



United States Department of the Interior

MINERALS MANAGEMENT SERVICE
ROYALTY MANAGEMENT PROGRAM
P.O. BOX 25165
DENVER, COLORADO 80225

IN REPLY
REFER TO:

MMS/FAD
Mail Stop 652

JAN 11 1988

Dear Payor:

This letter updates Minerals Management Service (MMS) policy regarding late payment interest charges. Current MMS policy provides that late payment interest charges will not be assessed for retroactive adjustments made as the result of Bureau of Land Management (BLM) approval or revision of a unit or communitization agreement, so long as lump-sum retroactive royalties are received by the end of the month following the month of BLM approval or revision.

Effective for all BLM unit/communitization approvals or revisions received after March 1, 1988, late payment interest charges will not be assessed in this case so long as lump-sum retroactive royalties are received by the end of the third month following the month of BLM approval or revision of a unit or communitization agreement. This initiative is one of many recommendations identified by MMS's Systems Improvement Project and endorsed by the Royalty Management Advisory Committee, a group comprised of State, Indian, and industry representatives.

If you have any questions regarding this policy, please contact your Lessee Contact Branch representative.

Sincerely,

James R. Detlefs, Chief
Fiscal Accounting Division