Name (last, first, and middle initial) \_\_\_\_\_  
 Section 2. Address (street, city, state, and ZIP+4) \_\_\_\_\_  
 Section 3. Taxpayer Identification Number (TIN) \_\_\_\_\_  
 Section 4. Identification (check one):  
 Individual payor  
 Sole proprietor or partner  
 Partnership  
 Trust  
 Beneficiary  
 Estate  
 Other payor  
 Other payor (check box and explain) \_\_\_\_\_  
 Section 5. Signature (print name) \_\_\_\_\_  
 Section 6. Signature (print name) \_\_\_\_\_  
 Section 7. Signature (print name) \_\_\_\_\_

**Instructions to Payors and Operators**  
 for  
**Form W-9**  
 Request for Taxpayer Identification Number and Certification

All payors and operators must send an original, signed Form W-9 to the Office of Natural Resources Revenue. Put your five-digit, ONRR-assigned Payor Code or Operator Number at the top of the form.

The Debt Collection Improvement Act of 1996 (31 U.S.C. § 7701) requires the Office of Natural Resources Revenue (ONRR) to collect a Taxpayer Identification Number (TIN) from all persons with whom we do business. We request your cooperation in completing and sending an Internal Revenue Service (IRS) Form W-9 with an Employer Identification Number (Federal tax ID number) to ONRR. You may obtain a Federal tax ID number on line from the IRS or by filing an IRS Form SS-4, Application for Employer Identification Number.

The following instructions describe how to complete a W-9 for ONRR purposes. Please make sure all information is complete and legible. For ease of reference, each item is entitled exactly as it appears on the form.



## Name Changes/Mergers

- The Form ONRR-4444 **cannot be used for company name changes or mergers**. You must initiate those changes with BLM or BIA, whichever issued your lease(s).
- Per 43 CFR § 3106.8-2:
- A change of name of a lessee shall be reported to the proper BLM office. Include the processing fee for name change found in the fee schedule in § [3000.12](#) of this chapter with your notice of name change. The notice of name change shall be submitted in writing and be accompanied by a list of the serial numbers of the leases affected by the name change.
- Per 43 CFR § 3106.8-3:
- Where a corporate merger affects leases situated in a State where the transfer of property of the dissolving corporation to the surviving corporation is accomplished by operation of law, no transfer of any affected lease interest is required. A notification of the merger shall be furnished with a list, by serial number, of all lease interests affected. Include the processing fee for corporate merger found in the fee schedule in § [3000.12](#) of this chapter with your notification of a corporate merger.

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## Payor Codes

ONRR requires that each reporting company have an identifying five-digit Payor Code (known as a Customer ID). A Customer ID is used on several documents and forms, e.g., ONRR-Form 4430's, ONRR-Form 2014's, Courtesy Notices, etc.

A Customer ID identifies each reporting company as a single entity, and much like the Tax ID Number, must be guarded to ensure privacy.



## Payor Code Clean-up

Why? Currently, ONRR has 743 payor codes for solid minerals.

- Payors can request a payor code for any reason. Many companies have multiple payor codes.
- Many of these codes are outdated.
- In FY2014:
  - » Only 180 out of 743 codes were used to report to ONRR.

### Goal of cleanup:

- Identify relationships between payor codes
- Establish a mechanism for industry to maintain this data in ONRR's systems
  - **Allows automated company consolidation for development of EITI Unilateral Disclosure Report\***

\*EITI is the Extractive Industries Transparency Initiative. The [Extractive Industries Transparency Initiative](#), or EITI, is a voluntary, global effort designed to strengthen accountability and public trust for the revenues paid and received for a country's oil, gas and mineral resources. Countries that follow the standard publish a report in which governments and companies publicly disclose royalties, rents, bonuses, taxes and other payments from oil, gas, and mining resources.

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**Current Emarf Process**

- EMARF = Access
- <https://youtube/T2vInyL03IM>

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Security of this system is very important. Only ONRR and lessees have access to the P&R, and company users can only access data associated with their own mines associated to the company's Customer ID.

The first step in this security is to have new users fill out an External MRM Application Request Form or EMARF and send it to S&G External Account Administrator of our office at the following address:

Office of Natural Resources Revenue  
Reporting & Solid Minerals Services  
P.O. Box 25165  
Denver, CO 80225

In addition, if you have an authorized system user that you no longer want to be authorized, say they are no longer are with the company or has changed positions, you need to send us a EMARF for this too and check the box 'Change User'. A copy of the EMARF Form and instructions is located in your binders at Attachment A.

Once we receive the form, it is checked for accuracy, approved, and sent to our contractor. The Contractor will then set you up on the system and will send you a User ID and PIN via the mail. You are then instructed to call the contractor at a provided phone number. The contractor will then provide you with password over the phone. Once you have your User ID and password, you are ready to long on to the P&R System.

Each company is limited to three reporters that can have access to the P&R.



## Industry User Access Modifications (EMARF Process)

- Companies will manage their company (Reporter ID's) user access.
- ONRR will be contacting companies to identify a Industry Representative(s)
  - Companies can identify more than one Industry Representative
- EMARF will only be used to set up and identify an Industry Representative.
  - Users in companies will work with IR's to get set up.

**Implementation of new process coming soon.**

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## Industry Representatives

IR's will define own process for granting access to users within companies.

### Industry Representatives responsibilities:

- Password Resets
- Create New Users
- Delete Users
- Assign Reporter ID's to Users
- Lock and Unlock Accounts
- Update Official Contact and Address Information  
(Form ONRR-4444)



## Home Organization

ONRR will be contacting companies to identify a “home organization” – the primary Reporter ID which all other Reporter ID’s are tied to.

Companies that have reporting agents that report on your behalf of their company will have to gain access and grant the “agent” access to their Reporter ID



## What notifications will you receive?

Under the new process, reporters will receive the following notifications:

- ✓ Notify external users their password is about to expire (15 days, 7 days, 3 days, 2 days, and 1 day)
- ✓ Notify external users when their password has expired
- ✓ Notify user when IR resets user's password.



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## **Reporting Overview**

### **Production and Royalty (P&R) Reporting System**

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## P&R Report Overview

- Basics of reporting
  - Original P&R Report
  - Value Adjustments
  - Other Obligations
  - P&R Volume/Value Adjustment Report

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The P&R is the tool for solid mineral lessees of Fed. & Indian property to use to report production, sales, royalty owed, and other obligations such as rent, advance royalty, etc. It is also used to make recoupments, and to make adjustments to previous reports.



**Additional reporting requirement**

Need production and sales data for all leases including state and private to account for total mine production and sales.

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We require production and sales reporting of all leases, including state and private leases, even though we do not calculate royalty owed on state or private leases. We need this additional state and fee lease information so that we can make sure that everything can be accounted for in the allocations.

**Logging into the P&R System**

Office of Natural Resources Revenue

**Kenai River - Alaska**  
Using sophisticated, computerized accounting systems, the Office of Natural Resources Revenue processes nearly \$1 billion (mostly via electronic funds transfers) each month.

**\*\*WARNING TO USERS OF THIS SYSTEM\*\***

**END USER AGREEMENT:** This computer system, including all related equipment, networks, and network devices (including Internet access), is provided by the agency for authorized use only in accordance with the User policies at the below links. All agency computer systems may be monitored for all lawful purposes, including but not limited to, ensuring that their use is authorized, for management of the system, to facilitate protection against unauthorized access, and to verify security procedures, survivability, and operational security. Any information on this computer system may be examined, recorded, copied and used for authorized purposes at any time. All information, including personal information, placed or sent over this system may be monitored. Therefore, there should be no expectation of privacy with respect to your use of this system.

By logging into this agency computer system, you acknowledge and consent to the monitoring of this system. Evidence of your use, authorized or unauthorized, collected during monitoring may be used for civil, criminal, administrative or other adverse action. Unauthorized or illegal use may subject you to criminal prosecution.

I have read, understood, and will comply with the detailed ONRR Acceptable Use Policy (for users external to ONRR) or Rules of Behavior (for users internal to ONRR).

Department of Interior | Policy, Management and Budget | Pay.gov | USA.gov | Accessibility | OIG's Home | Contact Us | Customer | Privacy | Email eCommerce Feedback  
e-Statement of Accounts | Lease Account Balance | EMARF Forms | Financial Reports & History Reports  
Last updated 22 August 2013

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Logging on to the P&R system

You can access the P&R system through the Industry Reporting website at <https://dwportal.onrr.gov>, or directly at <https://solids.onrr.gov>. These are secure sites and cannot be accessed without prior security approval.

You will be prompted to enter User ID and Password.

After system authorization, you will be brought to your Mine Selection and Report type Page. You will only see the mine or mines on which you are authorized to report.

OMB Control Number 1010-0120, Expiration Date: 10/31/2007

Welcome, MARTINLEI! Please Enter the appropriate Information to begin your Production & Royalty Submission

**Mine Information**

Mine Name:

Federal/Indian Indicator:  Federal/State/Fee  Indian/State/Fee

**Report Type**

Original P & R/Other Obligation/P & R Value Adjustment:

P & R Volume/Value Adjustment:

Disclaimer:  
The Paperwork Reduction Act of 1995 requires us to inform you that this information is being collected by the Minerals Management Service from all Federal and Indian solid mineral lessees. We estimate the burden to average 20 minutes per report per month reporting electronically. Comments on the accuracy of this burden estimate or suggestions on reducing this burden should be directed to the Information Collection Clearance Officer, MS 4230, Minerals Management Service, 1049 C Street, N.W., Washington, D.C. 20240. Information that lessees claim is proprietary may be protected by the Freedom of Information Act (5 U.S.C. 552 (b) (4)), the Trade Secrets Act (18 U.S.C. 1832), and Department regulations (43 CFR part 2). An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a current valid OMB control number.

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Pick the mine name that you want to report on from the drop-down list. Note that the Federal/Indian Indicator will be automatically selected based on the mine chosen.

Under Report Type, you have two options: the Original P&R Report which incorporates Other Obligations and Value Adjustments, and the P&R Volume/Value Adjustment Report. Note that the report type is defaulted to the Original P&R/Other Obligation/P&R Value Adjustment. Select the report type you want.

We will begin using the Original P&R/Other Obligation/P&R Value Adjustment.

Click [Create Report] to open the report.

OMB Control Number 1010-0120, Expiration Date: 10/31/2007

Main Payment | **P & R Original** | Value Adjustments | Other Obligations

Log Out of P&R Help

Mine Name: MARTIN COAL MINE Business Unit: Federal/State Fee

**P & R Original Summary**

Sales Month/Year: April 2007 Populate P&R Data

This Sales Month has not been submitted.

Sales Point	Product	Units Produced	Units Sold	Gross Proceeds	Total Allowed Cost	Royalty Payment
Mine	Coal	0	0	\$0.00	\$0.00	\$0.00
Total:		0	0	\$0.00	\$0.00	\$0.00

Open P&R Report

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These are the four tabs or page types at the top of the page: Main Payment page, the P&R Original page, the Value Adjustment page, and the Other Obligation page. The light colored one, the P&R Original, is the page we are on and is the initial default page. The Main Payment page is where you will submit the report when you are done entering all of your data. The Value Adjustment page is where you can make value adjustments for any previous month. The Other Obligations page is where you will enter data for other obligations like rent, advance royalty, recoupments, etc. We will get to these other pages later in the presentation.

The Sales Month/Year defaults to the month and year for the next report due.

You can tell this by the note: “This Sales Month has not been submitted”. In this case, you are ready to report for sales from April 2007. If, however, you submitted the P&R for April 2007 Sales Month/Year on May 20, 2007 and then went back into the P&R May 28, 2007, the Sales Month/Year would still read: April 2007, but the note would read: “This Sales Month has been submitted” and you will not be able to report May Sales Month until June 2007.

Here is the Sales Point, Product name or family, and the Summary of input data. The summary data is all zeros so far, because nothing has been entered yet. If you have remote sales sites they would be listed in separate rows below this row.

Select the Sales Point/Product combination you need, and click on [Open P&R Report] to go to open the report and go to the Lease-Level Detail Page.



## Lease-Level Detail Page:

OMB Control Number: 1010-0126, Expiration Date: 10/31/2007  
[Log Out of EAB](#)   [Help](#)

Mine Name	Business Unit	Sales Month/Year	Sales Point	Product	
MARTIN COAL MINE	Federal State Fee	April, 2007	Mine	Coal	
P & R Original					
Total Units Sold:	<input type="text" value="0"/>	Total Units Transferred:	<input type="text" value="0"/>	<input type="button" value="Allocate Volume"/>	
Total Gross Proceeds:	<input type="text" value="\$0"/>	Total Allowed Processing Cost:	<input type="text" value="\$0"/>	<input type="button" value="Allocate Value"/>	
Total Allowed Transportation Cost:	<input type="text" value="\$0"/>	<input type="button" value="Calculate Royalty Due"/>		<input type="button" value="Save Before Submitting"/>	
Lease Number: MTM111112	Royalty Rate/Fixed Rate: 4%	Land Class: FED			
Beginning Inventory:	Inventry/Volume Adjustment:	Units Produced:	Production Available for Sale:	Units Transferred:	Units Sold:
0	0	0	0	0	0
Ending Inventory:	Gross Proceeds:	Allowed Transportation Cost:	Allowed Processing Cost:	Royalty Before Allowance:	Royalty Payment:
0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Enter your comments here for the above lease:					
Lease Number: MTM111112	Royalty Rate/Fixed Rate: 0%	Land Class: FED			
Beginning Inventory:	Inventry/Volume Adjustment:	Units Produced:	Production Available for Sale:	Units Transferred:	Units Sold:
0	0	0	0	0	0
Ending Inventory:	Gross Proceeds:	Allowed Transportation Cost:	Allowed Processing Cost:	Royalty Before Allowance:	Royalty Payment:
0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Enter your comments here for the above lease:					

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The lease level detail page will pre-populate with the following information: Mine name, Business Unit, Sales Month/Year, Sales Point, and Product. Other pre-populated data: Lease Numbers, Beginning Inventory (ending inventory from previous sales month), Production Available for Sale, Royalty Rate and Land Class.

If you have any questions about the pre-populated data or if something doesn't look right, please contact us right away before you start entering your information. This is because if we have to update or change any pre-populated information, you will need to cancel your submission and start a new report in order to see the changes.



## Lease-Level Data Input

### User entry fields:

- Inventory/Volume Adjustment
- Units Produced
- Units Transferred (inherently negative)
- Units Sold
- Gross Proceeds
- Allowed Transportation Cost (inherently negative)
- Allowed Processing Cost (inherently negative)

### Pre-populated fields:

- Beginning Inventory

### Calculated fields:

- Production Available for Sale
- Ending Inventory
- Royalty Before Allowance
- Royalty Payment



## Lease-Level Data Input (Volumes)

User entry volume fields:

- Inventory/Volume Adjustment
- Units Produced
- Units Transferred (inherently negative)
- Units Sold

Pre-populated volume fields:

- Beginning Inventory

Calculated volume fields:

- Production Available for Sale
- Ending Inventory

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Inventory Volume Adjustment is a way of making adjustments to current month's inventory, such as for losses or after physical counts. To adjust inventory through corrective reporting of units produced and/or units sold for prior periods, you need to use the Volume/Value Adjustment P&R.

What you report in the Units Produced field is the number of units produced of your finished, salable product.

If you sell raw coal (crushed) you report mined coal as produced coal. If you sell clean coal, you report clean coal that comes out of the wash plant as produced coal. Report as COAL.

Western phosphate producers report shipped phosphate as produced phosphate since all phosphate is consumed internally.

Lead, zinc, and copper producers report each concentrate as produced.

Units Transferred is any volume transferred to a remote sales point.

Units Sold would be the total number of units sold during that month.

All volumes should be rounded up to the next whole number.



## Lease-Level Data Input (Values)

User entry value fields:

- Gross Proceeds
- Allowed Transportation Cost (inherently negative)
- Allowed Processing Cost (inherently negative)

Calculated value fields:

- Royalty Before Allowance
- Royalty Payment

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Gross Proceeds are the total sales value for the month. They are only required if the royalty rate is an ad valorem rate.

Allowed Transportation Cost and Allowed Processing Cost are allowable deductions from the gross proceeds prior to calculating royalties. They are applicable only if the royalty rate is an ad valorem rate.

The Royalty Before Allowance field shows what the royalty amount would be without any allowances.

The Royalty Payment field shows the actual royalty amount after including any allowances.

All values should not be rounded and should be the exact amounts to the penny.

OMB Control Number 1010-0120, Expiration Date: 10/31/2007  
[Log Out of P&R](#) [Help](#)

Mine Name	Business Unit	Sales Month/Year	Sales Point	Product
MARTIN COAL MINE	Federal State Fee	May, 2007	Mine	Coal

**P & R Original**

Total Units Sold:  Total Units Transferred:

Total Gross Proceeds:  Total Allowed Processing Cost:

Total Allowed Transportation Cost:

Lease Number: MTM111112	Royalty Rate/Fixed Rate: 4%	Land Class: FED
Beginning Inventory: 500	Units Produced: 100	Production Available for Sale: 575
Inventory/Volume Adjustment: -25		Units Transferred: 0
Ending Inventory: 450	Allowed Transportation Cost: \$2,000.00	Units Sold: 125
Gross Proceeds: \$12,500.00	Allowed Processing Cost: \$3,000.00	Royalty Before Allowance: \$500.00
		Royalty Payment: \$300.00

Enter your comments here for the above lease:

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User Input for lease data: Inventory/Volume Adjustment (-25), Units Produced (100), Units Transferred (0), Units Sold (125), Gross Proceeds (12,500), Transportation Cost (2,000) and Processing Cost (3,000).

Click on [Calculate Royalty Due] button to calculate Royalty Before Allowance (\$600.00) and Royalty Payment (\$300.00).

Click on [Save Before Submitting] to go back to the Mine-Level Summary page.

OMB Control Number 1010-0120, Expiration Date: 10/31/2007

[Main Payment](#)
[P&R Original](#)
[Value Adjustment](#)
[Other Obligation](#)
[Log Out of P&R](#)
[Help](#)

[P&R Original Summary Page](#)

Mine Name: MARTIN COAL MINE  
 Business Unit: Federal State Fee

**P & R Original Summary**

Sales Month/Year: May 2007

This Sales Month has not been submitted.

	Sales Point	Product	Units Produced	Units Sold	Gross Proceeds	Total Allowed Cost	Royalty Payment
<input type="radio"/>	Mine	Coal	100	125	\$12,500.00	\$5,000.00	\$300.00
		<b>Total:</b>	<b>100</b>	<b>125</b>	<b>\$12,500.00</b>	<b>\$5,000.00</b>	<b>\$300.00</b>

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This page shows a summary of all leases input on the P&R from the previous page.

The Royalty Payment is only for Federal and/or Indian leases.

From here we have the option to go to any of the other tabs (pages), but for this example we will go to the Value Adjustment Page.



**Allocation Option**

## Volume and Value Allocation Tool

Rolling weighted average method:

- Production Available for Sale =  
Beginning Inventory + Inventory Adjustment + Units Produced
- The Allocation Ratio = lease-level Production Available for Sale divided by the total mine Production Available for Sale

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The P&R has a built-in volume and value allocation tool. It uses the rolling weighted average method where the 'Production Available for Sale' equals the 'Beginning Inventory' plus the 'Inventory Adjustment' plus the 'Units produced'.

The Allocation Ratio equals the Lease-level 'Production Available for Sale divided by the total Production Available for Sale.



## Allocation Tool

- Advantages of the allocation tools
  - less data input
  - less chance for error
  - less compliance scrutiny
- Volume allocation tool won't work for:
  - You cannot use the allocation tool if you have more than one product, multiple remotes rolled up into one, or more than one royalty rate for any lease during a single sales month.

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The advantages of using the built-in allocation tool are that you enter less data and when we do compliance on your property and see that you have used the tool, we know we won't scrutinize whether you did the allocation correctly.

You can't use the allocation tool if you have more than one product, more than one remote, or more than one royalty rate for any lease during a single sales month.

**Volume Allocation for Lease 1:**

OMB Control Number 1010-0120, Expiration Date: 10/31/2007  
[Log Out of P&R](#) [Help](#)

Mine Name	Business Unit	Sales Month/Year	Sales Point	Product
MARTIN COAL MINE	Federal-State Fee	May, 2007	Mine	Coal

**P. & R. Crditable**

Total Units Sold:  Total Units Transferred:

Total Gross Proceeds:  Total Allowed Processing Cost:

Total Allowed Transportation Cost:

Lease Number: MTM11112	Royalty Rate/Fixed Rate: 4%	Land Class: FED
Beginning Inventory: <input type="text" value="0"/>	Units Produced: <input type="text" value="0"/>	Production Available for Sale: <input type="text" value="500"/>
Ending Inventory: <input type="text" value="500"/>	Allowed Transportation Cost: <input type="text" value="\$0.00"/>	Allowed Processing Cost: <input type="text" value="\$0.00"/>
Gross Proceeds: <input type="text" value="\$0.00"/>	Royalty Before Allowance: <input type="text" value="\$0.00"/>	Royalty Payment: <input type="text" value="\$0.00"/>

Enter your comments here for the above lease:

Lease Number: MTM11112	Royalty Rate/Fixed Rate: 8%	Land Class: FED
Beginning Inventory: <input type="text" value="0"/>	Units Produced: <input type="text" value="0"/>	Production Available for Sale: <input type="text" value="0"/>
Ending Inventory: <input type="text" value="0"/>	Allowed Transportation Cost: <input type="text" value="\$0.00"/>	Allowed Processing Cost: <input type="text" value="\$0.00"/>
Gross Proceeds: <input type="text" value="\$0.00"/>	Royalty Before Allowance: <input type="text" value="\$0.00"/>	Royalty Payment: <input type="text" value="\$0.00"/>

Enter your comments here for the above lease:

Done Local intranet

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User inputs for the Volume Allocation: ‘Total Units Sold’ (500) and ‘Total Units Transferred’ (50).

Clicking on the [Allocate Volume] button will calculate the Units Submitted (25), the Units Sold (250), and the Ending Inventory (500).

This example is based on two leases of which the other one is not shown. The total Production Available for Sale from the two leases is 1000 tons. Therefore, the allocation ratio for the first lease (Ratio 1) is 50 percent.

Ratio 1 = Lease 1 Production Available for Sale/Mine-total Production Available for Sale or  $500/1000 = 50$  percent

Lease 1 Units Transferred = Ratio 1 X Total Units Transferred (50 percent times 50) = 25.

Lease 1 Units Sold = Ratio 1 X Total Units Sold (50 percent times 500) = 250

**Value Allocation for Lease 1:**

OMB Control Number 1010-0120, Expiration Date: 10/31/2007

Log Out of F&R Help

Mine Name	Business Unit	Sales Month/Year	Sales Point	Product
MARTIN COAL MINE	Federal State Fee	May, 2007	Mine	Coal

**P & R Original**

Total Units Sold:  Total Units Transferred:

Total Gross Proceeds:  Total Allowed Processing Cost:

Total Allowed Transportation Cost:

Lease Number: MTM11112	Royalty Rate/Fixed Rate: 4%	Land Class: FED			
Beginning Inventory:	Inventory/Volume Adjustment:	Units Produced:	Production Available for Sale:	Units Transferred:	Units Sold:
500	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text" value="500"/>	<input type="text" value="25"/>	<input type="text" value="250"/>
Ending Inventory:	Gross Proceeds:	Allowed Transportation Cost:	Allowed Processing Cost:	Royalty Before Allowance:	Royalty Payment:
500	<input type="text" value="\$25000"/>	<input type="text" value="\$2500"/>	<input type="text" value="\$5000"/>	<input type="text" value="\$0.00"/>	<input type="text" value="\$0.00"/>

Enter your comments here for the above lease:

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For the Value Allocation, enter Total Gross Proceeds (50,000), Total Allowed Processing Cost (10,000), and Total Allowed Transportation Cost (5,000). Click on [Allocate Value] button to have the P&R calculate 'Gross Proceeds', 'Allowed Transportation Cost', and 'Allowed Processing Cost' for each lease. These results are based on the same ratios shown in the previous slide. Ratio 1 = 50 percent

Lease 1 Gross Proceeds = Ratio 1 X Total Gross proceeds = 50 percent times \$50,000 = \$25,000

Lease 1 Allowed Transportation Cost = 50 percent X \$5,000 = \$2,500.

Lease 1 Allowed Processing Cost = 50 percent X \$10,000 = \$5,000.

**Lease-level data input page**  
**Volume/Value Allocation Royalty Calculation for Lease 1:**

**Volume/Value Allocation Royalty Calculation for Lease 1:**

OMB Control Number 1010-0120, Expiration Date: 10/31/2007  
[Log Out of P&R](#) [Help](#)

Mine Name	Business Unit	Sales Month/Year	Sales Point	Product
MARTIN COAL MINE	Federal State-Fee	May, 2007	Mine	Coal

**P & R Original**

Total Units Sold:  Total Units Transferred:

Total Gross Proceeds:  Total Allowed Processing Cost:

Total Allowed Transportation Cost:

Lease Number: MTM11112	Royalty Rate/Fixed Rate: 4%	Land Class: FED
Beginning Inventory: <input type="text" value="500"/>	Inventory/Volume Adjustment: <input type="text" value="0"/>	Units Produced: <input type="text" value="0"/>
Ending Inventory: <input type="text" value="225"/>	Gross Proceeds: <input type="text" value="\$25,000.00"/>	Production Available for Sale: <input type="text" value="500"/>
	Allowed Transportation Cost: <input type="text" value="\$2,500.00"/>	Units Transferred: <input type="text" value="25"/>
	Allowed Processing Cost: <input type="text" value="\$5,000.00"/>	Units Sold: <input type="text" value="250"/>
	Royalty Before Allowance: <input type="text" value="\$1,000.00"/>	Royalty Payment: <input type="text" value="\$700.00"/>

Enter your comments here for the above lease:

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Click on [Calculate Royalty Due] button to calculate Royalty Before Allowance (\$1,000) and Royalty Payment (\$700).

From here we have the option to go to any of the other tabs (pages), but for this example we will go to the Value Adjustment Page.



**Value Adjustment**

- Use to adjust values on any previously submitted P&R
- No volume adjustments
- Summary Table of all adjustments made in the current session
- Net total royalty payment (+/-)
- Allocation tool available

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Use the value adjustment page to adjust values for any previously submitted P&R. For P&R purposes, we define Values as any dollar amount fields and Volumes as any number that affects inventories.

No Volume adjustments can be made using the Value Adjustment Page. Volume adjustments must be made on the independent Volume/Value Adjustment Report that I will discuss later.

The Value Adjustment Summary Page will have a summary table of all adjustments that have been made in the current adjustment session. The total payment will be the net total payment.

The allocation tool is available.

OMB Control Number: 1010-0120, Expiration Date: 10/31/2007

Log Out of F&R Help

Main Payment P&R Original **Value Adjustment** Other Obligation

Mine Name: MARTIN COAL MINE Business Unit: Federal State Fee

P & R Adjustment Summary

Sales Month/Year	Sales Point	Product	Royalty Payment
Total:			\$ 0.00

Population Information

Sales Month/Year: Month: August Year: 2001 Sales Point: Mine Product: Coal

Create New Value Adjustment

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This is the Value Adjustment Summary Page.

The adjustment summary table is shown here even though there are no adjustments at this time.

- Input the month and year of the adjustment.
- Input the product, if there is more than one.
- Input the Sales Point, if there is more than one.

Click on [Create New Value Adjustment] button to go to the 'Value Adjustment Detail Page'

OMB Control Number 1010-0120, Expiration Date: 10/31/2007

[Log Out of PAR](#) [Help](#)

Mine Name	Business Unit	Sales Month/Year	Sales Point	Product
MARTIN COAL MINE	Federal/State Fee	April, 2007	Mine	Coal

**P & R Adjustment**

Interest Bearing Indicator: Yes  No

Interest From Date: Day: 31 Month: August Year: 2001

Initiated: MMS  Customer

**Allocate New Values**

Total Gross Proceeds Difference: \$ 0 Total Allowed Transportation Cost: \$ 0

Total Allowed Processing Cost: \$ 0

Lease Number: MTM111112 Land Class: FED	Current Values	Royalty Rate/Fixed Rate: 4.00%	Value Differences
Gross Proceeds:	\$10,000.00	Gross Proceeds Difference:	\$ -2,000.00
Allowed Transportation Cost:	\$300.00	Allowed Transportation Cost Difference:	\$ -100.00
Allowed Processing Cost:	\$300.00	Allowed Processing Cost Difference:	\$ 200.00
		Royalty Payment:	\$ 84.00

Enter your comments here for the above lease:

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This set of rows is the lease level data and is repeated for each lease associated with the mine being reported on even though they don't show on this slide.

The Current Values are the net values of original and any adjustments currently on the system for this lease.

Either enter the Allocation value differences or the lease-level value differences. Notice they are net differences.

Click on 'Calculate Royalty Due' to determine the net Royalty Payment.

Click on [Save Before Submitting] button to take you back to the 'Value Adjustment' summary page.



## Value Adjustment Summary Page

Main Payment
P&R Original
Value Adjustment
Other Obligation

[Log Out of P&R](#)   [Help](#)

<b>Mine Name</b>	<b>Business Unit</b>
Mine No. 1	Federal/State/Fee

**P & R Adjustment Summary**

Sales Month/Year	Sales Point	Product	Royalty Payment
		<b>Total:</b>	<b>\$ 0.00</b>

**Population Information**

Sales Month/Year:	Month: <input type="text" value="August"/>	Sales Point:	Mine <input type="text"/>
	Year: <input type="text" value="2003"/>		
Product:	<input type="text" value="Gilsonite"/>		

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Here you can check the summary of any adjustments you have made during this session. If you want to make additional adjustments to other months, simply enter a new Sales Month/Year and click the [Create New Value Adjustment] button.

When you are through making adjustments and are ready to check the summary of the entire report – click on the Main Payment tab or page at the top of this page.

OMB Control Number 1010-0120, Expiration Date: 10/31/2007  
[Log Out of P&R](#) [Help](#)

**Main Payment** | P&R Original | Value Adjustment | Other Obligation

Mine Name: MARTIN COAL MINE | Business Unit: Federal State Fee | Status Month: May, 2007

**Main Payment**

**Warning:**  
 Your Mine Level Total Production Units has a 25% or more variance when compare to the mine's last reporting period. If you accept the fact that there is a variance of 25% or more, please check the checkbox below to by-pass the validation.

Submission ID:	PAR29683
Customer Number:	MAB39
Customer Document ID:	PAR29683
Payment Method:	Electronic Funds Transfer
Federal Indian Indicator:	FED01
Production & Royalty Total:	\$ 980.00
Other Obligations Total:	\$ 10,000.00
Value Adjustment Total:	\$ 0.00
Sub Total:	\$ 10,300.00
Credit 1 Amount:	\$ 0.00
Credit 1 Doc ID:	-
Grand Total:	\$ 10,300.00

Enter your comments here for the above Mine Payment:

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Note the Mine Level Production question. This is only a warning that your production is at least 25% more or less than the previous month. You must acknowledge that you know and accept this as true by checking the box.

This is the Submission ID. It identifies this document submission.

This is the Customer Document ID and defaults to the Submission ID number. This number can be changed, but we prefer that you do not. Identify your payment with this number.

This is the Payment Method. Be careful with this, because it is defaulted to EFT which is the most common. If you pay by other means make sure you use the Mine drop down arrow and pick the appropriate method.

This is the Production and Royalty Total. Make sure this equals what you were expecting to pay for Royalties.

This is the Other Obligation Total. Make sure this is what you were expecting to report for other obligations. If there is a number in here and you didn't go to the other obligations page, you probably have a pre-populated other obligations: rent, MRPIA, or a Deferred Bonus. Go back to the Other Obligations Page and check.

This is the Value Adjustment Total Page.

Then we have the Sub Total

This box is for credits. Do not use this field.

This is the Grand Total showing the total that you are reporting in this P&R Original Report.

Not shown at the bottom of the page are three buttons: 'Calculate Royalty Due', 'Submit P&R to MMS', & 'Cancel Submission'. The Calculate Royalty button is not really needed here. Clicking the Submit P&R to MMS will submit your report and send it to ONRR. You will get a confirmation page telling you that the report has been successfully submitted. Clicking the Cancel Submission button will cancel everything you have done on this report. You will lose all data and you will have to start over, but sometimes this is a very important button. The Main Payment Page is the only place you

can find this button.

I would copy at least the Main Payment Page and the confirmation page for your records.



**Reporting Financial Obligations**

Pre-populated Obligations

- Rent, Minimum Royalty Payable in Advance (MRPIA), and Deferred Bonuses pre-populate on the P&R

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Rent, Minimum Royalty Payable in Advance, and Deferred Bonuses will pre-populate on the Other Obligations Page of the P&R the calendar month before they are due. For example, if rent is due December 1, the first time you open a P&R report during the month of November, that December rent will pre-populate. It will only show up in the Other Obligations Page and the value will show on the Main Payment Page so if you don't go to the Other Obligations Page or pay attention to the Main Payment Page you could miss the fact that one of these other obligations pre-populated. If you submit the report, you will have reported it without paying it.

If you miss the pre-population window for whatever reason, you will have to manually enter obligations.

We ask that you submit other obligations on their own PARs, separate from royalties. This is because they have different due dates. So, if you know you have obligations due the following month, please submit a PAR for the obligations. Then, you can go back in the next day to report your royalties.

OMB Control Number 1010-0120, Expiration Date: 10/31/2007

[Main Payment](#)
[P&R Original](#)
[Value Adjustment](#)
[Other Obligation](#)
[Log Out of P&R](#)
[Help](#)

[P&R Original Summary Page](#)

Mine Name: MARTIN COAL MINE  
 Business Unit: Federal State-Fee

**P & R Original Summary**

Sales Month/Year: May 2007

This Sales Month has not been submitted.

	Sales Point	Product	Units Produced	Units Sold	Gross Proceeds	Total Allowed Cost	Royalty Payment
0	Mine	Coal	100	125	\$12,500.00	\$5,000.00	\$300.00
Total:			100	125	\$12,500.00	\$5,000.00	\$300.00

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Whether they pre-populate or you have to manually enter them, your other obligations are reported in the Other Obligation tab.

Remember, it is your responsibility to know when your other obligations are due and how much they are.



## Reporting Pre-populated Obligations

OMB Control Number 1010-0120, Expiration Date: 10/31/2007

[Main Payment](#)   [P&R Original](#)   [Value Adjustment](#)   [Other Obligation](#)   [Log Out of P&R](#)   [Help](#)

**Mine Name**                      **Business Unit**  
 MARTIN COAL MINE              Federal State Fee

**Other Obligations**

Sales Month/Year	Lease Number	Payment Type	Interest Bearing Indicator	Interest From Date	Payment Amount
April, 2009	MTM222223	Rental Payment	Y	N/A	\$ 3,000.00
April, 2009	MTM111112	Rental Payment	Y	N/A	\$ 15,000.00
August <input type="button" value="v"/> 2001 <input type="button" value="v"/>	MTM111112 <input type="button" value="v"/>	Advance Royalty <input type="button" value="v"/>	Yes <input type="radio"/> No <input type="radio"/>	August <input type="button" value="v"/> 31 2001 <input type="button" value="v"/>	\$ 0
<b>Total:</b>					<b>\$ 18,000.00</b>

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This screen shows pre-populated rents. If you have pre-populated obligations, you may enter non-prepopulated obligations on the same report.



**Non Pre-Populated Obligations**

Drop-down list:

- Minimum Royalty Payment
- Recouping Rent
- Recoup Minimum Royalty Payable In Advance
- Recoup Advance Royalty
- Indian Recoupable Taken
- Contract Settlements Payment
- Indian Recoupable Balance

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The obligation you can manually enter using the drop-down list are:

OMB Control Number 1010-0120, Expiration Date: 10/31/2007

Log Out of P&R Help

Main Payment P&R Original Value Adjustment **Other Obligations**

Mine Name Business Unit  
470UNC. ERNE COLOROW ALLOTMINE Indian/State Fee

Other Obligations

Sales Month/Year	Lease Number	Payment Type	Interest Bearing Indicator	Interest From Date	Payment Amount
August	1420H624654	Advance Royalty	Yes <input type="radio"/> No <input type="radio"/>	August	\$0
2001		Advance Royalty	No <input type="radio"/>	31 2001	
					Total: \$ 0.00

Save/Add a line Clear

Advance Royalty  
Minimum Royalty Payment  
Recouping Rent  
Recoup Minimum Royalty Paid in Advance  
Recoup Advance Royalty  
MMS Settlement Agreement  
Indian Recoupable Token  
Contract Settlements Payment  
Indian Recoupable Balance

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To manually enter an other obligation, input the correct month/year the obligation is due, Lease Number, Obligation or Payment Type, and Payment Amount. Pick the non pre-populated Payment Type from the drop-down list. Remember that recoups are negative. Click on the [Save/Add a line] button to save the obligation you want to report. This will allow you to enter an additional obligation or change pages. Once you click on the [Save/Add a line] button you can not make any changes to the obligation without going to the Main Payment Page and Canceling the entire report.

We will now enter an Advance Royalty Obligation.

OMB Control Number 1010-0120, Expiration Date: 10/31/2007

Log Out of P&R Help

Main Payment P&R Original Value Adjustments Other Obligation

Mine Name Business Unit  
MARTIN COAL MINE Federal State Fee

Other Obligations

Sales Month/Year	Lease Number	Payment Type	Interest Bearing Indicator	Interest From Date	Payment Amount
April, 2009	MTM222223	Rental Payment	Y	N/A	\$ 3,000.00
April, 2009	MTM111112	Rental Payment	Y	N/A	\$ 16,000.00
April, 2007	MTM222223	Advance Royalty Payment	N	N/A	\$ 100,000.00
August 2001	MTM111112	Advance Royalty	Yes <input type="radio"/> No <input type="radio"/>	August 31 2001	\$ 0
Total :					\$ 118,000.00

Save/Add a line Clear

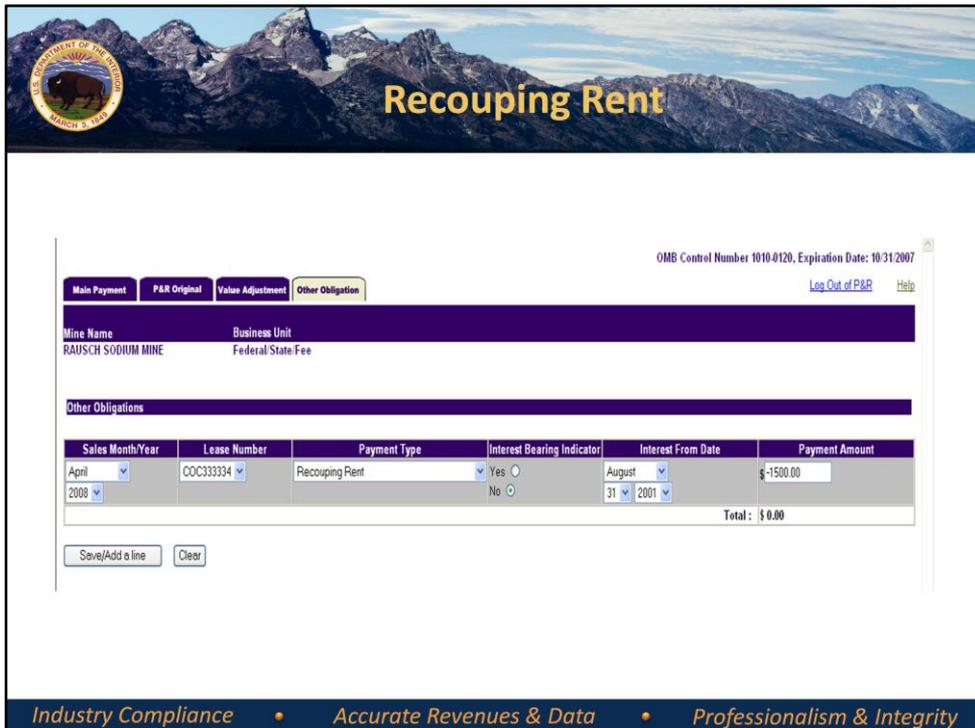
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First select the sales month/year combination, the lease number associated with the advance royalty obligation, the payment type, and the payment amount.

If you enter anything that does not correspond with our reference data, you will get an error. For example if you put in a Recoup Advance Royalty, but don't have any royalty available during the lease year that the Advance Royalty was paid for, you will get an error.

We will now enter a minimum royalty obligation.





The screenshot shows a web application interface for "Recouping Rent". At the top left is the U.S. Department of the Interior logo with the text "U.S. DEPARTMENT OF THE INTERIOR" and "MARCH 3, 1849". The title "Recouping Rent" is displayed in large yellow font against a mountain background. Below the title, the OMB Control Number 1010-0120 and Expiration Date 10/31/2007 are shown. The interface has four tabs: "Main Payment", "P&R Original", "Value Adjustment", and "Other Obligation". The "Other Obligation" tab is active. Below the tabs, the "Mine Name" is "RAUSCH SODIUM MINE" and the "Business Unit" is "Federal State Fee". There are links for "Log Out of P&R" and "Help". A section titled "Other Obligations" contains a table with the following data:

Sales Month/Year	Lease Number	Payment Type	Interest Bearing Indicator	Interest From Date	Payment Amount
April 2008	CCC333334	Recouping Rent	Yes <input type="radio"/> No <input type="radio"/>	August 31 2001	\$-1500.00
Total:					\$ 0.00

At the bottom of the table area are "Save/Add a line" and "Clear" buttons. The footer of the interface contains the text: "Industry Compliance • Accurate Revenues & Data • Professionalism & Integrity".

You cannot recoup your rent until you have paid and/or reported your advance royalty (if applicable) or your minimum royalty payable in advance (if applicable). To recoup your rent, wait until the month the obligation is/was due.

You would again navigate to the Other Obligations page, and once you are at that page you would select the same sales month as you did to report the obligation, the same lease and the obligation type of "recouping rent". You would enter the rent recoupment amount with a negative sign in front of the amount.

**Recouping Minimum Royalty Payable in Advance**

Warning: You are not able to recoup the amount entered for the selected lease.

OMB Control Number 1010-0120, Expiration Date: 10/31/2007

Main Payment | P&R Original | Value Adjustment | **Other Obligation** | [Log Out of P&R](#) | [Help](#)

Mine Name: RAUSCH SODIUM MINE | Business Unit: Federal State Fee

**Other Obligations**

Sales Month/Year	Lease Number	Payment Type	Interest Bearing Indicator	Interest From Date	Payment Amount
May, 2009	COC333334	Recoupable Rental Payment	Y	N/A	\$ 1,500.00
May, 2009	COC444445	Recoupable Rental Payment	Y	N/A	\$ 540.00
May 2008	COC333334	Recoup Minimum Royalty Paid in Advance	Yes <input type="radio"/> No <input checked="" type="radio"/>	August 31, 2001	-\$1,620.00
<b>Total:</b>					<b>\$ 2,040.00</b>

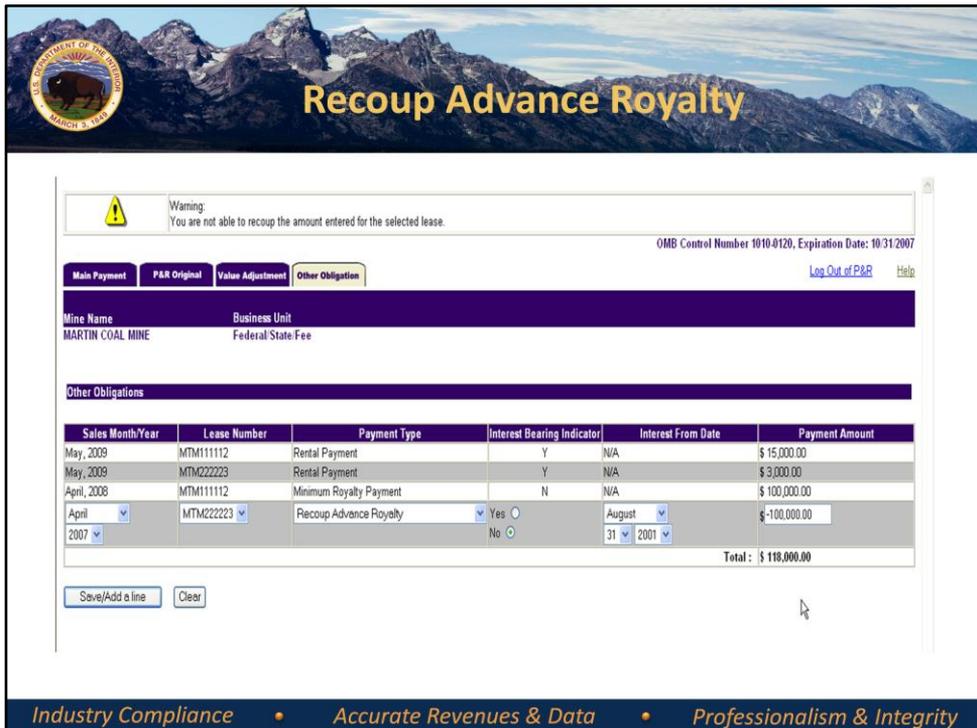
Save/Add a line | Clear

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If your lease has the Minimum Royalty Payable in Advance (or MRPIA) obligation, you can recoup against net royalties reported and paid, by lease, for 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.

If, at the end of the lease year, the royalty payment amount you paid is less than the minimum royalty payable in advance amount, you cannot recoup the remaining balance against royalties in future years.

You would again navigate to the Other Obligations page, and once you are at that page you would select the same sales month as you did to report the obligation, the same lease and the obligation type of “Recoup Minimum Royalty Payable in Advance”. You would enter the minimum royalty recoupment amount with a negative sign in front of the amount.



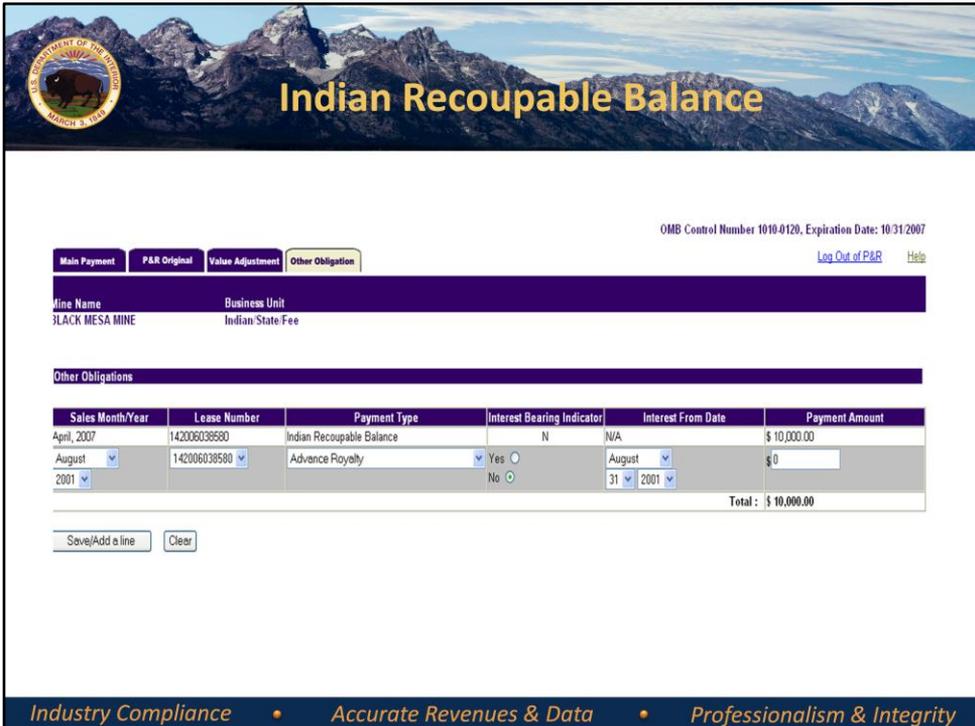
The screenshot shows the 'Recoup Advance Royalty' interface. At the top left is the U.S. Department of the Interior logo with the date 'MARCH 3, 1849'. The title 'Recoup Advance Royalty' is displayed in large yellow text against a mountain background. Below the title is a warning box: 'Warning: You are not able to recoup the amount entered for the selected lease.' To the right of the warning is the text 'OMB Control Number 1010-0120, Expiration Date: 10/31/2007'. There are four tabs: 'Main Payment', 'P&R Original', 'Value Adjustment', and 'Other Obligation'. The 'Other Obligation' tab is selected. Below the tabs, the 'Mine Name' is 'MARTIN COAL MINE' and the 'Business Unit' is 'Federal State Fee'. A section titled 'Other Obligations' contains a table with the following data:

Sales Month/Year	Lease Number	Payment Type	Interest Bearing Indicator	Interest From Date	Payment Amount
May, 2009	MTM111112	Rental Payment	Y	N/A	\$ 15,000.00
May, 2009	MTM222223	Rental Payment	Y	N/A	\$ 3,000.00
April, 2008	MTM111112	Minimum Royalty Payment	N	N/A	\$ 100,000.00
April 2007	MTM222223	Recoup Advance Royalty	Yes <input type="radio"/> No <input type="radio"/>	August 31 2001	\$ -100,000.00
<b>Total :</b>					<b>\$ 118,000.00</b>

At the bottom of the table are 'Save/Add a line' and 'Clear' buttons. A footer banner at the bottom of the interface contains the text: 'Industry Compliance • Accurate Revenues & Data • Professionalism & Integrity'.

The P&R will not permit you to select recoup advance royalty at the same time the advance royalty is reported. The reason that this is not permissible is that our financial system has to have the recoupable advance royalties established before you can recoup that advance royalty.

You would again navigate to the Other Obligations page, and once you are at that page you would select the same sales month as you did to report the obligation, the same lease and the obligation type of "Recoup Advance Royalty". You would enter the advance royalty recoupment amount with a negative sign in front of the amount.



The screenshot shows a web application interface for managing Indian Recoupable Balances. At the top left is the BLM logo with the text 'U.S. DEPARTMENT OF THE INTERIOR' and 'BUREAU OF LAND MANAGEMENT' and the date 'MARCH 3, 1849'. The main title is 'Indian Recoupable Balance'. On the right, it displays 'OMB Control Number 1010-0120, Expiration Date: 10/31/2007'. Below the title are four tabs: 'Main Payment', 'P&R Original', 'Value Adjustment', and 'Other Obligation'. The 'Other Obligation' tab is selected. The page shows a header with 'Mine Name: BLACK MESA MINE' and 'Business Unit: Indian State Fee'. Below this is a table for 'Other Obligations' with columns: Sales Month/Year, Lease Number, Payment Type, Interest Bearing Indicator, Interest From Date, and Payment Amount. The table contains one entry for 'April, 2007' with a payment amount of '\$ 10,000.00'. Below the table are 'Save/Add a line' and 'Clear' buttons. At the bottom of the page is a blue banner with the text 'Industry Compliance • Accurate Revenues & Data • Professionalism & Integrity'.

OMB Control Number 1010-0120, Expiration Date: 10/31/2007

Main Payment P&R Original Value Adjustment Other Obligation [Log Out of P&R](#) [Help](#)

Mine Name Business Unit  
BLACK MESA MINE Indian State Fee

Other Obligations

Sales Month/Year	Lease Number	Payment Type	Interest Bearing Indicator	Interest From Date	Payment Amount
April, 2007	142006039580	Indian Recoupable Balance	N	N/A	\$ 10,000.00
August 2001	142006039580	Advance Royalty	Yes <input type="radio"/> No <input checked="" type="radio"/>	August 31 2001	\$ 0
Total :					\$ 10,000.00

Save/Add a line Clear

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Indian Recoupable Balance is used to establish a recoupable balance on an Indian Overpayment. This balance can be recouped against royalties. You must establish an Indian Recoupable balance even if the total amount of the overpayment can be completely recovered in one subsequent month.

You would again navigate to the Other Obligations page, and once you are at that page you would select the sales month that you are establishing the Indian Recoupable Balance for, the lease number and the obligation type of “Indian Recoupable Balance”. Enter the amount of the Recoupable Balance as a positive number.

**Indian Recoupable taken**  
(reminder must establish Indian Recoupable Balance before entering Indian Recoupable Taken)

OMB Control Number 1010-0120, Expiration Date: 10/31/2007

Main Payment | **P&R Original** | Value Adjustment | Other Obligation [Log Out of P&R](#) [Help](#)

Mine Name: BLACK MESA MINE | Business Unit: Indian/State Fee

**Other Obligations**

Sales Month/Year	Lease Number	Payment Type	Interest Bearing Indicator	Interest From Date	Payment Amount
April, 2007	142006039590	Indian Recoupable Balance	N	N/A	\$ 10,000.00
April, 2001	142006039590	Indian Recoupable Taken	N	N/A	\$ -10,000.00
August 2001	142006039590	Advance Royalty	Yes <input type="radio"/> No <input type="radio"/>	August 31 2001	\$ 0
<b>Total:</b>					<b>\$ 0.00</b>

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The P&R will not permit you to select Indian recoupment taken at the same time the Indian recoupable balance is reported. The reason that this is not permissible is that our financial system has to have the Indian Recoupable balance established before you can submit Indian Recoupment taken.

Please Note: Recoupments may not exceed 50 percent of the monthly revenues reported if the lease is allotted or 100 percent of the net monthly revenues reported if the lease is tribal.

You would again navigate to the Other Obligations page, and once you are at that page you would select the sales month that you are recouping against, the same lease and the obligation type of "Indian Recoupable Taken". You would enter the Indian recoupable amount with a negative sign in front of the amount.

OMB Control Number 1010-0120, Expiration Date: 10/31/2007

[Log Out of P&R](#) [Help](#)

Mine Name: KIVUNG ERNE COLOROW ALLOTMINE Indian State Fee  
Business Unit:

Other Obligations

Sales Month/Year	Lease Number	Payment Type	Interest Bearing Indicator	Interest From Date	Payment Amount
April, 2009	MTM222223	Rental Payment	Y	N/A	\$ 3,000.00
April, 2009	MTM111112	Rental Payment	Y	N/A	\$ 15,000.00
April, 2007	MTM222223	Advance Royalty Payment	N	N/A	\$ 100,000.00
April, 2007	MTM111112	Contract Settlements Payment	N	N/A	\$ 200,000.00
August 2001	MTM111112	Advance Royalty	Yes <input type="radio"/> No <input type="radio"/>	August 31 2001	\$ 0
<b>Total:</b>					<b>\$ 318,000.00</b>

Save/Add a line Clear

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Use Contract Settlement to report royalty due on contract settlement payments between you and the third party. Normally, the settlements reported under this transaction are between lessees and purchasers. Do not report settlements between payors and MMS utilizing this obligation type.

Two types of settlements are reported under Contract Settlement:

**Past pricing disputes.** Royalty is due on settlement payments made to resolve disputes regarding the correct price owed for minerals produced and sold from the lease for periods before the settlement agreement (including but not limited to, reimbursements for production-related costs, tax reimbursements, or nonpayment of contract purchase price by the purchaser, etc.). Payment is due at the end of the month following the month the lessee receives the payment.

**Contract buydowns.** Royalty is due on payments made to reduce the price the original purchaser pays when they take future production under an amended or successor contract. This “buydown” amount of the total settlement must be allocated to ongoing production taken during the remaining term of the original contract.

If you determine royalties are due because settlement payments are allocable to ongoing production, and production has already occurred since the date of settlement, you should report and pay royalties on that production. You should continue to report royalties on future production in the same manner; or alternatively, you may elect to make a lump sum payment. You would again navigate to the Other Obligations page, and once you are at that page you would select the sales month that the contract settlement occurred, the lease number and the obligation type of “Contract Settlements Payment”. Enter the amount of the settlement.



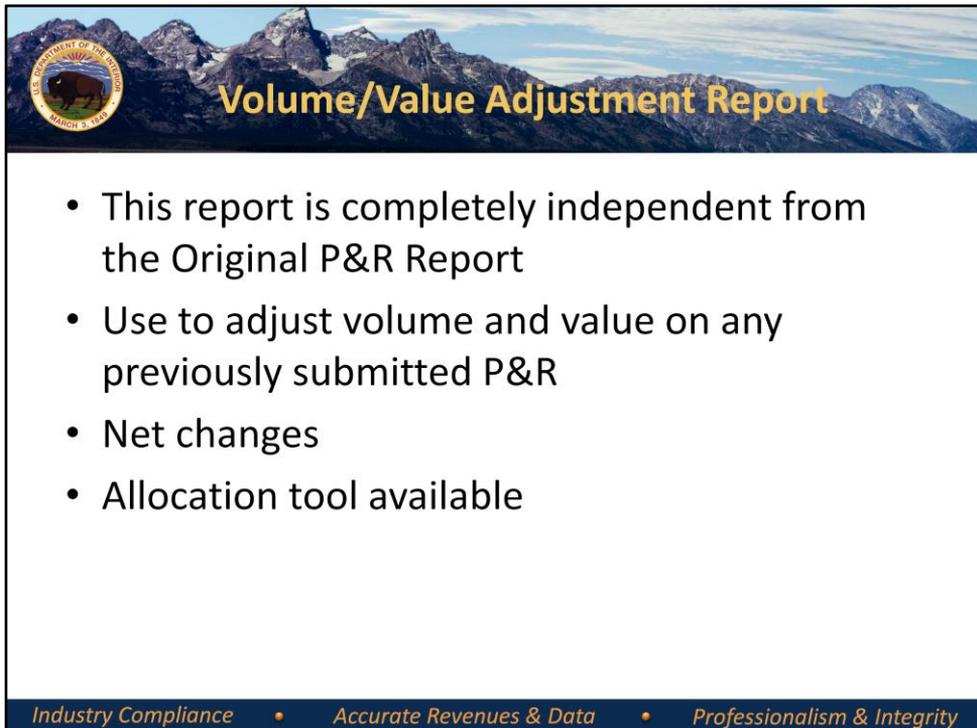
**Reporting Financial Obligations**

- Claim all recoupments using the P&R  
(Use negative numbers)
- If you have a lease that is not in a mine, you must report your financial obligations on Form ONRR-2014.
- Refer to Chapter 10 of the Solid Minerals Reporter Handbook for instructions.

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Claim all recoupments on the P&R using negative numbers.

Please note, ONRR has discontinued sending Courtesy Notices. It is your responsibility to know when your obligations are due and to report them timely, even if the lease is not in a mine and must be submitted on a 2014.

The slide features a header with a mountain landscape and the title "Volume/Value Adjustment Report" in yellow. On the left is the U.S. Department of the Interior seal, dated March 3, 1849. The main content is a bulleted list of four points. The footer contains three items: "Industry Compliance", "Accurate Revenues & Data", and "Professionalism & Integrity", each preceded by a small blue circle.

 U.S. DEPARTMENT OF THE INTERIOR  
MARCH 3, 1849

## Volume/Value Adjustment Report

- This report is completely independent from the Original P&R Report
- Use to adjust volume and value on any previously submitted P&R
- Net changes
- Allocation tool available

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This report is completely independent from the Original P&R Report although you get to it at the same Mine Name and Report Type Page discussed near the beginning of this presentation.

You can make volume and any corresponding value adjustments for any previously submitted P&R. Changing the volume of any previous P&R will change its ending inventory and therefore the next months' beginning inventory. This means that all subsequent P&R reports will have to be adjusted as well. How the P&R does this will be discussed shortly.

Unless directed otherwise, all adjustments are net adjustments as opposed to the previous method used on form 2014 where an erroneous line would be backed out and a new line inserted.

The allocation tool for both volume and value is available.

Volume/Value Adjustment – Main Page

OMB Control Number 1010-0120, Expiration Date: 10/31/2007

Welcome, MARTINEI! Please Enter the appropriate information to begin your Production & Royalty Submission

**Mine Information**

Mine Name: MARTIN COAL MINE

Federal/Indian Indicator: Federal/StateFee  Indian/StateFee

**Report Type**

Original P & R/Other Obligation/P & R Value Adjustment:

P & R Volume/Value Adjustment:

[Create Report](#)

Disclaimer:  
The Paperwork Reduction Act of 1995 requires us to inform you that this information is being collected by the Minerals Management Service from all Federal and Indian solid mineral lessees. We estimate the burden to average 20 minutes per report per month reporting electronically. Comments on the accuracy of this burden estimate or suggestions on reducing this burden should be directed to the Information Collection Clearance Officer, MS 4230, Minerals Management Service, 1849 C Street, N.W., Washington, D.C. 20240. Information that lessees claim is proprietary may be protected by the Freedom of Information Act (5 U.S.C. 552 (b) (4)), the Trade Secrets Act (18 U.S.C. 1832), and Department regulations (43 CFR part 2). An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a current valid OMB control number.

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Pick the mine name that you want to report on from the drop-down list (if more than one) and the report type.

Under Report Type, you have two report types: the Original P&R Report which incorporates Other Obligations and Value Adjustments and the P&R Volume/Value Adjustment Report.

The report type is defaulted to the Original P&R/Other Obligation/P&R Value Adjustment. You will need to click the radio button for the P&R Volume/Value Adjustment Report.

Click [Create Report] to open the report.

OMB Control Number 1010-0120, Expiration Date: 10/31/2007

Welcome, MARTINEI! Please Enter the appropriate Information to begin your Production & Royalty Submission

**Mine Information**

Mine Name: MARTIN COALMINE

Federal/Indian Indicator: Federal/State/Fee  Indian/State/Fee

**Report Type**

Original P & R/Other Obligation/P & R Value Adjustment:

P & R Volume/Value Adjustment:

**Population Information**

Sales Month/Year: Month: April Year: 2007 Sales Point: Mine

Product: Coal

[Populate Volume/Value Adjustment Page](#)

Disclaimer:  
The Paperwork Reduction Act of 1995 requires us to inform you that this information is being collected by the Minerals Management Service from all Federal and Indian solid mineral lessees. We estimate the burden to average 20 minutes per report per month reporting electronically. Comments on the accuracy of this burden estimate or suggestions on reducing this burden should be directed to the Information Collection Clearance Officer, MS 4230, Minerals Management Service, 1049 C Street, N.W., Washington, D.C. 20240. Information that lessees claim is proprietary may be protected by the Freedom of Information Act (5 U.S.C. 552 (b) (4)), the Trade Secrets Act (18 U.S.C. 1932), and Department regulations (43 CFR part 2). An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a current valid OMB control number.

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In the above example, we have selected the P&R Volume/Value Adjustment report and have changed the population information to be:

Month: April  
Year: 2007

Click on [Populate Volume/Value Adjustment Page](#)

**Volume/Value Adjustment**

**Open earliest adjustment month**

OMB Control Number 1010-0120, Expiration Date: 10/31/2007

[Log Out of P&R](#) [Help](#)

Mine Name	Business Unit	Sales Month/Year	Sales Point	Product
MARTIN COAL MINE	Federal/State/Fee	April, 2007	Mine	Coal

In order to create the volume adjustment indicated on the previous page, please complete an adjustment for each of the following months. These adjustments must be completed in order to bring the mine profile up-to-date. Do you wish to continue with this adjustment?

[Click here if you do not wish to continue](#)

Sales Month/Year	Completed?	Royalty Payment
<input checked="" type="radio"/> 04/00/2007	No	\$ 0
<input type="radio"/> 05/31/2007	No	\$ 0
<b>Total:</b>		\$ 0.00

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In this case, the last Original P&R submitted for this company was April 2007. So in the first column we have a list of the two months that have to be adjusted. You must open each adjustment month in order from the first adjustment to the last. The P&R will automatically pick the month you need to adjust next.

The next column shows whether the month in question has been completed or not.

The Royalty Payment column will be populated after adjustment data has been entered on the next page.

Click on the [Open Adjustment] button to open the adjustment detail page for the indicated month.

Click on the [Create Payment] button when all months have been adjusted and you are ready to submit the report.

The [Cancel Submission] button allows you to cancel the entire report. No data will be saved.

Click on [Open Adjustment]

OMB Control Number 1010-0120, Expiration Date: 10/31/2007  
 Log Out of P&R Help

Mine Name: MARTIN COAL MINE Business Unit: Federal State Fee Sales Month/Year: April, 2007 Sales Point: Mine Product: Coal

**P & R Adjustment**  
 Interest Bearing Indicator: Yes  No   
 Interest From Date: Day: 31 Month: August Year: 2001  
 Initiated By: MMS  Customer   
 Calculate Royalty Due  
 Complete Sales Month Adjustment

**Allocate New Values**  
 Total Sales Volume Difference: 0  
 Total Sales Value Difference: \$ 0  
 Total Allowed Transportation Cost Difference: \$ 0  
 Total Units Transferred Difference: 0  
 Total Allowed Processing Cost Difference: \$ 0  
 Allocate Volume  
 Allocate Value

Lease Number: MTM11112 Land Class: FED	Current Values	Computed Differences	User Entered Differences	Total Difference
Beginning Inventory:	0	0	N/A	0
Units Produced:	1,000	N/A	0	0
Inventory Volume Adjustment	0	N/A	0	0
Production Available for Sale:	1,000	0	0	0
Units Transferred:	0	0	0	0
Units Sold:	500	0	0	0
Allowed Transportation Cost:	\$ 100.00	\$ 0.00	\$ 0.00	\$ 0.00
Allowed Processing Cost:	\$ 500.00	\$ 0.00	\$ 0.00	\$ 0.00
Gross Proceeds:	\$ 0.00.00	\$ 0.00	\$ 0.00	\$ 0.00
Ending Inventory:	500	0	0	0
Royalty Rate Fixed Rate:	4.00%		Royalty Payment:	\$ 0.00

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This will bring you to the Volume/Value Adjustment Detail Page.

The current Values column shows the current values that the P&R has in the system including any adjustments made on previous reports.

The computed differences column shows the net adjustments for any changes made during this session.

Adjustments can be made using the allocation tools in which you need to enter the total mine differences and the Units Produced and Inventory/Volume Adjustment for each lease in the User Entered Differences Column. If you don't use the allocation tool then you can enter all adjustments by lease in the User Entered Differences column.

The far right column will give the total difference for each category, which is the sum of the Computed Differences and the User Entered Differences.



## Volume/Value Adjustment Using Allocation Tools (Volume)

Mine Name	Business Unit	Sales Month/Year	Sales Point	Product
MARTIN COAL MINE	Federal-State Fee	April, 2007	Mine	Coal

**P & R Adjustment**

Interest Bearing Indicator: Yes  No

Interest From Date: Day: 31 Month: August Year: 2001

Initiated By: MMS  Customer

**Allocate New Values**

Total Sales Volume Difference: -200  Total Units Transferred Difference: 0

Total Sales Value Difference: \$  Total Allowed Processing Cost Difference: \$

Total Allowed Transportation Cost Difference: \$

Lease Number: MTM111112 Land Class: FED	Current Values	Computed Differences	User Entered Differences	Total Difference
Beginning Inventory:	0	0	N/A	0
Units Produced:	1,000	N/A	0 <input type="text"/>	0
Inventory Volume Adjustment	0	N/A	0 <input type="text"/>	0
Production Available for Sale:	1,000	0	0 <input type="text"/>	0
Units Transferred :	0	0	0 <input type="text"/>	0
Units Sold:	500	0	0 <input type="text"/>	0
Allowed Transportation Cost:	\$ 100.00	\$ 0.00	\$ 0.00 <input type="text"/>	\$ 0.00
Allowed Processing Cost:	\$ 500.00	\$ 0.00	\$ 0.00 <input type="text"/>	\$ 0.00
Gross Proceeds:	\$ 8,000.00	\$ 0.00	\$ 0.00 <input type="text"/>	\$ 0.00
Ending Inventory:	500	0	0 <input type="text"/>	0
Royalty Rate/Fixed Rate:	4.00%		Royalty Payment:	\$ 0.00

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In this example, the allocation tool was used. Negative 200 tons were entered in Total Sales Volume Difference field. This means that 200 less tons were produced than were previously reported.



## Volume/Value Adjustment Using Allocation Tools (Volume)

Mine Name	Business Unit	Sales Month/Year	Sales Point	Product
MARLIN COAL MINE	Federal-State Fee	April, 2007	Mine	Coal

**Adjustment**

Interest Clearing Indicator: Yes  No

Interest From Date: Day: 31 Month: August Year: 2001

Initiated By: MMS  Customer

**Allocate New Values**

Total Sales Volume Difference: -200  Total Units Transferred Difference: 0

Total Sales Value Difference: \$  Total Allowed Processing Cost Difference: \$

Total Allowed Transportation Cost Difference: \$

Lease Number: MTM111112 Land Class: FED	Current Values	Computed Differences	User Entered Differences	Total Difference
Beginning Inventory:	0	0	N/A	0
Units Produced:	1,000	N/A	0	0
Inventory Volume Adjustment	0	N/A	0	0
Production Available for Sale:	1,000	0	0	0
Units Transferred :	0	0	0	0
Units Sold:	500	0.00	-100	0
Allowed Transportation Cost:	\$ 100.00	\$ 0.00	\$ 0.00	\$ 0.00
Allowed Processing Cost:	\$ 500.00	\$ 0.00	\$ 0.00	\$ 0.00
Gross Proceeds:	\$ 8,000.00	\$ 0.00	\$ 0.00	\$ 0.00
Ending Inventory:	500	0	100	0
Royalty Rate/Fixed Rate:	4.00%		Royalty Payment:	\$ 0.00

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The next step is to allocate the volume.

Only one of the two leases is being shown. You will note that in the Units Sold User Entered difference column a Negative 100.

The next step is to enter the value adjustments.



## Volume/Value Adjustment Using Allocation Tools (Value)

Mine Name	Business Unit	Sales Month/Year	Sales Point	Product
MARTIN COAL MINE	Federal State Fee	April, 2007	Blme	Coal

**P & R Adjustment**

Interest Bearing Indicator: Yes  No

Interest From Date: Day: 31 Month: August Year: 2007

Initiated By: MMS  Customer

**Allocate New Values**

Total Sales Volume Difference:	-200	Total Units Transferred Difference:	0	<input type="button" value="Allocate Volume"/>
Total Sales Value Difference:	\$ -3200	Total Allowed Processing Cost Difference:	\$ -250.00	<input type="button" value="Allocate Value"/>
Total Allowed Transportation Cost Difference:	\$ -25.00			

Lease Number: MTM111112 Land Class: FED	Current Values	Computed Differences	User Entered Differences	Total Difference
Beginning Inventory:	0	0	N/A	0
Units Produced:	1,000	N/A	0	0
Inventory Volume Adjustment	0	N/A	0	0
Production Available for Sale:	1,000	0	0	0
Units Transferred :	0	0	0	0
Units Sold:	500	0	-100	0
Allowed Transportation Cost:	\$ 100.00	\$ 0.00	\$ 0.00	\$ 0.00
Allowed Processing Cost:	\$ 500.00	\$ 0.00	\$ 0.00	\$ 0.00
Gross Proceeds:	\$ 8,000.00	\$ 0.00	\$ 0.00	\$ 0.00
Ending Inventory:	500	0	100	0
Royalty Rate: Fixed Rate:	4.00%		Royalty Payment:	\$ 0.00

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We have entered a Total Sales Value Difference of Negative \$3200.00; a Total Allowed Processing Cost Difference of Negative \$250.00; and a Total Allowed Transportation Cost Difference of Negative \$25.00.

OMB Control Number 1010-0120, Expiration Date: 10/31/2007  
[Log Out of P&H](#) [Help](#)

Mine Name: MARTIN COAL MINE    Business Unit: Federal State Fee    Sales Month/Year: April, 2007    Sales Point: Mine    Product: Coal

**P & H Adjustment**  
 Interest Bearing Indicator: Yes  No   
 Interest From Date: Day: 31 Month: August Year: 2007  
 Initiated By: MMS  Customer

Buttons: Calculate Royalty Due, Complete Sales Month Adjustment

**Allocate New Values**  
 Total Sales Volume Difference: -200    Total Units Transferred Difference: 0    Allocate Volume  
 Total Sales Value Difference: \$ -3200    Total Allowed Processing Cost Difference: \$ -250.00    Allocate Value  
 Total Allowed Transportation Cost Difference: \$ -25.00

Lease Number: MTM111112 Land Class: F&D	Current Values	Computed Differences	User Entered Differences	Total Difference
Beginning Inventory:	0	0	N/A	0
Units Produced:	1,000	N/A	0	0
Inventory Volume Adjustment	0	N/A	0	0
Production Available for Sale:	1,000	0	0	0
Units Transferred :	0	0	0	0
Units Sold:	500	0	-100	-100
Allowed Transportation Cost:	\$ 100.00	\$ 0.00	\$ 37.50	\$ 37.50
Allowed Processing Cost:	\$ 500.00	\$ 0.00	\$ -225.00	\$ -225.00
Gross Proceeds:	\$ 6,000.00	\$ 0.00	\$ 6,900.00	\$ 6,900.00
Ending Inventory:	500	0	100	100
Royalty Rate-Fixed Rate:	4.00%		Royalty Payment:	\$ 283.59

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The next step is to allocate the value among the two leases associated to this mine.

You will now note that the User Entered Differences Fields have been filled in and the next step is to calculate royalty due and then finally, click on complete sales month adjustment.



## Volume/Value Adjustment Summary Page

### Open second adjustment month

OMB Control Number 1010-0120, Expiration Date: 10/31/2007  
[Log Out of P&R](#)   [Help](#)

Mine Name	Business Unit	Sales Month/Year	Sales Point	Product
MARTIN COAL MINE	Federal/State Fee	April, 2007	Mine	Coal

In order to create the volume adjustment indicated on the previous page, please complete an adjustment for each of the following months. These adjustments must be completed in order to bring the mine profile up to date. Do you wish to continue with this adjustment?  
[Click here if you do not wish to continue.](#)

	Sales Month/Year	Completed?	Royalty Payment
<input type="radio"/>	04/30/2007	Yes	\$ -517.50
<input checked="" type="radio"/>	05/31/2007	No	\$ 0
<b>Total:</b>			\$ -517.50

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04/30/2007 is 'completed' .

The net Royalty Payment for is \$-517.50.

05/31/2007 is ready to be opened.

We would then click on the [Open Adjustment] button.



## Volume/Value Adjustment Main Payment Page

OMB Control Number 1010-0120, Expiration Date: 10/31/2007 [Help](#)

Mine Name	Business Unit
MARTIN COAL MINE	Federal/State/Fee

Main Payment	
Submission ID:	PAR29686
Customer Number:	MAE39
Customer Document ID:	PAP29686
Payment Method:	Electronic Funds Transfer
Federal/Indian Indicator:	FED01
Volume/Value Adjustment Total:	\$ -517.50
Sub Total:	\$ -517.50
Credit 1 Amount:	\$ 0.00
Credit 1 Doc ID:	-
Grand Total:	\$ -517.50

Enter your comments here for the above Mine Payment:

When done with the adjustments for all the months, click on the [Create Payment] button, you will go to the Main Payment Page where you can submit the report.

OMB Control Number 1010-0120, Expiration Date: 10/31/2007

Welcome, MARTINLEI Please Enter the appropriate Information to begin your Production & Royalty Submission

**Mine Information**

Mine Name: MARTIN COAL MINE

Federal/Indian Indicator:  Federal/StateFee  Indian/StateFee

**Report Type**

Original P & R/Other Obligation/P & R Value Adjustment:

P & R Volume/Value Adjustment:

**Population Information**

Sales Month/Year: Month: April Year: 2007 Sales Point: Mine

Product: Coal

Populate Volume/Value Adjustment Page

Disclaimer:  
The Paperwork Reduction Act of 1995 requires us to inform you that this information is being collected by the Minerals Management Service from all Federal and Indian solid mineral lessees. We estimate the burden to average 20 minutes per report per month reporting electronically. Comments on the accuracy of this burden estimate or suggestions on reducing this burden should be directed to the Information Collection Clearance Officer, MS 4230, Minerals Management Service, 1849 C Street, N.W., Washington, D.C. 20240. Information that lessees claim is proprietary may be protected by the Freedom of Information Act (5 U.S.C. 552 (b) (4)), the Trade Secrets Act (18 U.S.C. 1832), and Department regulations (43 CFR part 2). An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a current valid OMB control number.

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We will now complete a Volume/Value Adjustment without using the allocation tools. We will begin as previously, by clicking on the P&R Volume/Value adjustment radio button, selecting the month and year, sales point, and clicking on the Populate Volume/Value Adjustment Page.

Volume/Value Adjustment  
User Inputted Differences

OMB Control Number 1010-0120, Expiration Date: 10/31/2007  
[Log Out of P&R](#) [Help](#)

Mine Name	Business Unit	Sales Month/Year	Sales Point	Product
MARTIN COAL MINE	Federal State Fee	April, 2007	Mine	Coal

In order to create the volume adjustment indicated on the previous page, please complete an adjustment for each of the following months. These adjustments must be completed in order to bring the mine profile up-to-date. Do you wish to continue with this adjustment?  
[Click here if you do not wish to continue.](#)

	Sales Month/Year	Completed?	Royalty Payment
<input type="radio"/>	04/30/2007	No	\$ 0
<input type="radio"/>	05/31/2007	No	\$ 0
<b>Total:</b>			<b>\$ 0.00</b>

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In this case, the last Original P&R submitted for this company was April 2007. So in the first column we have a list of the two months that have to be adjusted. You must open each adjustment month in order from the first adjustment to the last. The P&R will automatically pick the month you need to adjust next.

The next column shows whether the month in question has been completed or not.

The Royalty Payment column will be populated after adjustment data has been entered on the next page.

Click on the [Open Adjustment] button to open the adjustment detail page for the indicated month.

Click on the [Create Payment] button when all months have been adjusted and you are ready to submit the report.

The [Cancel Submission] button allows you to cancel the entire report. No data will be saved.

Click on [Open Adjustment]



# Volume/Value Adjustment User Inputted Differences

OMB Control Number 1010-0126, Expiration Date: 10/31/2007  
[Log Out of P&R](#)   [Help](#)

Mine Name	Business Unit	Sales Month/Year	Sales Point	Product
MARTIN COAL MINE	Federal State Fee	April, 2007	Mine	Coal

**P & R Adjustment**

Interest Bearing Indicator: Yes  No

Interest From Date: Day: 31 Month: August Year: 2007

Initiated By: MMS  Customer

**Allocate New Values**

Total Sales Volume Difference:    Total Units Transferred Difference:   

Total Sales Value Difference: \$    Total Allowed Processing Cost Difference: \$   

Total Allowed Transportation Cost Difference: \$

Lease Number: WTB111112 Lead Claim FID	Current Values	Computed Differences	User Entered Differences	Total Difference
Beginning Inventory:	0	0	N/A	0
Units Produced:	1,000	N/A	<input type="text" value="0"/>	0
Inventory Volume Adjustment	0	N/A	<input type="text" value="0"/>	0
Production Available for Sale:	1,000	0	<input type="text" value="0"/>	0
Units Transferred :	0	0	<input type="text" value="0"/>	0
Units Sold:	500	0	<input type="text" value="0"/>	0
Allowed Transportation Cost:	\$ 100.00	\$ 0.00	\$ <input type="text" value="0.00"/>	\$ 0.00
Allowed Processing Cost:	\$ 500.00	\$ 0.00	\$ <input type="text" value="0.00"/>	\$ 0.00
Gross Proceeds:	\$ 9,000.00	\$ 0.00	\$ <input type="text" value="0.00"/>	\$ 0.00
Ending Inventory:	500	0	<input type="text" value="0"/>	0
Royalty Rate Fixed Rate:	4.00%		Royalty Payment:	\$ 0.00

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We will be entering data in the user entered differences filed.



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MARCH 3, 1849

Mine Name	Business Unit	Sales Month/Year	Sales Point	Product
MARTIN COAL MINE	Federal-State Fee	April, 2007	None	Coal

**Volume Adjustment**

Interest Bearing Indicator: Yes  No

Interest From Date: Day: 11 Month: August Year: 2001

Initiated By: MMS  Customer

Calculate Royalty Due  
Complete Sales Month Adjustment

**Allocate New Values**

Total Sales Volume Difference: 0 Total Units Transferred Difference: 0 Allocate Volume  
 Total Sales Value Difference: \$ 0 Total Allowed Processing Cost Difference: \$ 0 Allocate Value  
 Total Allowed Transportation Cost Difference: \$ 0

Lease Number: MTM11112 Land Class: FED	Current Values	Computed Differences	User Entered Differences	Total Difference
Beginning Inventory:	0	0	N/A	0
Units Produced:	1,000	N/A	-200	0
Inventory/Volume Adjustment	0	N/A	0	0
Production Available for Sale:	1,000	0	-200	0
Units Transferred:	0	0	0	0
Units Sold:	500	0	300	0
Allowed Transportation Cost:	\$ 100.00	\$ 0.00	\$ 75.00	\$ 0.00
Allowed Processing Cost:	\$ 500.00	\$ 0.00	\$ 25.00	\$ 0.00
Gross Proceeds:	\$ 0,000.00	\$ 0.00	\$ 4200.00	\$ 0.00
Ending Inventory:	500	0	-500	0
Royalty Rate/Fixed Rate:	4.99%		Royalty Payment:	\$ 0.00

Inter your comments here for the above lease:

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In this example, the payor has indicated the following differences: units produced is a Negative 200; Units Sold increased by 300; Allowed Transportation Cost increased by \$75.00; Allowed Processing Cost increased by \$25.00 and finally, gross proceeds increased by \$4200.00.

Click the calculate royalty due button.



Mine Name	Business Unit	Sales Month/Year	Sales Point	Product
MARTIN COAL MINE	Federal-State Fee	April, 2007	Mine	Coal

**P & R Adjustment**

Interest Bearing Indicator: Yes  No

Interest From Date: Day: 31 Month: August Year: 2001

Initiated By: MMS  Customer

Buttons: Calculate Royalty Due, Complete Sales Month Adjustment

**Allocate New Values**

Total Sales Volume Difference: \$ 0

Total Sales Value Difference: \$ 0

Total Allowed Transportation Cost Difference: \$ 0

Total Units Transferred Difference: 0

Total Allowed Processing Cost Difference: \$ 0

Buttons: Allocate Volume, Allocate Value

Lease Number: MTM11112 Land Class: FED	Current Values	Microsoft Internet Explorer	Allocated Differences	Total Difference
Beginning Inventory:	0			0
Units Produced:	1,000			0
Inventory-Volume Adjustment	0			0
Production Available for Sale:	1,000		-200	0
Units Transferred:	0		0	0
Units Sold:	500		300	0
Allowed Transportation Cost:	\$ 100.00	\$ 0.00	\$ 75.00	\$ 0.00
Allowed Processing Cost:	\$ 500.00	\$ 0.00	\$ 25.00	\$ 0.00
Gross Proceeds:	\$ 8,000.00	\$ 0.00	\$ 4200.00	\$ 0.00
Ending Inventory:	500	0	-500	0
Royalty Rate-Fixed Rate:	4.00%			Royalty Payment: \$ 0.00

Enter your comments here for the above lease:

Buttons: OK, Cancel

Warning: You have made a change in the production amount for at least one lease without using the Volume Allocation Tool. Do you wish to continue?

Footer: Industry Compliance • Accurate Revenues & Data • Professionalism & Integrity

Because the Original P&R was submitted using the Volume/Value Allocation tool, the system is giving us a “Warning” that states that a change in the production amount for at least one lease was made without using the volume allocation tool.

Do you wish to continue? Decision point – did you mean to change the volume/value in just one lease or should this have been allocated across all leases as previously completed on the Original P&R?

If your entry above is correct, click OK. If not, Click Cancel and correct the reporting.



OMB Control Number 1010-0120, Expiration Date: 10/31/2007  
[Log Out of P&R](#)   [Help](#)

Mine Name	Business Unit	Sales Month/Year	Sales Point	Product
MARTIN COAL MINE	Federal State Fee	April, 2007	Mine	Coal

**P & R Adjustment**

Interest Bearing Indicator: Yes  No

Interest From Date: Day  Month  Year

Initiated By: MMS  Customer

**Allocate New Values**

Total Sales Volume Difference:       Total Units Transferred Difference:      

Total Sales Value Difference: \$       Total Allowed Processing Cost Difference: \$      

Total Allowed Transportation Cost Difference: \$

Lease Number: MTM111112 Lease Class: FED	Current Values	Computed Differences	User Entered Differences	Total Difference
Beginning Inventory:	0	0	N/A	0
Units Produced:	1,000	N/A	<input type="text" value="200"/>	200
Inventory/Volume Adjustment	0	N/A	<input type="text" value="0"/>	0
Production Available for Sale:	1,000	0	<input type="text" value="200"/>	200
Units Transferred:	0	0	<input type="text" value="0"/>	0
Units Sold:	500	0	<input type="text" value="200"/>	200
Allowed Transportation Cost:	\$ 100.00	\$ 0.00	\$ 75.00 <input type="text"/>	\$ 75.00
Allowed Processing Cost:	\$ 500.00	\$ 0.00	\$ 25.00 <input type="text"/>	\$ 25.00
Gross Proceeds:	\$ 8,200.00	\$ 0.00	\$ 4,200.00 <input type="text"/>	\$ 4,200.00
Ending Inventory:	500	0	<input type="text" value="0"/>	0
Royalty Rate-Fixed Rate:	4.00%		Royalty Payment:	\$ 164.00

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Royalty has been calculated and we are now ready to complete the sales month adjustment.



OMB Control Number 1010-0120, Expiration Date: 10/31/2007

[Log Out of P&R](#) [Help](#)

Mine Name	Business Unit	Sales Month/Year	Sales Point	Product
MARTIN COAL MINE	Federal State-Fee	April, 2007	Mine	Coal

In order to create the volume adjustment indicated on the previous page, please complete an adjustment for each of the following months. These adjustments must be completed in order to bring the mine profile up-to-date. Do you wish to continue with this adjustment?

[Click here if you do not wish to continue.](#)

	Sales Month/Year	Completed?	Royalty Payment
<input type="radio"/>	04/30/2007	Yes	\$ 164.00
<input checked="" type="radio"/>	05/31/2007	No	\$ 0
<b>Total:</b>			\$ 164.00

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04/30/2007 is 'completed' .

The net Royalty Payment is \$164.00.

05/31/2007 is ready to be opened.

We would then click on the [Open Adjustment] button.



OMB Control Number 1010-0120, Expiration Date: 10/31/2007

[Log Out of P&R](#) [Help](#)

Mine Name	Business Unit	Sales Month/Year	Sales Point	Product
MARTIN COAL MINE	Federal/State-Fee	May, 2007	Mine	Coal

In order to create the volume adjustment indicated on the previous page, please complete an adjustment for each of the following months. These adjustments must be completed in order to bring the mine profile up-to-date. Do you wish to continue with this adjustment?

[Click here if you do not wish to continue](#)

	Sales Month/Year	Completed?	Royalty Payment
<input type="radio"/>	04/30/2007	Yes	\$ 164.00
<input type="radio"/>	05/31/2007	Yes	\$ -192.00
	<b>Total:</b>		<b>\$ -28.00</b>

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When done with the adjustments for all the months, click on the [Create Payment] button, you will go to the Main Payment Page where you can submit the report.





## Common Problems/Mistakes that can occur with the Volume/Value Report

- Selecting a Sales Month in which no original was submitted
- Incorrectly inputting data in the wrong lease
- Incorrectly inputting data in the right lease but wrong royalty rate
- Attempting to submit a report without completing all subsequent months
- Reducing volumes below zero
- Bringing inventory fields to a negative number
- Receiving a NaN error



## NaN Error

### Receiving a NaN error

- This error will appear when you have inputted all corrected data in the volume/value adjustment fields and hit calculate royalty only to realize you made a mistake.
- Upon correcting mistake, you will note NaN will appear in the fields that you not only corrected but other fields as well.
- Only way to fix – complete sales month and then cancel submission



## Logging Out

Only 3 ways to log out properly:

- Click on the [Submit P&R to MMS] button on the Main Payment page
- Click on [Save Before Submitting] button and click on the Log Out of P&R link at top right of any page. (This will save any data entered)
- Navigate to Main Payment Page and click on the [Cancel Submission] button at the bottom of page. (this will delete all data entered)

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There are only three ways to log out properly:

Submit a pending report to ONRR and close the internet browser.

Click on the [Save Before Submitting] button and then click on the Log Out of P&R link that is at the top right corner of each page. This method will get you out fine and save any data that you have entered, but the session is still out there under your name and no one else will be able to log into the P&R and pull up your mine. That means ONRR or another company user. Sometimes this can cause problems if you don't realize what the situation is.

The third way is to navigate to the Main Payment Page (or any page in the Volume/Value Adjustment Report) and click on the [Cancel Submission] button at the bottom of the page. This will delete any and all data that has been entered, but will not leave an open P&R session out there. If you just opened the P&R to look at something you should log out this way.



## P&R Timeframe

- You can submit only one report per mine per day.
- This means only one Original P&R, Value Adjustment, Other Obligation, or Volume/Value Adjustment report can be submitted each day.

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Only one report can be submitted per mine per day. One reporter can report on more than one mine that he/she is authorized to report on in a day, but not more than one report for the same mine on the same day.

This means only one Original P&R, Value Adjustment, Other Obligation, or Volume/Value Adjustment report can be submitted each day. If the Original P&R is combined with a Value Adjustment and/or an Other Obligation and they are all submitted together as one report, this is no problem.



## The HELP Button on most P&R pages -- What does it do?



Clicking on the Help button will open up another window displaying an html Document with information regarding all aspects MMS-4430 Production and Royalty Report. Users may find this Help document a useful resource.



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## Data Warehouse (BRIO)

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**What is the Data Warehouse Portal?**

- Gateway to your information
- The DW Portal contains your company reports and queries
- Interfaces with ONRR's Data Warehouse
- Financial Information
- P&R Reporting
- eInvoices
- eStatement of Accounts

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This presentation will give you a better understanding of this new world we call “Data Warehouse”

Data Warehouse is your gateway to your data that has been reported on a 4430.

It allows you to query your data as well as view and print reports.

The Data Warehouse interfaces with your data that has been reported. Typically is should be in the Data Warehouse 24 hours after it has been received by ONRR.



## Office of Natural Resources Revenue

DOI Office of the Secretary

SEARCH

ONRR

ABOUT US

VALUATION

PRICING & GUIDANCE

REPORTING/PAYING

RESOURCES

COMPLIANCE

ENFORCEMENT & APPEALS

INDIAN SERVICES

ALLOTTEES & TRIBES

**ONRR Mission:**  
 « To collect, disburse, and verify Federal and Indian energy and other natural resource revenues on behalf of all Americans. »»

ONRR Fiscal Year 2013 Total Disbursements **\$14,224,375,454**

ONRR Manages Mineral Revenues

The ONRR is responsible for the collection of all revenues associated with both federal offshore and onshore mineral leases. The effort is one of the federal government's greatest sources of non-tax revenues.

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Interior Announces Improved Valuation Method for Oil Produced on American Indian Lands - Comment Sought on Rule that Would Boost Royalties to Indian Country by \$20 Million a Year

WASHINGTON, D.C. — Following President Obama's historic visit to Indian Country last week where he underscored his commitment to work with tribal leaders to build strong, resilient economies, Secretary of the Interior Sally Jewell announced today that the De[...]

- Published June 18, 2014

ONRR Issues \$533,520 Civil Penalty to CEP M Purchase - Company cited for failure to report production

DENVER — The Department of the Interior's Office of Natural Resources Revenue (ONRR) announced today that it assessed a \$533,520 civil penalty to CEP M Purchase, LLC, (CEP) for failure to report production on federal leases.

- Published June 12, 2014

ONRR Issues \$81,952 Civil Penalty to Finley Resources - Company cited for failure to report production

DENVER — The Department of the Interior's Office of Natural Resources Revenue (ONRR) announced today that it assessed \$81,952 civil penalty to Finley Resources, LLC, (FR) for failure to report production on federal leases.

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Log onto the Data Warehouse at <https://dwportal.onrr.gov> or access from the ONRR P&R webpage

**Office of Natural Resources Revenue**

**Grand Teton Mountains -- Wyoming**  
 The Office of Natural Resources Revenue is responsible for management of all revenues associated with both federal, state and private mineral leases. The effort is one of the federal government's greatest sources of non-tax revenue.

**WARNING TO USERS OF THIS SYSTEM**

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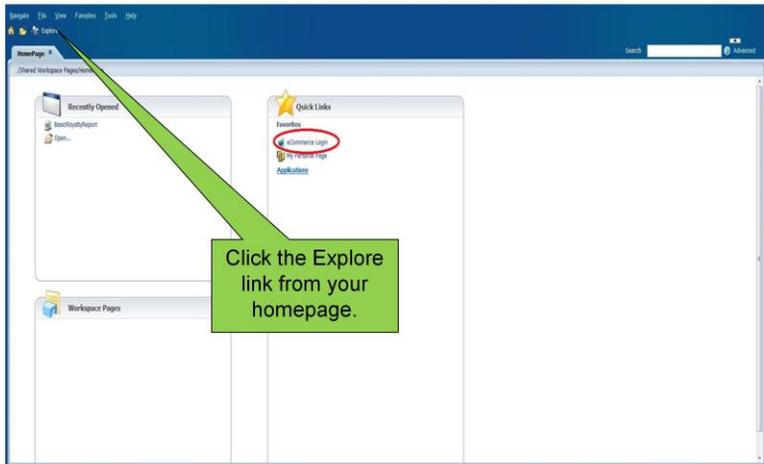
By logging into this agency computer system, you acknowledge and consent to the monitoring of this system. Evidence of your use, authorized or unauthorized, collected during monitoring may be used for civil, criminal, administrative or other adverse action. Unauthorized or illegal use may subject you to criminal prosecution. Please read, understand, and will comply with the detailed ONRR Acceptable Use Policy for users external to ONRR or Rules of Behavior for users internal to ONRR.

Department of Internal Policy, Management and Support | 1-800-451-4242 | Accessibility | ONRR Home | Contact Us | Customer | Privacy | External Accounts, Feedback  
 e-Statement of Accounts | Lease Access Balance | E-WARE Forms | Financial Reports & System Support  
 Last updated 22 August 2013

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 You will see this Homepage screen when you log into the DW Portal.



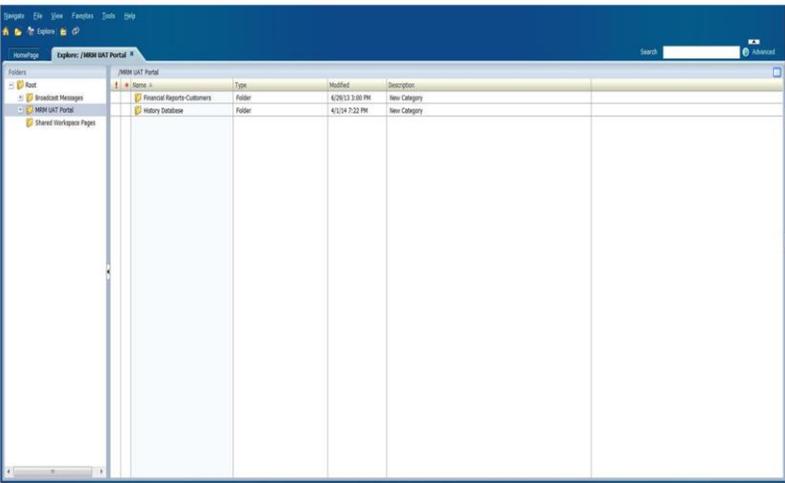
Click the Explore link from your homepage.

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This is the screen you will see when you first log in. Please click the explore button to view available folders.



The two main folders you will be accessing



Name	Type	Modified	Description
Financial Registry Customers	Folder	6/29/13 3:00 PM	New Category
History Database	Folder	4/1/14 7:22 PM	New Category

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Both of these folders are located within the MRM Portal.

Below is the query selection page. The Enter Payor Code field is mandatory and its dropdown menu is populated with Payor Codes (Customer ID) specific only to your company. You must enter a minimum of two selection criteria (i.e. Payor Code and Sales Begin Date) and click on Run.

The screenshot shows a web browser window displaying the 'Industry Reports' application. The 'Set Values' section includes the following fields:

- Enter Payor Code: [Dropdown menu]
- Enter Adm# Range: [Text input]
- Enter Document ID: [Text input]
- Enter Sales Begin Date (MM/YY): [Text input]
- Enter Sales End Date (MM/YY): [Text input]

Buttons at the bottom include 'Run' and 'CANCEL'. The footer of the application reads: 'Industry Compliance • Accurate Revenues & Data • Professionalism & Integrity'.

You will be brought to a Query Page.

You must enter a minimum of two selection criteria. For example, Payor Code (MA number) and the Sales Begin Date.



- You will be prompted to save or cancel this file.
- Name and save it to a desired location.

**Viewing Previously Reported Data**

Report ID: Solids Detail Report  
 Run Date: 01/07/2009  
 Run Time: 16:55:53  
 Payor Code: MXXX

U.S. Department of the Interior  
 Mineral Management Service

Page 1 of 1.

Mine Name	Document ID	Submit Date	Sales Date	Sales Point	Submit Type Code	Prod Code	Beg Inv Volume	Inv Adj	Prod Tons	Trans Units	Sales Volume	End Inv Volume	Gross Proceeds	Transport Allow	Processing Allow	Royalty Rate	Royalty End Inv	Prod Meth
Martin Coal Mine	FAR26964	10/18/2007	09/09/2007	Mesa	PR	EE	141,780	0	53,886	0	38,879	156,787	\$1,249,687.70	\$0.00	\$0.00	0.00000	\$0.00	
			09/09/2007	Mesa	PR	EE	107,714	0	40,788	0	37,719	110,783	\$1,303,600.11	\$278,498.85	\$0.00	0.08000	\$98,008.10	
			09/09/2007	Mesa	PR	EE	0	0	0	0	0	0	\$0.00	\$0.00	\$0.00	0.12500	\$0.00	
	FAR27211	11/09/2007	10/01/2007	Mesa	PR	EE	110,783	0	20,606	0	31,190	100,199	\$1,249,936.01	\$229,757.58	\$0.00	0.08000	\$81,614.27	
			10/01/2007	Mesa	PR	EE	0	0	0	0	0	0	\$0.00	\$0.00	\$0.00	0.12500	\$0.00	
			10/01/2007	Mesa	PR	EE	156,787	0	85,763	0	32,025	210,525	\$1,047,890.03	\$0.00	\$0.00	0.00000	\$0.00	
	FAR27415	12/18/2007	11/09/2007	Mesa	PR	EE	210,525	0	44,621	0	41,255	213,891	\$1,366,404.74	\$0.00	\$0.00	0.00000	\$0.00	
			11/09/2007	Mesa	PR	EE	0	0	0	0	0	0	\$0.00	\$0.00	\$0.00	0.12500	\$0.00	
			11/09/2007	Mesa	PR	EE	100,199	0	41,671	0	25,828	116,042	\$933,234.24	\$145,793.23	\$0.00	0.08000	\$62,995.28	

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This is an example of the report that you will receive.

It provides the following information:

- Mine Name,
- Document ID
- Date the Document was submitted
- Agency Number (BLM lease number)
- Sales Point
- Submit Type Code
- Product Code
- Beg Inv Volume
- Inventory Adjustment
- Production Tons
- Transferred Units
- Sales Volume Ending Inventory
- Gross Proceeds
- Transportation Allowance
- Processing Allowance
- Royalty Rate
- Payment Method Code



- Only use ONRR-2014 to submit other obligations when you have missed the window of opportunity on the P&R or you are adjusting periods prior to October 2001.
- Payment Instructions should be emailed to [jeremy.mason@onrr.gov](mailto:jeremy.mason@onrr.gov).
- MMS Help Desk number is 1-888-256-6460 or 303-231-3333 – call this number for password reset
- Only one report can be submitted per day
- Always print out your confirmation page – ONRR also suggests that you print each page you enter data in and retain for your records
- If you notice that your other obligations have pre-populated on a lease that is housed in two or more mines and you have submitted the report, please call Michael Rausch so he can provide guidance on how to correct.
- Make sure you have selected the right payment method code – wrong payment method code will cause you to reverse the P&R with the wrong payment method code and then re-enter into a NEW P&R with the correct method code (takes two days to accomplish).
- Call if you run into problems while reporting – don't submit an incorrect report. This only causes more work for you and for the Receivables & Reference Team.

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## History Database Folder: Lease Account Balances Link (LAB)

- Rent
- Minimum Royalty (Federal Leases Only)
- Advance Royalty



Home Page | Explorer: /MNM UAT Portal/History Database/Industry Reports

Name	Type	Modified	Description
_e-Statement of Accounts	HTML File	7/30/13 10:12 AM	Oracle 11g - 2013
BasoOGORReport	SQR Production Reporting Job	4/1/14 7:24 PM	
BasoPFSR	SQR Production Reporting Job	10/24/13 5:41 PM	
BasoRevenueReport	SQR Production Reporting Job	10/24/13 5:43 PM	
BasoRoyaltyReport	SQR Production Reporting Job	10/24/13 5:44 PM	
BasoRoyaltyReport Output	SQR Production Reporting Output	7/2/14 10:37 AM	Output from BasoRoyaltyReport
LAB Inquiry	HTML File	7/30/13 10:13 AM	Oracle 11g - 2013
OGOR_A_Vial_Ref_Report	SQR Production Reporting Job	5/28/14 9:35 AM	New OGOR/Reference Report - Industry Version
RejectOGORError	SQR Production Reporting Job	10/24/13 5:46 PM	Oracle 11g - 2013
SoldDetailsReport	SQR Production Reporting Job	10/24/13 5:47 PM	



CRBR Lease Account Balance (LAB)

 **Office of Natural Resources Revenue**

The Office of Natural Resources Revenue is responsible for management of all revenues associated with both federal offshore and onshore mineral leases. The effort is one of the federal government's greatest sources of non-tax revenues.

**Grand Teton Mountains -- Wyoming**

The Office of Natural Resources Revenue is responsible for management of all revenues associated with both federal offshore and onshore mineral leases. The effort is one of the federal government's greatest sources of non-tax revenues.

User ID:

Password:

**Login using your data warehouse user ID and password**

For assistance, please call the help desk at 1-877-256-6260  
Or send an email to [businesshelpdesk@oerre.gov](mailto:businesshelpdesk@oerre.gov)

For assistance with reporting, please refer to the Electronic Reporting Contacts link on the left.

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Last updated 03 May 2011



LAB Header | LAB Detail

**LAB Header Information**

LAB Account Type:

- Rent
- Advanced Royalty
- Bonus
- Estimates
- Gas Storage Agreement
- Indian Recoupment
- Minimum Royalty
- Rent
- Right of Way
- Well Fee

Agency Number:

\*Contract Number:

\* When entering a Contract number, be sure the Agency number





# Enter Contract or Agency Number

LAB Header LAB Detail

LAB Account Type	Contract Type	Land Class Code	Anniversary Date	Total Open Billed
MINR	LEAS	FED	04/01/1982	\$0.00

## LAB Header Information

LAB Account Type:  Agency Number:

\*Contract Number:

\*When entering a Contract number, be sure the Agency number field is empty.

**Minimum Royalty Header**

US DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
MARCH 9, 1982

- Header shows amount reported and amount due

LAB Header | LAB Detail

LAB Account Type: MINR | Contract Type: LEAS | Land Class Code: FED | Anniversary Date: 04/01/1982 | Total Open Billed: \$0.00

LAB Header Information

LAB Account Type: Minimum Royalty | Agency Number:

\*Contract Number: 0540050670 |

\*When entering a Contract number, be sure the Agency number field is empty.

LAB Date	Reported Amount PM02	Reported Amount Net PM02	Recouped Amount	Summed Amount	Paid Amount	Amount Due	Due Date
1 4/1/1986	\$0.00	\$17,064.00	\$0.00	\$17,064.00	\$17,064.00	\$17,064.00	03/31
2 4/1/1987	\$0.00	\$17,064.00	\$0.00	\$17,064.00	\$17,064.00	\$17,064.00	03/31
3 4/1/1988	\$0.00	\$17,064.00	\$0.00	\$17,064.00	\$17,064.00	\$17,064.00	03/31
4 4/1/1989	\$0.00	\$17,064.00	\$0.00	\$17,064.00	\$17,064.00	\$17,064.00	03/31
5 4/1/1990	\$0.00	\$17,064.00	\$0.00	\$17,064.00	\$17,064.00	\$17,064.00	03/31
6 4/1/1991	\$0.00	\$17,064.00	\$0.00	\$17,064.00	\$17,064.00	\$17,064.00	03/31
7 4/1/1992	\$0.00	\$17,064.00	\$0.00	\$17,064.00	\$17,064.00	\$17,064.00	03/31
8 4/1/1993	\$0.00	\$17,064.00	\$0.00	\$17,064.00	\$17,064.00	\$17,064.00	03/31
9 4/1/1994	\$0.00	\$17,064.00	\$0.00	\$17,064.00	\$17,064.00	\$17,064.00	03/31
10 4/1/1995	\$0.00	\$17,064.00	\$0.00	\$17,064.00	\$17,064.00	\$17,064.00	03/31

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Minimum Royalty is met by royalties being paid on the lease. There is always a possibility of multiple payors on a lease.

The screenshot displays a web application interface. At the top, there is a banner image of a mountain range. On the left side of the banner is the official seal of the U.S. Department of Agriculture, featuring a plow, a sheaf of wheat, and a landscape, with the text 'U.S. DEPARTMENT OF AGRICULTURE' and '1862' around it. To the right of the seal, the text 'You will not be able to access LAB detail' is written in a large, bold, orange font. Below the banner, the main content area is white. In the top right corner of this area, there is a small red button labeled 'LOG OFF'. On the left side, there is a navigation menu with two tabs: 'LAB Header' (which is active) and 'LAB Detail'. Below the tabs is a horizontal bar with the text 'LAB Header Information'. At the bottom of the page, there is a dark blue footer with the text 'Industry Compliance • Accurate Revenues & Data • Professionalism & Integrity' in a light blue font.

Due to security constraints you will not be able to access detail.

**History Database Folder: E-Statement of Accounts (eSOA) Link**

U.S. DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
MARCH 9, 1989

Root  
Broadcast Messages  
MRM UAT Portal  
Financial Reports-Customv  
History Database  
Industry Reports  
Shared Workspace Pages

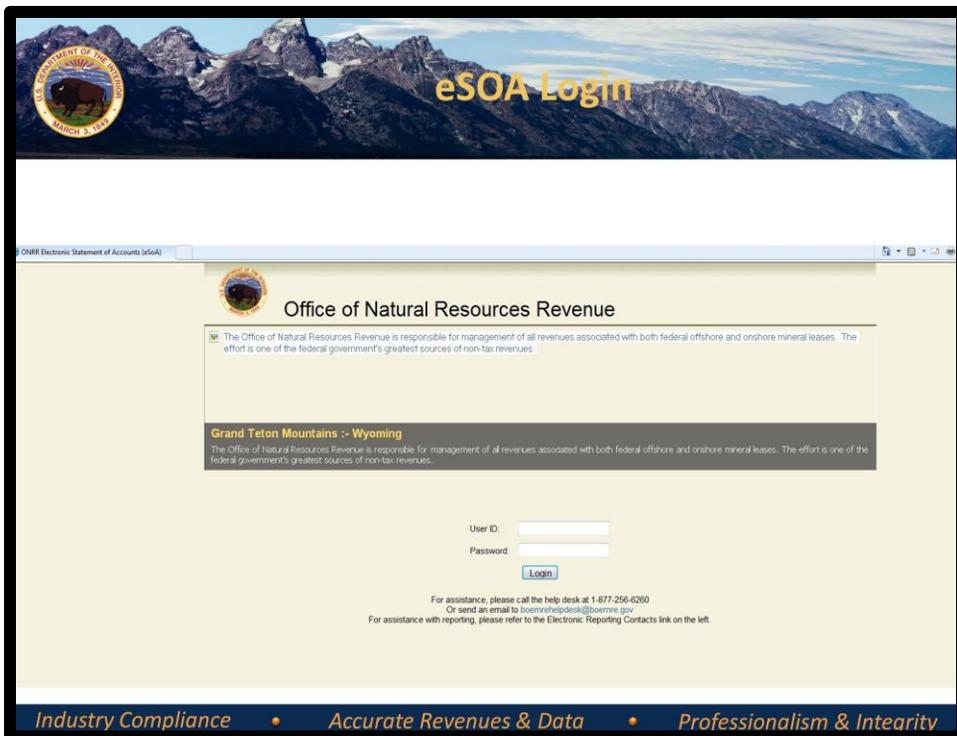
/MRM UAT Portal/History Database/Industry Reports

Name	Type	Modified	Description
e-Statement of Accounts	HTML File	7/10/13 10:12 AM	Oracle 11g - 2013
BasicOGORReport	SQR Production Reporting Job	4/1/14 7:24 PM	
BasicPASR	SQR Production Reporting Job	10/24/13 5:42 PM	
BasicReceivableReport	SQR Production Reporting Job	10/24/13 5:43 PM	
BasicRoyaltyReport	SQR Production Reporting Job	10/24/13 5:44 PM	
BasicRoyaltyReport Output	SQR Production Reporting Output	7/2/14 10:37 AM	Output from BasicRoyaltyReport
LAB Inquiry	HTML File	7/10/13 10:13 AM	Oracle 11g - 2013
OGOR_A_Well_Ref_Report	SQR Production Reporting Job	5/29/14 9:55 AM	New OGOR/Reference Report - Industry Version
RejectOGORError	SQR Production Reporting Job	10/24/13 5:46 PM	Oracle 11g - 2013
SolidsDetailReport	SQR Production Reporting Job	10/24/13 5:47 PM	

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Access eSOA through the links provided in the Data Warehouse:

- Financial Reports-Customers
- Financial Reports->Accounts Receivable
- History Database->Industry Reports page



Enter User ID and Password to accept the Rules of Behavior and to enter the eSOA system. It may take a few minutes to bring up this website, especially the first time you log in. Please be patient.



This brings you to the Search page where you enter criteria defining what you would like to see.

The FAQ and Refund link contains much useful information. It includes instructions on requesting a refund, how to avoid debt collection, how to change your company's address, and definitions of all the eSOA fields. We invite you to read through it the first time you enter the system.

Required fields are asterisked "\*".

The first field is Customer ID. If you don't know the ID, you can use the Customer ID Lookup tool, which we will review in the next slide.

Notice that default selections are provided. To change the default dates, enter a new date.

U.S. DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
MARCH 9, 2011

# Customer ID Lookup Tool

Minerals Management Service  
Minerals Revenue Management

e-Statement of Account  
Search Page

\*Required

\*Customer ID:  [Customer ID Lookup Tool](#)

\*Federal/Indian Account:  Federal  Indian [Enter Customer ID](#)

\*Open/Closed Items:  Open  Closed

Item ID/Payment #  (The "\*" character can be used as a wildcard)

Start Date:  (mm/dd/yyyy)

End Date:  (mm/dd/yyyy)

Customer ID Lookup - Microsoft Internet Explorer

Customer ID Lookup Tool

Enter search criteria. The "\*" character can be used as a wildcard.

Customer Name:

Customer ID	Customer Name
<a href="#">18221</a>	LAKE ERIE CO.

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Do you need help remembering or finding the Customer ID? Use the Customer ID Lookup tool.

You will see all the Customer ID's that are associated with your User ID. If you don't have a list, or if you'd like to find a specific company name rather than choose from the list, we recommend typing the first few characters of the company name and using the wildcard character (%).

Please be aware that it may take some time to bring up the Customer IDs. It's searching through thousands of customer names.

When you find your Customer ID, click on the Customer ID link (the link is the underlined Customer Id) and it will populate the Customer ID textbox back on the Search page.

**Statement of Account**  
( multiple pages possible)

Minerals Management Service  
Minerals Revenue Management

Federal Statement of Account - Open Items  
LAME ENERGY CO  
From 11/27/2009 to 12/17/2009

Entry Type	Accounting/Issue Date	Item ID	Payment #	Amount Remaining	Original Amount	Dist Code	Hold Code	Document #	Payment Reference	Ann#	Most Recent Annotation	Annotation History
INV	12/11/2009		FIN000000X	\$400.00	\$400.00		00H		FINYYYYY	3	Annotation A	Add/View
INV	12/11/2009		INVYYYYY	\$14.00	\$134.00				INTYYYYY	1	Annotation B	Add/View
INV	12/11/2009		FINYYYYY	\$14.00	\$134.00				FINYYYYY	1	Annotation C	Add/View
<b>Total of Above Items:</b>				<b>\$428.00</b>								

**Above Item Totals by Entry Type**

INV	\$428.00
PYMT	\$0.00
ROYAL	\$0.00
<b>Total</b>	<b>\$428.00</b>

**Debt collection is suspended on the following items per Hold Code.**

Entry Type	Accounting/Issue Date	Item ID	Payment #	Document #	Payment Reference	Dist Code	Hold Code	Amount Remaining	Annotations
INV	12/11/2009		INV		IN		00H	\$137.00	Add/View
ROYAL	12/15/2009		0366006		ROY00001		00H	\$98,983.41	Add/View
<b>Total Hold:</b>								<b>\$99,120.41</b>	

For questions call: Servicing Accountant Name  
Phone number  
Fax:  
Email

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All items meeting the search criteria will be shown on these pages. If the items brought up by the search criteria exceed 20 lines, the system will create a page break. The links to the multiple page numbers (i.e. 1, 2, etc.) will be at the bottom of the 20 lines of data. Just like in other web pages, you will be able to click the links to go to the additional pages.

The number under the “ # of Ann“ column shows how many annotations exist for this item. The most recent is shown here, and the others are available by clicking the Add/View button.

The “Above Item Totals by Entry Type” section gives subtotals for the INV, PYMT, and ROYAL Entry Types.

The “Debt collection is suspended on the following items per Hold Code section” shows that these items would not be eligible for debt collection because of reasons identified in their HOLD codes. The Hold code definitions can be found in the FAQ.

The “For Questions call:” Section is the servicing accountant contact information.

Export to MS Excel is available for both the items in the main data grid and the Hold area by clicking on the [Export] and [Export Suspended Items] buttons.

Field definitions can be found in the FAQ, available by clicking the “FAQ and Refund Info” link at the top left of the page.

**SOA Annotation History Page**

Minerals Management Service  
Minerals Revenue Management

As of 8/17/2009 10:32:47 AM (EST) [Return to Statement](#) [Logout](#)  
 Customer ID: testz [FAQs and Refund Info](#)

Annotation History - Item ID (FIN000000)  
LAKE ENERGY CO

Item Information:

Entry Type	Accounting Issue Date	Amount Remaining	Dist Code	Hold Code	Document #/Payment
INV	12/11/2009	FIN000000	\$400.00	BEH	FIN000000

Add Annotation: (127 character limit) [Submit](#)  
 This is your next instruction

Annotation History: [Export](#)

Date Submitted	User ID	Annotation
8/7/2009	atomian	Annotation A

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This screen shows the Annotation History and provides a space for entering 127 characters for new annotations.

If you remember, I mentioned that your servicing accountant is notified via email when you submit your instructions.

You cannot delete the annotations once they are submitted, but if you have any concerns, you can always call the servicing accountant.

**Important--We want you to be aware:** The annotations are simply communication between you and our agency. eSOA cannot be used to in any way to document or file a formal appeal or protest. In no way do the annotations in eSOA constitute a formal legal statement or response.



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# Office of Natural Resources Revenue

## **Coal Royalty Valuation: *an overview***



# Office of Natural Resources Revenue

## Table of Contents

- **Coal Market**
- **Royalty Measurement Point**
- **Coal Valuation Regulations**
- **Marketable Condition**
- **Gross Proceeds**
- **Arm's Length Valuation**
- **Non-Arm's Length Valuation**
- **Transportation Allowance**
- **Washing Allowance**





# Office of Natural Resources Revenue

## The Coal Market

- **Electric utility industry (steam coal) Industrial plants (steam coal)**
- **Metallurgical (coking coal)**
- **Specialty markets, stoker, steam locomotives, home heating (lump)**
- **Exports (met coal/steam coal)**
  - **2011 US exported approx. 79 Million Tons**



# Office of Natural Resources Revenue

## Steam Coal

- **Coal typically sized to 2x0 or 3x0 for handling (belt conveyors) and transportation**
- **Chemical makeup matched to boiler specifications**
- **Compliance coal must normally be less than 1.2 lb. SO<sub>2</sub>/mmBtu**
- **Industrial use - to generate electricity**





# Office of Natural Resources Revenue

## Metallurgical Coal

- **Coking coal**
- **Used to make steel**
- **Must be low ash and sulfur**
- **Strong enough to support weight of Iron ore**
- **Bulk of exported coal is Metallurgical**
- **According to EIA the average price for exported Met coal was \$ 188 for 2011**





# Office of Natural Resources Revenue

## Specialty Markets

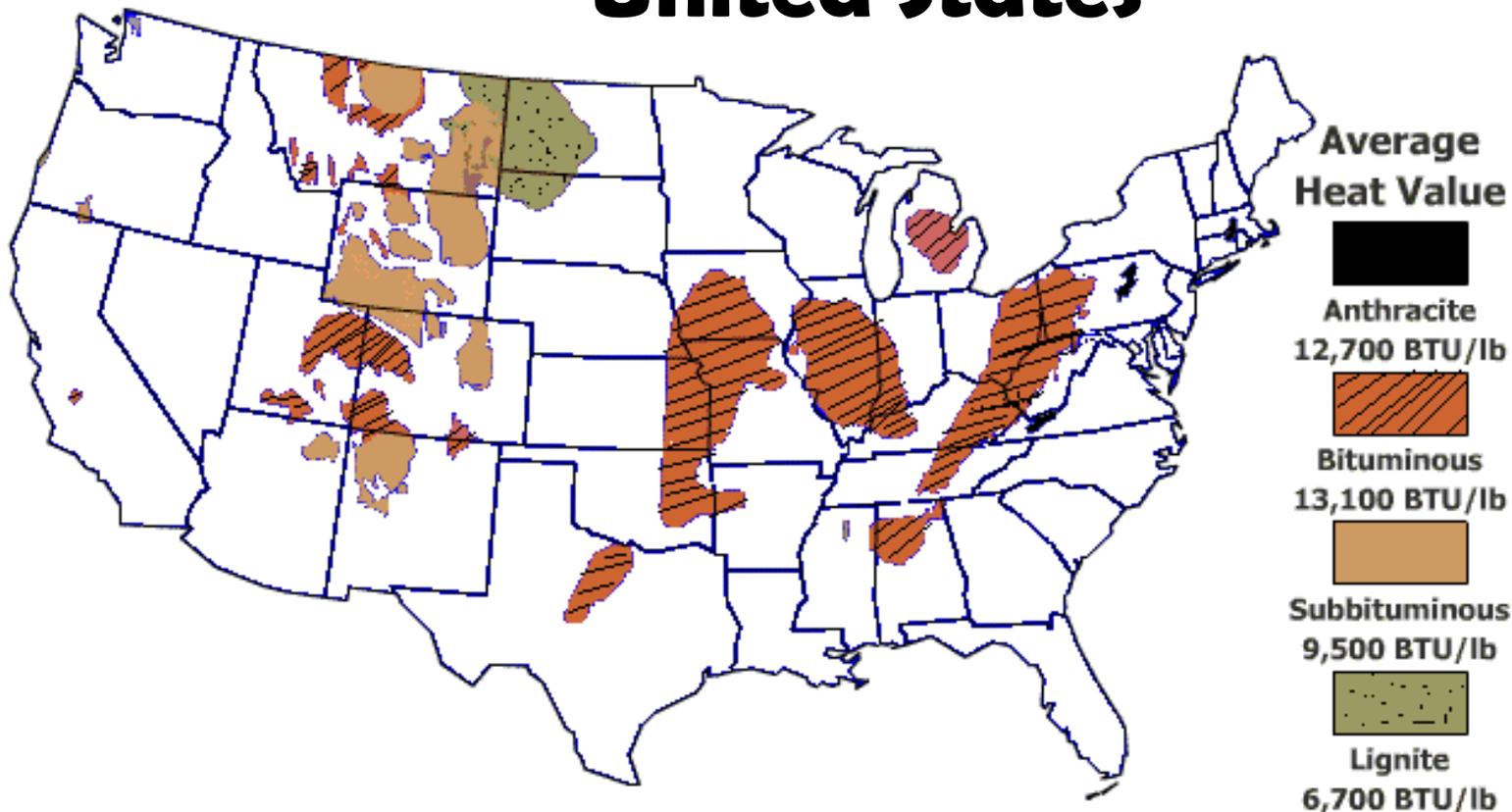
- **Stoker**
- **Steam Locomotive double screened to specified size to produce upper and lower size limits**
- **Home heating and other small scale applications (lump)**
- **Fines are eliminated**





# Office of Natural Resources Revenue

## Coal fields of the continental United States





# Office of Natural Resources Revenue

## Mining Methods

- **SURFACE (12.5 percent royalty rate)**
  - **Area Surface Mining (Strip Mining)**
  - **Mountain top removal (Bench or Contour Mining)**
  - **Open Pit Mining (Strip Mining)**
- **UNDERGROUND (8 percent royalty rate)**
  - **Longwall**
  - **Room and pillar: Conventional and Continuous Mining**
- **HIGHWALL**
  - **BLM determines royalty rate**





# Office of Natural Resources Revenue

## Point of Royalty Measurement

- **Determined jointly by BLM and ONRR (30 CFR §1206.255)(2010)**
- **The point where value for royalty purposes is normally determined.**





# Office of Natural Resources Revenue

## **Federal and Indian Leases: Royalty Is Due On Coal that Is...**

- **Produced and sold**
- **Consumed internally—NAL sales**
- **Avoidably lost (including at remote storage)**
- **Unavoidably lost and compensated**
- **Recovered from waste piles**





# Office of Natural Resources Revenue

## **Regulatory Authority**

### **30 CFR Part 1206: Product Valuation**

- **Subpart F - Federal Coal:**

**Title 30 CFR §1206.250 - 1206.265**

**Effective March 1, 1989**

- **Subpart J – Indian Coal:**

**Title 30 CFR §1206.450 – 1206.464**

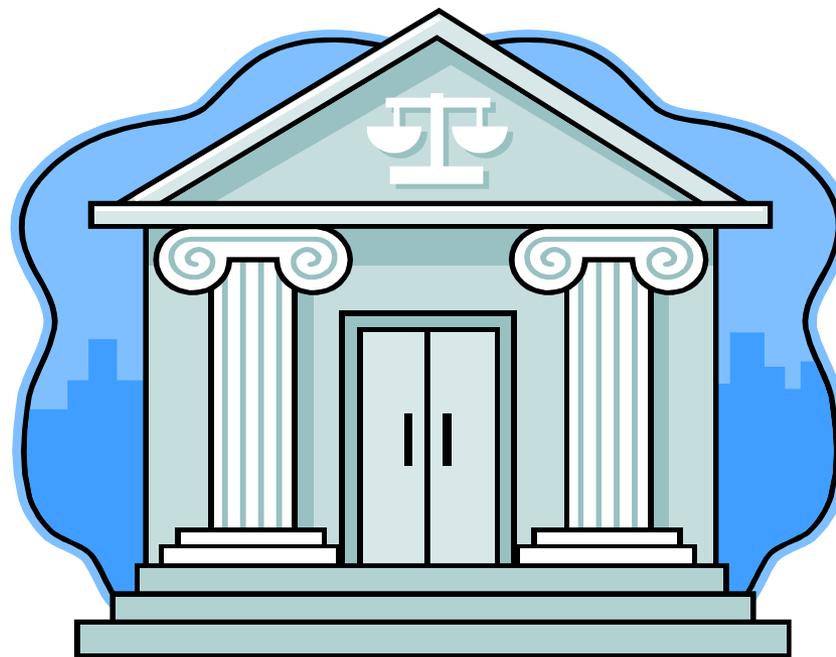
**Effective February 12, 1996**



# Office of Natural Resources Revenue

## Statutory Authority

- **Mineral Leasing Act of 1920**
- **Federal Coal Leasing Amendments Act of August 4, 1976 (FCLAA)**





# Office of Natural Resources Revenue

## **Valuing coal for royalty purposes... ...the overriding principles**

- 1. Coal must be placed in marketable condition prior to sale at no cost to the Federal government**
- 2. Total (gross) proceeds is the minimum value**
- 3. Lessees may claim transportation and washing allowances if applicable**



# Office of Natural Resources Revenue

## **Marketable Condition- Definition: 30 CFR §1206.251**

**“...coal that is sufficiently free from impurities and otherwise in a condition that it will be accepted by a purchaser under a sales contract typical for that area.”**





# Office of Natural Resources Revenue

## Marketable Condition - costs

The following are always considered costs of placing coal in marketable condition:

- Mining
- Haulage within the mine
- Primary crushing
- Marketing services
- Loadout
- Reclamation



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# Office of Natural Resources Revenue

## **Marketable Condition-costs**

**To the extent these processes are necessary for the sale, the following are considered costs of placing coal in marketable condition:**

- **Screening/sizing**
- **Blending operations**
- **Oiling**
- **Freeze proofing**



# Office of Natural Resources Revenue

## Marketable Condition - standards

- **ONRR does not set the standard - the contract sets the standard**



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# Office of Natural Resources Revenue

## Quiz Question 1

**The lessee sells coal in an unprocessed form (that's not in marketable condition) to a completely unaffiliated buyer who processes the coal to marketable condition and then resells the coal. Should the cost to place the coal into marketable condition be added to the sales price to compute royalty?**



# Office of Natural Resources Revenue

## Quiz Question 1 Answer

**Yes: The lessee is obligated to place the coal into marketable condition at no cost to the Federal Government.**



# Office of Natural Resources Revenue

## Gross Proceeds

- **Under no circumstances can the value for royalty purposes be less than gross proceeds accruing to the lessee from the sale of coal**
- **Includes all consideration (including non-cash) received by the lessee, unless the lessee shows to ONRR's satisfaction the payment is not related to coal production**



# Office of Natural Resources Revenue

## Gross Proceeds

**Lessee's gross proceeds generally include reimbursements for the expenses lessee incurs to place coal into marketable condition, including:**

**Price adjustments**

**Crushing/Sizing/Screening**

**Storing**

**Blending**

**Hauling and Loadout**

**Marketing services**

**Reclamation**

**Taxes and fees**

**Treatment with substances including freeze-proofing chemicals and oils**



# Office of Natural Resources Revenue

## Gross Proceeds

### Reimbursements for taxes and fees include:

**severance taxes**

**black lung excise tax (Collected by OSM)**

**abandoned mine lands reclamation fees**

**royalties**

**insurance premiums**



# Office of Natural Resources Revenue

## **Gross Proceeds**

**Non-cash consideration could include:**

**Mining equipment/facilities**

**Marketable condition services**

**Discounted electricity rates**

**Water rights**

**Anything else of value**

**Marketing Fees**



# Office of Natural Resources Revenue

## Gross Proceeds

### Does not include payments for:

- **Transportation costs off the mine site**
- **Limestone haulage to power plant**
- **Ash haulage to pit**
- **Beneficiation above marketable condition**
- **Force Majeure**
- **Liquidated damages (contract breach)**
- **Buyout**



# Office of Natural Resources Revenue

## **Contract settlements**

- **There must be a clear connection between the compensation received by the lessee and the final disposition of the coal**

### **Buydowns—generally royalty bearing**

- **Buyer pays lessee lump sum to lower contract price**

### **Buyouts—generally not royalty bearing**

- **Buyer pays lessee to end contract**



# Office of Natural Resources Revenue

## Quiz Question 2

**A lessee sells coal to a purchaser for \$10.80/ton. The lessee adds two pounds of soda ash per ton per the terms of the contract. The buyer pays the lessee you \$0.20/ton for that service. The lessee's contract price is \$11/ton but they report \$10.80/ton. What is the value of the Federal coal for royalty purposes?**



# Office of Natural Resources Revenue

## Quiz Question 2 Answer

**We define gross proceeds as ALL payments and other consideration passing from buyer to seller. This includes the cost of putting coal into marketable condition.**



# Office of Natural Resources Revenue

## Quiz Question 3

**The lessee sells coal to a northern utility that requires freeze proofing of coal shipments from November through March. The sales price, including freeze proofing, is \$15/ton. The freeze proofing cost is \$0.05/ton of coal. What is the value of the Federal coal for royalty purposes?**



# Office of Natural Resources Revenue

## Quiz Question 3 Answer

**We define gross proceeds as ALL payments and other consideration passing from buyer to seller. This includes the cost of putting coal into marketable condition.**



# Office of Natural Resources Revenue

## Quiz Question 4

**In order to meet customer contracted quality, a lessee purchases 100 tons of coal in a A/L transaction from a mine for \$20 a ton (\$2,000) to blend with 100 tons of Federal coal.**

**You then sell 200 tons of blended coal to the customer for \$17 a ton (\$3,400).**

**Answer the following:**

**A - How many federal sales tons would the lessee report to ONRR?**

**B - What is the lessee's reportable gross proceeds from this sale?**



# Office of Natural Resources Revenue

## Quiz Question 4

**A - How many federal sales tons would the lessee report to ONRR?**

**100 tons**

**B - What is the lessee's reportable gross proceeds from this sale?**

**\$1700=\$3400-\$1700**



# Office of Natural Resources Revenue

## To Review...

- **The point where value attaches is normally free on board (f.o.b.) the mine's train or truck loadout facility**
- **Gross proceeds must be determined (whether the sale is arm's length or non-arm's length) to establish minimum value**
- **If the sales price includes expenses for transportation or washing, ONRR may grant allowances on a case-by-case basis**



# Office of Natural Resources Revenue

## Arm's Length Valuation





# Office of Natural Resources Revenue

## Arm's Length Contract

### Definition at 30 § CFR 1206.251

**“...means a contract or agreement that has been arrived at in the marketplace between independent, nonaffiliated persons with opposing economic interests regarding that contract.”**



# Office of Natural Resources Revenue

## Arm's Length Contract

**30 § CFR 1206.257**

**Two part test**

- **Affiliation must not be controlling**
- **Parties must have opposing economic interest**
- **Contract must meet both of these conditions**

**35**



# Office of Natural Resources Revenue

## **Arm's Length Contract**

**Control is determined primarily (but not exclusively) in terms of ownership:**

**<10% = no control (ONRR may rebut)**

**10% to 50% = presume control**

**>50% = control (nonrebuttable)**

**ONRR may require the lessee to certify ownership control.**

**30 CFR § 1206.251**



# Office of Natural Resources Revenue

## **Arm's Length Contract**

**For a contract to be considered Arm's Length it must meet the requirements of the definition of affiliation “for that production month as well as when the contract was executed.”**

**30 CFR § 1206.251**



# Office of Natural Resources Revenue

## **Arm's Length Contract**

### **Arm's-Length Valuation Normally Means Contract Gross Proceeds UNLESS:**

- **Lease terms specify otherwise**
- **Total consideration is not in contract**
- **Coal is not in marketable condition**
- **There is misconduct**
- **Failure to market for mutual benefit of lessor and lessee exists**



# Office of Natural Resources Revenue

## **Arm's Length Contract**

**Indications that parties are not at arm's length include:**

**shared facilities**

**shared employees**

**shared/common financial or business investments and risk**



# Office of Natural Resources Revenue

## Quiz Question 5

**My purchaser doesn't own any of my firm's voting stock or any other similar instruments of control. However, my purchaser provided a loan for my working capital requirements and in return I provided a discount of \$2/ton plus I repaid the loan principal and all interest. Is this an arm's length contract?**



# Office of Natural Resources Revenue

## Quiz Question 5 Answer

**Arm's-length contract means a contract or agreement that has been arrived at in the marketplace between independent, nonaffiliated persons with *opposing economic interests regarding that contract.***



# Office of Natural Resources Revenue

## Non-Arm's Length Valuation





# Office of Natural Resources Revenue

## Non-Arm's Length Valuation

**Regulations at 30 CFR  
§1206.257 allow the lessee  
to determine his own non-  
arm's length value  
(subject to ONRR review),  
or ask for ONRR assistance**





# Office of Natural Resources Revenue

## Non-Arm's Length Valuation

- **There are five benchmarks (criteria)**
- **Benchmarks must be applied sequentially**
- **Valuation is based on the first applicable benchmark**
- **Value is never based on less than gross proceeds**
- **Value is always based on coal in marketable condition**





# Office of Natural Resources Revenue

## First Benchmark

**Gross proceeds accruing under the non-arm's length contract are acceptable if:**

- **the prices are within the range of sales prices of comparable arm's-length contracts**
- **parties to the arm's length contract are not related to the lessee**



# Office of Natural Resources Revenue

## **Second Benchmark**

**The price accepted or approved by the public utility commission for inclusion in the rates charged to electric power customers**



# Office of Natural Resources Revenue

## Third Benchmark

- **The price of delivered coal reported to the Department of Energy, Energy Information Administration**
- **Used by electric power cooperatives and investor-owned utilities with ≥50MW capacity**
- **Transportation and/or washing allowances usually apply**



# Office of Natural Resources Revenue

## **Fourth Benchmark**

**Determine the coal value taking into account spot prices or other relevant matters including circumstances unique to the mine**



# Office of Natural Resources Revenue

## Fourth Benchmark (cont.)

Examples of other relevant matters may include:

- **Spot market prices of other unaffiliated producers' with comparable contracts**
- **Weighted monthly average of comparable arm's length sales from the mine**
- **Cost of mining plus a reasonable ROI**
- **Weighted monthly average arm's length prices affiliated utility pays to unaffiliated suppliers for similar coal, even if not comparable contracts.**



# Office of Natural Resources Revenue

## **Fifth Benchmark**

- **A net-back or any other reasonable method, following consultation with ONRR**
- **Calculate value by subtracting from the ultimate sale any cost incurred or value added to arrive at an f.o.b mine price**
- **“The valuation procedure of last resort”**



# Office of Natural Resources Revenue

## Quiz Question 6

**A lessee sells their coal to an affiliated logistics company using the same price found in the lessee's comparable arm's length contracts. The lessee's affiliate transports the coal to the buyer and resells that coal with a 5% mark up. How would an auditor value the coal sold under this arrangement?**



# Office of Natural Resources Revenue

## Quiz Question 6

**This is a non-arm's length contract and needs to be valued using the Federal coal non-arm's length valuation benchmarks found at 30 CFR §1206.257.**



# Office of Natural Resources Revenue

## Transportation Allowances





# Office of Natural Resources Revenue

## Transportation and Washing Allowance Cites and Reporting Requirements

- **Federal -- 30 CFR § 1206.258-262**
- **Indian -- 30 CFR § 1206.457-461**





# Office of Natural Resources Revenue

## **Transportation Allowances**

- **Normal point of valuation is f.o.b. mine**
- **A transportation allowance is allowed when coal is sold f.o.b. destination, and the lessee incurs an out-of-pocket expense**
- **Allowance cannot reduce royalty to zero**



# Office of Natural Resources Revenue

## Transportation Allowances

- **Allocate transportation allowance according to royalty-bearing lease percentage**
- **Non-arms length transportation deductions are calculated differently from arms-length**



# Office of Natural Resources Revenue

## Transportation Allowances

- **Arm's-length**
- **“...reasonable, actual costs incurred by the lessee for transporting the coal under that contract...”**
- **Subject to review and audit by ONRR**





# Office of Natural Resources Revenue

## Transportation Allowances

- **Non-arm's-length calculation**
- **Unit amount of non-arms-length transportation allowance in \$/ton = non-arms length allowance amount (allocated costs/federal tons)**
- **Allowance in \$ = tons delivered from royalty-bearing lease(s) x allowance rate**



# Office of Natural Resources Revenue

## Transportation Allowances

### Eligible Expenses:

**(all downstream from mine)**

- **Rail fees**
- **Stacker/reclaimer charges**
- **Port and dock charges**
- **Vessel loading cost**
- **Vessel survey**
- **Demurrage charges out of your control**





# Office of Natural Resources Revenue

## Transportation Allowances

### Ineligible Expenses:

- **Mine haulage within the lease or within the vicinity of the mine**
- **Haulage from one mine facility to another**
- **Haulage prior to the first point where can reasonably be marketed**
- **Quality assurance analysis**
- **Sales commissions and other sales costs**



# Office of Natural Resources Revenue

## Transportation Allowances

- **ONRR developed four questions to evaluate transportation allowance eligibility**
- **All four of the questions must be answered and taken into account together to arrive at the correct eligibility determination**



# Office of Natural Resources Revenue

## Transportation Allowances

### Eligibility Question #1:

**Does coal transportation occur in what could reasonably be considered the vicinity of the mine, lease, etc., which is defined by some administrative boundary or definition?**





# Office of Natural Resources Revenue

## Transportation Allowances

### Eligibility Question #1:

**A yes response to question #1 would indicate that the haulage is on the mine/lease and therefore would not warrant a transportation allowance.**





# Office of Natural Resources Revenue

## Transportation Allowances

### Eligibility Question #2:

**Is the coal transportation considered a part of the normal mining operation?**



# Office of Natural Resources Revenue

## Transportation Allowances

**Mine haulage recognized as necessary to normal day-to-day mine operations does not qualify for a transportation Allowance.**



# Office of Natural Resources Revenue

## Transportation Allowances

### Eligibility Question #3:

**Does the transportation of coal occur prior to the first point where production can reasonably be marketed?**



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# Office of Natural Resources Revenue

## **Transportation Allowances**

**It is unusual for a transportation allowance to be granted before the first point where production can easily be marketed**

**A yes answer may indicate that a transportation allowance would be appropriate.**



# Office of Natural Resources Revenue

## Transportation Allowances

### Eligibility question #4:

**Are there any extraordinary or exceptional circumstances involving coal transportation that should be considered as relevant factors or that could render other transportation allowance criteria invalid?**



# Office of Natural Resources Revenue

## Transportation Allowances

**There may be cases where, even though one or more of the first three answers to the transportation allowance eligibility questions indicate that the transportation segment is not eligible for an allowance, extraordinary or exceptional circumstances may render these other criteria invalid and an allowance would be proper.**





# Office of Natural Resources Revenue

## Transportation Allowances

- **For example, a lessee loads coal into highway trucks in the pit and transports the coal 30 miles directly to a power plant. Is the lessee due a transportation allowance?**

Question	Answer	Eligible
Does transportation occur in the vicinity of the mine?	No	Yes
Is transportation related to a normal mining activity?	Yes	No
Does the transportation occur before the coal can be reasonably marketed.	No	No
Extraordinary or exceptional circumstances related to the transportation expenses.	?	



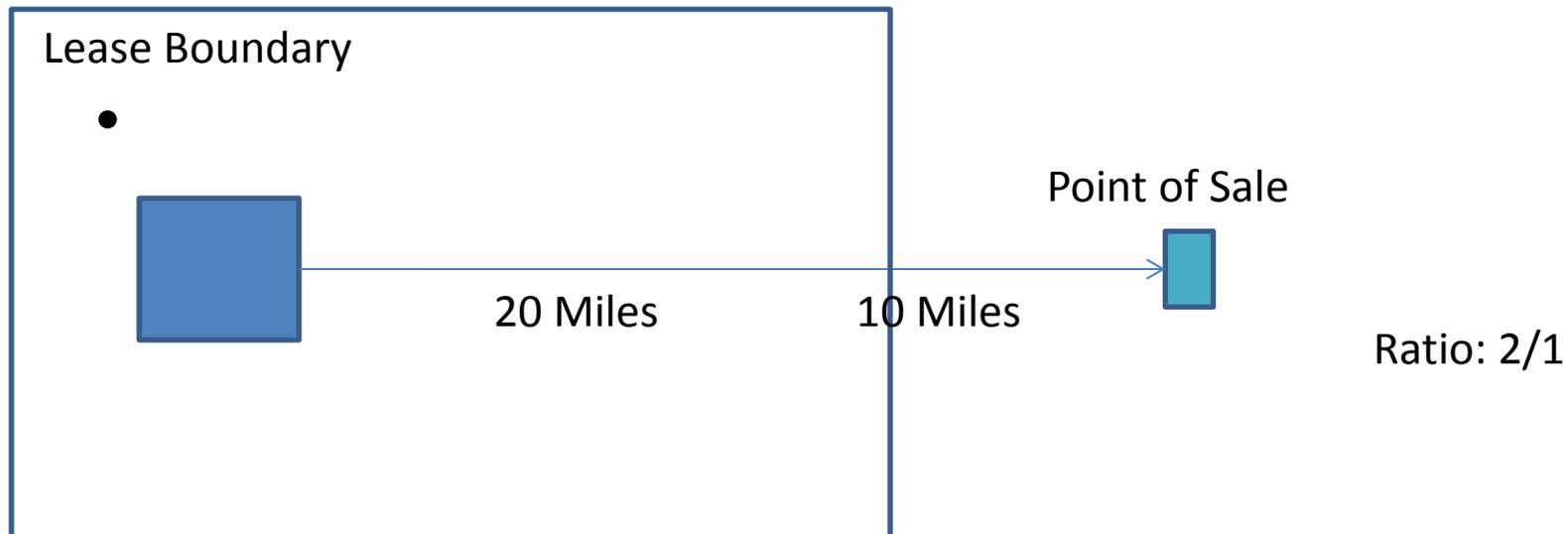
# Office of Natural Resources Revenue

## Transportation Allowances

- **In this case there may be extraordinary circumstances present. If the distance of the off-mine haulage is greater than the on-mine haulage distance, the lessee may be due a transportation allowance.**
- **ONRR determines eligibility by taking into account the ratio of on-mine/off-mine travel.**
- **For example:**



# Office of Natural Resources Revenue





# Office of Natural Resources Revenue

## **Transportation Allowances**

**If allowance eligibility is unclear...**

**Lessee should request guidance from ONRR – submit a written narrative and include the following data:**

- **operation description**
- **mine maps**
- **lease boundaries**
- **mine facility locations**
- **transportation route**



# Office of Natural Resources Revenue

## Transportation Allowance Reporting



- **Report on ONRR Form 4430 Production and Royalty Report**  
**For Indian Properties**
  - **Lessee must also submit a Form ONRR-4293 before they can claim an allowance**
  - **Until ONRR receives the form, all allowances claimed will be disallowed**



# Office of Natural Resources Revenue

## Quiz Question 7

**A lessee sells coal on an f.o.b. destination basis for \$100/ton to a buyer that's 1,500 miles from the mine/lease; the buyer pays the contract price which includes all transportation expenses (\$75/ton). Is the lessee due a transportation allowance?**

**75**



# Office of Natural Resources Revenue

## Quiz Question 7 Answer

**Yes: The lessees reasonable actual costs may be claimed as an allowance against their gross proceeds.**

**$\$100 - \$75 = \$25/\text{ton}$**



# Office of Natural Resources Revenue

## Quiz Question 8

**Should a transportation allowance be provided for all tons shipped from a mine to a off lease sale point if some tonnage is incidentally (unavoidably) lost in transit?**



# Office of Natural Resources Revenue

## Quiz Question 8 Answer

**Yes: Transportation allowances should be applied to tonnage lost in transit.**



# Office of Natural Resources Revenue

## Washing Allowances



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# Office of Natural Resources Revenue

## Washing Allowances

- **A washing allowance is allowed if the lessee incurs out of pocket expenses to wash coal prior to the royalty determination point**
- **The lessee must proportionately allocate washing costs to royalty-bearing leases**
- **The claimed allowance cannot reduce the royalty to zero**



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# Office of Natural Resources Revenue

## Washing Allowances

- **Arm's-length**
- **“...reasonable actual costs incurred by the lessee for washing the coal under that contract...”**
- **ONRR prior approval not necessary but subject to review and audit.**



# Office of Natural Resources Revenue

## Washing Allowances

- **Non-arm's-length**
- **Unit amount of non-arms length washing allowance in \$/ton = non-arms length allowance amount**
- **Allowance in \$ = tons delivered from royalty-bearing lease(s) x allowance rate**





# Office of Natural Resources Revenue

## Washing Allowance Reporting

- **Report on ONRR Form 4430 Production and Royalty Report**
- **Facility data**
- **For Indian Properties**
  - **Lessee must also submit a Form ONRR-4292 before they can claim an allowance**
  - **Until the ONRR receives the form, all allowances claimed will be disallowed**



# Office of Natural Resources Revenue

## Questions?

