



United States Department of the Interior



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

IN REPLY
REFER TO:

FAD-LCB-A
Mail Stop 3220

JAN - 6 1992

Dear Payor:

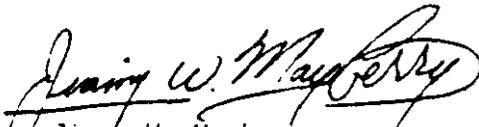
Because royalty payments are a major source of income to Indian Tribes and allottees, long-standing Department of the Interior policy has placed limitations on payor recoupment of overpayments on Indian leases. Current Minerals Management Service (MMS) policy limits recoupment to 100 percent of the current month's royalty revenue from an overpaid Tribal lease and 50 percent of the current month's royalty revenue from an overpaid allotted lease. Many queries have been generated from Indian Tribes and allottees regarding unauthorized recoupments.

In February 1988, the Special Committee on Investigations of the Select Committee on Indian Affairs of the U.S. Senate initiated a comprehensive investigation into the Federal Government's relationship with American Indians. The Chief Counsel of the Select Committee identified specific procedures relevant to Indian mineral administration that in the Committee's opinion, warranted enhancement, improvement, or further analysis by MMS. One of the identified improvements was to enhance MMS' software to identify unauthorized recoupments on Indian leases. Currently, the monitoring of these overrecoupments is accomplished through a time-intensive manual process. In order to ensure that all improper recoupments are identified, MMS has enhanced its software to automatically monitor and bill for improper recoupments of overpayments.

This letter serves as an official notice that effective with the January 1992 report month, MMS will begin systematically monitoring and billing for improper recoupments of overpayments and related interest on Indian leases.

Your cooperation in resolving this important and sensitive royalty reporting issue is appreciated. If you have any questions, please contact your Royalty Management Program's Lessee Contact Branch representative. If you do not know who to contact, please call (303) 231-3288.

Sincerely,


Jimmy W. Mayberry
Acting Associate Director for
Royalty Management