



United States Department of the Interior

MINERALS MANAGEMENT SERVICE

Royalty Management Program
P.O. Box 5760
Denver, Colorado 80217-5760

IN REPLY REFER TO:

DMD/SMS
Mail Stop 3110

JAN 2 1997

Re: Denver Solid Minerals Reporter Training and Product Valuation Seminar

Dear Reporter:

As mentioned in our October 2, 1996, letter, we are holding a solid minerals training seminar in the Denver area in February as detailed below.

Denver Federal Center
Building 85
(see attachment 1 for location)
February 19-21, 1997
8:30a-5:00p (2/19-20); 8:30-noon (2/21)

Attachment 2 lists the specific topics we will cover in the seminar, and attachment 3 is the daily agenda. The seminar will address both coal and non-coal reporting and valuation issues for both Federal and Indian lands. Please note we are hosting a workshop on the third day to allow you to meet with us one-on-one and discuss any reporting or valuation issues or questions your company might have.

If plan on attending the Denver seminar please call Cindi Smith-Wells at (800) 575-9167 or (303) 231-3561 by February 7, 1997. Except for your own travel and related expenses, we provide all training to you at no charge. We scheduled our training seminar just prior to the Society of Mining Engineers annual meeting and exhibit that will be held in the Denver area February 24-27, 1997. You may want to coordinate your Denver travel plans to include both our seminar and the SME conference.

Attachment 4 lists the hotels adjacent to the Denver Federal Center. We supply this list only for informational reasons; we have not reserved any individual rooms for the seminar dates, and cannot guarantee room rates or availability.

We look forward to hearing from you by February 7th. Also, please feel free to call Cindi at the above phone numbers if you have any questions or suggestions concerning the training seminar.

Sincerely,

Michael Rausch

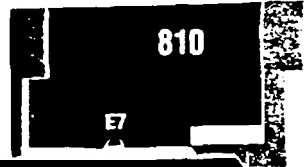
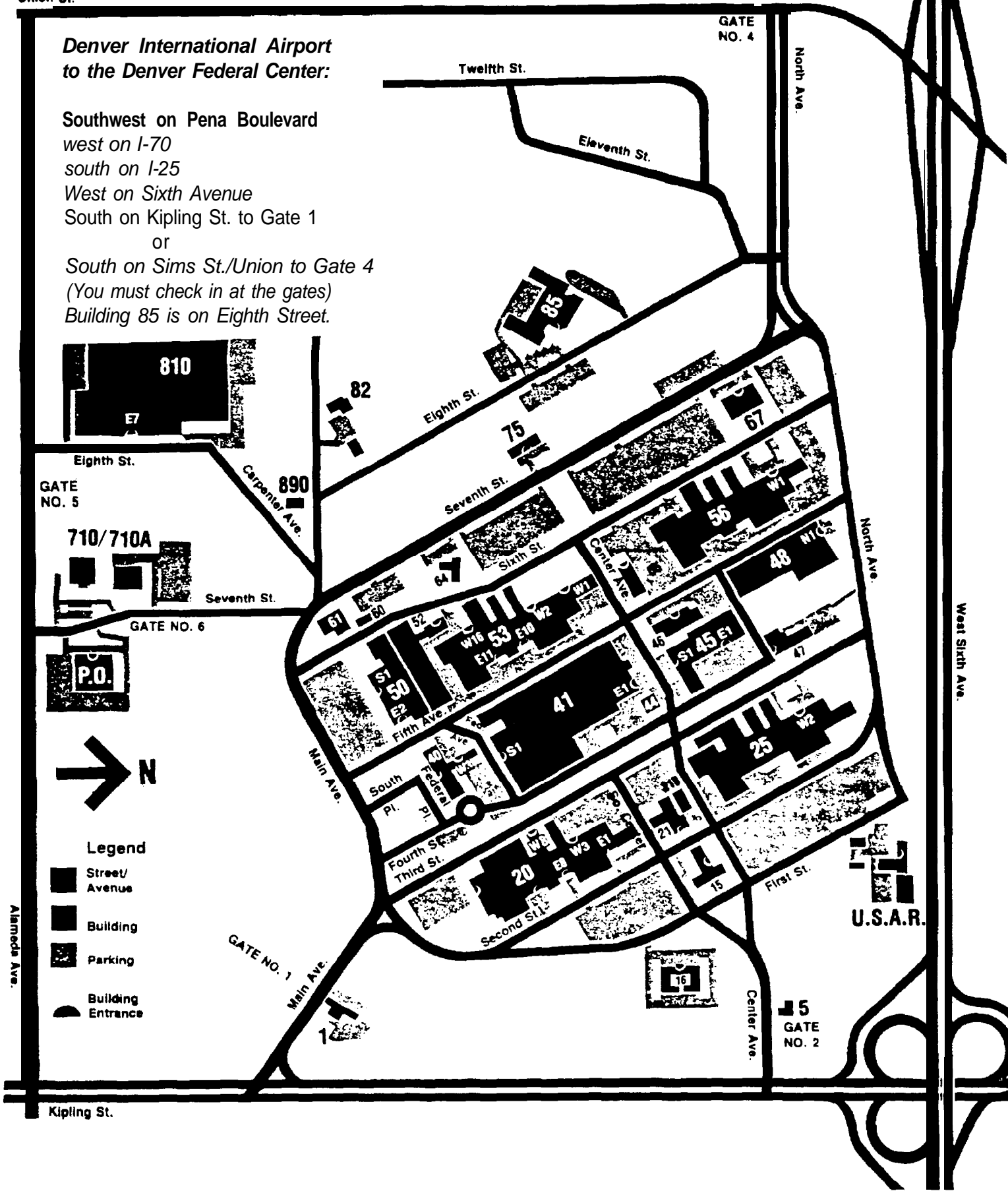
for John J. Hovanec
Chief, Solid Minerals Staff
Data Management Division

4 enclosures

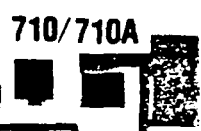
Union St.

**Denver International Airport
to the Denver Federal Center:**

Southwest on Pena Boulevard
west on I-70
south on I-25
West on Sixth Avenue
South on Kipling St. to Gate 1
or
South on Sims St./Union to Gate 4
(You must check in at the gates)
Building 85 is on Eighth Street.



GATE NO. 5



890

GATE NO. 6



Legend

- Street/Avenue
- Building
- Parking
- Building Entrance

GATE NO. 1



GATE NO. 2



Alameda Ave.

Kipling St.

West Sixth Ave.

Reporting topics will Include:

- An overview of our royalty and production accounting computer systems and future upgrades.
- When and how to complete and submit forms to establish a royalty reporting structure with us.
- How to prepare production reference documents.
- When and how to submit, correct, and adjust royalties reported to us.
- When and how to report, correct, and adjust production and inventory data for mines and processing/storage facilities.

Coal royalty valuation topics will include:

- Meeting the requirement of "arm's-length contract" in 30 CFR § 206.251 (1996).
- Non-arm's-length valuation procedures of 30 CFR § 206.257(c)(2) (1996).
- An overview of valuation under arm's-length sales and a discussion of gross proceeds and various types of payments that are considered to be production payments.
- Meeting the marketable condition requirement at 30 CFR § 206.257(h) (1996).
- Transportation and Washing Allowances -- what reporting changed on March 1, 1996, and what is still required to properly claim an allowance.
- Transportation and Washing Allowances -- when does mining stop and transportation or washing operations begin and what costs may be included in the allowance?

Non-coal solid minerals valuation issues will Include:

- An overview of general valuation policy for arm's-length sales.

- The policy for determining the proper value and quantity of primary sodium or potassium products consumed internally to make secondary products.
- Valuing associated and related mineral byproducts recovered from phosphate, potassium, and sodium leases.
- Properly determining the non-arm's-length value under 30 CFR § 206.301 (1996) for non-coal solid minerals sold to affiliated and related parties.
- Allowances for transportation, bagging, chemical reagents
-- when are they applicable, and how to compute them.
- Other payments which may or may not be excluded from gross value.

REPORTER TRAINING AND VALUATION SEMINAR AGENDA
(subject to change)

Wednesday, February 19; 8:30-11:30a:

Annual solid minerals production and royalty figures
Royalty Policy Committee findings
MMS Organization 2000
PAAS re-engineering project
Post-mining reclamation
Contract settlements; buyouts, buydowns, take or pay
Coal valuation changes
Improved advance royalty procedures
S&P industrial BBB bond index changes
Santa Fe decision
Royalty simplification and fairness act
Payor handbook revision

Wednesday, February 19; 1:00-5:00p.:

Points of contact and addresses
Reporting overview
Royalty reporting -
 payor information form
 report of sales and royalty remittance form
Production reporting -
 mine information form
 facility and measurement information form
 solid minerals operations report
 solid minerals facility report

Thursday, February 20; 8:30-5:00p:

Product-specific valuation issues (as needed) -
 coal
 sodium/potassium
 phosphate
 lead/zinc/copper
 sand & gravel
Product-specific reporting examples (as needed) -
 coal
 sodium/potassium
 phosphate
 lead/zinc/copper
 sand & gravel

Friday, February 21; 8.30a-12:00p:

Reporter workshop (companies will sign up for time slots)

Hotels within ½ mile of the Denver Federal Center:

Best Western Denver West

11595 W. Sixth Avenue
(303) 238-7751

Comfort Inn

11909 W. Sixth Avenue
(303) 231-9929

Four Points Denver West

137 Union Boulevard
(303) 969-9900

Sheraton Denver West

360 Union boulevard
(303) 987-2000