



United States Department of the Interior

OFFICE OF NATURAL RESOURCES REVENUE

P.O. Box 25165
Denver, Colorado 80225-0165

DEC 24 2015

Subject: New reporting requirement and new eCommerce edit for Federal Terminable Lease Rentals

Dear Reporter:

This letter notifies you of the new reporting requirement for **federal terminable leases**. You **must** remit federal rent (other than first year rentals) to ONRR using the "Rental Information" tab within the eCommerce website. The "Rental Information" tab will interface directly with pay.gov. You will find at http://onrr.gov/ReportPay/PDFDocs/eCommerce_Online_Rental_FAQ.pdf "Frequently Asked Questions" regarding the Rental Information tab. These changes supersede prior reporting requirements.

On January 5, 2015, ONRR launched a new tab on the eCommerce website called "Rental Information." This tab provides a streamlined method to make federal rental payments, other than first year rents for Federal Oil, Gas, and Geothermal leases. This tab utilizes pay.gov. Pay.gov is a free, secure, U.S. Treasury website. With the establishment of www.pay.gov, electronic payments are cost-effective and practical.

In order to enforce the new reporting requirement, we implemented a new ONRR eCommerce website edit effective December 1, 2015 for the Form ONRR-2014. The edit will not allow rentals for terminable leases to be reported on Form ONRR-2014. The fatal error message will read "Terminable lease cannot be reported on Form ONRR-2014." You cannot request an override for this edit. You must delete the line.

Payments made to ONRR regarding Federal lease rentals must be made via electronic funds transfer (EFT). The ONRR regulations at 30 CFR § 1218.51, published in 2010, state: **"You must make all payments to ONRR electronically to the extent it is cost effective and practical."**

For **non-terminable leases**, you can either use the eCommerce website or you can access pay.gov directly at www.pay.gov to make rental payments reported on a Form ONRR-2014 or Invoice.

Detailed pay.gov instructions, including examples, are on the ONRR website "Payments" page at <http://www.onrr.gov/ReportPay/payments.htm>. If you have questions about how to make an EFT payment after reading the instructions on that page, please call the appropriate point of contact.

Failure to report and make payments electronically in the future may subject you to civil penalties under 30 CFR § 1241.53.

In order to aid reporters and/or payors in determining if the leases are deemed terminable leases, ONRR will be publishing a pdf document titled, "Terminable Leases by rental due date", at

<http://www.onrr.gov/ReportPay/royalty-reporting.htm> -- scroll down to Instructions and References. We will update this pdf document on a monthly basis.

You must ensure that for reporting purposes:

- (1) you have eCommerce access for the payor codes that you are paying rentals for; and
- (2) that your access is in an active status.

If your access has lapsed, you must remit an eMarf form. The eMarf form and instructions are located at: <http://www.onrr.gov/ReportPay/PDFDocs/EMARF.pdf>. Ensure that you remit the eMarf form in ample time to gain access. The processing of the eMarf form can take up to 4 weeks.

If you have any questions regarding the on-line rental information tab, please contact Ms. Michelle Jones at 303-231-3812 or Ms. Trisha Potter at 303-231-3699.

If you have any questions regarding the fatal edit and/or the eMarf process, please contact Ms. Mary Dietrick at 303-231-3318.

Sincerely,

A handwritten signature in black ink, appearing to read 'Barbara Lambert', written in a cursive style.

Barbara Lambert
Program Manager
Financial Management