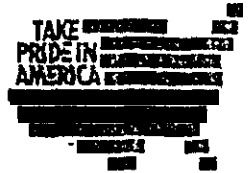




United States Department of the Interior

MINERALS MANAGEMENT SERVICE
ROYALTY MANAGEMENT PROGRAM
P.O. BOX 5760
DENVER, COLORADO 80217



IN REPLY
REFER TO:

FAD-LCB
Mail Stop 3220

APR 23 1992

Dear Payor:

Pursuant to 30 CFR § 218.40(b) (1991), the Minerals Management Service (MMS) has the authority to assess up to \$10 for each incorrectly submitted line on the Report of Sales and Royalty Remittance (Form MMS-2014/4014). This letter is to notify all payors that pursuant to that authority, and effective with July 1992 reports, payors will be subject to erroneous reporting assessments caused by the submission of information on a Form MMS-2014/4014 which is not in agreement with payor-provided information in MMS' data base.

Conflicts between reported information on the royalty report (Form MMS-2014/4014) and the MMS data base arise if the payor's Payor Information Form (PIF) is either incorrect or is not submitted timely. As stated in 30 CFR § 210.51 (1991) a PIF must be filed no later than 30 days after issuance of a new lease or a modification to an existing lease which changes the paying responsibility on the lease. Timely and accurate PIF's are critical to accurate royalty reporting. A report cannot be completed correctly in the absence of accurate underlying lease and payor information. Failure to submit accurate payor information within the established timeframe results in rejected Form MMS-2014/4014 lines which require corrective action on the part of MMS. As with other erroneous reporting situations, in order to recover the costs of error correction these rejected lines will be subject to erroneous reporting assessments as established by 52 F.R. 27593 (July 27, 1987), 30 CFR § 218.40.

When information submitted on a PIF is entered into MMS' automated system, the payor will receive a Payor Confirmation Report (PCR) indicating the assigned lease number, revenue source, selling arrangement, and product code combination needed to properly complete the Form MMS-2014/4014. If you have timely submitted this information and have not received a PCR within 14 days, please call the Reference Data Branch at 1-800-525-9167 or (303) 231-3691.

Should you have any questions regarding this letter, please notify your Lessee Contact Branch Representative. If you do not know your representative, please call (303) 231-3288.

Sincerely,

James R. Detlefs
Chief, Fiscal Accounting Division