Minerals Revenue Reporter Handbook

Oil, Gas, and Geothermal Resources

Report of Sales and Royalty Remittance (Form ONRR-2014)

Compliance 2014 (Form CMP-2014)

Office of Natural Resources Revenue (ONRR)

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Abbreviations

ABA	American Banking Association
ACH	Automated Clearing House
ANSI	American National Standards Institute
AOC	allotment for operation costs
APC	allotment for project costs
API	American Petroleum Institute
ASC	Accredited Standards Committee
ASCII	American Standard Code for Information Interchange
bbl	barrel, barrels
BIA	Bureau of Indian Affairs
BLM	Bureau of Land Management
BOEM	Bureau of Ocean Energy Management
BSEE	Bureau of Safety and Environmental Enforcement
Btu	British thermal unit
CA	communitization agreement
CCD+	Cash Concentration and Disbursement Plus Addenda
CD	compact disc
CFR	*Code of Federal Regulations*
CIRI	Cook Inlet Region, Incorporated
CSV	Comma Separated Value
CTX	Corporate Trade Exchange
DOE	Department of Energy
DOI	Department of Interior
DOP	division order percent
EC	electronic commerce
EDI	electronic data interchange
EFT	electronic funds transfer
FDS	Fedwire Deposit System
FMP	facility/measurement point
FOGRMA	Federal Oil and Gas Royalty Management Act of 1982
Form CMP-2014	Compliance 2014
Form ONRR-2014	Report of Sales and Royalty Remittance
FR	*Federal Register*

gal	gallon, gallons
GVP	gross value of products
INT	Federal/Indian interest bill
ISP	Internet service provider
kWh	kilowatt hour, kilowatt hours
MB	megabyte, megabytes
Mcf	thousand cubic feet
MHz	megahertz
MMBtu	million Btu
MMCCYY	month, century, and year format; for example, 102001 for October 2001
NA	not applicable
NACHA	National Automated Clearing House Association
NPS	net profit share
NRR	net revenue rate
NRS	net revenue share
OCS	Outer Continental Shelf
OCSLA	Outer Continental Shelf Lands Act
OGOR	Oil and Gas Operations Report, Form ONRR-4054-A, -B, -C
ONRR	Office of Natural Resources Revenue
ORPS	Online Rental Payment System
PA	participating area
PAD [number]	payor-assigned document [number]
PIDX	Petroleum Industry Data Exchange
PM	payment method [code]
POP	percentage of proceeds
psia	pounds per square inch, absolute
RAM	random access memory
RIK	royalty in kind
RM	report month
RSFA	Federal Oil and Gas Royalty Simplification and Fairness Act of 1996
SPR	Strategic Petroleum Reserve
SSN	Social Security Number

TIN	taxpayer identification number
TPA	transportation and processing allowances
UDC	Ute Distribution Corporation
U.S.C.	*United States Code* [of law]
USGS	U.S. Geological Survey
VAN	value added network

Glossary

adjustment	Correction made on Form ONRR-2014 or Form CMP-2014 to previously reported lines. An adjustment may be made to pay additional monies, to recoup overpaid amounts, or to change information that has no effect on payments. Lease type (Federal or Indian) affects the way an adjustment is reported. For information on how to make an adjustment to Form ONRR-2014, see Chapter 6, Adjustments, Recoupments, and Refunds.
agreement	An approved document grouping leases together for various purposes. Types of agreements include communitization and unitization.
Alternative fuel method	A method of valuing direct use geothermal resources by which the value, for royalty purposes, of the produced resource is calculated as the product of: • The value of the least expensive, reasonable, alternative fuel displaced by the geothermal production, and • The amount of thermal energy displaced by the geothermal production. See Chapter 5 of the *Geothermal Payor Handbook — Class 1 Leases.*
arm's-length contract	A contract or agreement between independent persons who are not affiliates and who have opposing economic interests regarding that contract, as defined in 30 CFR, Part 1206.
BOEM	Bureau of Ocean Energy Management — one of three agencies that replaced the former Minerals Management Service (MMS). BSEE and ONRR are the other two agencies.
British thermal unit (Btu)	The amount of heat required to raise the temperature of one pound of water by one degree Fahrenheit.
BSEE	Bureau of Safety and Environmental Enforcement — one of three agencies that replaced the former Minerals Management Service (MMS). BOEM and ONRR are the other two agencies.
Btu/cu ft	Quality or heating value of natural gas

Code of Federal Regulations (CFR)	A codification of the general and permanent rules of Federal departments and agencies, initially published in the *Federal Register.*
communitization agreement	An agreement that brings together parcels of land to satisfy drilling limitations imposed by formal State spacing orders or established field spacing rules.
compensatory royalty	A royalty paid in lieu of drilling a well that would otherwise be required under the covenants of a lease, express or implied.
compensatory royalty agreement	An agreement developed for unleased Federal or Indian land being drained by a well located on adjacent land.
condensate	Liquid hydrocarbons (normally exceeding 45 degrees of API gravity) recovered at the surface without resorting to processing. Condensate is the mixture of liquid hydrocarbons that results from condensation of petroleum hydrocarbons existing initially in a gaseous phase in an underground reservoir.
crude oil	Unrefined liquid petroleum; a mixture of hydrocarbons that is liquid in its natural phase in underground reservoirs and remains liquid at atmospheric pressure after passing through surface separation facilities. Crude oil usually ranges in API gravity from 9 degrees to 45 degrees and in color from yellow to black. It may have a paraffin, asphalt, or mixed base. If it contains a sizable amount of sulfur or sulfur compounds, it is called sour crude; if it has little or no sulfur, it is called sweet crude. In addition, crude oils may be referred to as heavy or light according to the API gravity with the lighter oils having the higher gravity.
current revenue	For purposes of determining the amount that you are allowed to recoup on an Indian lease using transaction code 51, current revenue is the sum of all rents and royalties paid in a given month, including adjustments that increase the royalties paid for previously reported periods.
dekatherm (DTH)	A unit of heat equal to 1 MMBtu. Also spelled as "decatherm".
The Debt Collection Improvement Act of 1996	The act that requires recipients of Federal payments to receive all payments electronically unless the recipients certify that they do not have an account at a financial institution.

delivered electricity	The amount of electricity, in kWh, delivered to the electricity purchaser and reported as sales volume on Form ONRR-2014 when using netback valuation. See Chapter 4 of the *Geothermal Payor Handbook — Class 1 Leases.*
direct use geothermal resources	Fluid geothermal resources (generally hot water) and related energy used in direct utilization processes; that is, processes other than electrical generation. Also called direct utilization resources.
displaced thermal energy	The calculated amount of thermal energy, in MMBtu, displaced by the geothermal production and reported as sales volume on Form ONRR-2014 when using the alternative fuel valuation method. See Chapter 5 of the *Geothermal Payor Handbook — Class 1 Leases.*
division order percentage (DOP)	$DOP = \text{Federal and/or Indian mineral ownership interest} \times \text{tract allocation} \times \text{company working interest} \times \text{lease royalty rate}$
drip (pipeline)	Liquid hydrocarbons that condense out of the gas stream in a pipeline during transmission of natural gas and are stripped from the gas stream prior to the inlet of a gas plant. Also referred to as “drip condensate” or “pipeline condensate”.
dry Btu content	The heating value contained in a cubic foot of natural gas containing no water vapor.
dry gas	Gas that contains no water vapor.
electrical generation geothermal resources	Fluid geothermal resources (steam, hot water, and hot brines) and related energy used to generate electricity.
electronic payments	Payments made electronically through several EFT methods, including *pay.gov*, ACH, or Fedwire.
entitlements	The method of reporting sales where the volume reported is equal to the reporter’s percentage of working interest or operating rights ownership in a lease or amount allocated to a lease under an approved agreement allocation schedule. The lease’s allocated volume is based on the commingling approval, if applicable.

Federal land	All land and interests in land owned by the United States that are subject to mineral leasing laws, including mineral resources or mineral estates reserved to the United States in the conveyance of a surface or non-mineral estate.
fee land	Privately owned land. Wells located on fee land are not reported to ONRR unless they are part of an agreement containing Federal and/or Indian leases.
first production	Initial oil and gas production from a well and initial royalty-bearing geothermal production, as determined by BLM.
flare gas	Gas burned in the field as a means of disposal when there are emergencies, during certain well tests, and in other situations where approval is granted by BSEE or the BLM, as appropriate.
flash gas	Gas that is formed from a liquid hydrocarbon, usually due to the reduction of pressure.
formation	A bed or deposit composed throughout of substantially the same kind of rock; a lithologic unit. Each different formation is given a name, frequently as a result of the study of the formation outcrop at the surface and sometimes based on fossils found in the formation.
fuel gas	Gas used by the lessee for operational purposes on the lease.
gas	As reported for all Federal and Indian leases, any fluid, either combustible or noncombustible (except helium), produced from an underground reservoir and having neither independent shape nor volume, but tending to expand indefinitely at the surface. Gas is any substance (except helium) existing in gaseous stage at the surface under normal conditions. It includes, but is not limited to, carbon dioxide, nitrogen, and hydrocarbon gases.
gas plant	An installation that processes natural gas to prepare it for sale to consumers. A gas plant separates desirable hydrocarbon components from the impurities in natural gas.
geothermal	Pertaining to the heat produced by the earth's interior; usually in the form of natural hot water and/or steam.

geothermal byproducts	Geothermal byproducts include: • Any mineral or minerals (exclusive of oil, hydrocarbon gas, and helium) that are found in solution or developed in association with geothermal fluids and have a value less than 75 percent of the value of the geothermal energy or are not — because of quantity, quality, or technical difficulties in extraction and production — of sufficient value to warrant extraction and production by themselves. • Commercially demineralized water
geothermal resources	All products of geothermal processes, including: • Indigenous steam, hot water, and hot brines; • Steam and other gases, hot water, and hot brines resulting from water, gas, or other fluids artificially introduced into geothermal formations; • Heat or other associated energy found in geothermal formations; and • Byproducts.
GPM (gallons per thousand cubic feet)	The amount, in gallons, of an NGL that is entrained in one Mcf of gas.
gross proceeds	The total monies and other consideration accruing for the disposition of the produced oil, gas, or geothermal resources, or products derived therefrom. See the *Oil and Gas Federal Payor Handbook,* the *Oil and Gas Indian Payor Handbook,* Appendix A of the *Geothermal Payor Handbook — Class 1 Leases or* Appendix A of the *Geothermal Payor Handbook — Class 2 & 3 Leases*, and the definitions sections in 30 CFR 1206 for additional descriptions of gross proceeds specific to each commodity.
helium	A colorless, odorless, inert, gaseous element. It is reserved to the Federal Government and withheld from leasing. It may not be separated and sold without a special agreement with DOI.

Indian land	Any lands or interests in lands of an Indian tribe or allottee held in trust by the United States, or that are subject to Federal restrictions against alienation. This includes mineral resources and mineral estates reserved to an Indian tribe or allottee in the conveyance of a surface or non-mineral estate, except that such term does not include any lands subject to the provisions of Section 3 of the Act of June 28, 1906 (30 CFR 1216.6) (34 Stat. L. 539), applicable to the Osage Indian Tribe. BIA monitors Indian leases.
lease	Any contract, profit-sharing arrangement, joint venture, or agreement issued or approved by the United States under a mineral leasing law that authorizes exploration for, extraction of, or removal of oil or gas. In this handbook, "agreement" and "lease" are used synonymously with unitization and communitization agreements.
lease production	Oil, gas, and geothermal resources produced from wells on a single lease.
lease-level transaction	An obligation that is reported against the lease rather than a specific product or sales type.
lessee	An entity (company or individual) entitled under an oil, gas, or geothermal lease to explore for and produce specific minerals from a lease. The lessee has the responsibility for payment of royalties but may authorize others to do so on its behalf.
lessor	An owner of mineral rights through execution of a lease. For purposes of the financial accounting system, the lessor is the U.S. Government, an Indian tribe, or an Indian allottee.
load oil	Any oil that has been used with respect to the operation of oil or gas wells for wellbore stimulation, workover, chemical treatment, or production purposes. It does not include oil used at the surface to place lease production in marketable condition.
lockbox payment	A tribal lease payment that is sent directly to a bank of the tribe's choosing.
minimum royalty	A minimum amount of annual royalty due on a per-acre basis for producing leases that do not meet their minimum royalty obligation from actual production royalties or for nonproducing leases that have a well capable of production in commercial quantities.

natural gas	A highly compressible and expansible mixture of hydrocarbons having a low specific gravity and occurring naturally in a gaseous form. Natural gas may contain appreciable quantities of nitrogen, helium, carbon dioxide, and contaminants, such as hydrogen sulfide and water vapor. Certain gases may be found as liquids under suitable conditions of temperature and pressure.
natural gas liquid (NGL)	Hydrocarbons liquefied at the surface in field facilities or gas processing plants.
net royalty	Royalty less deductions (such as allowances).
netback procedure	A method of valuing electrical generation geothermal resources by which the value, for royalty purposes, of the produced resource is derived by subtracting the costs of generating and transmitting electricity from the electricity sales value. See Chapter 4 of the *Geothermal Payor Handbook — Class 1 Leases.*
non-arm's-length	Sales occurring between affiliated persons as defined in 30 CFR Part 1206.
oil	Crude petroleum oil and other hydrocarbons, regardless of gravity, that are produced at the wellhead in liquid form and the liquid hydrocarbons known as distillate or condensate recovered or extracted from gas, other than gas produced in association with oil and commonly known as casinghead gas.
oil, gas, or geothermal activity	Activity performed to extract oil, gas, or geothermal resources from a reservoir or formation. This activity includes field operations, transfer of production off the lease site, operation monitoring, maintenance, and workover drilling.
ONRR	Office of Natural Resources Revenue — one of three agencies that replaced the former Minerals Management Service (MMS). BOEM and BSEE are the other two agencies. ONRR operates in the Office of the Secretary, Department of the Interior.
operating rights owner	A person or entity holding operating rights in a lease issued by the United States.
operator	An individual, partnership, firm, or corporation that controls or manages operations on the leased land or a portion thereof. An operator may be the lessee, designated agent of a lessee, or a holder of rights under an approved operating agreement.

Outer Continental Shelf (OCS)	All submerged lands within the jurisdiction and control of the United States Government as defined in section 2 of the Outer Continental Shelf Lands Act (43 U.S.C. 1331(a)).
overpayment	For the purpose of calculating refunds and recoupments owed to the payor, an overpayment is a situation where: • The payor paid more than the total on Form ONRR-2014, or • the payor overreported the amount of royalty, minimum royalty, or rent due on Form ONRR-2014.
overreported	Amount reported on Form ONRR-2014 greater than actually due ONRR.
participating area	That part of a unit area proved to be productive of unitized substances in paying quantities and within which production is allocated in the manner described by a unit agreement.
payment document	A payment document can be a commercial check drawn on a solvent bank, a certified check, a cashier's check, a money order, a bank draft drawn on a solvent bank, or a Federal Reserve check. Payment documents are allowed for payments on privately acquired leases.
payor	An entity who reports and pays to ONRR.
percentage-of-proceeds (POP) contract	A contract for the purchase of gas providing for a percentage of the proceeds as payment.
pooled production	Production that is aggregated from multiple properties and then sold or exchanged under multiple contracts.
pooling agreement	An agreement that brings together separately owned interests for the purpose of obtaining a well permit under applicable spacing rules or to develop a potentially productive area efficiently. A communitization or unitization agreement.
pounds per square inch, absolute (psia)	A measurement of pressure that includes atmospheric pressure.
processing	Any process designed to remove elements or compounds (hydrocarbon and nonhydrocarbon) from gas. Field processes that normally take place on or near the lease, such as natural pressure reduction, mechanical separation, heating, cooling, dehydration, and compression, are not considered processing.

processing allowance	A deduction from royalty value for the lessee's actual, reasonable costs of processing a gas stream.
producing lease	A lease that includes land on which there is a productive well, either active or shut-in, or land determined to be subject to subsurface drainage.
product	Marketable mineral production from a lease.
production month	The calendar month and year in which production and/or disposition occurs.
raw gas	Gas as produced from a well before the extraction of liquefiable hydrocarbons.
recoupment	Adjustment on Form ONRR-2014 resulting in net negative totals for transactions, with credit recovered from the balance of the report. A recoupment can occur when a payor recovers an overpaid but not overreported amount from a previous overpayment on a Federal or Indian Form ONRR-2014 or ONRR-type bill. A recoupment can occur when a payor recovers an overpaid **and** overreported Indian Form ONRR-2014 by making adjusting entries to create a recoupable balance on an Indian Form ONRR-2014 for the lease(s) that was previously overreported **and** overpaid.
refund	A payment made by ONRR to payors. ONRR makes electronic payments. ONRR issues checks only in extreme cases; for example, if the payor does not have an account with a banking institution.
rent	Annual amount due on nonproducing leases as specified in lease terms. Rental payments are usually due on or before the lease anniversary date.
reporter	An entity required to submit a report or form to ONRR.
residue gas	The gas that remains after processing to remove NGLs or other gas plant products.

royalty	Any part of oil, gas, and geothermal resources or their cash value paid by a lessee to a lessor and/or parties acquiring possession of royalty rights based on a certain percentage of production from the property.
royalty determination point	The point at which the royalty volume or the royalty value is determined.
royalty in kind	An arrangement in which the lessor receives royalties in the form of production (oil or gas) instead of dollars.
royalty in value	An arrangement in which the lessor receives royalty in dollars instead of production.
royalty rate	The rate used to calculate the royalty due on Federal or Indian production. This rate is always specified in the lease terms but can be reduced under royalty relief initiatives.
scrubber (pipeline) condensate	Liquid hydrocarbons that condense out of a gas stream during transportation and are recovered using mechanical separation prior to entering the inlet of a gas plant.
scrubber (plant) condensate	Liquid hydrocarbons that condense out of a gas stream and are recovered using mechanical separation after the gas has entered the gas plant, but before NGL extraction begins.
secondary recovery	Any method by which an essentially depleted reservoir is restored to producing status by the injection of liquids or gases (from extraneous sources) into the wellbore.
segregation	A division of a lease, usually due to the partial assignment of a portion of the lease or due to unitization.
shut-in well	A producing well that is closed down temporarily for repairs, cleaning out, building up pressure, lack of a market, etc.
spacing	Distance between wells producing from the same pool as specified by State regulations (usually expressed in terms of acres; for example, 640-acre spacing). Also, the regulation of the number and location of wells over an oil or gas reservoir, as a conservation measure.
State land	Land and interest in land owned by a State. Wells completed on State lands are reported to ONRR only if they are part of an agreement that includes Federal wells.

surface management agency	Agencies within DOI that issue leases on Federal and Indian lands, including the OCS, and oversee the operations and development of same.
suspension	Authorized relief from the producing and/or operating requirements of a lease. Wells are in a shut-in status. If both operations and production are suspended, reporting and payment requirements are held in abeyance during this period, and the term of a lease is extended for the period of suspension. If either operations or production is suspended, rent and minimum royalty continue to fall due.
Takes	The method of reporting sales where the volume reported is the actual volume of production sold or removed from the lease by you or on your behalf.
termination	Lapsing of a nonproducing lease for failure to pay rent timely or for lack of production or lease activity.
tertiary recovery	Tertiary recovery, also known as Enhanced Oil Recovery (EOR) is the third stage of extracting oil after primary and secondary recovery methods have been exhausted. Tertiary recovery methods include thermal injection, gas injection (such as CO_2), and chemical injection.
transportation allowance	Deduction from royalty payments for reasonable actual costs incurred by the lessee, or a deduction accepted or established by ONRR for costs of moving oil, gas, or geothermal byproducts to a point of sale remote from the lease, unit PA, or CA area.
tribal land	Land owned by an entire group or tribe of Indians.
unitization agreement (unit)	Agreements among owners and leaseholders of separate oil, gas, or geothermal interests to operate as a unit in developing a potentially productive area most efficiently. Leasehold interest may be separate. Costs and benefits are allocated as defined in the agreement.
unmatched payment	An unmatched payment occurs when ONRR receives a payment which has no matching receivable. Because ONRR can't match the payment to a receivable, payors may be able to request a refund or can apply the funds to an outstanding obligation.
unprocessed gas	Natural gas production, usually containing liquid hydrocarbons in solution; i.e., the gas has not yet been processed to remove the NGLs or other gas plant products.

waste oil/slop oil	Oil of such poor quality that it cannot be economically placed in marketable condition. This is a determination that must be made by the appropriate region.
weighted average	The following are examples of weighted average calculations:

API gravity
OGOR sales volume = 1,500 bbl

1,000 bbl @ 40.2 °API
500 bbl @ 39.8 °API

$$\text{Weighted average} = \frac{(1{,}000 \times 40.2) + (500 \times 39.8)}{1{,}500} = 40.06 = 40.1\ ^\circ\text{API}^a$$

[a]Round API gravity to the nearest tenth.

Btu content
OGOR sales volume = 2,000 Mcf

1,000 Mcf @ 1,010 Btu/cu ft
600 Mcf @ 1,000 Btu/cu ft
400 Mcf @ 1,015 Btu/cu ft

$$\text{Weighted average} = \frac{(1{,}000 \times 1{,}010) + (600 \times 1{,}000) + (400 \times 1{,}015)}{2{,}000\ \text{Mcf}} = 1{,}008\ \text{Btu}^b$$

[b]Round Btu to the nearest whole number.

wet gas	Natural gas containing water vapor.

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Chapter 1
About This Handbook

The Minerals Revenue Reporter Handbook (handbook) provides instructions and examples to assist reporters in preparing the Report of Sales and Royalty Remittance (Form ONRR-2014), which is required by the Office of Natural Resources Revenue (ONRR) for reporting and paying revenues due on Federal and Indian oil, gas, and geothermal leases. ONRR, a bureau within the Department of the Interior (DOI), is responsible for collecting, accounting for, and disbursing revenues on minerals produced from Federal and Indian lands. ONRR receives and processes these payments through our financial accounting system, using the information reported on the Form ONRR-2014.

Proper reporting enables ONRR to disburse revenues timely and allows industry to reduce costly follow-up efforts and the possibility of assessment actions. This handbook is provided to help you prepare the Form ONRR-2014 accurately and completely.

1.1 Naming Conventions

We use the following naming conventions in this handbook:

- "Reporter" is a generic term for all entities that report information to ONRR. When we say "reporter", we may refer to a payor or operator. We use "you" and "reporter" interchangeably.
- We use the terms "ONRR" and "we" interchangeably.

1.2 Distribution

To print an electronic copy of this handbook (using Adobe Acrobat Reader), go to the ONRR website. Select the "Reporting/Paying" link, then select "Handbooks". Under "Minerals Revenue Reporter Handbook", select the "Printable Handbook" link.

1.3 Maintenance

Periodically, we issue revisions to the handbook and include a release history. You are responsible for adding or replacing revised pages as they are issued.

We recommend keeping superseded releases of ONRR handbooks for use in future reviews of transactions that occurred and were reported while those releases were in effect.

1.4 Related Handbooks and Regulations

The following handbooks and regulations contain related topics of interest.

- The *Minerals Production Reporter Handbook* provides detailed instructions on completing an Oil and Gas Operations Report (OGOR).
- The *Oil and Gas Federal Payor Handbook* and the *Oil and Gas Indian Payor Handbook* provide detailed royalty valuation procedures for Federal and Indian oil and gas leases and information on reporting processing and transportation allowances.
- The *Geothermal Payor Handbook — Class 1 Leases* and the *Geothermal Payor Handbook — Class 2 & 3 Leases* provide detailed instructions for valuing geothermal resources.

To view and print electronic copies of these handbooks free of charge (using Adobe Acrobat Reader), go to our website listed in Appendix A.

The Code of Federal Regulations (CFR) provides a codification of the general and permanent rules published in the *Federal Register* (FR) by the executive agencies of the Government. The CFR is available for purchase from Government Printing Offices, located in most large metropolitan areas. Copies are also available in your local public library or on our website.

Regulations affecting ONRR:

- 25 CFR — Indians
  Part 200 – 227: Energy and Minerals
- 30 CFR — Mineral Resources
  Part 1201 – 1243: Natural Resources Revenue
  Part 250 – 282: Offshore
- 43 CFR — Public Lands: Interior
  Part 3100 – 3190: Oil and Gas Leasing

Chapter 2
Basic Reporting Principles

This chapter covers basic reporting information and instructions for ONRR royalty reporters. You should carefully follow these reporting instructions to avoid delays in acceptance of reports and payments. Additional instructions for reporting geothermal royalties are in the Geothermal Payor Handbook.

If you have questions about these instructions, please contact Reference and Reporting Management. (For contact information, see Appendix A.)

2.1 Sources of Production from which ONRR Expects to Receive Royalties

Lease production: You must report all production produced, removed from, or allocated to the lease premises. We expect royalties on 100 percent of the lease production. If the Federal/Indian mineral ownership percentage is less than 100 percent, we expect royalties on that percentage. Report royalties using the ONRR-converted lease number.

Unitized participating area (PA) production: You must report any production allocated among leases within an established unit PA. We expect to receive royalties for each Federal and Indian lease participating in the PA based on the PA allocation schedule. Report a separate line on Form ONRR-2014 for each lease/agreement combination in the PA.

Communitized production.: A communitization agreement (CA) allows companies to develop and operate separate tracts of land that could not operate independently in conformity with an established State well-spacing program. We expect to receive royalties based on the CA allocation schedule. Report a separate line on Form ONRR-2014 for each lease/agreement combination in the CA.

Compensatory royalty: You must report compensatory royalty from any Federal or Indian lease when directed by the Bureau of Land Management (BLM) or Bureau of Ocean Energy Management (BOEM).

- Unleased Federal or Indian land (**agreements**) — BLM or BOEM requires a compensatory royalty **agreement** for unleased Federal or Indian land when a well located on adjacent land drains the Federal or Indian land. If BLM or BOEM determines that the parcel of land cannot

be leased, a compensatory royalty agreement is established. **We account for the compensatory royalty by assigning it an agreement number that is reported on Form ONRR-2014 using the lease number field.**

- Leased Federal or Indian land (**assessments**) — BLM or BOEM assesses compensatory royalties when adjacent land drains a Federal or Indian lease. If the lessee elects not to drill a protective well or enter into a CA with the owner of the lands containing the offending well, BLM or BOEM assesses the royalty on the product drained from the Federal or Indian leases. **You must report this assessment on Form ONRR-2014 using the assessed lease number and transaction code 10.**

Reporting ONRR lease and agreement numbers: Every line that you report on the Form ONRR-2014 must include the ONRR-converted lease number.

You must report:

- The agreement number and the lease number when you report sales related to a lease's allocated production from an agreement, and
- Each lease and agreement number combination on a separate report line if the lease participates in more than one agreement.

For ONRR-converted lease and agreement numbers, see Appendix B. We also post ONRR-converted agreement numbers and corresponding lease numbers on our website listed in Appendix A.

2.2 When Form ONRR-2014 Is Required

Submit a Form ONRR-2014 if you assume responsibility for reporting and paying the following:

- Royalties on production from Federal or Indian leases and agreements
- Rent (Federal non-terminable and Indian producing leases) or minimum royalty
- Royalties on the sale of test production from the initial lease well before the lease is classified as capable of producing
- Fees on a gas storage agreement
- Royalties on compensatory royalty agreements or assessments against Federal or Indian lands
- Well fees if stated in the lease terms

2.3 Leases Reported to ONRR

NOTE

***Do not** combine Federal and Indian leases on the same report. A separate report is required for each land type.*

Federal leases: Report Federal production to ONRR for the following situations:

- Producing mineral leases on public domain, acquired, and military lands, regardless of the Federal agency administering the surface activities
- All Outer Continental Shelf (OCS) leases (after the first year's advance rental and bonus payment are paid to ONRR)
- Leases receiving an allocation from producing units or CAs
- Leases subject to subsurface storage agreements
- Easements for directional drilling agreements
- Lands subject to compensatory royalty agreements or assessments

Indian leases: Indian leases are those leases owned by any individual Indian or Alaska Native, Indian tribe, band, nation, pueblo, community, rancheria, colony, or other tribal group. These persons or individuals own lands or interest in the minerals, and title to these rights is either held in trust or subject to restriction against alienation by the United States.

You must report to ONRR for the following situations:

- All producing leases, permits, or contracts on Indian tribal and allotted lands
- Leases receiving an allocation from producing units or CAs
- Lands subject to compensatory royalty agreements or assessments

Cook Inlet Region, Incorporated (CIRI): CIRI leases are jointly owned by CIRI and the Federal Government. Report CIRI and Federal portions of the lease to ONRR on separate Form ONRR-2014s. Use payment method (PM) code 2 (PM2) to report the CIRI portion, and enter **I** in field 3, Federal/Indian Report Indicator. Use PM1 or PM3 to report the Federal share and enter **F** in field 3.

2.4 Indian Leases Not Reported to ONRR

The following Indian leases are not reported to ONRR:

- Rentals on nonproducing Indian leases not committed to producing units
- The 27.16186 percent Ute Distribution Corporation (UDC) portion of any lease held jointly by UDC and the Northern Ute Tribe
- Leases, or portions of leases, in which the Bureau of Indian Affairs (BIA) has relinquished supervision

2.5 Authorized Reporting Formats

We now require most reporters to submit data electronically. (See Electronic Reporting, Final Rule, 64 FR 38116, July 15, 1999, at our website listed in Appendix A.)

For instructions on electronic reporting, see Chapter 3.

If you are not required to report electronically, you can print copies of Form ONRR-2014 from our website listed in Appendix A. Photocopies must be 8 1/2 inches long by 14 inches wide.

2.6 Record Retention Requirement

You are required to report to ONRR electronically. This does not change the requirements under 30 CFR, Part 1212.50, which states that all Federal and Indian Records must be retained for a period of 6 years after the records are generated, unless the record holder is notified in writing that records must be maintained for a longer period.

2.7 Payment Requirements

Payments are authorized by 30 CFR 1218.50.

We do not accept cash payments.

NOTE *Include your five-digit ONRR-assigned payor code and an eight-digit PAD number on all payments and reports. Assign a unique PAD number to each separate Form ONRR-2014. Your payor code and PAD number must match on your report and corresponding payment.*

NOTE *Electronic payments are cost effective and practical. ONRR will send Notice of Potential Enforcement Action letters to reporters/payors who do not pay electronically. Failure to make payments electronically may subject you to civil penalties as authorized by 30 CFR Part 1241.*

Electronic payments: Our regulations require the use of electronic funds transfer (EFT), such as Automated Clearing House (ACH) or Fedwire or Pay.gov, to the extent it is cost-effective and practical for payment of **any** royalty liability. For information or assistance with electronic payments, see Appendix A for contact information.

Before using any of the ONRR pay.gov payment types, please provide your bank the appropriate agency identification number(s) to authorize ACH debits. This will ensure payments you submit are not rejected by your bank. A rejected payment is the same as a returned payment or non-payment.

Agency Identification No.	Pay.gov ACH Payment Type
1417000101	Online Rental Payments (eCommerce "Rental Information")
1417000102	ONRR Renewable Energy Non-Competitive Leasing Acquisition fees
1417000103	ONRR Royalty and Invoice Payments
1417000104	ONRR Renewable Energy Initial Rental Payments
1417000105	ONRR Oil and Gas Initial ROW/RUE Rental Payments

Detailed instructions, including examples, for all EFT payment types are on the ONRR website "Payments" page at 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 points of contact, all of

whom are identified by topic.

If you are not required to use EFT, use one of the payment documents outlined in 30 CFR 1218.51.

2.8 Due Dates for Reports and Payments

Royalties: Federal regulations require reporters to submit royalty reports and payments on time and in the manner prescribed by ONRR. Under 30 CFR 1218.50, a payment is considered received only when it actually reaches ONRR, regardless of postmark or the date you initiated the transaction. You are responsible for ensuring that both reports and payments arrive by the applicable due date. Form ONRR2014 and all related royalty payments are due to ONRR by 4:00 p.m. Mountain Time on or before the last day of the month following the month in which the product was sold or removed from the lease, unless your lease specifies a different due date. For example, royalties for products sold or removed in November are due by 4:00 p.m. on December 31.

If you receive your royalty information late, you may establish an estimate. When reporting on leases with an estimate, the due date is extended only for the portion of royalties covered by the established estimate. That estimated amount becomes due on the last day of the second month following the production month. See Chapter 4 for additional guidance on estimates.

Royalty Overrides: Royalty override submissions received after 11:00 a.m. Mountain Time may not process until the next business day.

Rentals: Online rental payments and any required reports are due by 4:00 p.m. Mountain Time on or before the lease anniversary date.

Minimum royalties: Minimum royalty reports and payments are due by 4:00 p.m. Mountain Time on or before the last day of the month and year of the lease year, even if an estimate exists on the lease.

Weekend and Holiday Rule
If a due date falls on a weekend or Federal holiday, your report and payment must be received by 4:00 p.m. Mountain Time on the next business day.

Receipt and Credit of Payments
ONRR credits your Form ONRR-2014 and payment based on the **actual date of receipt** at one of the approved addresses listed in Appendix A. The postmark or the date you initiated an electronic transaction does not determine timeliness; only the date ONRR receives the payment counts.

NOTE

If the last day of the month falls on a weekend or Federal holiday, send us the report and payment by 4:00 p.m. Mountain Time the next business day.

NOTE

We credit Form ONRR-2014 reports and payments when we actually receive them at one of the appropriate addresses listed in Appendix A. The receipt date is the date we receive the document; the postmark does not apply.

2.9 Report Acceptance

ONRR accepts the financial information contained on reports and payments as correct, subject to a compliance review. Do not send supporting documentation with your reports and payments unless we specifically request it. If requested, indicate the contact person who asked for the information on all supporting documentation.

2.10 Reporting Royalties on Leases within the State of Oklahoma

If you report Federal and Indian oil and gas leases committed to units or CAs within the State of Oklahoma, you do not use special procedures in reporting and paying royalties. Follow the standard procedures as outlined in this handbook to report royalties due on production allocated to each lease under a pooling agreement.

2.11 Takes or Entitlements—Definitions and Examples

Two methods exist to report sales for Federal and Indian leases and agreements: Takes or Entitlements.

- **Takes:** Report and pay royalties based on the portion of the total production that you sold or removed from the lease or from the lease/agreement combination.

Lease-basis production

To calculate the takes sales volume, multiply the total production sold or removed from the lease by the Federal and/or Indian mineral ownership interest in the lease.

total takes volume	x	Federal and/or Indian mineral ownership interest	=	takes sales volume

Agreement-basis production (See 100-percent Federal Agreements under "Federal leases and agreements.")

Report your takes volume in the sales volume field for your lease(s) in the agreement.

total Agreement takes volume	=	Takes sales volume

- **Entitlements:** Report and pay royalties based on your ownership share of the volume of production sold or removed from the agreement allocated to your lease under the approved allocation schedule.

Agreement-basis production

To calculate the entitled sales volume, multiply the total agreement production sold or removed from the agreement by:

— The tract allocation of the lease,

— the Federal and/or Indian mineral ownership interest in the lease, and

— your company's working interest in the lease.

total agreement production volume	x	tract allocation	x	Federal and/or Indian mineral ownership interest	x	company working interest	=	entitled sales volume

Federal leases and agreements: The Federal Oil and Gas Royalty Simplification and Fairness Act (RSFA) of 1996 clarified and standardized volume reporting requirements on Federal leases and agreements as explained below. The following volume reporting requirements are effective as of sales month September 1996.

- Report **Takes** for:
  - — Lease-basis production — production occurring on the lease that is not allocated to an agreement.
  - — 100-percent Federal agreements — contain only Federal leases having the same fixed royalty rate and royalty distribution; that is, all revenue is distributed to the same State or surface management agency.
- Report **Entitlements** for a mixed agreement; that is, any agreement that does not qualify as a 100-percent Federal agreement as defined above.

For 100-percent Federal agreements, you may obtain permission to report and pay using an alternative method of reporting and payment if:

- All lessees contractually agree to an alternative method of royalty reporting and payment,

- the lessees submit such alternative method to the Secretary or the delegated State for approval, and
- the lessees make payments in accordance with such approved alternative method so long as such method does not reduce the amount of the royalty obligation.

Indian leases and agreements:

- **Takes**: All lease-basis production is reported as takes.
- **Entitlements**: All agreement production is reported as entitlements. This is true for agreements having allotted, tribal, or a mixture of Federal and Indian leases.

For Indian leases and agreements, you may obtain permission to report and pay by using other methods if:

- You submit your request to us in writing, and
- the method is acceptable to us and all parties involved in reporting and paying royalties on a particular lease or on a lease/agreement combination, and
- we receive 100 percent of the royalties due, properly reported each month.

We reserve the right to review all arrangements and to require retroactive adjustments and reporting based on Entitlements, if appropriate.

Examples: The following examples show how to allocate sales for these situations:

- One lease with multiple payors (Takes)
- One 100-percent Federal agreement with multiple leases and multiple payors (Takes)
- One mixed agreement (not a 100-percent Federal agreement) with multiple leases and multiple payors (Entitlements)

EXAMPLE

One lease with multiple payors (Takes). This example shows how to report sales based on the actual volume of production sold or removed from a Federal onshore lease with multiple payors.

Assumptions:

Lease 048-111111-0 is a Federal onshore lease. During the month, 80 barrels (bbl) of oil were sold or removed from the lease. The following companies have assumed reporting and payment responsibilities.

Payor	Lease Number	Lease Type	Volume removed or sold (bbl)	Tract allocation percentage	Federal and/or Indian mineral ownership interest percentage	Company working interest percentage	Price $/bbl	Royalty rate percentage
Able Oil Company	048-111111-0	Federal	50	NA	100	50	18.00	12 1/2
David Oil Company	048-111111-0	Federal	30	NA	100	25	18.00	12 1/2
Zebra Oil Company	048-111111-0	Federal	0	NA	100	25	NA	12 1/2
Total volume produced			80					

Because this is lease-basis production, each company reports and pays royalties based on the actual volume of production sold or removed from the lease. Because Zebra Oil Company took no production, a Form ONRR-2014 is not required.

Royalty value calculation:

sales volume × price × royalty rate = royalty value

Able Oil Company

50 bbl × $18.00/bbl × 0.125 = $112.50

David Oil Company

30 bbl × $18.00/bbl × 0.125 = $67.50

The information reported on Form ONRR-2014 is shown on the following fact sheets.

Form ONRR-2014
Fact Sheet

Identification/Authorization Information

Payor Name: Able Oil Company

Detail Line	
Line Number	1
API Well Number	
ONRR Lease Number	0481111110
ONRR Agreement Number	
Product Code	01
Sales Type Code	ARMS
Sales MO/YR	102019
Transaction Code	01
Adjustment Reason Code	
Sales Volume	50.00
Gas MMBtu	
Sales Value	900.00
Royalty Value Prior to Allowances	112.50
Transportation Allowance Deduction	
Processing Allowance Deduction	
Royalty Value Less Allowances	112.50
Payment Method Code	03

Form ONRR-2014
Fact Sheet

Identification/Authorization Information

Payor Name: David Oil Company

Detail Line	
Line Number	1
API Well Number	
ONRR Lease Number	0481111110
ONRR Agreement Number	
Product Code	01
Sales Type Code	ARMS
Sales MO/YR	102019
Transaction Code	01
Adjustment Reason Code	
Sales Volume	30.00
Gas MMBtu	
Sales Value	540.00
Royalty Value Prior to Allowances	67.50
Transportation Allowance Deduction	
Processing Allowance Deduction	
Royalty Value Less Allowances	67.50
Payment Method Code	03

EXAMPLE

100-percent Federal agreement with multiple leases and multiple payors (Takes). This example shows how to report sales based on the actual volume of production sold or removed from an agreement with multiple Federal onshore leases and multiple payors.

Assumptions:

Leases 049-111111-0, 049-222222-0, and 049-333333-0 are Federal onshore leases within a 100-percent Federal unit, agreement number 892-111111-0; and each lease shares in the unitized production. During the month, 375 bbl of oil were sold or removed from the unit. The following companies have assumed reporting and payment responsibilities.

Payor	Lease Number	Lease Type	Volume removed or sold (bbl)	Tract allocation percentage	Federal and/or Indian mineral ownership interest percentage	Company working interest percentage	Price $/bbl	Royalty rate percentage
Able Oil Company	049-333333-0	Federal	0	10	100	25	NA	12 1/2
David Oil Company	049-111111-0	Federal	250	60	100	25	22.00	12 1/2
Zebra Oil Company	049-222222-0	Federal	125	30	100	50	22.00	12 1/2
Total volume produced			375					

Because the production is attributable to a 100-percent Federal agreement, each company reports and pays royalties based on what they took of the production sold or removed from the lease. Lease 049-333333-0 did not take any production; therefore, Able Oil Company will not report on the Form ONRR-2014.

Royalty value calculation:

sales volume × price × royalty rate = royalty value

David Oil Company

250 bb × $22.00/bbl × 0.125 = $687.50

Zebra Oil Company

125 bbl × $22.00/bbl × 0.125 = $343.75

The information reported on Form ONRR-2014 is shown on the following fact sheets.

Form ONRR-2014
Fact Sheet

Identification/Authorization Information

Payor Name: David Oil Company

Detail Line	
Line Number	1
API Well Number	
ONRR Lease Number	0491111110
ONRR Agreement Number	8921111110
Product Code	01
Sales Type Code	ARMS
Sales MO/YR	102019
Transaction Code	01
Adjustment Reason Code	
Sales Volume	250.00
Gas MMBtu	
Sales Value	5500.00
Royalty Value Prior to Allowances	687.50
Transportation Allowance Deduction	
Processing Allowance Deduction	
Royalty Value Less Allowances	687.50
Payment Method Code	03

Form ONRR-2014
Fact Sheet

Identification/Authorization Information

Payor Name: Zebra Oil Company

Detail Line

Line Number	1
API Well Number	
ONRR Lease Number	0492222220
ONRR Agreement Number	8921111110
Product Code	01
Sales Type Code	ARMS
Sales MO/YR	102019
Transaction Code	01
Adjustment Reason Code	
Sales Volume	125.00
Gas MMBtu	
Sales Value	2750.00
Royalty Value Prior to Allowances	343.75
Transportation Allowance Deduction	
Processing Allowance Deduction	
Royalty Value Less Allowances	343.75
Payment Method Code	03

EXAMPLE

Mixed agreement (not a 100-percent Federal agreement) with multiple leases and multiple payors (Entitlements). This example shows how to report sales based on the percentage of working interest or operating rights ownership with an approved agreement allocation schedule for a mixed agreement with multiple leases and multiple payors.

Assumptions:

Leases 048-000123-0, 607-012900-0, and 048-000178-0 are within the Dover CA, agreement number 894-000001-0. During the month, 200 bbl of oil were sold or removed from the CA. The following companies have assumed reporting and payment responsibilities.

Payor	Lease Number	Lease Type	Volume removed or sold (bbl)	Tract allocation percentage	Federal and/or Indian mineral ownership interest percentage	Company working interest percentage	Price $/bbl	Royalty rate percentage
Baker Oil Company	048-000123-0	Federal	60	50	100	100	22.00	12 1/2
Charlie, Inc.	607-012900-0	Indian	30	40	100	100	22.00	20
Delta Ltd.	048-000178-0	Federal	110	10	100	100	22.00	16 2/3
Total volume produced			200					

Because the CA is a mixed agreement with Federal and Indian leases, each company will report and pay royalties based on the volume of production sold or removed from the agreement allocated to the company's lease under the approved allocation schedule, no matter who takes the production.

Royalty value calculation:

sales volume	×	tract allocation	×	price	×	royalty rate	=	royalty value

Baker Oil Company

200 bbl	×	0.50	×	$22.00/bbl	×	0.125	=	$275.00

Charlie, Inc.

200 bbl	×	0.40	×	$22.00/bbl	×	0.20	=	$352.00

Delta Ltd.

200 bbl	×	0.10	×	$22.00/bbl	×	0.166667	=	$73.33

The information reported on Form ONRR-2014 is shown on the following fact sheets.

Form ONRR-2014
Fact Sheet

Identification/Authorization Information

Payor Name: Baker Oil Company

Detail Line	
Line Number	1
API Well Number	
ONRR Lease Number	0480001230
ONRR Agreement Number	8940000010
Product Code	01
Sales Type Code	ARMS
Sales MO/YR	102019
Transaction Code	01
Adjustment Reason Code	
Sales Volume	100.00
Gas MMBtu	
Sales Value	2200.00
Royalty Value Prior to Allowances	275.0
Transportation Allowance Deduction	
Processing Allowance Deduction	
Royalty Value Less Allowances	275.00
Payment Method Code	03

Form ONRR-2014
Fact Sheet

Identification/Authorization Information

Payor Name: Charlie, Inc.

Detail Line

Line Number	1
API Well Number	
ONRR Lease Number	6070129000
ONRR Agreement Number	8940000010
Product Code	01
Sales Type Code	ARMS
Sales MO/YR	102019
Transaction Code	01
Adjustment Reason Code	
Sales Volume	80.00
Gas MMBtu	
Sales Value	1760.00
Royalty Value Prior to Allowances	352.00
Transportation Allowance Deduction	
Processing Allowance Deduction	
Royalty Value Less Allowances	352.00
Payment Method Code	05

Form ONRR-2014
Fact Sheet

Identification/Authorization Information

Payor Name: Delta Ltd.

Detail Line

Line Number	1
API Well Number	
ONRR Lease Number	0480001780
ONRR Agreement Number	8940000010
Product Code	01
Sales Type Code	ARMS
Sales MO/YR	102019
Transaction Code	01
Adjustment Reason Code	
Sales Volume	20.00
Gas MMBtu	
Sales Value	440.00
Royalty Value Prior to Allowances	73.33
Transportation Allowance Deduction	
Processing Allowance Deduction	
Royalty Value Less Allowances	73.33
Payment Method Code	03

2.12 Step-Scale and Sliding-Scale Royalty Rates

Some Federal onshore leases have step-scale (Schedule B and C) or sliding-scale (Schedule D) variable royalty rate schedules. This document includes the variable royalty rate schedules and instructions for determining well counts and the royalty rate on sales from inventory.

General:

Step-scale schedules for both **oil** and **gas** royalties, and the sliding-scale schedule for **oil** royalties are based on the average daily production per well per month on a given property; i.e., lease, communitization agreement (CA), or unit participating area (PA). The average daily production per well for a property is computed based on a 28-, 29-, 30-, or 31-day month; the number of wells on the property counted as producing; and the gross production (this includes production from wells not considered countable). The term "gross production" is interpreted to mean all production from the lease or agreement, excluding any production used on the lease or agreement and/or unavoidably lost volumes. In other words, volumes that are not subject to royalty (i.e., production used on the lease or agreement and/or unavoidably lost as shown on the production report) are not included in the determination of royalty rates. Gas production sold in the same month it is produced is synonymous with sales from a lease. Since sales from oil inventory often includes production from a previous production month, more than one royalty rate could apply to oil sales during the month.

The sliding-scale Schedule D for **gas** royalties is based on the total gas produced or allocated to the lease from all sources per month. If a lease has lease-basis production and participates in one or more agreements, allocated production for the lease is totaled from all agreements in which the lease receives an allocation, and that total allocated production is added to the lease-basis production. The average daily production rate yields a royalty rate of either 12 1/2 percent or 16 2/3 percent - see tables. The royalty rate is based on the average daily production and is calculated based on the days of the month and is not based on well counts or on days of actual production.

Well Counts:

Countable wells include:

1. Commercially productive wells:
   - Existing (producing in a previous month) oil wells must produce at least 15 days during the month
   - New oil wells must produce at least 10 days during the month
   - Gas wells - any wells that produce gas during the month are counted

2. Injection wells (includes all injection wells; gas, water, steam, etc.) must be operated at least 15 days during the month and the total days operated includes production and injection days added together. Injection wells count for gas and oil. Water and gas injection wells can be included in the well count for oil if the wells are used in secondary and tertiary recovery operations.

3. On previously producing properties, if no wells produce 15 days or more during the month, the average daily production rate is computed based on actual producing well days.

   Countable wells are considered producing for the entire month. Oil and gas wells are counted separately based on the production from each well. In other words, a producing oil well (POW well status, as classified by the Bureau of Land Management) would be counted in the well counts for the oil royalty rate calculation. Producing gas wells (PGW well status, as classified by the Bureau of Land Management) that have condensate production would be counted in the well counts for the condensate royalty rate calculation. The average daily condensate production should be determined separately from oil, and the wells that produce condensate should be counted in the same manner as oil wells are counted.

   Example: The following property has a Schedule B (step-scale) royalty rate and has 8 producing oil wells. For the month of June, the summary of operations is:

Well No. and Record	Count	Production per well
Produced full time for 30 days	Y	200 bbl
Produced for 26 days; down 4 days for repairs	Y	200 bbl
Produced for 28 days; down June 5 for 12 hours, down June 14 for 6 hours, and down June 26 for 24 hours	Y	200 bbl
Produced for 12 days; down June 13-30	N	75 bbl
Produced for 8 hours every day (head well)	Y	75 bbl
Not operated	N	
New well, completed June 17; produced for 14 days	Y	150 bbl
New well, completed June 22; produced for 9 days	N	100 bbl
		Total Production: 1,000 bbl

In this example, 5 of the 8 wells are counted as producing for 30 days. The average production per well per day is determined by dividing the total production of the property for the month (including the production from the wells not counted) by 5 (the number of wells counted as producing), then by the number of days in the month.

1,000 ÷ 5 ÷ 30 = 6.67 bbl/well/day (12 1/2 percent royalty rate - see Schedule B for oil)

Inventory:

The applicable royalty rate is determined by the production volume in the month in which that oil or gas is produced, not the month in which it was sold. The first-in first-out method should be used when calculating royalty rates on inventory.

Example:

Lease ABC	Beginning Inventory (bbl)	Oil Produced (bbl)	Oil Sold (bbl)	Ending Inventory (bbl)
June	0	1,000	700	300
July	300	2,000	1,200	1,100

In June, the lease or agreement produced 1,000 barrels and sold 700 barrels, leaving 300 barrels as the ending inventory. The royalty rate for the 700 barrels sold in June was determined to be 12 1/2 percent (see above well count example).

In July, the lease or agreement produced 2,000 barrels and sold 1,200 barrels, leaving 1,100 barrels as the ending inventory. The inventory carried over into July will be the first oil sold in July. The royalty rate on the 300 barrels produced during June and sold in July would be determined based on the royalty rate established for June production (i.e., 12 1/2 percent). The royalty rate for the 900 barrels produced and sold in July is the royalty rate established for July based on the 2,000 barrels produced. The royalties on the 1,100 barrels remaining in inventory at the end of July will be paid using the royalty rate calculated for July when the production is sold.

Schedules:

The following tables and descriptions define what royalty rates should be used based on production.

Schedule B Step-Scale Royalty Rates

1. Oil - When the average production for the month in barrels per well per day is:

Over	Not Over	Royalty Rate	Over	Not Over	Royalty Rate
	50 bbl	12 1/2%	130 bbl	150 bbl	19%
50 bbl	60 bbl	13%	150 bbl	200 bbl	20%
60 bbl	70 bbl	14%	200 bbl	250 bbl	21%
70 bbl	80 bbl	15%	250 bbl	300 bbl	22%
80 bbl	90 bbl	16%	300 bbl	350 bbl	23%
90 bbl	110 bbl	17%	350 bbl	400 bbl	24%
110 bbl	130 bbl	18%	400 bbl		25%

2. Leases issued between August 21, 1935 and May 3, 1945, have an expanded version of the above oil royalty rate schedule; however, the maximum royalty rate is 32 percent when the production exceeds 2,000 barrels per well per day.

3. Gas – Including inflammable gas, helium, carbon dioxide, and all other natural gases and mixtures thereof, and on natural or casinghead gasoline and other liquid products obtained from gas, when the average production for the month in Mcf of gas per well per day is:

Over	Not Over	Royalty Rate
	5,000 Mcf	12 1/2%
5,000 Mcf		16 2/3%

Schedule C Step-Scale Royalty Rates

1. Oil - A royalty rate of 12 1/2 percent on the production removed or sold from:

   a. Land determined by the Director, Geological Survey, not to be within the productive limits of any oil or gas deposit on August 8, 1946;

   b. An oil or gas deposit which was discovered after May 27, 1941, by a well or wells drilled on the leased land and which is determined by the Director, Geological Survey, to be a new deposit; or

   c. Allocated to the lease pursuant to an approved unit or cooperative agreement from an oil or gas deposit which was discovered on unitized land after May 27, 1941, and determined by the Director, Geological Survey, to be a new deposit, but only if at the time of discovery the lease was committed to the agreement or was included in a duly executed and filed application for approval of the agreement.

2. Oil - Leases not subject to the general section above: On production of oil removed or sold, where a flat royalty rate of 5 percent was fixed on the original lease:

   When the average production for the month in barrels per well per day is:

Over	Not Over	Royalty Rate	Over	Not Over	Royalty Rate
	110 bbl	12 1/2%	200 bbl	250 bbl	21%
110 bbl	130 bbl	18%	250 bbl	300 bbl	22%
130 bbl	150 bbl	19%	300 bbl	350 bbl	23%
150 bbl	200 bbl	20%	350 bbl	400 bbl	24%
			400 bbl		25%

3. Gas - Including inflammable gas, helium, carbon dioxide, and all other natural gases and mixtures thereof, and on natural or casinghead gasoline and other liquid products obtained from gas; when the average production for the month in Mcf of gas per well per day:

Over	Not Over	Royalty Rate
	5,000 Mcf	12 1/2%
5,000 Mcf		16 2/3%

Schedule D Sliding-Scale Royalty Rates

1. Oil - A royalty rate of 12 1/2 percent for lands subject to the same provisions shown for Schedule C above, under number 1.

2. Oil - On production of oil removed or sold from lands not subject to the same provisions shown for Schedule C above, under number 1.

On that portion of the average production per well per day for the month:

a. For all oil produced at **30 degrees API or over**:

Over	Not Over	Royalty Rate
	20 bbl	12 1/2%
20 bbl	50 bbl	16 2/3%
50 bbl	100 bbl	20%
100 bbl	200 bbl	25%
200 bbl		33 1/3%

For example, the royalty rate will be 12 1/2% on the portion of the average production per well not exceeding 20 barrels per day for the month; 16 2/3% on the portion of the average production per well of more than 20 barrels and not more than 50 barrels per day for the month, etc.

b. For all oil produced at **less than 30 degrees API**:

Over	Not Over	Royalty Rate
	20 bbl	12 1/2%
20 bbl	50 bbl	14 2/7%
50 bbl	100 bbl	16 2/3%
100 bbl	200 bbl	20%
200 bbl		25%

For example, the royalty rate will be 12 1/2% on the portion of the average production per well not exceeding 20 barrels per day for the month; 14 2/7% on the portion of the average production per well of more than 20 barrels and not more than 50 barrels per day for the month, etc.

3. Gas, **including total gas produced or allocated to the lease from all sources,** when the average production for the month in Mcf of gas per day:

Over	Not Over	Royalty Rate
	3,000 Mcf	12 1/2%
3,000 Mcf		16 2/3%

4. On casinghead gasoline, including NGL plant products, the royalty rate is 16 2/3% of the value of the casinghead gasoline/NGLs extracted from the gas produced and sold.

Note: Additional step- and sliding-scale royalty rate information can be found at 43 CFR, Part 3162.7-4.

Under what circumstances can a Schedule C or D variable royalty rate lease have a royalty rate limitation of 12 1/2 percent?

The 1946 revision of the Mineral Leasing Act provided for a royalty rate limitation of 12 1/2 percent on new discoveries. Specifically, the royalty rate limitation of 12 1/2 percent applies to any production on a lease which was discovered after May 27, 1941, and which the Secretary deemed to be a new deposit. The same royalty rate limitation applies to agreement production on or allocated to a lease within an agreement where that production was discovered after May 27, 1941, and for which the Secretary deemed it to be a new deposit. In addition, the revision allowed the 12 1/2 percent royalty rate limitation on production removed from lands determined to be outside the productive limits of any known oil or gas deposits on August 8, 1946. The Director of the U.S. Geological Survey was charged with making that determination. The determinations issued by the Director under the 1946 Act are rulings as to:

1. whether a discovery on a lease or unit after May 27, 1941, qualifies as a new discovery under the 1946 Act, or
2. whether lands which may constitute all or part of the lease or unit are outside the productive limits of any oil or gas deposits on August 8, 1946.

The charge for the productive limit and new discovery determinations now rests with the Director of the Bureau of Land Management (BLM). Contact the applicable BLM field office for productive limit and new discovery determinations on Schedule C or D variable royalty rate leases.

For information regarding the reporting of oil and gas royalties on step- and sliding-scale royalty rate leases, contact ONRR's Royalty Valuation group at RoyaltyValuation@onrr.gov.

Sources:

- 43 CFR § 3162.7-4 - Royalty rates on oil; sliding and step-scale leases (public land only).
- Federal Register/Vol. 56, No. 234, December 5, 1991, Page 63661- 63662
- Department of the Interior, Geological Survey, Conservation Division Manual/Release CDM 647.13, January 1979.

Chapter 3
Electronic Form ONRR-2014 Field Descriptions and Explanations

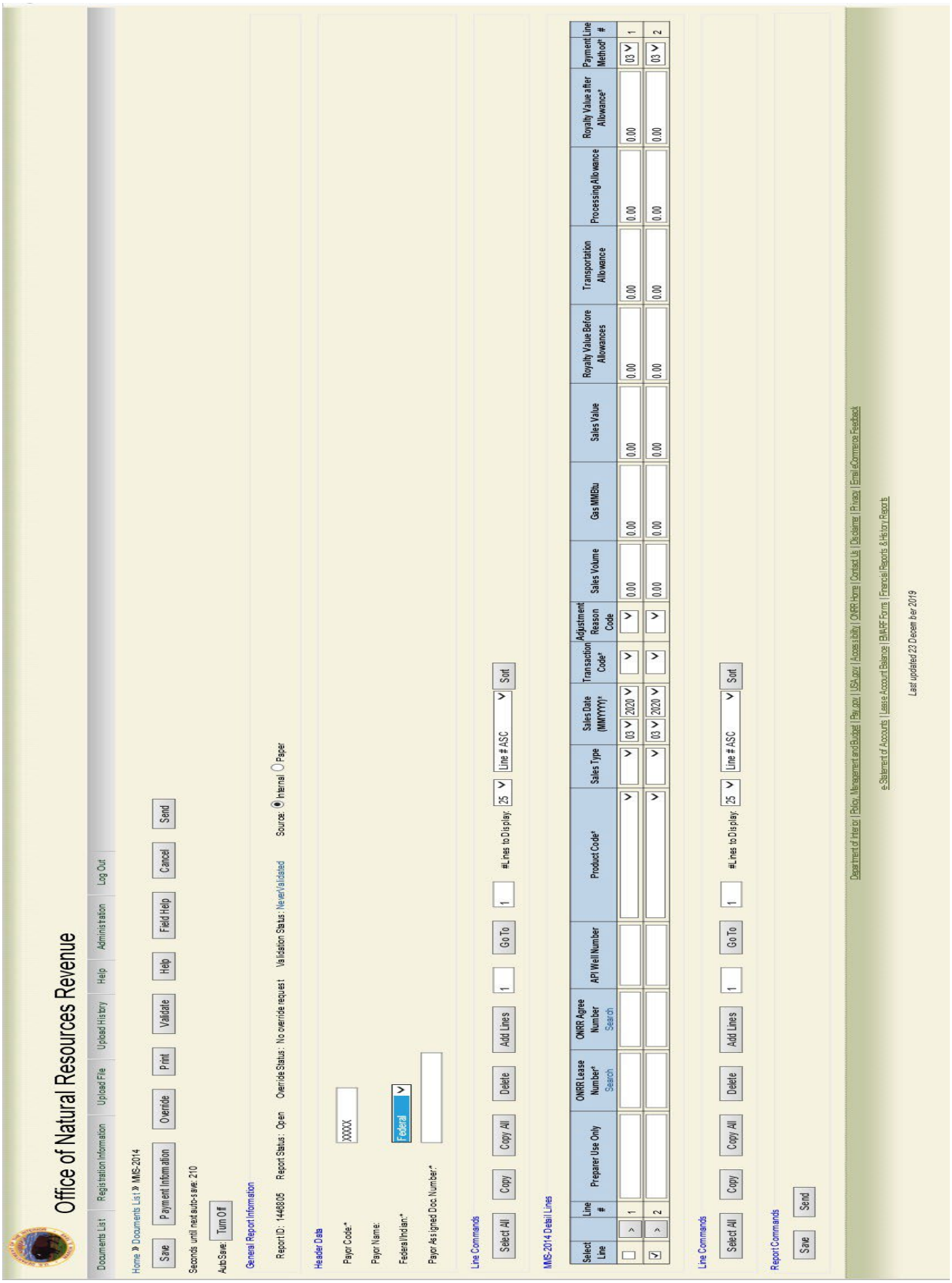
Form ONRR-2014 is designed for you to report royalties, certain rents, and other lease-related transactions. Our financial accounting system relies on the data you report on this form for most of its processing functions. These processing functions include the following:

- Accounting for royalties
- Distributing mineral revenues to State, Indian, and General Treasury accounts
- Providing royalty accounting and statistical information to States, Indians, and others who need the information
- Identifying underreporting and non-reporting (aids us in promptly collecting revenues)

3.1 Example Electronic Form ONRR-2014

***Do not** combine information for Federal and Indian leases or multiple payor codes on the same report. Each of these requires a separate Form ONRR-2014.*

With few exceptions, you must report electronically (see 30 CFR 1210). The following is an example of the Electronic Form ONRR-2014.


Office of Natural Resources Revenue
Documents List
Registration Information
Upload File
Upload History
Help
Administration
Log Out
Home » Documents List » MMS-2014
Save
Payment Information
Override
Print
Validate
Help
Field Help
Cancel
Send
Seconds until next auto-save: 210
Auto Save:
Turn Off
General Report Information
Report ID: 1448805
Report Status: Open
Override Status: No override request
Validation Status: Never Validated
Source: Internal Paper
Header Data
Payor Code:*
XXXXX
Payor Name:
Federal/Indian:*
Federal
Payor Assigned Doc Number:*
Line Commands
Select All
Copy
Copy All
Delete
Add Lines
1
Go To
1
#Lines to Display:
25
Line # ASC
Sort
MMS-2014 Detail Lines
Select Line
Line #
Preparer Use Only
ONRR Lease Number* Search
ONRR Agree Number Search
API Well Number
Product Code*
Sales Type
Sales Date (MMYYYY)*
Transaction Code*
Adjustment Reason Code
Sales Volume
Gas MMBtu
Sales Value
Royalty Value Before Allowances
Transportation Allowance
Processing Allowance
Royalty Value after Allowance*
Payment Line Method* #
1
2
03
2020
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
Line Commands
Select All
Copy
Copy All
Delete
Add Lines
1
Go To
1
#Lines to Display:
25
Line # ASC
Sort
Report Commands
Save
Send
Department of Interior | Policy, Management and Budget | Pay.gov | USA.gov | Accessibility | ONRR Home | Contact Us | Disclaimer | Privacy | Email eCommerce Feedback
e-Statement of Accounts | Lease Account Balance | BIA/IPF Forms | Financial Reports & History Reports
Last updated: 23 December 2019

3.2 Field Information

The following information explains the header, line item, and trailer fields of Form ONRR-2014.

3.2.1 *Header Fields*

If you report on the Electronic Form ONRR-2014, complete all header fields.

Instructions for completing header fields are the same regardless of the transaction you are reporting.

Field number	Field name	Field entry information
1	Payor Name	Your company name.
2	Payor Code	A five-digit payor code that ONRR assigned to you. ONRR uses this code in numerous business processes and associates it with the company/individual name and address information maintained in the ONRR system. The payor code on ONRR's system must match the payor code on your payment document. Form ONRR-2014 is attributed to the payor code stored in the ONRR data base regardless of the payor name entered in field 1. **Who is a payor?** A payor may be any entity that is assigned or assumes an obligation to report data and/or make payment to ONRR on Form ONRR-2014. The Federal Oil and Gas Royalty Simplification and Fairness Act of 1996 (RSFA) defines who is responsible for making royalty and related payments on Federal leases. Payors may include lessees, designees, operators, purchasers, and working interest owners, but are not restricted to these parties. **How do I obtain a payor code?** Contact ONRR to request a payor code. (For contact information, see Appendix A.)

Field number	Field name	Field entry information
2	Payor Code *(continued)*	**Can I combine multiple payor codes on my report?** ONRR encourages companies to consolidate payor codes whenever possible. You may establish multiple codes if you wish. However, if you maintain multiple codes, do **not** combine payor codes on a single report or payment document. For example, Able Oil Company has offices in Dallas and Houston. The company established a separate payor code for each location and submits report information for each location on a separate Form ONRR-2014. **What if I report a lease-level payment?** We require that only one payor be designated as the responsible party for lease-level payments such as rent and minimum royalty. **How do I change payor information?** Provide written notice to us to change the company name associated with your payor code. (For contact information, see Appendix A.) Change all other address and company contact information directly on your Form ONRR-4444 (complete all sections).
3	Federal/Indian Report Indicator	**F** identifies the Federal lease report indicator. **I** identifies the Indian lease report indicator. Submit separate Form ONRR-2014 reports for Federal and Indian leases.
4	Payor-Assigned Document Number	An eight-number identifier chosen by the payor. For example, if you submit two Forms ONRR-2014 for the October 2019 report month, the PAD numbers for the two reports could be 20191001 and 20191002 (year, month, and document number). This number must be unique, and you must use it for only the report and payment document unless you combine multiple reports.

Field number	Field name	Field entry information
4	*(continued)*	The same PAD number must be included on the accompanying payment document, including payments made to lockboxes.

3.2.2 *Line Item Reporting Fields*

The following table contains information to assist you in filling out line item field information on the Form ONRR-2014.

Field number	Field name	Field entry information
5	Line Number	A line number corresponds to both upper and lower fields. For example, Line Number 1 contains (upper) field 6, Reserved for Preparer's Use, and (lower) field 8, API (American Petroleum Institute) Well Number. **For electronic reporting:** Refer to Electronic Reporting on page 8-1. **For paper reporting:** Lines are preprinted in field 5.
6	Reserved for Preparer's Use	An optional field that can contain up to 20 characters.
7	ONRR Lease Number	The ONRR lease number must be a valid ONRR-converted lease number. *See Appendix B for lease conversion examples.

Field number	Field name	Field entry information
8	API Well Number	Report this number only if required by ONRR on certain Indian properties and Offshore Deepwater wells under royalty relief. If you are required to report this number, enter a 15-character set that consists of the 12-digit API-assigned well number and the 3-character producing interval indicator; for example, 490051234500S01.
9	ONRR Agreement Number	The ONRR agreement number must be a valid ONRR-converted agreement number. Enter the agreement number for those leases that have royalty-bearing production allocated from an agreement. Leave the field blank if sales are reported for lease-basis production. *See Appendix B for lease conversion examples.

Field number	Field name	Field entry information
10	Product Code	A 2-digit code established by ONRR to identify the product sold or removed from the lease or from the lease-agreement combination. For a list of product codes, see Appendix C. Leave the field blank for lease-level transactions, such as rental, minimum royalty, rent recoupment, or estimated royalty payments. See individual transaction code explanations in Chapter 4, Reporting Instructions by Transaction Code.
11	Sales Type Code	We require separate lines of royalty detail based on the nature of the sale or royalty valuation method. The sales type code applies only to sales contracts, or royalty valuation method and not to the arm's-length or non-arm's-length nature of transportation or processing. Leave the field blank for lease-level transactions, such as rental, minimum royalty, rent recoupment, or estimated royalty payments. See individual transaction code explanations in Chapter 4, Reporting Instructions by Transaction Code. For a list of sales type codes and help in determining which sales type code you should use (for example, arm's-length [ARMS] or non-arm's-length [NARM]), see Appendix D. For additional guidance, see Appendix A for contact information.
12	Sales MO/YR (MMCCYY)	The six-digit number corresponding to the month, century, and year in MMCCYY format; for example, enter 102019 for October 2019. Use the following definitions of sales month/year when you report on Form ONRR-2014.

Field number	Field name	Field entry information
12	Sales MO/YR (MMCCYY) *(continued)*	**Royalties:** The month/year the product was sold or removed from the lease or agreement or used for geothermal resources. **Rentals:** The month/year the rental is due; for example, a rental due date of December 1, 2019, corresponding to a lease year that runs from December 1, 2019, through November 30, 2020, is reported as 122019. A rental due date of March 15, 2020, corresponding to a lease year running from March 15, 2020, through March 14, 2021, is reported with a sales month/year of 032020. **Minimum royalties:** The last month/year of the lease year that your minimum royalty obligation is due. A lease year running from December 1, 2019, through November 30, 2020, has a minimum royalty due date of November 30, 2020, and is reported with a sales month year of 112020.
13	Transaction Code	The two-digit code that describes the reported transaction. The transaction code is required on all lines and determines which fields on the line must be completed. For detailed instructions on reporting transaction codes, see Chapter 4. For a list of transaction codes, see Appendix E.
14	Adjustment Reason Code	A two-digit code that identifies the reason for the adjustment. For further information about adjustments, see Chapter 6. For a list of adjustment reason codes, see Appendix F.

Field number	Field name	Field entry information
15	Sales Volume	The volume of product that is sold or removed from the lease or agreement and is attributable to the lease or to the lease-agreement combination, sales type code, product code, and sales month you report. The sales volume (or quantity, if geothermal) you report corresponds to the portion of the total production from your lease or from your lease-agreement combination. For information on Takes or Entitlements, see Chapter 2. The sales volume for natural gas is measured in thousand cubic feet (Mcf), for oil in barrels (bbl), for plant products in gallons (gal), and for sulfur in long tons. Report gas volumes at a standard pressure base of 14.73 pounds per square inch absolute (psia), a standard temperature base of 60 °F, and the same degree of water saturation as used to report the Btu on the Oil and Gas Operations Report (OGOR). (See the pressure base conversion table below.) **Geothermal reporters**: Enter your geothermal sales volume in thousands of pounds, kilowatt-hours (kWh), million British thermal units (MMBtu), hundreds of gallons, or other measurement units approved by ONRR, as determined by your valuation method. You may receive sales information that is at the standard temperature but not at the standard pressure. In this case, you must **convert the volume** to the standard pressure of 14.73 psia. The following table provides the conversion factors used to perform the conversions for the most commonly given pressure bases. This table assumes the gas is measured under standard temperature conditions of 60 °F.

Pressure Base Conversion Table

Given Pressure Base	Conversion Factor to 14.73
14.65	0.9946
15.025	1.0200

Field number	Field name	Field entry information
15	Sales Volume *(continued)*	Follow these steps to convert your volume to ONRR pressure. **Step 1**. Find the given pressure base in the left column. **Step 2**. Find the corresponding conversion factor for 14.73 psia. **Step 3. Multiply** your given volume by the conversion factor. **Example:** Convert 3500 Mcf at 14.65 psia to 14.73 psia. 3,500 Mcf **multiplied by** 0.9946 = 3,481.10 Mcf at 14.73 psia.
16	Gas MMBtu	The MMBtu contained in the gas stream when sold or removed from the lease or from the lease-agreement combination. If you report product codes 03, 04, 12, 15, 16, or 39, you must report both sales volume and gas MMBtu. Adjust the gas volumes and British thermal unit (Btu) heating value to: • A standard pressure base of 14.73 psia, • a standard temperature base of 60 °F, and • the same degree of water saturation as used to report the Btu on the Oil and Gas Operations Report (OGOR). (See the Pressure Base Conversion Table on the following page.) Then calculate MMBtu by multiplying: Mcf x MMBtu/Mcf = MMBtu OR $\text{Mcf} \times \frac{1{,}000 \text{ cu ft}}{1 \text{ Mcf}} \times \frac{\text{Btu}}{\text{cu ft}} \times \frac{1 \text{ MBtu}}{1{,}000 \text{ Btu}} \times \frac{1 \text{ MMBtu}}{1{,}000 \text{ MBtu}} = \text{MMBtu}$ OR Mcf x Btu content/1,000 = MMBtu

Field number	Field name	Field entry information
16	Gas MMBtu *(continued)*	You may receive sales volume information that is at the standard temperature but not at the standard pressure. In this case, you must convert the gas volume (see previous page) and the Btu content to the standard pressure base of 14.73 psia. The following table provides the conversion factors used to perform the conversions for the most commonly given pressure bases. This table assumes the gas is measured under standard temperature conditions of 60 °F.

Pressure Base Conversion Table

Given Pressure Base	To Pressure base at 14.73
14.65	0.9946
15.025	1.0200

Follow these steps to convert your Btu content to ONRR standard pressure:

Step 1: Find the given pressure base in the left column.

Step 2: Find the corresponding conversion factor for 14.73 psia.

Step 4: Divide your given Btu content by the conversion factor.

Example:
Convert 983 Btu/cu ft at 14.65 psia to 14.73 psia.

983 Btu/cu ft **divided by** 0.9946 = 988 Btu/cu ft at 14.73 psia.

MMBtu = 3,500 Mcf x 988/1,000 = 3,458 MMBtu

17	Sales Value	**If you report product codes 03, 04, 12, 15, 16, or 39,** use the MMBtu price. Sales value equals gas MMBtu multiplied by price. **If you report any other oil or gas product codes**, use the bbl, Mcf, gal, and long ton price. Sales value equals sales volume multiplied by price.

Field number	Field name	Field entry information
17	Sales Value *(continued)*	See 30 CFR 1206 and the *Oil and Gas Federal Payor Handbook* or the *Oil and Gas Indian Payor Handbook* for specific guidance on valuation. **If you report Indian leases:** For gas prices in an index zone, see Appendix A. For monthly major portion prices and due dates, see Appendix A. **If you report geothermal production**, see Chapter 7 of this handbook or the *Geothermal Payor Handbook — Class 1 Leases* or *Geothermal Payor Handbook — Class 2 & 3 Leases* for specific reporting guidance.
18	Intentionally left blank	Do not use this field.
19	Royalty Value Prior to Allowances	The result of the sales value multiplied by the royalty rate. **Geothermal reporters:** This field applies only to geothermal byproduct royalties.
20	Transportation Allowance	A deduction from royalty due for the reasonable, actual costs of transporting production from the lease or agreement to a sales point or point of value determination off the lease or agreement. For specific guidelines, see 30 CFR 1206 and the *Oil and Gas Federal Payor Handbook* or the *Oil and Gas Indian Payor Handbook.*

NOTE

It is critical that you use the correct royalty rate when calculating your payment to ONRR. The lease royalty rate is specified in your lease terms. However, your royalty rate may be modified by various royalty relief programs. Do not confuse royalty rate with your division order percent (DOP). The royalty rate is a component of DOP. If you are uncertain of your royalty rate, contact Reference and Reporting Management. (For contact information, see Appendix A.)

Field number	Field name	Field entry information
20	Transportation Allowance *(continued)*	ONRR encourages you to report your transportation allowance deduction as part of your royalty transaction. **Geothermal reporters:** This field applies only to geothermal byproduct royalties.
21	Processing Allowance Deduction	A deduction from royalty due for the reasonable, actual costs of extracting and recovering gas plant products from a gas stream. For specific guidelines, see 30 CFR 1206 and the *Oil and Gas Federal Payor Handbook* or the *Oil and Gas Indian Payor Handbook.* ONRR encourages you to report your processing allowance deduction as part of your royalty transaction. **Geothermal reporters:** This field does not apply to geothermal resources.
22	Royalty Value Less Allowances	Royalty value after you deduct transportation and/or processing allowances.
23	Payment Method Code	A two-digit code identifying how and to whom you make the payment. This is the amount of payment due ONRR. For a list of payment method codes, see Appendix G.

3.2.3

NOTE

ONRR does not accept cash payments under any circumstances.

Field name	Field entry information
Payment Information: Checks to ONRR (PM1)	Use PM1 when you pay by check on a privately acquired lease. Include the following information on your check: • DOI—ONRR • Your five-digit payor code • Your eight-digit PAD number Send your payment to the appropriate address listed in Appendix A.
Payment Information: Indian Direct Pay (PM2)	Use PM2 for payments mailed directly to an individual Indian allottee or to CIRI. Also use PM2 when authorized by BIA or the tribe and ONRR.
Payment Information: EFT Payment (PM3)	Use PM3 if you report Federal and/or Indian leases that are paid by EFT to ONRR.
Payment Information: Royalty in Kind (PM4)	Use PM4 to report the total value of royalty oil taken (small refiner Navajo Nation leases only).
Payment Information: Checks to ONRR for BIA (PM5)	Use PM5 when paying by check on an Indian lease. • A separate check must be sent for the total to each tribe or BIA agency/area office. • Allotted lease payments to ONRR must specify "allotted" and the administering BIA agency/area office. • Include the following information on your check: – DOI—ONRR for BIA – Specific name of the tribe that owns the lease or specific agency/area office responsible for the lease – Your five-digit payor code – Your eight-digit PAD number
Payment Information: Other (For Future Use) (PM6)	Do not use PM6 as it is held in reserve for future use.

Field name	Field entry information
Payment Information: Indian Lockbox (PM7)	Use PM7 for payments made to Indian tribes that have active lockbox lease payment agreements. The following tribes currently have these arrangements: • Blackfeet Nation • Jicarilla Apache Tribe • Navajo Nation • Southern Ute Indian Tribe • Ute Indian Tribe For tribal lock box addresses, see Appendix A.

NOTE *For additional information on payment options, see 30 CFR 1218.*

Field name	Field entry information
Payment Information:	The total dollar value of all payments must match the Total All Payments amount in the Report Total field.
Payment Information: Less Available Credits (credits may not be applied to PM2, PM4, PM7): Doc. ID	Identifies a credit you have with ONRR to reduce the amount paid on Form ONRR-2014. A credit can result from an overpaid Form ONRR-2014, credit from a bill, overpaid interest, etc. (For contact information, see Appendix A.) You may report credits only if you report one or more of these payment method codes: PM1, PM3, or PM5. You can take up to three credits on each report.
Payment Information: Net Payment for this Report	From the Total All Payments field, subtract available credits and payment methods 2, 4, and 7 to obtain the amount of the Net Payment for this report. Enter the amount of your actual payment due to ONRR.

Chapter 4
Reporting Instructions by Transaction Code

This chapter contains detailed reporting instructions and examples of how to report by transaction code on Form ONRR-2014. The transaction codes are organized by function.

NOTE *All transaction codes are identified in Appendix E.*

Function and transaction code	Description	Page
Royalty Due		4-2
01	Royalty Due	4-2
10	Compensatory Royalty Payment	4-12
Estimated Royalty Payment		4-19
03	Estimated Royalty Payment	4-19
Minimum Royalty		4-23
02	Minimum Royalty Payment	4-23
52	Recoup Minimum Royalty Paid in Advance	4-26
Rentals		4-30
04	Rental Payment	4-30
05	Advance Rental Credit	4-33
25	Recoup Advance Rental Credit	4-36
Recoupment of Indian Overpayments		4-40
50	Indian Recoupable Balance	4-40
51	Indian Recoupment Taken	4-41
Other Royalty Transactions		4-43
31	Contract Settlement Payment	4-43
37	Royalties Due in Lieu of Severance Tax	4-50
38	Additional Royalties Due for 6(a)(9) Leases	4-53

Function and transaction code	Description	Page
Other Royalty Transactions (cont.)		
39	Net Profit Share—Unprofitable	4-56
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4.1 Royalty Due

This section provides instructions and examples for transaction codes 01 and 10.

4.1.1 *Transaction Code 01, Royalty Due*

Lease terms and Federal regulations require lessees to pay royalties on producing Federal and Indian leases. The lessee must pay its royalty obligation either in value or in kind, as specified by the lease or designated by ONRR.

Description of fields you use on Form ONRR-2014 for transaction code 01.

Field	Description
ONRR Lease Number	Enter the ONRR-converted 10-digit lease number.
API Well Number	Enter if required.
ONRR Agreement Number	Enter the ONRR-converted agreement number if you are reporting sales that are attributable to an agreement.
Product Code	Enter the appropriate two-digit code. For a list of product codes, see Appendix C.
Sales Type Code	Enter the appropriate four-character code. For a list of sales type codes, see Appendix D.
Sales Month/Year	Enter the month/year the product is sold or removed from the lease. Use the MMCCYY format; for example, enter October 2020 as 102020.
Transaction Code	Enter **01**.
Adjustment Reason Code	Leave this field blank for normal month reporting. You must complete this field only when adjusting previously reported data. Applicable adjustment reason codes: oil and gas leases: 10, 15, 16, 35 and 49 geothermal leases: 25, 26 and 31 For instructions on how to make an adjustment, see Chapter 6. For a list of adjustment codes, see Appendix F.
Sales Volume	Enter the volume of the product sold or removed from the lease or from the lease-agreement combination for which you are reporting and paying royalties. Units of measurement are not reported on Form ONRR-2014 but are implicit to the reported commodity: • Barrels for oil, condensate, and scrubber condensate • Mcf (1,000 cubic feet) for natural gas (reported at a standard pressure base of 14.73 psia, a standard temperature base of 60°F, and the same degree of water saturation as used to report the Btu on the Oil and Gas Operations Report [OGOR]). • Gallons (231 cubic inches) for gas plant products. • Long tons (2,240 lbs) for sulfur.

Field	Description
Sales Volume (cont.)	• Thousands of pounds for geothermal. • kWh for geothermal. • MMBtu for geothermal. • Hundreds of gallons for geothermal.
Gas MMBtu	Enter if you reported product codes 03, 04, 12, 15, 39,66, 67, 68, 69, or 70 . Enter sales volume multiplied by the gas Btu heating value at a standard pressure base of 14.73 psia, a standard temperature base of 60°F, and the same degree of water saturation as used to report the Btu on the Oil and Gas Operations Report (OGOR). For example: $500 \text{ Mcf} \times \frac{1.100 \text{ MMBtu}}{\text{Mcf}} = 550 \text{ MMBtu}$ If production from various wells or formations is reported as one line on Form ONRR-2014, then report as a volume-weighted average.
Sales Value	For gas products 03, 04, 12, 15, 39, 66, 67, 68, 69, and 70 enter the gas MMBtu multiplied by the price. For any other oil or gas products, enter the sales volume multiplied by the price. For geothermal resources, refer to Chapter 7.
Royalty Value Prior to Allowances	Enter the sales value multiplied by the royalty rate.

Transportation Allowance Deduction	Enter the appropriate allowance amount. ONRR allows a deduction on Form ONRR-2014 for the reasonable, actual costs of transporting production from the lease or agreement site to a sales point or processing point off the lease or agreement site. **For sales months prior to January 2017:** If you have an arm's-length sales contract that reduces the sales price by a transportation factor, ONRR does not consider the transportation-reduced price as a component of the Sales Value. If you have a non-arm's length sales contract, you cannot report transportation-reduced sales values; you must report an applicable transportation charge as an allowance. **For sales months January 2017 forward:** You can no longer report a transportation factor as stated above. Instead, you must report it as a transportation allowance. **For sales months prior to January 2017:** Transportation allowances for oil and gas may not exceed 50 percent of the royalty value of the product without prior ONRR approval. (For contact information, see Appendix A.) Transportation allowances for geothermal by-products may not exceed 99 percent of the by-product value. **For sales months January 2017 forward:** By rule, you cannot exceed the 50 percent limit for transportation allowances.
Processing Allowance Deduction	ONRR allows a deduction from the value of gas plant products on Form ONRR-2014 for the reasonable, actual costs of extracting and recovering gas plant products at a gas processing facility. **For sales months prior to January 2017:** Processing allowances may not exceed 66 2/3 percent of the royalty value of individual gas plant products without prior ONRR approval. (For contact information, see Appendix A.)

	For sales months January 2017 forward: By rule, you cannot exceed the 66 2/3 percent limit for processing allowances.
Royalty Value Less Allowances	Subtract allowance deductions from the royalty value prior to allowances and enter the result.
Payment Method Code	Enter the appropriate payment method code. For a list of payment methods, see Appendix G.

Example

Transaction code 01. This example shows how to report and pay royalties for oil and unprocessed gas.

Assumptions:

- The ONRR-converted lease number is 054-007777-0.
- Your sales occurred in October 2019.
- The product is oil, product code 01. You produced and sold 999 bbl of oil at $22.00/bbl.
- The product is unprocessed gas, product code 04. You produced and sold 14,000 Mcf. The gas heating value is 1,110 Btu/cu ft. You sold 15,540 MMBtu. The contract price is $2.75/MMBtu.
- The royalty rate is 12 ½ percent.
- You pay by EFT to ONRR.

Royalty value calculation:

Oil sales volume x price x royalty rate = royalty value
999 bbl x $22.00/bbl x 0.125 = $2747.25

Gas sales volume x Btu factor x price x royalty rate = royalty value
14,000 Mcf x 1.110 MMBtu x $2.75/MMBtu x 0.125 = $5341.88

The information reported on Form ONRR-2014 is shown on the following fact sheet.

Form ONRR-2014 Fact Sheet

Detail Line		
Line Number	**1**	**2**
API Well Number		
ONRR Lease Number	0540077770	0540077770
ONRR Agreement Number		
Product Code	01	04
Sales Type Code	NARM	NARM
Sales MO/YR	102019	102019
Transaction Code	01	01
Adjustment Reason Code		
Sales Volume	999.00	14000.00
Gas MMBtu		15540.00
Sales Value	21978.00	42735.00
Royalty Value Prior to Allowances	2747.25	5341.88
Transportation Allowance Deduction		
Processing Allowance Deduction		
Royalty Value Less Allowances	2747.25	5341.88
Payment Method Code	03	03

Example

Transaction code 01. This example shows how to report and pay royalties for oil, unprocessed gas, processed gas, gas plant products, and drip condensate.

Assumptions:

- The ONRR-converted lease number is 054-008888-0.
- Your sales occurred in October 2019.
- The product is oil, product code 01. You produced and sold 9,621 bbl of oil at $22.00/bbl.
- You produced 321,495 Mcf and transferred it to a gas plant to be processed; however, you recovered drip condensate from a separation facility located prior to the gas plant. You figured the sales volume by using a theoretical calculation for the drip condensate, processed, gas, and gas plant products.
- The product is processed gas, product code 03. You produced and sold 275,206 Mcf. The gas heating value is 1,050 Btu/cu ft. You sold 288,966.82 MMBtu. The contract price is $4.00/MMBtu. The cost incurred to transport the product is $0.68/Mcf.
- The product is gas plant products, product code 07. You sold 458,677.50 gal of gas plant products at $0.70/gal. The cost incurred to transport the product is $0.07/gal. The cost incurred to process the product is $0.16/gal.
- The product is drip condensate, product code 05. You sold 3,142 bbl of drip condensate at $22.00/bbl.
- The royalty rate is 12 ½ percent.
- You pay by EFT to ONRR.

Royalty value calculation:

Oil sales volume x price x royalty rate = royalty value

9,621 bbl x $22.00/bbl x 0.125 = $26,457.75

Gas sales volume x Btu factor x price x royalty rate = royalty value prior to allowances – transportation allowance deduction = royalty value less allowances

275,206.50 Mcf x 1.05 MMBtu/Mcf x $3.00/MMBtu x 0.125 = $108,362.55 – (275,206.50 Mcf x 0.125 x $0.58 Mcf) = $88,410.08

Gas Plant Products

Sales volume x price x royalty rate = royalty value prior to allowances – transportation allowance deduction – processing allowance deduction = royalty value less allowances

458,677.50 gal x $0.70/gal x 0.125 = 40,134.28 – (458,677.50 gal x 0.125 x $0.07) – (458,677.50 gal x 0.125 x $0.16) = $26,947.30

Drip sales volume x price x royalty rate = royalty value

3,142 bbl x $22.00/bbl x 0.125 = $8,640.50

The information reported on Form ONRR-2014 is shown on the following fact sheet.

Form ONRR-2014 Fact Sheet

	Detail Line			
Line Number	**1**	**2**	**3**	**4**
API Well Number				
ONRR Lease Number	0540088880	0540088880	0540088880	0540088880
ONRR Agreement Number				
Product Code	01	03	07	05
Sales Type Code	ARMS	ARMS	POOL	ARMS
Sales MO/YR	102019	102019	102019	102019
Transaction Code	01	01	01	01
Adjustment Reason Code				
Sales Volume	9621.00	275206.50	458677.50	3142.00
Gas MMBtu		288966.82		
Sales Value	211662.00	866900.46	321074.25	69124.00
Royalty Value Prior to Allowances	26457.75	108362.55	40134.28	8640.50
Transportation Allowance Deduction		-19952.47	-4013.43	
Processing Allowance Deduction			-9173.55	
Royalty Value Less Allowances	26457.75	88410.08	26947.30	8640.50
Payment Method Code	03	03	03	03

4.1.1.1

Reporting Condensate from a BSEE-approved condensate system

The following guidance is provided for reporters participating in a BSEE-approved retrograde system. ONRR defines condensate as liquid hydrocarbons (normally exceeding 40 degrees of API gravity) recovered at the surface without processing. Condensate recovered in lease separators or field facilities is oil for royalty reporting purposes.

Condensate that falls out of the gas stream in a pipeline during transmission of natural gas and is removed from the gas stream prior to the inlet of a gas plant is reported as drip condensate (product code 05). Condensate that is captured at onshore separation facilities at the gas plant is reported as plant inlet scrubber condensate (product code 06).

Refer to the following pages for specific reporting instructions.

Note: Onshore leases and agreements are allocated drip or pipeline condensate volumes when liquid hydrocarbons condense out of the gas stream in a pipeline during transmission of natural gas and are stripped from the gas stream prior to the inlet of a gas plant.

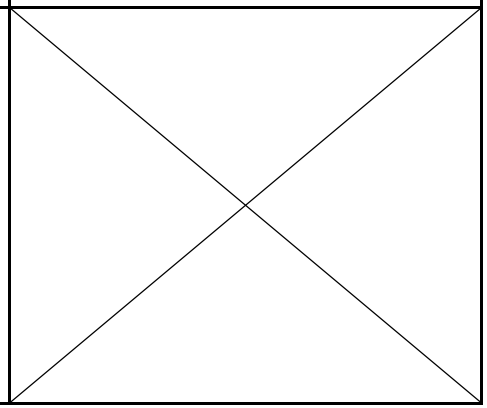
How to Report Royalty (Transaction Code 01) on Form ONRR-2014

The products of the gas stream that are reported on the Form ONRR-2014 depend on whether you are required to report the gas as processed. The situations in which gas must be reported as processed include (but are not limited to):

1) You or your affiliate do not sell, or otherwise dispose of, gas under an arm's-length contract prior to processing;
2) Your or your affiliate's arm's-length contract for the sale of gas prior to processing provides for payment to be determined on the basis of the value of any products resulting from processing, including residue gas or natural gas liquids;
3) You or your affiliate process gas under an arm's-length keep whole contract; and
4) Your or your affiliate's arm's-length contract includes a reservation of the right to process the gas, and you or your affiliate exercise(s) that right.

You must calculate royalties based on the quantity and quality of gas as measured at the point of royalty settlement that BSEE approves for OCS leases. If your lease is subject to a BSEE-approved commingling agreement, you must follow the procedures described in the agreement to determine the royalty-bearing volume of condensate. Without specific guidance from BSEE, you should compute royalties based on the actual volume of condensate captured and reasonably allocated to your lease or agreement. The volumetric basis for royalties is all production removed or sold from the lease, including condensate that may be held in temporary storage.

The table below illustrates how to value royalties due correctly on the Form ONRR-2014.

Reporting Framework	Sale Under an Arm's-Length Contract	Sale Not Under an Arm's-Length Contract	Arm's-Length Exchange(s) or Non-Arm's-Length Sale Followed by Arm's-Length Sale
Processed Gas	Report the condensate volume in barrels as either drip condensate (product code 05) or inlet scrubber condensate (product code 06). The value of the condensate is the gross proceeds accruing to you less applicable allowances under 30 CFR 1206.101.	Report the condensate volume in barrels as either drip condensate (product code 05) or inlet scrubber condensate (product code 06). The method of valuing the condensate depends on the location of the lease. Please refer to 30 CFR 1206.102 to find the relevant valuation method for your lease.	You may elect on how to value the condensate under 30 CFR 1206.101(c). You may not change your election more often than once every two years.
Unprocessed Gas	Report the gas sales volume as unprocessed gas (product code 04). The value of the unprocessed gas is the gross proceeds accruing to you less applicable allowances under 30 CFR 1206.141(b).	Report the gas sales volume as unprocessed gas (product code 04). The value of the unprocessed gas is the gross proceeds accruing to you less applicable allowances under the first downstream arm's-length sales contract unless you elect the index-based option under 30 CFR 1206.141(c). You may not change your election more often than once every two years.	

4.1.2 *Transaction Code 10, Compensatory Royalty Payment*

Compensatory royalty is based on a compensatory royalty agreement or on a compensatory royalty assessment.

BLM or BOEM requires a compensatory royalty **agreement** for unleased Federal or Indian land when a well located on adjacent land drains the Federal or Indian land. If BLM or BOEM determines that the parcel of land cannot be leased, a compensatory royalty agreement is established. **We account for the compensatory royalty by assigning it an agreement number that is reported on Form ONRR-2014 using the Lease Number field and transaction code 10.**

BLM or BOEM **assesses** compensatory royalties when adjacent land drains a Federal or Indian lease. If the lessee elects not to drill a protective well or enter into a CA with the owner of the lands containing the offending well, BLM or BOEM assesses the royalty on the product drained from the Federal or Indian leases. **You must report this assessment on Form ONRR-2014 using the assessed lease number and transaction code 10.**

Description of fields you may use on Form ONRR-2014 for transaction code 10:

Field	Description
ONRR Lease Number	Enter the ONRR-converted 10-digit lease number.
API Well Number	Enter if required.
ONRR Agreement Number	Not used
Product Code	Enter the appropriate two-digit code. For a list of product codes, see Appendix C.
Sales Type Code	Not used
Sales Month/Year	Enter the month/year the product was drained from the lease. Use the MMCCYY format; for example, enter October 2019 as 102019.
Transaction Code	Enter **10**.
Adjustment Reason Code	Leave this field blank for normal monthly reporting. You must complete this field only when adjusting previously reported data.

Field	Description
Adjustment Reason Code (continued)	Applicable adjustment reason codes: oil and gas leases: 17, 35 and 49 geothermal leases: 25, 26 and 31 See Chapter 6 for instructions on how to make an adjustment. For a list of adjustment reason codes, see Appendix F.
Sales Volume	Enter the volume of the product sold or removed from the lease or from the lease-agreement combination for which you are reporting and paying royalties. The sales volume equals the volume produced multiplied by the drainage factor. Units of measurement are not reported on Form ONRR-2014 but are implicit to the reported commodity: • Barrels for oil, condensate, and scrubber condensate. • Mcf (1,000 cubic feet) for natural gas (reported at a standard pressure base of 14.73 psia, a standard temperature base of 60 °F, and the same degree of water saturation as used to report the Btu on the Oil and Gas Operations Report [OGOR]). • Gallons (231 cubic inches) for gas plant products. • Long tons (2,240 lbs) for sulfur. • Thousands of pounds for geothermal. • kWh for geothermal. • MMBtu for geothermal. • Hundreds of gallons for geothermal.
Gas MMBtu	Enter if you reported product codes 03, 04, 12, 15, 39, 66, 67, 68, 69, or 70. Enter sales volume multiplied by the gas Btu heating value at a standard pressure base of 14.73 psia, a standard temperature base of 60 °F, and the same degree of water saturation as used to report the Btu on the Oil and Gas Operations Report (OGOR). For example: $500 \text{ Mcf} \times \frac{1.100 \text{ MMBtu}}{\text{Mcf}} = 550 \text{ MMBtu}$ If production from various wells or formations is reported as one line on Form ONRR-2014, then report as a volume-weighted average.

Field	Description
Sales Value	For gas products 03, 04, 12, 15, 39, 66, 67, 68, 69, or 70, enter the gas MMBtu multiplied by the price. For any other oil or gas products, enter the sales volume multiplied by the price. For geothermal resources, refer to Chapter 7.
Royalty Value Prior to Allowances	Enter the sales value multiplied by the royalty rate.
Transportation Allowance Deduction	Enter the appropriate allowance amount. If you are reporting a transportation allowance deduction associated with an RIK lease, see Chapter 8.
Processing Allowance Deduction	Enter the appropriate allowance amount.
Royalty Value Less Allowances	Subtract allowance deductions from the royalty value prior to allowances and enter the result.
Payment Method Code	Enter the appropriate payment method code. For a list of payment methods, see Appendix G.

Example

Transaction code 10. This example shows how to report and pay a compensatory royalty **agreement**. A well located on fee land is draining unleased Indian land. The payor of the compensatory royalty agreement reports and pays royalties based on 100 percent of the value of the product multiplied by the drainage factor multiplied by the royalty rate. The fee land lessee has no obligation to ONRR.

Assumptions:

- The ONRR-converted lease number is 889-000355-0.
- Your sale occurred in October 2019.
- The product is unprocessed (wellhead) gas, product code 04. You produced and sold 3,000 Mcf. The gas heating value is 1,200 Btu/cu ft. You sold 3,600 MMBtu. The contract price is $3.00/MMBtu.
- The drainage factor is 15 percent.
- The royalty rate is 20 percent.
- You pay by EFT to ONRR.

Royalty value calculation:

sales volume x drainage factor x Btu factor x price x royalty rate = royalty value

3,000 Mcf x 0.15 x 1.200 MMBtu/Mcf x $3.00/MMBtu x 0.20 = $324.00

The information reported on Form ONRR-2014 is shown on the following fact sheet.

Form ONRR-2014 Fact Sheet

	Detail Line
Line Number	**1**
API Well Number	
ONRR Lease Number	8890003550
ONRR Agreement Number	
Product Code	04
Sales Type Code	ARMS
Sales MO/YR	102019
Transaction Code	10
Adjustment Reason Code	
Sales Volume	450.00
Gas MMBtu	540.00
Sales Value	1620.00
Royalty Value Prior to Allowances	324.00
Transportation Allowance Deduction	
Processing Allowance Deduction	
Royalty Value Less Allowances	324.00
Payment Method Code	03

Example

Transaction code 10. This example shows how to report and pay a compensatory royalty **assessment**. The payor on lease 071-004009-0 reports and pays royalties based on the entire production (175 bbl valued at $4,593.75) at a 12 1/2 percent royalty rate. For the payor on lease 071-083838-0, compensatory royalty is based on the difference between the two leases' royalty rates (that is, 12 1/2 percent subtracted from 16 2/3 percent, which equals 0.041667).

Assumptions:

- There are two Federal leases: 071-083838-0 and 071-004009-0.
- A well on lease 071-004009-0 is draining lease 071-083838-0.
- Your sale occurred in October 2019.
- The product is oil, product code 01. You produced and sold 175 bbl of oil at $26.25/bbl by the offending well.
- The drainage factor is 35 percent.
- Lease 071-004009-0 has a 12 ½ percent royalty rate.
- Lease 071-083838-0 has a 16 2/3 percent royalty rate.
- You pay by EFT to ONRR.

Royalty value calculation:

sales volume x drainage factor x price x royalty rate (difference between the two lease royalty rates) = royalty value

175 bbl x 0.35 x $26.25 x 0.041667 = $66.99

The information reported on Form ONRR-2014 is shown on the following fact sheet.

Form ONRR-2014 Fact Sheet

	Detail Line
Line Number	**1**
API Well Number	
ONRR Lease Number	0710838380
ONRR Agreement Number	
Product Code	01
Sales Type Code	ARMS
Sales MO/YR	102019
Transaction Code	10
Adjustment Reason Code	
Sales Volume	61.25
Gas MMBtu	
Sales Value	1607.81
Royalty Value Prior to Allowances	66.99
Transportation Allowance Deduction	
Processing Allowance Deduction	
Royalty Value Less Allowances	66.99
Payment Method Code	03

4.2 Estimated Royalty Payment

This section provides instructions and examples for transaction code 03.

4.2.1 *Transaction Code 03, Estimated Royalty Payment*

Royalty payments are normally required by the end of the month following the month you sold or removed the product from the lease or agreement; however, if you cannot meet this deadline, you may establish an estimated royalty payment (estimate) to give you an additional month to report and pay actual royalties and possibly avoid late payment interest charges. An estimate is a one-time payment in lieu of an actual royalty payment for that month; then in subsequent months you report and pay the actual royalties. Royalties are then due the last day of the second month following the month you sold or removed the product from the lease or agreement. If that day falls on a weekend or holiday, the due date is extended to the next business day.

When you establish a new estimate for the first time, use transaction code 03 and no adjustment reason code. Thereafter, use transaction code 03 and adjustment reason code 32 to adjust your estimate balance (even if your estimate is reduced to zero and then you increase the balance at a later date). Use a single line entry on the Form ONRR-2014 to increase or decrease the amount of an estimate. The estimate payments are disbursed to the entitled recipient; therefore, you must follow the proper procedures in accordance with Federal and Indian recoupments and refunds. (For information on adjustments, recoupments, and refunds, see Chapter 6.)

To determine the amount of an initial estimate payment, establish the estimate in an amount equal to or exceeding the average monthly royalty liability for the lease and product. Adjust the estimate balance up or down as the lease royalty liability changes. This is critical because interest may be due if estimates are too low. For a given lease and sales month, ONRR compares the lease estimate balance to the actual royalty paid. Interest is due on the amount that the royalty payment exceeds the estimate balance. Interest is also due on amounts paid after the due date for estimate reporting. Therefore, it is to your benefit to maintain a record of all estimate payments and adjustments for each lease to possibly prevent an over recoupment of an estimate balance.

You report an estimated payment at the lease level. The sales month must be 1 month prior to the report month shown on the Form ONRR-2014. Establishing retroactive estimate balances is not permitted. The Form ONRR-2014 reflects the estimate sales month for all products on the lease; therefore, you must change the sales month for any product not requiring an estimate.

Description of fields you use on Form ONRR-2014 for transaction code 03.

Field	Description
ONRR Lease Number	Enter the ONRR-converted 10-digit lease number.
API Well Number	Not used
ONRR Agreement Number	Not used
Product Code	Not used
Sales Type Code	Not used
Sales Month/Year	Enter one month prior to the month/year the report is submitted. Use the MMCCYY format; for example, enter October 2019 as 102019.
Transaction Code	Enter **03**.
Adjustment Reason Code	Leave this field blank to establish a new estimated royalty payment. Enter adjustment reason code 32 to increase or decrease the amount of an existing estimated royalty payment.
Sales Volume	Not used
Gas MMBtu	Not used
Sales Value	Not used
Royalty Value Prior to Allowances	Enter the estimated royalty payment amount.
Transportation Allowance Deduction	Not Used
Processing Allowance Deduction	Not Used
Royalty Value Less Allowances	Enter the estimated royalty payment amount.
Payment Method Code	Enter the appropriate payment method code. For a list of payment methods, see Appendix G.

EXAMPLE

Transaction code 03. The following example shows how to establish an estimated payment.

Assumptions:

- The ONRR-converted lease number is 048-888888-0.
- Your sales month is **always** one month prior to your report month. Your report month is October 2019; therefore, your sales month is September 2019.
- You determined an estimate of $1,000.00.
- You pay by EFT to ONRR.

The information reported on Form ONRR-2014 is shown on the following fact sheet.

Form ONRR-2014 Fact Sheet

	Detail Line
Line Number	**1**
API Well Number	
ONRR Lease Number	0488888880
ONRR Agreement Number	
Product Code	
Sales Type Code	
Sales MO/YR	092019
Transaction Code	03
Adjustment Reason Code	
Sales Volume	
Gas MMBtu	
Sales Value	
Royalty Value Prior to Allowances	1000.00
Transportation Allowance Deduction	
Processing Allowance Deduction	
Royalty Value Less Allowances	1000.00
Payment Method Code	03

EXAMPLE

Transaction code 03. The following example shows how to adjust estimated royalty payments. (For recoupment guidance, see Chapter 6.)

Assumptions:

- The ONRR-converted lease number is 048-888888-0
- Your sales month is **always** one month prior to your report month. Your report month/year is December 2019; therefore, your sales month/year is November 2019.
- Your adjustment decreases your previously estimated royalty payment of $1,000.00 by $500.00.
- You pay by EFT to ONRR.

The information reported on Form ONRR-2014 is shown on the following fact sheet.

Form ONRR-2014 Fact Sheet

	Detail Line
Line Number	**1**
API Well Number	
ONRR Lease Number	0488888880
ONRR Agreement Number	
Product Code	
Sales Type Code	
Sales MO/YR	112019
Transaction Code	03
Adjustment Reason Code	32
Sales Volume	
Gas MMBtu	
Sales Value	
Royalty Value Prior to Allowances	-500.00
Transportation Allowance Deduction	
Processing Allowance Deduction	
Royalty Value Less Allowances	-500.00
Payment Method Code	03

4.3 Minimum Royalty

This section provides instructions and examples for transaction codes 02 and 52.

4.3.1 *Transaction Code 02, Minimum Royalty Payment*

Some producing Federal and Indian leases require you to pay a minimum amount of royalty each lease year. The amount of minimum royalty is usually determined by the producing acreage in the lease multiplied by a fee per acre (for example, $2 per acre) and is in addition to any other fees required under regulation or lease terms. You can satisfy the minimum royalty obligation in three ways:

- Royalties paid on production throughout the lease year are equal to or exceed the minimum royalty amount;
- Royalties paid on production throughout the lease year are less than the minimum royalty obligation, and you pay and report the difference as a separate minimum royalty transaction; or
- There are no royalties paid on production throughout the lease year, so you report and pay the full amount of the minimum royalty obligation.

You must submit minimum royalty payments for Federal or Indian leases on Form ONRR-2014 on or before the last day of the month of the lease year, regardless of whether you established an estimated payment on the lease. If minimum royalty is not met, we will issue an invoice for the amount due. Interest will be assessed for the late payment.

All the acres in a Federal lease are in a minimum royalty status if any one of the following applies:

- All the acres are within PAs.
- The lease is committed to a secondary or tertiary recovery unit.
- The lease is committed to a CA.
- The lease contains a producing well or a well capable of production.

Description of fields you use on Form ONRR-2014 for transaction code 02.

Field	Description
ONRR Lease Number	Enter the ONRR-converted 10-digit lease number.
API Well Number	Not used
ONRR Agreement Number	Not used
Product Code	Not used
Sales Type Code	Not used
Sales Month/Year	Enter the month/year the minimum royalty payment is due. Use the MMCCYY format; for example, enter September 2019 as 092019. Applicable adjustment reason codes are 10, 17, and 35. For instructions on how to make an adjustment, see Chapter 6. For a list of adjustment reason codes, see Appendix F.
Sales Volume	Not used
Gas MMBtu	Not used
Sales Value	Not used
Royalty Value Prior to Allowances	Enter the amount of minimum royalty due.
Transportation Allowance Deduction	Not used
Processing Allowance Deduction	Not used
Royalty Value Less Allowances	Enter the amount of minimum royalty due.
Payment Method Code	Enter the appropriate payment method code. For a list of payment methods, see Appendix G.

EXAMPLE

Transaction code 02. The following example shows how to report and pay minimum royalties.

Assumptions:

- The annual minimum royalty requirement is $1,000.00/year based on lease acreage of 500 acres at $2.00/acre.
- The ONRR-converted lease number is 030-010100-0.
- The lease year is from October 1, 2019, through September 30, 2020.
- You paid $600.00 in royalties for this lease year; therefore, an additional $400.00 is due in minimum royalties ($1,000.00 – $600.00 = $400.00).
- You pay by EFT to ONRR.

The information reported on Form ONRR-2014 is shown on the following fact sheet.

Form ONRR-2014 Fact Sheet

	Detail Line
Line Number	**1**
API Well Number	
ONRR Lease Number	0300101000
ONRR Agreement Number	
Product Code	
Sales Type Code	
Sales MO/YR	092020
Transaction Code	02
Adjustment Reason Code	
Sales Volume	
Gas MMBtu	
Sales Value	
Royalty Value Prior to Allowances	400.00
Transportation Allowance Deduction	
Processing Allowance Deduction	
Royalty Value Less Allowances	400.00
Payment Method Code	03

4.3.2 Transaction Code 52, Recoup Minimum Royalty Paid in Advance

Use this transaction code to report a recoupment of a previously paid minimum royalty payable in advance for certain Indian leases. Review the lease terms to determine if your lease is subject to advance minimum royalty. If lease terms permit, you can recoup against net royalties reported and paid, by lease, within the same lease year and by the same royalty payor. One hundred percent of the current month's net royalties that you report may be used to offset the advance minimum royalty payment, subject to no more than the minimum royalty payment.

If you fail to recoup prior year minimum royalty payable in advance on Indian leases, the minimum royalty payable in advance is considered an overpayment requiring the use of transaction codes 52, 50, and 51. For reporting instructions, see Chapter 6, Adjustments, Recoupments, and Refunds.

Report the annual advance minimum royalty to ONRR by using transaction code 02. Frequently, payors make their minimum royalty payable in advance several months prior to the actual due date. If you do this, you must remember that you cannot recoup the advance minimum royalty until you report and pay royalties within the lease year that the royalty payable in advance applies.

If, at the end of the lease year, the royalty amount you paid is less than the minimum royalty payable in advance amount, you cannot recoup the remaining balance against royalties in future lease years.

NOTE

If a tribe designates production as RIK, recoupment procedures may vary. We will provide specific reporting requirements if this occurs.

Description of fields you use on Form ONRR-2014 for transaction code 52.

Field	Description
ONRR Lease Number	Enter the ONRR-converted 10-digit lease number.
API Well Number	Not used
ONRR Agreement Number	Not used
Product Code	Not used
Sales Type Code	Not used

Field	Description
Sales Month/Year	Enter the month/year the minimum royalty payment is due. Enter the same sales month/year reported on the corresponding royalty transaction line that you are recouping against. Use the MMCCYY format; for example, enter October 2019 as 102019.
Transaction Code	Enter **52**.
Adjustment Reason Code	Leave this field blank for normal monthly reporting. You must complete this field only when adjusting previously reported data. Applicable adjustment reason codes are 10, 17, and 35. For instructions on how to make an adjustment, see Chapter 6. For a list of adjustment reason codes, see Appendix F.
Sales Volume	Not used
Gas MMBtu	Not used
Sales Value	Not used
Royalty Value Prior to Allowances	Enter the appropriate minimum royalty payable in advance recoupment amount as a negative value.
Transportation Allowance Deduction	Not used
Processing Allowance Deduction	Not used
Royalty Value Less Allowances	Enter the appropriate minimum royalty payable in advance recoupment amount as a negative value.
Payment Method Code	Enter the same payment method reported on the corresponding royalty transaction line that you are recouping against. For a list of payment methods, see Appendix G.

EXAMPLE

Transaction code 52. The following example shows how to recoup advance minimum royalty on an Indian lease.

Assumptions:

- You paid advance minimum royalties of $400.00 in May 2018 for the current lease year (transaction code 02).
- A recoupable balance of $200.00 remains on the lease.
- The ONRR-converted lease number is 525-007170-0.
- You sold the product during October 2019.
- The product is unprocessed gas, product code 04. You produced and sold 2,000 Mcf. The gas heating value is 1,100 Btu/cu ft. You sold 2,200 MMBtu. The contract price is $2.00/MMBtu.
- The royalty rate is 12 1/2 percent.
- You pay by check to ONRR for BIA (include the specific name of the tribe that owns the lease or specific BIA agency/area office responsible for the lease).

The information reported on Form ONRR-2014 is shown on the following fact sheet.

Form ONRR-2014 Fact Sheet

	Detail Line	
Line Number	**1**	**2**
API Well Number		
ONRR Lease Number	5250071700	5250071700
ONRR Agreement Number		
Product Code	04	
Sales Type Code	ARMS	
Sales MO/YR	102019	102019
Transaction Code	01	52
Adjustment Reason Code		
Sales Volume	2000.00	
Gas MMBtu	2200.00	
Sales Value	4400.00	
Royalty Value Prior to Allowances	550.00	-200.00
Transportation Allowance Deduction		
Processing Allowance Deduction		
Royalty Value Less Allowances	550.00	-200.00
Payment Method Code	05	05

4.4 Rentals

This section provides instructions and examples for transaction codes 04, 05, and 25.

4.4.1 *Transaction Code 04, Rental Payment*

Use this transaction code to report and pay rent payments that are not recoupable against production and non-terminable. The amount of rent due is stipulated in your lease terms and is, except in some circumstances, due on or before the lease anniversary date.

For those leases that do not terminate, and payment is not received by the due date, we will issue an invoice for the amount due. Interest will be assessed for late payment.

Reporters can remit rental payments (other than first year rentals) on the newly launched tab on the eCommerce website called "Rental Information". This tab provides a streamlined method to make Federal oil, gas, and geothermal rental payments. See Chapter 9 Online Rentals for instructions on reporting.

For producing Indian leases, the rent is reported on Form ONRR-2014. Producing Indian leases are defined as those leases receiving actual or allocated production. For nonproducing Indian leases, the rents are paid to BIA or to the entity stipulated in the lease document.

NOTE

Also use transaction code 04, Rental Payment, to report rent on geothermal site licenses. Rent is due on geothermal site licenses only when the site licensee (license holder) is not the lessee. Geothermal site licenses are coded as leases in our system. They are non-terminable.

Description of fields you use on Form ONRR-2014 for transaction code 04.

Field	Description
ONRR Lease Number	Enter the ONRR-converted 10-digit lease number.
API Well Number	Not used
ONRR Agreement Number	Not used
Product Code	Not used

Field	Description
Sales Type Code	Not used
Sales Month/Year	Enter the month/year the rent is due. Use the MMCCYY format; for example, enter October 2019 as 102019.
Transaction Code	Enter **04**.
Adjustment Reason Code	Leave this field blank for normal monthly reporting. You must complete this field only when adjusting previously reported data. Applicable adjustment reason codes are 10, 17, and 35. For instructions on how to make an adjustment, see Chapter 6. For a list of adjustment reason codes, see Appendix F.
Sales Volume	Not used
Gas MMBtu	Not used
Sales Value	Not used
Royalty Value Prior to Allowances	Enter the rent amount due.
Transportation Allowance Deduction	Not used
Processing Allowance Deduction	Not used
Royalty Value Less Allowances.	Enter the rent amount due.
Payment Method Code	Enter the appropriate payment method code. For a list of payment methods, see Appendix G.

EXAMPLE

Transaction code 04. The following example shows how to report and pay a rent payment.

Assumptions:

- The annual rent payment is $1,800.
- The ONRR-converted lease number is 071-007170-0.
- The lease has an anniversary date of October 01, 2019.
- You pay by EFT to ONRR.
- The information reported on Form ONRR-2014 is shown on the following fact sheet.

Form ONRR-2014 Fact Sheet

	Detail Line
Line Number	**1**
API Well Number	
ONRR Lease Number	0710071700
ONRR Agreement Number	
Product Code	
Sales Type Code	
Sales MO/YR	102019
Transaction Code	04
Adjustment Reason Code	
Sales Volume	
Gas MMBtu	
Sales Value	
Royalty Value Prior to Allowances	1800.00
Transportation Allowance Deduction	
Processing Allowance Deduction	
Royalty Value Less Allowances	1800.00
Payment Method Code	03

4.4.2 *Transaction Code 05, Advance Rental Credit*

Use this transaction code to report and pay rent payments that are recoupable against production on Federal and Indian leases. If the lease is designated as RIK by the tribe, submit your rent payment to the applicable tribe unless otherwise instructed by ONRR. Recoupable Indian rent payments made directly to the allottee must still be reported to ONRR on Form ONRR-2014.

Submit recoupable rent payments for producing Federal or Indian leases. A producing lease is defined as:

- A lease containing a well on which a first production notice is issued, or the well is deemed capable of producing in paying quantities.
- A lease that has acreage committed to a producing unit or communitization agreement; this includes wells that are not currently producing but at some time in the past had production associated with the lease.

You must report and pay the rent even if you anticipate that the rent will be recouped during the first month of the lease year.

For more information on recoupment procedures, see Transaction Code 25, Recoup Advance Rental Credit on page 4-35.

Description of fields you use on Form ONRR-2014 for transaction code 05.

Field	Description
ONRR Lease Number	Enter the ONRR-converted 10-digit lease number.
API Well Number	Not used
ONRR Agreement Number	Not used
Product Code	Not used
Sales Type Code	Not used
Sales Month/Year	Enter the month/year the rent is due. Use the MMCCYY format; for example, enter October 2020 as 102020.
Transaction Code	Enter **05**.

Field	Description
Adjustment Reason Code	Leave this field blank for normal monthly reporting. You must complete this field only when adjusting previously reported data. Applicable adjustment reason codes are 10, 17, and 35. For instructions on how to make an adjustment, see Chapter 6. For a list of adjustment reason codes, see Appendix F.
Sales Volume	Not used
Gas MMBtu	Not used
Sales Value	Not used
Royalty Value Prior to Allowances	Enter the rent amount due.
Transportation Allowance Deduction	Not used
Processing Allowance Deduction	Not used
Royalty Value Less Allowances.	Enter the rent amount due.
Payment Method Code	Enter the appropriate payment method code. For a list of payment methods, see Appendix G.

EXAMPLE

Transaction code 05. The following example shows how to report and pay an advance rental credit.

Assumptions:

- The annual rent payment is $1,800.
- The ONRR-converted lease number is 518-008180-0.
- The lease has an anniversary date of October 31, 2019.
- You pay by check to ONRR for BIA (include the specific name of the tribe that owns the lease or the specific BIA agency/area office responsible for the lease).

Information reported on Form ONRR-2014 is shown on the following fact sheet.

Form ONRR-2014 Fact Sheet

	Detail Line
Line Number	**1**
API Well Number	
ONRR Lease Number	5180081800
ONRR Agreement Number	
Product Code	
Sales Type Code	
Sales MO/YR	102019
Transaction Code	05
Adjustment Reason Code	
Sales Volume	
Gas MMBtu	
Sales Value	
Royalty Value Prior to Allowances	1800.00
Transportation Allowance Deduction	
Processing Allowance Deduction	
Royalty Value Less Allowances	1800.00
Payment Method Code	05

4.4.3 *Transaction Code 25, Recoup Advance Rental Credit*

Most Indian lease terms and some Federal lease terms require a rent payment on producing leases at the beginning of the lease year. When you report and pay monthly royalties, you can recoup these rent payments against net royalties reported and paid for the lease in the same year. One hundred percent of the current month's net royalties reported may be offset against the rent payment within the same lease year, subject to no more than the rent payment.

If you fail to recoup prior year rents on Indian leases, these rents are considered an overpayment requiring the use of transaction codes 25, 50, and 51. For reporting instructions, see Chapter 6, Adjustments, Recoupments, and Refunds.

Do not recoup on an Indian lease when any portion of the royalties are taken in kind by the tribe. For this situation you can only recoup previous rent payments by requesting a refund directly from the tribe. This requirement also applies to any prior unrecouped rents from a period when royalties were taken in value.

Report the advance rental credit to ONRR by using transaction code 05. Frequently, payors make their rent payments several months in advance of the actual due date. If you do this, you must remember that you cannot recoup rent payments until you report and pay royalties within the lease year that the rent applies.

If, at the end of the lease year, the royalty amount you paid is less than the initial rent payment amount, you cannot recoup the remaining rent balance against royalties in future lease years.

NOTE

If a tribe designates production as RIK, recoupment procedures may vary. We will provide specific reporting requirements if this occurs.

Description of fields you use on Form ONRR-2014 for transaction code 25.

Field	Description
ONRR Lease Number	Enter the ONRR-converted 10-digit lease number.
API Well Number	Not used
ONRR Agreement Number	Not used
Product Code	Not used
Sales Type Code	Not used

Field	Description
Sales Month/Year	Enter the same sales month/year reported on the corresponding royalty transaction line that you are recouping against. Use the MMCCYY format; for example, enter October 2019 as 102019.
Transaction Code	Enter **25**.
Adjustment Reason Code	Leave this field blank for normal monthly reporting. You must complete this field only when adjusting previously reported data or when recouping prior lease year rents. For recoupment guidance, see Chapter 6. Applicable adjustment reason codes are 10, 17, and 35. For instructions on how to make an adjustment, see Chapter 6. For a list of adjustment reason codes, see Appendix F.
Sales Volume	Not used
Gas MMBtu	Not used
Sales Value	Not used
Royalty Value Prior to Allowances	Enter the appropriate rent recoupment amount as a negative value.
Transportation Allowance Deduction	Not used
Processing Allowance Deduction	Not used
Royalty Value Less Allowances	Enter the appropriate rent recoupment amount as a negative value.
Payment Method Code	Enter the same payment method reported on the corresponding royalty transaction line that you are recouping against. For a list of payment methods, see Appendix G.

EXAMPLE

Transaction code 25. The following example shows how to report a typical rental recoupment on an Indian lease.

Assumptions:

- You paid the rent amount of $600.00 in May 2019 for the current lease year (transaction code 05).
- A recoupable balance of $480.00 remains on the lease.
- The ONRR-converted lease number is 518-008180-0.
- You sold the product during October 2019.
- The product is unprocessed gas, product code 04. You produced and sold 2,000 Mcf. The gas heating value is 1,100 Btu/cu ft. You sold 2,200 MMBtu. The contract price is $2.00/MMBtu.
- The royalty rate is 12 1/2 percent.
- You pay by check to ONRR for BIA (include the specific name of the tribe that owns the lease or the specific BIA agency/area office responsible for the lease).

The information reported on Form ONRR-2014 is shown on the following fact sheet.

Form ONRR-2014 Fact Sheet

	Detail Line	
Line Number	**1**	**2**
API Well Number		
ONRR Lease Number	5180081800	5180081800
ONRR Agreement Number		
Product Code	04	
Sales Type Code	ARMS	
Sales MO/YR	102019	102019
Transaction Code	01	25
Adjustment Reason Code		
Sales Volume	2000.00	
Gas MMBtu	2200.00	
Sales Value	4400.00	
Royalty Value Prior to Allowances	550.00	-480.00
Transportation Allowance Deduction		
Processing Allowance Deduction		
Royalty Value Less Allowances	550.00	-480.00
Payment Method Code	05	05

4.5 Recoupment of Indian Overpayments

This section provides instructions and examples for reporting transaction codes 50 and 51.

4.5.1 *Transaction Code 50, Indian Recoupable Balance*

Use this transaction code to establish a recoupable balance on an Indian lease for an overpayment. This balance can be recouped against royalties. For further details on recouping overpayments on Indian leases, see Chapter 6, Adjustments, Recoupments, and Refunds. A transaction code 50 must be established even if the total amount of the overpayment can be completely recovered in one subsequent month.

Description of fields you use on Form ONRR-2014 for transaction code 50.

Field	Description
ONRR Lease Number	Enter the ONRR-converted 10-digit lease number.
API Well Number	Not used
ONRR Agreement Number	Not used
Product Code	Not used
Sales Type Code	Not used
Sales Month/Year	Enter the same sales month/year reported on the corresponding royalty transaction line that was overpaid. Use the MMCCYY format; for example, enter October 2019 as 102019.
Transaction Code	Enter **50**.
Adjustment Reason Code	Leave this field blank for normal monthly reporting. You must complete this field only when adjusting previously reported data. The applicable adjustment reason codes are 10. For instructions on how to make an adjustment, see Chapter 6. For a list of adjustment reason codes, see Appendix F.

Field	Description
Sales Volume	Not used
Gas MMBtu	Not used
Sales Value	Not used
Royalty Value Prior to Allowances	Enter the amount of the overpayment. This value must be positive because the sum of the reversing line, the re-entry line, and the recoupable balance must equal zero.
Transportation Allowance Deduction	Not used
Processing Allowance Deduction	Not used
Royalty Value Less Allowances	Enter the amount of the overpayment. This value must be positive because the sum of the reversing line, the re-entry line, and the recoupable balance must equal zero.
Payment Method Code	Enter the appropriate payment method code. For a list of payment methods, see Appendix G.

EXAMPLE

Transaction code 50. For an example of establishing a recoupable balance on an Indian lease for an overpayment, refer to Recoupment on Indian leases (transaction codes 50 and 51) on page 6-9.

4.5.2 *Transaction Code 51, Indian Recoupment Taken*

Use this transaction code to recoup an overpayment on an Indian lease. Recoupments may not exceed 50 percent of the net monthly revenues reported if the lease is allotted or 100 percent of the net monthly revenues reported if the lease is tribal. Do not use transaction code 51 unless transaction code 50, Indian Recoupable Balance, was previously reported. For further details on recouping overpayments on Indian leases, see Chapter 6, Adjustments, Recoupments, and Refunds.

Description of fields you use on Form ONRR-2014 for transaction code 51.

Field	Description
ONRR Lease Number	Enter the ONRR-converted 10-digit lease number.
API Well Number	Not used
ONRR Agreement Number	Not used
Product Code	Not used
Sales Type Code	Not used
Sales Month/Year	Enter the same sales month/year reported on the corresponding royalty transaction line that you are recouping against. Use the MMCCYY format; for example, enter October 2019 as 102019.
Transaction Code	Enter **51**.
Adjustment Reason Code	Leave this field blank for normal monthly reporting. You must complete this field only when adjusting previously reported data. The applicable adjustment reason codes are 10 and 17. For instructions on how to make an adjustment, see Chapter 6. For a list of adjustment reason codes, see Appendix F.
Sales Volume	Not used
Gas MMBtu	Not used
Sales Value	Not used
Royalty Value Prior to Allowances	Enter the appropriate recoupment amount as a negative value.
Transportation Allowance Deduction	Not used
Processing Allowance Deduction	Not used

Field	Description
Royalty Value Less Allowances	Enter the appropriate recoupment amount as a negative value.
Payment Method Code	Enter the appropriate payment method code. For a list of payment methods, see Appendix G.

EXAMPLE

Transaction code 51. For an example of recouping an overpayment on an Indian lease, refer to Recoupment on Indian leases (transaction codes 50 and 51) on page 6-9.

4.6 Other Royalty Transactions

This section provides instructions and examples for transaction codes 31, 37, 38, 39, 40, and 41.

4.6.1 *Transaction Code 31, Contract Settlement Payment*

Use transaction code 31, Contract Settlement Payment, to report royalty due on contract settlement payments between you and the third party. Normally, the settlements reported under this transaction are between lessees and purchasers. Do not report settlements between payors and ONRR with this transaction code.

Two types of settlements are reported with transaction code 31:

Past pricing disputes. Royalty is due on settlement payments made to resolve disputes regarding the correct price owed for minerals produced and sold from the lease or agreement for periods before the settlement agreement (including, but not limited to, reimbursements for production-related costs, tax reimbursements, or nonpayment of contract purchase price by the purchaser, etc.). Payment is due at the end of the month following the month the lessee receives the payment.

Contract buydowns. Royalty is due on payments made to reduce the price the original purchaser pays when they take future production under an amended or successor contract. This "buydown" amount of the total settlement must be allocated to ongoing production taken during the remaining term of the original contract.

If you determine royalties are due because settlement payments are allocable to ongoing production, and production has already occurred since the date of settlement, you should report and pay royalties on that production as shown in the second example on page 4-47. You should continue to report royalties on future production in the same manner; or alternatively, you may elect to make a lump sum payment.

See ONRR Reporter Letter dated May 3, 1993, for additional information.

Description of fields you use on Form ONRR-2014 for transaction code 31.

Field	Description
ONRR Lease Number	Enter the ONRR-converted 10-digit lease number.
API Well Number	Enter if required.
ONRR Agreement Number	Enter the ONRR-converted agreement number if the production reported is the portion attributable to an agreement.
Product Code	Enter the appropriate two-digit code. For a list of product codes, see Appendix C.
Sales Type Code	Not used
Sales Month/Year	For **past pricing disputes**, enter the month/year the settlement payment was received. For **buydowns** when the payment is allocated to specific production, enter the month/year the product is sold or removed from the lease. For **buydowns** when a **lump sum** royalty payment is made, enter the current sales month reported. For example, if you pay royalties in December 2019 for production sold or removed in November 2019, you will report November 2019 as the sales month/year for your lump sum royalty payment. Use the MMCCYY format; for example, enter October 2019 as 102019.
Transaction Code	Enter **31**.

Field	Description
Adjustment Reason Code	Leave this field blank for normal monthly reporting. You must complete this field only when adjusting previously reported data. Applicable adjustment reason codes are 10 and 17. For instructions on how to make an adjustment, see Chapter 6. For a list of adjustment reason codes, see Appendix F.
Sales Volume	For **past pricing disputes**, enter the total volume related to the payment. For **buydowns** when the payment is allocated to specific production, enter the actual monthly volume. For **buydowns** when a **lump sum** royalty payment is made, enter 1.00. Units of measurement are not reported on Form ONRR-2014 but are implicit to the reported commodity: • Barrels for oil, condensate, and scrubber condensate • Mcf (1,000 cubic feet) for natural gas (reported at a standard pressure base of 14.73 psia, a standard temperature base of 60 °F, and the same degree of water saturation as used to report the Btu on the Oil and Gas Operations Report [OGOR]). • Gallons (231 cubic inches) for gas plant products • Long tons (2,240 lbs) for sulfur
Gas MMBtu	Enter if you reported product codes 03, 04, 12, 15, 39, 66, 67, 68, 69, or 70. Enter sales volume multiplied by the gas Btu heating value at a standard pressure base of 14.73 psia, a standard temperature base of 60 °F, and the same degree of water saturation as used to report the Btu on the Oil and Gas Operations Report (OGOR). For example: $500 \text{ Mcf} \times \frac{1.100 \text{ MMBtu}}{\text{Mcf}} = 550 \text{ MMBtu}$ If production from various wells or formations is reported as one line on Form ONRR-2014, then report as a volume weighted average.

Field	Description
Sales Value	For **past pricing disputes** , enter the settlement payment amount. For **buydowns** when the payment is allocated to specific production, enter the incremental value allocated to each unit of volume multiplied by the actual monthly volume. For **buydowns** when a **lump sum** royalty payment is made, enter the settlement payment amount.
Royalty Value Prior to Allowances	Enter the sales value multiplied by the royalty rate.
Transportation Allowance Deduction	Not used
Processing Allowance Deduction	Not used
Royalty Value Less Allowances	Enter the sales value multiplied by the royalty rate.
Payment Method Code	Enter the appropriate payment method code. For a list of payment methods, see Appendix G.

EXAMPLE

Transaction code 31. The following example shows how to report a settlement of a **past pricing dispute**.

Assumptions:

- You received $100,000 in October 2019 to resolve a past pricing dispute.
- The settlement relates to 90,000 bbl of oil that was previously sold under the contract.
- The ONRR-converted lease number is 071-004009-0.
- The product is oil, product code 01.
- The royalty rate is 12 1/2 percent.
- You pay by EFT to ONRR.

Royalty value calculation:

90,000 bbl = sales volume
sales value × royalty rate = royalty value
$100,000 × 0.125 = $12,500.00

The information reported on Form ONRR-2014 is shown on the following fact sheet.

Form ONRR-2014 Fact Sheet

	Detail Line
Line Number	**1**
API Well Number	
ONRR Lease Number	0710040090
ONRR Agreement Number	
Product Code	01
Sales Type Code	
Sales MO/YR	102019
Transaction Code	31
Adjustment Reason Code	
Sales Volume	90000.00
Gas MMBtu	
Sales Value	100000.00
Royalty Value Prior to Allowances	12500.00
Transportation Allowance Deduction	
Processing Allowance Deduction	
Royalty Value Less Allowances	12500.00
Payment Method Code	03

EXAMPLE

Transaction code 31. The following example shows how to report a **contract buydown** when a portion of the settlement payment is allocated to production taken during the remaining term of the original contract.

Assumptions:

- The ONRR-converted lease number is 071-004009-0.
- Your sale occurred in October 2019.
- The product is unprocessed gas, product code 04. You produced and sold 900 Mcf. The gas heating value is 1,111 Btu/cu ft. You sold 1,000 MMBtu. The contract price is $3.00/MMBtu.
- You paid $1,000,000 to reduce the contract price from $3.50/MMBtu to $3.00/MMBtu.
- The total MMBtu you must take under the amended contract during the remaining term of the original contract is 5,000,000 MMBtu. Therefore, you must value MMBtu sold under the amended contract at $0.20 per MMBtu ($1,000,000 divided by 5,000,000 MMBtu).
- The royalty rate is 12 1/2 percent.
- You pay by EFT to ONRR.

Royalty value calculation:

sales volume × Btu factor × contract buydown amount ÷ remaining MMBtu to be taken under the amended contract × royalty rate = royalty value
900 Mcf × 1.111 MMBtu/Mcf × $1,000,000 ÷ 5,000,000 MMBtu × 0.125 = 25.00

The information reported on Form ONRR-2014 is shown on the following fact sheet.

Form ONRR-2014 Fact Sheet

	Detail Line
Line Number	**1**
API Well Number	
ONRR Lease Number	0710040090
ONRR Agreement Number	
Product Code	04
Sales Type Code	
Sales MO/YR	102019
Transaction Code	31
Adjustment Reason Code	
Sales Volume	900.00
Gas MMBtu	1000.00
Sales Value	200.00
Royalty Value Prior to Allowances	25.00
Transportation Allowance Deduction	
Processing Allowance Deduction	
Royalty Value Less Allowances	25.00
Payment Method Code	03

4.6.2 *Transaction Code 37, Royalties Due in Lieu of Severance Tax*

Use this transaction code to report the royalties due the Federal Government in lieu of the State severance tax for offshore leases subject to Section 6(a)(9) of the Outer Continental Shelf Lands Act of 1953. Originally, these were State leases subject to a State-assessed severance tax.

Description of fields you use on Form ONRR-2014 for transaction code 37.

Field	Description
ONRR Lease Number	Enter the ONRR-converted 10-digit lease number.
API Well Number	Enter if required.
ONRR Agreement Number	Enter the ONRR-converted agreement number if you are reporting sales that are attributable to an agreement.
Product Code	Enter the same product code reported on the corresponding royalty transaction line. For a list of product codes, see Appendix C.
Sales Type Code	Not used
Sales Month/Year	Enter the same sales month/year reported on the corresponding royalty transaction line. Use the MMCCYY format; for example, enter October 2019 as 102019.
Transaction Code	Enter **37**.
Adjustment Reason Code	Leave this field blank for normal monthly reporting. You must complete this field only when adjusting previously reported data. Applicable adjustment reason codes are 10, 15, 17, and 35. For instructions on how to make an adjustment, see Chapter 6. For a list of adjustment reason codes, see Appendix F.
Sales Volume	Enter the same sales volume reported on the corresponding royalty transaction line.

Sales Value	Enter the same sales value reported on the corresponding royalty transaction line.
Royalty Value Prior to Allowances	See calculations reflected below.
Transportation Allowance Deduction	Not used
Processing Allowance Deduction	Not used
Royalty Value Less Allowances	Same value as Royalty Value Prior to Allowances.
Payment Method Code	Enter the appropriate payment method code. For a list of payment methods, see Appendix G.

EXAMPLE

Transaction code 37. The following example shows how to report and pay royalties due in lieu of State severance tax.

Assumptions:

- The ONRR-converted lease number is 054-001231-0.
- Your sale occurred in October 2019.
- The product is oil, product code 01. You produced and sold 50,000 bbl of oil at $30.00/bbl.
- The State severance tax assessment is $0.25/bbl.
- The royalty rate is 16 2/3.
- There is an additional royalty of 1/48 percent due (based on production charges).
- You pay by EFT to ONRR.

Royalty value calculation:

sales volume × severance tax rate per unit = taxable value
50,000 bbl × $0.25/bbl = $12,500

1 – (lease royalty rate + any additional royalty rate due in lieu of other State-assessed charges) = taxable rate
1 – (0.166667 + 0.020833) = 0.8125

taxable value × taxable rate = royalty value
$12,500 × 0.8125 = $10,156.25

The information reported on Form ONRR-2014 is shown on the following fact sheet.

Form ONRR-2014 Fact Sheet

	Detail Line	
Line Number	**1**	**2**
API Well Number		
ONRR Lease Number	0540012310	0540012310
ONRR Agreement Number		
Product Code	01	01
Sales Type Code	ARMS	
Sales MO/YR	102019	102019
Transaction Code	01	37
Adjustment Reason Code		
Sales Volume	50000.0	50000.00
Gas MMBtu		
Sales Value	1500000.00	1500000.00
Royalty Value Prior to Allowances	250000.50	10156.25
Transportation Allowance Deduction		
Processing Allowance Deduction		
Royalty Value Less Allowances	250000.50	10156.25
Payment Method Code	03	03

4.6.3 *Transaction Code 38, Additional Royalties Due for 6(a)(9) Leases*

Use this transaction code to report offshore leases subject to Section 6(a)(9) of the Outer Continental Shelf Lands Act of 1953. Originally, these were State leases subject to State-assessed charges, such as production charges, occupation fees, and so on. Use to report royalties due the Federal Government in lieu of these State-assessed charges.

Description of fields you use on Form ONRR-2014 for transaction code 38.

Field	Description
ONRR Lease Number	Enter the ONRR-converted 10-digit lease number.
API Well Number	Enter if required.
ONRR Agreement Number	Enter the ONRR-converted agreement number if you are reporting sales that are attributable to an agreement.
Product Code	Enter the same product code reported on the corresponding royalty transaction line. For a list of product codes, see Appendix C.
Sales Type Code	Not used
Sales Month/Year	Enter the same sales month/year reported on the corresponding royalty transaction line. Use the MMCCYY format; for example, enter October 2019 as 102019.
Transaction Code	Enter **38**.
Adjustment Reason Code	Leave this field blank for normal monthly reporting. You must complete this field only when adjusting previously reported data. Applicable adjustment reason codes are 10, 15, 17, and 35. For instructions on how to make an adjustment, see Chapter 6. For a list of adjustment reason codes, see Appendix F.
Sales Volume	Enter the same sales volume reported on the corresponding royalty transaction line.

Field	Description
Gas MMBtu	Enter the same gas MMBtu reported on the corresponding royalty transaction line.
Sales Value	Enter the same sales value reported on the corresponding royalty transaction line.
Royalty Value Prior to Allowances	Enter the excess royalty due in lieu of State-assessed charges as specified in the lease.
Transportation Allowance Deduction	Not used
Processing Allowance Deduction	Not used
Royalty Value Less Allowances	Enter the excess royalty due in lieu of State-assessed charges as specified in the lease.
Payment Method Code	Enter the appropriate payment method code. For a list of payment methods, see Appendix G.

EXAMPLE

Transaction code 38. The following example shows how to report and pay additional royalties due in lieu of other State-assessed charges.

Assumptions:

- The ONRR-converted lease number is 054-001231-0.
- Your sale occurred in October 2019.
- The product is oil, product code 01. You produced and sold 50,000 bbl of oil at $30.00/bbl.
- The State severance tax assessment is $0.25/bbl.
- The royalty rate is 16 2/3 percent.
- There is an additional royalty of 1/48 percent due (based on production charges).
- You pay by EFT to ONRR.

Royalty value calculation:

sales value × additional royalties due = royalty value
$1,500,000.00 × 0.020833 = $31,249.50

The information reported on Form ONRR-2014 is shown on the following fact sheet.

Form ONRR-2014 Fact Sheet

	Detail Line		
Line Number	**1**	**2**	**3**
API Well Number			
ONRR Lease Number	0540012310	0540012310	0540012310
ONRR Agreement Number			
Product Code	01	01	01
Sales Type Code	ARMS		
Sales MO/YR	102019	102019	102019
Transaction Code	01	37	38
Adjustment Reason Code			
Sales Volume	50000.00	50000.00	50000.00
Gas MMBtu			
Sales Value	1500000.00	1500000.00	1500000.00
Royalty Value Prior to Allowances	250000.50	10156.25	31249.50
Transportation Allowance Deduction			
Processing Allowance Deduction			
Royalty Value Less Allowances	250000.50	10156.25	31249.50
Payment Method Code	03	03	03

4.6.4 *Transaction Code 39, Net Profit Share—Unprofitable*

Use this transaction code to report sales from a net profit share (NPS) lease for the months the lease does not show a profit. As an NPS lessee, you must file Form ONRR-2014 monthly beginning the first month you credit production revenues to the NPS lease account. Form ONRR-2014 must include all production and revenues attributable to the lease. The lessee must also file other reports as required by 30 CFR 1220.031, Reporting and Payment Requirements.

Description of fields you use on Form ONRR-2014 for transaction code 39.

Field	Description
ONRR Lease Number	Enter the ONRR-converted 10-digit lease number.
API Well Number	Enter if required.
ONRR Agreement Number	Enter the ONRR-converted agreement number if you are reporting sales that are attributable to an agreement.
Product Code	Enter the appropriate two-digit code. For a list of product codes, see Appendix C.
Sales Type Code	Not used
Sales Month/Year	Enter the month/year the product is sold or removed from the lease. Use the MMCCYY format; for example, enter October 2019 as 102019.
Transaction Code	Enter **39**.
Adjustment Reason Code	Leave this field blank for normal monthly reporting. You must complete this field only when adjusting previously reported data. Applicable adjustment reason codes are 10, 15, 17 and 35. For instructions on how to make an adjustment, see Chapter 6. For a list of adjustment reason codes, see Appendix F.

Field	Description
Sales Volume	Each NPS lessee is responsible for reporting their volume sold or removed from the lease. Units of measurement are not reported on Form ONRR-2014 but are implicit to the reported commodity: • Barrels for oil, condensate, and scrubber condensate • Mcf (1,000 cubic feet) for natural gas (reported at a standard pressure base of 14.73 psia, a standard temperature base of 60 °F, and the same degree of water saturation as used to report the Btu on the Oil and Gas Operations Report [OGOR]). • Gallons (231 cubic inches) for gas plant products • Long tons (2,240 lbs) for sulfur
Gas MMBtu	Enter if you reported product codes 03, 04, 12, 15, 39, 66, 67, 68, 69, or 70. Enter sales volume multiplied by the gas Btu heating value at a standard pressure base of 14.73 psia, a standard temperature base of 60 °F, and the same degree of water saturation as used to report the Btu on the Oil and Gas Operations Report (OGOR). For example: $500 \text{ Mcf} \times \frac{1.100 \text{ MMBtu}}{\text{Mcf}} = 550 \text{ MMBtu}$ If production from various wells or formations is reported as one line on Form ONRR-2014, then report as a volume weighted average.
Sales Value	For gas products 03, 04, 12, 15, 39, 66, 67, 68, 69, and 70, enter the gas MMBtu multiplied by the price. For any other oil or gas products, enter the sales volume multiplied by the price. The sales value reported on Form ONRR-2014 should match the revenue reported on the corresponding NPSL monthly report required by 30 CFR 1220.031.
Royalty Value Prior to Allowances	Not used

Field	Description
Transportation Allowance Deduction	Not used
Processing Allowance Deduction	Not used
Royalty Value Less Allowances	Not used
Payment Method Code	Enter an appropriate payment method code, even though a payment is not required. For a list of payment methods, see Appendix G.

EXAMPLE

Transaction code 39. The following example shows how to report unprofitable NPS sales.

Assumptions:

- The ONRR-converted lease number is 054-000140-0.
- You removed and sold the product during October 2019.
- The product is oil, product code 01. You produced and sold 1,000 bbl of oil at $26.25/bbl.
- The NPS royalty rate is 35 percent.

Sales value calculation:

sales volume × price = sales value
1,000 bbl × $26.25/bbl = $26,250.00

The information reported on Form ONRR-2014 is shown on the following fact sheet.

Form ONRR-2014 Fact Sheet

	Detail Line
Line Number	**1**
API Well Number	
ONRR Lease Number	0540001400
ONRR Agreement Number	
Product Code	01
Sales Type Code	
Sales MO/YR	102019
Transaction Code	39
Adjustment Reason Code	
Sales Volume	1000.00
Gas MMBtu	
Sales Value	26250.00
Royalty Value Prior to Allowances	
Transportation Allowance Deduction	
Processing Allowance Deduction	
Royalty Value Less Allowances	
Payment Method Code	03

4.6.5 *Transaction Code 40, Net Profit Share—Profitable*

Use this transaction code to report sales and royalties from an NPS lease after the lease is profitable. As an NPS lessee, you must file Form ONRR-2014 monthly beginning the first month you credit production revenues to the NPS lease account. Form ONRR-2014 must include all production and revenues attributable to the lease. The lessee must also file other reports as required by 30 CFR 1220.031, Reporting and Payment Requirements. You must file Form ONRR-2014 and corresponding NPS payments, as well as the monthly reports required by 30 CFR 1220.031, within 60 days of the end of the month when the lease becomes profitable.

Description of fields you use on Form ONRR-2014 for transaction code 40.

Field	Description
ONRR Lease Number	Enter the ONRR-converted 10-digit lease number.
API Well Number	Enter if required.
ONRR Agreement Number	Enter the ONRR-converted agreement number if you are reporting sales that are attributable to an agreement.
Product Code	Enter the appropriate two-digit code. For a list of product codes, see Appendix C.
Sales Type Code	Not used
Sales Month/Year	Enter the month/year the product is sold or removed from the lease. Use the MMCCYY format; for example, enter October 2019 as 102019.
Transaction Code	Enter **40**.
Adjustment Reason Code	Leave this field blank for normal monthly reporting. You must complete this field only when adjusting previously reported data. Applicable adjustment reason codes are 10, 15, 17, and 35. For instructions on how to make an adjustment, see Chapter 6. For a list of adjustment reason codes, see Appendix F.

Field	Description
Sales Volume	Each NPS lessee is responsible for reporting their volume sold or removed from the lease. Units of measurement are not reported on Form ONRR-2014 but are implicit to the reported commodity: • Barrels for oil, condensate, and scrubber condensate • Mcf (1,000 cubic feet) for natural gas (reported at a standard pressure base of 14.73 psia, a standard temperature base of 60 °F, and the same degree of water saturation as used to report the Btu on the Oil and Gas Operations Report [OGOR]). • Gallons (231 cubic inches) for gas plant products • Long tons (2,240 lbs) for sulfur
Gas MMBtu	Enter if you reported product codes 03, 04, 12, 15, 39, 66, 67, 68, 69, or 70. Enter sales volume multiplied by the gas Btu heating value at a standard pressure base of 14.73 psia, a standard temperature base of 60 °F, and the same degree of water saturation as used to report the Btu on the Oil and Gas Operations Report (OGOR). For example: $500 \text{ Mcf} \times \frac{1.100 \text{ MMBtu}}{\text{Mcf}} = 550 \text{ MMBtu}$ If production from various wells or formations is reported as one line on Form ONRR-2014, then report as a volume weighted average.
Sales Value	Enter the NPS base (as defined by 30 CFR 1220.002) at the end of the sales month. The NPS base reported should match the NPS base reported on the corresponding NPS lease monthly report required by 30 CFR 1220.031.
Royalty Value Prior to Allowances	Enter the result of the sales value multiplied by the NPS rate specified in the lease. This is the NPS payment for the month.

Field	Description
Transportation Allowance Deduction	Enter the appropriate allowance amount. .
Processing Allowance Deduction	Enter the appropriate allowance amount. .
Royalty Value Less Allowances	Enter the result of the sales value multiplied by the NPS rate specified in the lease. This is the NPS payment for the month. The royalty value less allowances reported on Form ONRR-2014 should match the NPS payment reported on the corresponding NPS lease monthly report required by 30 CFR 1220.031.
Payment Method Code	Enter the appropriate payment method code. For a list of payment methods, see Appendix G.

EXAMPLE

Transaction code 40. The following example shows how to report profitable NPS sales and royalties.

Assumptions:

- The ONRR-converted lease number is 054-000140-0. The lease is in its profitable stage.
- You removed and sold the product during October 2019.
- The product is oil, product code 01. You produced and sold 1,000 bbl of oil at $26.25/bbl.
- There is a $10,000 NPS base at the end of 10/2019 (sales value).
- The NPS royalty rate is 35 percent.
- You pay by EFT to ONRR.

Royalty value calculation:

1,000 bbl = sales volume
sales value × NPS royalty rate = royalty value
$10,000 × 0.35 = $3,500.00

The information reported on Form ONRR-2014 is shown on the following fact sheet.

Form ONRR-2014 Fact Sheet

	Detail Line
Line Number	**1**
API Well Number	
ONRR Lease Number	0540001400
ONRR Agreement Number	
Product Code	01
Sales Type Code	
Sales MO/YR	102019
Transaction Code	40
Adjustment Reason Code	
Sales Volume	1000.00
Gas MMBtu	
Sales Value	10000.00
Royalty Value Prior to Allowances	3500.00
Transportation Allowance Deduction	
Processing Allowance Deduction	
Royalty Value Less Allowances	3500.00
Payment Method Code	03

4.6.6 *Transaction Code 55, Offshore Deep Water Royalty Relief*

Use this transaction code to report royalty-free volumes of production sold from leases qualifying for royalty relief under the Outer Continental Shelf Deep Water Royalty Relief Act.

NOTE: Transaction code 55 replaced transaction code 41 effective sales month October 2008.

Description of fields you use on Form ONRR-2014 for transaction code 55.

Field	Description
ONRR Lease Number	Enter the ONRR-converted 10-digit lease number.
API Well Number	Enter if required.
ONRR Agreement Number	Enter the ONRR-converted agreement number if you are reporting sales that are attributable to an agreement.
Product Code	Enter the appropriate two-digit code. For a list of product codes, see Appendix C.
Sales Type Code	Enter the appropriate four-character code. For a list of sales type codes, see Appendix D.
Sales Month/Year	Enter the month/year the product is sold or removed from the lease. Use the MMCCYY format; for example, enter October 2019 as 102019.
Transaction Code	Enter **55**.
Adjustment Reason Code	Leave this field blank for normal monthly reporting. You must complete this field only when adjusting previously reported data. Applicable adjustment reason codes are 10, 15, 17, and 35. For instructions on how to make an adjustment, see Chapter 6. For a list of adjustment reason codes, see Appendix F.

Field	Description
Sales Volume	Enter the volume of the product sold or removed from the lease or from the lease-agreement combination. Units of measurement are not reported on Form ONRR-2014 but are implicit to the reported commodity: • Barrels for oil, condensate, and scrubber condensate • Mcf (1,000 cubic feet) for natural gas (reported at a standard pressure base of 14.73 psia, a standard temperature base of 60 °F, and the same degree of water saturation as used to report the Btu on the Oil and Gas Operations Report [OGOR]). • Gallons (231 cubic inches) for gas plant products • Long tons (2,240 lbs) for sulfur
Gas MMBtu	Enter if you reported product codes 03, 04, 12, 15, 39, 66, 67, 68, 69, or 70. Enter sales volume multiplied by the gas Btu heating value at a standard pressure base of 14.73 psia, a standard temperature base of 60 °F, and the same degree of water saturation as used to report the Oil and Gas Operations Report (OGOR). For example: $$500 \text{ Mcf} \times \frac{1.100 \text{ MMBtu}}{\text{Mcf}} = 550 \text{ MMBtu}$$ If production from various wells or formations is reported as one line on Form ONRR-2014, then report as a volume weighted average.
Sales Value	For gas products 03, 04, 12, 15, 39, 66, 67, 68, 69, and 70, enter the gas MMBtu multiplied by the price. For any other oil or gas products, enter the sales volume multiplied by the price.
Royalty Value Prior to Allowances	Not used
Transportation Allowance Deduction	Not used

Field	Description
Processing Allowance Deduction	Not used
Royalty Value Less Allowances	Not used
Payment Method Code	Enter an appropriate payment method code, even though a payment is not required. For a list of payment methods, see Appendix G.

EXAMPLE

Transaction code 55. The following example shows how to report offshore deep water royalty relief.

Assumptions:

- The ONRR-converted lease number is 054-999999-0.
- You removed and sold the product in October 2019.
- The product is oil, product code 01. You produced and sold 10,000 bbl of oil at $30/bbl.
- You pay by EFT to ONRR.

Sales value calculation:

sales volume × price = sales value
10,000 bbl × $30.00/bbl = $300,000.00

The information reported on Form ONRR-2014 is shown on the following fact sheet.

Form ONRR-2014 Fact Sheet

	Detail Line
Line Number	**1**
API Well Number	
ONRR Lease Number	0549999990
ONRR Agreement Number	
Product Code	01
Sales Type Code	ARMS
Sales MO/YR	102019
Transaction Code	55
Adjustment Reason Code	
Sales Volume	10000.00
Gas MMBtu	
Sales Value	300000.00
Royalty Value Prior to Allowances	
Transportation Allowance Deduction	
Processing Allowance Deduction	
Royalty Value Less Allowances	
Payment Method Code	03

4.7 Reversing Allowances

This section provides instructions and examples for reversing transaction codes 11 and 15.

Beginning 08/06/2021 ONRR Form-2014 reporters will not be able to report Transaction Code 11 and Transaction Code 15 (Transportation and Processing Allowances) as a separate line. You must report transportation and processing allowances on the standard royalty line on the ONRR Form-2014 when taking a transportation allowance. ONRR will allow for reversal lines with Transaction Codes 11 and 15 utilizing the appropriate adjustment reason code. The re-book line must have the allowances as part of the royalty line using the transportation and processing allowance fields. For federal reporting, reversing lines follow the RSFA reporting limitations.

For Federal leases, allowance forms are not required. For Indian leases, you must continue to submit the appropriate allowance forms. (For contact information regarding allowance forms, see Appendix A.)

4.7.1 *Reversing Transaction Code 11, Transportation Allowance*

Description of fields you use on Form ONRR-2014 for transaction code 11.

Field	Description
ONRR Lease Number	Enter the ONRR-converted 10-digit lease number.
API Well Number	Enter if required.

ONRR Agreement Number	Enter the ONRR-converted agreement number if you are reporting sales that are attributable to an agreement.
Product Code	Enter the same product code reported on the corresponding royalty transaction line. If RIK, enter product code 01, 02, 03, 04, 05, 06, or 07.
Sales Type Code	Enter the same sales type code reported on the corresponding royalty transaction line. If RIK, enter sales type code RIKD.
Sales Month/Year	Enter the same sales month/year reported on the corresponding royalty transaction line. Use the MMCCYY format; for example, enter October 2019 as 102019.
Transaction Code	Enter **11**.
Adjustment Reason Code	You must complete this field with an adjustment reason code. Applicable adjustment reason codes are 10, 15, 16, 35, and 49. For further instructions on how to make an adjustment, see Chapter 6. For a list of adjustment reason codes, see Appendix F.
Sales Volume	Not used
Gas MMBtu	Not used
Sales Value	Not used
Royalty Value Prior to Allowances	Not used
Transportation Allowance Deduction	Enter the reverse, a positive value, of the original line reported.

Field	Description
Processing Allowance Deduction	Not used
Royalty Value Less Allowances	Enter the reverse transportation allowance deduction.
Payment Method Code	Enter the appropriate payment method code. For a list of payment methods, see Appendix G.

EXAMPLE

Transaction code 11. The following example shows how to reverse a transportation allowance.

Form ONRR-2014 Fact Sheet

	Detail Line		
	Reverse 01 Line	Reversal	Rebook
Line Number	**1**	**2**	**3**
API Well Number			
ONRR Lease Number	0470444400	0470444400	0470444400
ONRR Agreement Number			
Product Code	01	01	01
Sales Type Code	ARMS	ARMS	ARMS
Sales MO/YR	102019	102019	102019
Transaction Code	01	11	01
Adjustment Reason Code	10	10	10
Sales Volume	-5000.00		5000.00
Gas MMBtu			
Sales Value	-143750.00		143750.00
Royalty Value Prior to Allowances	-17968.75		17968.75
Transportation Allowance Deduction		468.75	-468.75
Processing Allowance Deduction			
Royalty Value Less Allowances	-17968.75	468.75	17500.00
Payment Method Code	03	03	03

4.7.2 *Reversing Transaction Code 15, Processing Allowance*

ONRR allows a deduction from the value of gas plant products on Form ONRR-2014 for the reasonable, actual costs of extracting and recovering gas plant products at a gas processing facility.

Beginning 08/06/2021 ONRR Form-2014 reporters will not be able to report Transaction Code 11 and Transaction Code 15 (Transportation and Processing Allowances) as a separate line. You must report transportation and processing allowances on the standard royalty line on the ONRR Form-2014 when taking a processing allowance. ONRR will allow for reversal lines with Transaction Codes 11 and 15 utilizing the appropriate adjustment reason code. The re-book line must have the allowances as part of the royalty line using the transportation and processing allowance fields. For federal reporting, reversing lines follow the RSFA reporting limitations.

Description of fields you use on Form ONRR-2014 for transaction code 15.

Field	Description
ONRR Lease Number	Enter the ONRR-converted 10-digit lease number.
API Well Number	Enter if required.
ONRR Agreement Number	Enter the ONRR-converted agreement number if you are reporting sales that are attributable to an agreement.
Product Code	Enter the same product code reported on the corresponding royalty transaction line. If RIK, enter product code 03.
Sales Type Code	Enter the same sales type code reported on the corresponding royalty transaction line. If RIK, enter sales type code RIKD.
Sales Month/Year	Enter the same sales month/year reported on the corresponding royalty transaction line. Use the MMCCYY format; for example, enter October 2019 as 102019.
Transaction Code	Enter **15**.

Field	Description
Adjustment Reason Code	You must complete this field. Applicable adjustment reason codes are 10, 15, 16, 35, and 49. For instructions on how to make an adjustment, see Chapter 6. For a list of adjustment reason codes, see Appendix F.
Sales Volume	Not used
Gas MMBtu	Not used
Sales Value	Not used
Royalty Value Prior to Allowances	Not used
Transportation Allowance Deduction	Not used
Processing Allowance Deduction	Enter the reverse of the reported processing allowance.
Royalty Value Less Allowances	Enter the reversed processing allowance deduction.
Payment Method Code	Enter the appropriate payment method code. For a list of payment methods, see Appendix G.

EXAMPLE

Transaction code 15. The following example shows how to report the reversed processing allowance.

Form ONRR-2014 Fact Sheet

	Detail Line		
	Reverse TC01	**Reverse TC15**	**Rebook**
Line Number	**1**	**2**	**2**
API Well Number			
ONRR Lease Number	0300300300	0300300300	0300300300
ONRR Agreement Number			
Product Code	07	07	07
Sales Type Code	POOL	ARMS	ARMS
Sales MO/YR	102019	102019	102019
Transaction Code	01	15	01
Adjustment Reason Code	10	10	10
Sales Volume	-50000.00		50000.00
Gas MMBtu			
Sales Value	-25000.00		25000.00
Royalty Value Prior to Allowances	-3125.00		3125.00
Transportation Allowance Deduction			
Processing Allowance Deduction		1823.44	-1823.44
Royalty Value Less Allowances	-3125.00	1823.44	1301.56
Payment Method Code	03	03	03

4.7.3 *Transaction Code 42, Net Revenue Share Lease, Allotment for Operating Costs*

Use this transaction code to report the operating allowance on ONRR-approved net revenue share (NRS) agreements

Description of fields you use on Form ONRR-2014 for transaction code 42.

Field	Description
ONRR Lease Number	Enter the ONRR-converted 10-digit lease number.
API Well Number	Enter if required.
ONRR Agreement Number	Enter the ONRR-converted agreement number if you are reporting sales that are attributable to an agreement.
Product Code	Enter the same product code reported on the corresponding royalty transaction line.
Sales Type Code	Not used
Sales Month/Year	Enter the same sales month/year reported on the corresponding royalty transaction line. Use the MMCCYY format; for example, enter October 2019 as 102019.
Transaction Code	Enter **42**.
Adjustment Reason Code	Leave this field blank for normal monthly reporting. You must complete this field only when adjusting previously reported data. Applicable adjustment reason codes are 10, 15, 17, and 35. For instructions on how to make an adjustment, see Chapter 6. For a list of adjustment reason codes, see Appendix F.
Sales Volume	Not used

Field	Description
Gas MMBtu	Not used
Sales Value	Enter the total allotment for operating costs for each lease as a negative value.
Royalty Value Prior to	Enter the portion of the allotment for operating costs that are deductible (allowable cost multiplied by the net revenue rate [NRR] for the lease) as a negative value.
Transportation Allowance Deduction	Not used
Processing Allowance Deduction	Not used
Royalty Value Less Allowances	Enter the portion of the allotment for operating costs that are deductible (allowable cost multiplied by the NRR for the lease) as a negative value.
Payment Method Code	Enter the appropriate payment method code. For a list of payment methods, see Appendix G.

EXAMPLE

Transaction code 42. The following example shows how to report the operating allowance of ONRR-approved net revenue share agreements.

Royalty due for net revenue share leases is determined by the following formula:

NRS = net revenues × NRR, where
net revenues = (GVP – TPA) – AOC for marginal leases and
net revenues = (GVP – TPA) – (AOC + APC) for capital project lease

NRS = net revenue share is the monthly dollar amount due the Government
NRR = net revenue rate is the fraction of the net revenues due the Government
GVP = gross value of product
TPA = transportation and processing allowances
AOC = allotment for operating costs
APC = allotment for project costs

Assumptions:

- The ONRR-converted lease number is 088-999999-0, a marginal lease.
- Your sale occurred in October 2019.
- The product is oil, product code 01.
- You removed and sold 4,500 bbl of oil at $20.00/bbl.
- You incurred $5,000.00 in transportation costs (TPA).
- The AOC is $50,000.00.
- The NRR is 50 percent.
- You pay by EFT to ONRR.

Royalty value calculation:

NRS = [($90,000.00 – $5,000.00) – $50,000.00] × 0.5 =
$35,000.00 × 0.5 = $17,500.00

Total royalties due are $17,500.00. However, each component (GVP, deductible portion of AOC, and deductible portion of TPA) is reported separately on Form ONRR-2014.

Transaction code 01:

GVP = 4,500 bbl × $20.00/bbl = $90,000.00 (reported on the transaction code 01 line in the Sales Value field)

GVP × NRR = $90,000.00 × 0.5 = $45,000.00 (reported on the transaction code 01 line in the Royalty Value Prior to Allowances field)

Deductible portion of transportation and processing costs =TPA × NRR = $5,000.00 × 0.5 = $2,500.00 (reported on the transaction code 01 line in the Transportation Allowance Deduction and/or Processing Allowance Deduction fields)

In this case, only transportation costs were incurred; therefore, the amount is reported in the Transportation Allowance Deduction field.

Transaction code 42

Deductible portion of the allotment for operating costs = AOC × NRR = $50,000.00 × 0.5 = $25,000.00

Report transaction code 42 as a negative value as shown on the following fact sheet.

NOTE

Many unique provisions apply to net revenue share leases. For contact information on net revenue share leases, see Appendix A.

The information reported on Form ONRR-2014 is shown on the following fact sheet.

Form ONRR-2014 Fact Sheet

	Detail Line	
Line Number	**1**	**2**
API Well Number		
ONRR Lease Number	0889999990	0889999990
ONRR Agreement Number		
Product Code	01	01
Sales Type Code	ARMS	
Sales MO/YR	102019	102019
Transaction Code	01	42
Adjustment Reason Code		
Sales Volume	4500.00	
Gas MMBtu		
Sales Value	90000.00	-50000.00
Royalty Value Prior to Allowances	45000.00	-25000.00
Transportation Allowance Deduction	-2500.00	
Processing Allowance Deduction		
Royalty Value Less Allowances	42500.00	-25000.00
Payment Method Code	03	03

4.8 Tax Credit

This section provides instructions and examples for transaction code 12.

4.8.1 *Transaction Code 12, Tax Credit*

Indian leases, with very few exceptions, are exempt from State or local taxes. Consequently, you cannot withhold tax credits against royalties for those leases. If imposed, the taxes are typically severance taxes that are collected on gross sales from an Indian lease and remitted by you to the taxing authority on a lessor's behalf. Although tax credits on Indian leases do not require prior approval from ONRR, pursuant to the U.S. Supreme Court's Opinion in *Montana v. Blackfeet Tribe*, 471 U.S. 759 (1985), we presume all Indian leases are exempt from taxes.

If you withhold taxes for Indian royalties, you can overcome this presumption only if you can establish that a particular Indian lease was issued under Federal statutory authority that expressly and unambiguously subjects the Indians to State taxes for the lease revenues. Unless you can present such proof, we will treat such withholdings as deficiencies in royalty payment. Address any questions regarding the applicability of State and local taxes on Indian leases to the local BIA area office that has responsibility for the leases in question. Such action may prevent possible late payment interest charges on underpayments for these leases.

Tax credits on Federal leases are not allowed.

Report transactions that include tax credits as a two-line entry on Form ONRR-2014. Use the first line to report the sale at the stated price for the product. Use the second line to report the tax credit as a negative value.

Description of fields you use on Form ONRR-2014 for transaction code 12.

Field	Description
ONRR Lease Number	Enter the ONRR-converted 10-digit lease number.
API Well Number	Enter if required.
ONRR Agreement Number	Enter the ONRR-converted agreement number if you are reporting sales that are attributable to an agreement.
Product Code	Enter the same product code reported on the corresponding royalty transaction line. For a list of product codes, see Appendix C.

Field	Description
Sales Type Code	Enter the same sales type code reported on the corresponding royalty transaction line. For a list of sales type codes, see Appendix D.
Sales Month/Year	Enter the same sales month/year reported on the corresponding royalty transaction line that you are claiming a tax credit against. Use the MMCCYY format; for example, enter October 2019 as 102019.
Transaction Code	Enter **12**.
Adjustment Reason Code	Leave this field blank for normal monthly reporting. You must complete this field only when adjusting previously reported data Applicable adjustment reason codes are 10, 17, and 35. For instructions on how to make an adjustment, see Chapter 6. For a list of adjustment reason codes, see Appendix F.
Sales Volume	Not used
Gas MMBtu	Not used
Sales Value	Not used
Royalty Value Prior to Allowances the	If the tax credit is based on the value of the product (that is, 20-percent tax rate) then the tax credit equals tax rate multiplied by the royalty value reported on the corresponding royalty transaction line. Enter as a negative value. If the tax credit is based on the volume of product (for example, $0.05 per Mcf), then the tax credit equals the sales volume multiplied by the royalty rate and multiplied again by the tax rate per unit. Enter as a negative value.
Transportation Allowance Deduction	Not used
Processing Allowance Deduction	Not used

Field	Description
Royalty Value Less Allowances	If the tax credit is based on the value of the product (that is, 20-percent tax rate) then the tax credit equals the tax rate multiplied by the royalty value reported on the corresponding royalty transaction line. Enter as a negative value. If the tax credit is based on the volume of product (for example, $0.05 per Mcf) then the tax credit equals the sales volume multiplied by the royalty rate and multiplied again by the tax rate per unit. Enter as a negative value.
Payment Method Code	Enter the appropriate payment method code. For a list of payment methods, see Appendix G.

EXAMPLE

Transaction code 12. The following example shows how to report a tax credit based on **volume**.

Assumptions:

- The ONRR-converted lease number is 607-895376-0.
- Your sale occurred in October 2019.
- The product is unprocessed (wellhead) gas, product code 04. You produced and sold 2,000 Mcf. The gas heating value is 1,110 Btu/cu ft. You sold 2,220 MMBtu. The contract price is $2.50/MMBtu.
- The tax credit is $0.07/Mcf.
- The royalty rate is 12 1/2 percent.
- You pay by check to ONRR for BIA (include the specific name of the tribe that owns the lease or the specific BIA agency/area office responsible for the lease).

Royalty value calculation:

sales volume (reported on the corresponding royalty transaction line) × tax credit × royalty rate = royalty value

2,000 Mcf × $0.07 × 0.125 = $17.50 (report as a negative value)

The information reported on Form ONRR-2014 is shown on the following fact sheet.

Form ONRR-2014 Fact Sheet

	Detail Line	
Line Number	**1**	**2**
API Well Number		
ONRR Lease Number	6078953760	6078953760
ONRR Agreement Number		
Product Code	04	04
Sales Type Code	ARMS	ARMS
Sales MO/YR	102019	102019
Transaction Code	01	12
Adjustment Reason Code		
Sales Volume	2000.00	
Gas MMBtu	2220.00	
Sales Value	5550.00	
Royalty Value Prior to Allowances	693.75	-17.50
Transportation Allowance Deduction		
Processing Allowance Deduction		
Royalty Value Less Allowances	693.75	-17.50
Payment Method Code	05	05

EXAMPLE

Transaction code 12. The following example shows how to report a tax credit based on **value**.

Assumptions:

- The ONRR-converted lease number is 607-895376-0.
- Your sale occurred in October 2019.
- The product is unprocessed (wellhead) gas, product code 04. You produced and sold 2,000 Mcf. The gas heating value is 1,110 Btu/cu ft. You sold 2,220 MMBtu. The contract price is $2.50/MMBtu.
- The tax credit is 6 1/2 percent.
- The royalty rate is 12 1/2.
- You pay by check to ONRR for BIA.

Royalty value calculation:

sales value × tax credit × royalty rate = royalty value

$5,550.00 × 0.125 × 0.065 = $45.09 (report as a negative value)

The information reported on Form ONRR-2014 is shown on the following fact sheet.

Form ONRR-2014 Fact Sheet

	Detail Line	
Line Number	**1**	**2**
API Well Number		
ONRR Lease Number	6078953760	6078953760
ONRR Agreement Number		
Product Code	04	04
Sales Type Code	ARMS	ARMS
Sales MO/YR	102019	102019
Transaction Code	01	12
Adjustment Reason Code		
Sales Volume	2000.00	
Gas MMBtu	2220.00	
Sales Value	5550.00	
Royalty Value Prior to Allowances	693.75	-45.09
Transportation Allowance Deduction		
Processing Allowance Deduction		
Royalty Value Less Allowances	693.75	-45.09
Payment Method Code	05	05

4.9 Reimbursements

This section provides instructions and examples for transaction codes 14, 53, and 54.

4.9.1 *Transaction Code 14, Tax Reimbursement Payment*

Use this transaction code when sales of production from Federal or Indian leases, communitization agreements, or unit agreements are subject to State and/or local severance or ad valorem taxes. A seller receives a tax reimbursement whenever the sales contract requires the purchaser to reimburse the seller for taxes paid or when the sales contract requires the purchaser to pay the taxes directly **for the benefit of the lessee**. ONRR considers tax reimbursements as part of gross proceeds accruing to the lessee. Even though the Federal or Indian interest is exempt from taxation, tax reimbursements are royalty bearing. Report the corresponding royalty transaction line, net of the tax reimbursement. Royalty payments on tax reimbursements are due no later than the end of the month following the month when the reimbursements are received or when the reimbursements are due and payable in accordance with contract terms, whichever is earlier. Report a separate line for tax reimbursement (transaction code 14).

Report transactions that include reimbursements as a two-line entry on Form ONRR-2014. Use the first line to report the sale at the stated price for the product. Use the second line to report the reimbursement, as a positive value.

Description of fields you use on Form ONRR-2014 for transaction code 14.

Field	Description
ONRR Lease Number	Enter the ONRR-converted 10-digit lease number.
API Well Number	Enter if required.
ONRR Agreement Number	Enter the ONRR-converted agreement number if you are reporting sales that are attributable to an agreement.
Product Code	Enter the same product code reported on the corresponding royalty transaction line. For a list of product codes, see Appendix C.
Sales Type Code	Enter the same sales type code reported on the corresponding royalty transaction line. For a list of sales type codes, see Appendix D.

Field	Description
Sales Month/Year	Enter the month/year in which the tax reimbursement was received or could be received under contract terms, whichever is earlier. Use the MMCCYY format; for example, enter October 2019 as 102019.
Transaction Code	Enter **14**.
Adjustment Reason Code	Leave this field blank for normal monthly reporting. You must complete this field only when adjusting previously reported data. Applicable adjustment reason codes: oil and gas leases: 10, 15, 17, and 35 geothermal leases: 26 and 31 For instructions on how to make an adjustment, see Chapter 6. For a list of adjustment reason codes, see Appendix F.
Sales Volume	Not used
Gas MMBtu	Not used
Sales Value	Not used
Royalty Value Prior to Allowances	If the tax reimbursement is based on volume, then this field equals the sales volume multiplied by the tax rate and multiplied again by the royalty rate. If the tax reimbursement is based on value, then this field equals the royalty value reported on the corresponding royalty transaction line multiplied by the tax rate percentage.
Transportation Allowance Deduction	Not used
Processing Allowance Deduction	Not used

Field	Description
Royalty Value Less Allowances	If the tax reimbursement is based on volume, then this field equals the sales volume multiplied by the tax rate and multiplied again by the royalty rate. If the tax reimbursement is based on value, then this field equals the royalty value reported on the corresponding royalty transaction line multiplied by the tax rate percentage.
Payment Method Code	Enter the appropriate payment method code. For a list of payment methods, see Appendix G.

EXAMPLE

Transaction code 14. The following example shows how to report a tax reimbursement.

Assumptions:

- You owe a State severance tax on production from a communitized area that contains Federal lease 143-987654-0.
- Lease 143-987654-0 receives a 25 percent allocation under the communitization agreement.
- The product is unprocessed gas, product code 04. You produced and sold 20,000 Mcf. The gas heating value is 1,200 Btu/cu ft. You sold 24,000 MMBtu. The contract price is $2.50/MMBtu.
- The tax is based on a charge of $0.02/Mcf.
- The royalty rate is12 1/2 percent.
- You pay by EFT to ONRR.

Royalty value calculation:

sales volume × agreement allocation × tax charge × royalty rate = royalty value

20,000 × 0.25 × 0.02 × 0.125 = $12.50

The information reported on Form ONRR-2014 is shown on the following fact sheet.

Form ONRR-2014 Fact Sheet

	Detail Line	
Line Number	**1**	**2**
API Well Number		
ONRR Lease Number	1439876540	1439876540
ONRR Agreement Number	8780123400	8780123400
Product Code	04	04
Sales Type Code	ARMS	ARMS
Sales MO/YR	102019	102019
Transaction Code	01	14
Adjustment Reason Code		
Sales Volume	5000.00	
Gas MMBtu	6000.00	
Sales Value	15000.00	
Royalty Value Prior to Allowances	1875.00	12.50
Transportation Allowance Deduction		
Processing Allowance Deduction		
Royalty Value Less Allowances	1875.00	12.50
Payment Method Code	03	03

4.9.2 *Transaction Code 53, Effluent Injection Reimbursement*

Transaction code 53 applies only to geothermal reporting. Use this transaction code to report royalties due on any payments (or reimbursements) you receive, or are legally entitled to receive, for injection into the subsurface of power plant effluent (such as steam condensate), unused geothermal fluids, or other fluids. Effluent and other fluid injection is usually done to maintain reservoir pressure but may also be done for disposal purposes. Payments for effluent and other fluid injection are part of your gross proceeds and therefore, are royalty bearing.

Report the corresponding royalty transaction line, net of the payment or reimbursement. Report a separate line for transaction code 53.

Royalties on payments for effluent and other fluid injection are due no later than the end of the month following the month when the payments are received or when the payments are due and payable in accordance with contract terms, whichever is earlier.

Description of fields you use on Form ONRR-2014 for transaction code 53.

Field	Description
ONRR Lease Number	Enter the ONRR-converted 10-digit lease number.
API Well Number	Enter if required.
ONRR Agreement Number	Enter the ONRR-converted agreement number if you are reporting sales that are attributable to an agreement.
Product Code	Enter the same product code reported on the corresponding royalty transaction line. For a list of product codes, see Appendix C.
Sales Type Code	Enter the same sales type code reported on the corresponding royalty transaction line. For a list of sales type codes, see Appendix D.
Sales Month/Year	Enter the month/year in which the payment or reimbursement was received or could be received under contract terms, whichever is earlier. Use the MMCCYY format; for example, enter October 2019 as 102019.
Transaction Code	Enter **53**.

Field	Description
Adjustment Reason Code	Leave this field blank for normal monthly reporting. You must complete this field only when adjusting previously reported data. Applicable adjustment reason codes for geothermal leases: 26 and 31. For instructions on how to make an adjustment, see Chapter 6. For a list of adjustment reason codes, see Appendix F.
Sales Volume	Enter the volume of the geothermal resource you report and pay royalties on; for example, kWh, thousands of pounds, MMBtu, or hundreds of gallons. The reported sales volume depends on your valuation method; see the *Geothermal Payor Handbook — Class 1 Leases* or *Geothermal Payor Handbook — Class 2 & 3 Leases* for instruction and examples of reporting sales volume.
Gas MMBtu	Not used
Sales Value	Enter the payment or reimbursement amount.
Royalty Value Prior to Allowances	Enter the sales value multiplied by the lease royalty rate.
Transportation Allowance Deduction	Not used
Processing Allowance Deduction	Not used
Royalty Value Less Allowances	Enter the sales value multiplied by the lease royalty rate.
Payment Method Code	Enter the appropriate payment method code. For a list of payment methods, see Appendix G.

4.9.3 *Transaction Code 54, Geothermal Field Operations Reimbursement*

Transaction code 54 applies only to geothermal reporting. Use this transaction code to report royalties due on any payments (or reimbursements) you receive, or are legally entitled to receive, for field operations and maintenance, exclusive of effluent and other fluid injection. Field operations and maintenance include, but are not limited to, drilling or workover of wells, production activities, gathering, measurement, separation, road maintenance, and security. Payments for field operations and maintenance are part of your gross proceeds and therefore are royalty bearing.

Report the corresponding royalty transaction line net of the payment or reimbursement. Report a separate line for transaction code 54.

Royalties on payments for geothermal field operations are due no later than the end of the month following the month when your payments are received or when your payments are due and payable in accordance with contract terms, whichever is earlier.

Description of fields you use on Form ONRR-2014 for transaction code 54.

Field	Description
ONRR Lease Number	Enter the ONRR-converted 10-digit lease number.
API Well Number	Enter if required.
ONRR Agreement Number	Enter the ONRR-converted agreement number if you are reporting sales that are attributable to an agreement.
Product Code	Enter the same product code reported on the corresponding royalty transaction line. For a list of product codes, see Appendix C.
Sales Type Code	Enter the same sales type code reported on the corresponding royalty transaction line. For a list of sales type codes, see Appendix D.
Sales Month/Year	Enter the month/year in which the payment or reimbursement was received or could be received under contract terms, whichever is earlier. Use the MMCCYY format; for example, enter October 2019 as 102019.

Field	Description
Transaction Code	Enter **54**.
Adjustment Reason Code	Leave this field blank for normal monthly reporting. You must complete this field only when adjusting previously reported data. Applicable adjustment reason codes for geothermal leases: 26 and 31. For instructions on how to make an adjustment, see Chapter 6. For a list of adjustment reason codes, see Appendix F.
Sales Volume	Enter the volume of the geothermal resource you report and pay royalties on; for example, kWh, thousands of pounds, MMBtu, or hundreds of gallons. The reported sales volume depends on your valuation method; see the *Geothermal Payor Handbook — Class 1 Leases* or *Geothermal Payor Handbook — Class 2 & 3 Leases* for instruction and examples of reporting sales volume.
Gas MMBtu	Not used
Sales Value	Enter the payment or reimbursement amount.
Royalty Value Prior to Allowances	Enter the sales value multiplied by the lease royalty rate.
Transportation Allowance Deduction	Not used
Processing Allowance Deduction	Not used
Royalty Value Less Allowances	Enter the sales value multiplied by the lease royalty rate.
Payment Method Code	Enter the appropriate payment method code. For a list of payment methods, see Appendix G.

4.10 Fees

This section provides instructions and examples for transaction codes 16, 17, 18, and 19.

4.10.1 *Transaction Code 16, Well Fees*

Use this transaction code to report and pay well fees. Lease and contract terms may require you to report and pay fees on wells located on certain Federal and Indian leases.

Description of fields you use on Form ONRR-2014 for transaction code 16.

Field	Description
ONRR Lease Number	Enter the ONRR-converted 10-digit lease number.
API Well Number	Not used
ONRR Agreement Number	Not used
Product Code	Not used
Sales Type Code	Not used
Sales Month/Year	Enter the month/year of the lease anniversary date. Use the MMCCYY format; for example, enter October 2019 as 102019.
Transaction Code	Enter **16**.
Adjustment Reason Code	Leave this field blank for normal monthly reporting. You must complete this field only when adjusting previously reported data. The applicable adjustment reason codes are 10 and 17. For instructions on how to make an adjustment, see Chapter 6. For a list of adjustment reason codes, see Appendix F.
Sales Volume	Not used
Gas MMBtu	Not used

Field	Description
Sales Value	Not used
Royalty Value Prior to Allowances	Enter the amount of the well fee.
Transportation Allowance Deduction	Not used
Processing Allowance Deduction	Not used
Royalty Value Less Allowances	Enter the amount of the well fee.
Payment Method Code	Enter the appropriate payment method code. For a list of payment methods, see Appendix G.

EXAMPLE

Transaction code 16. The following example shows how to report and pay well fees.

Assumptions:

- The well fee is $5,000.00/year.
- The ONRR-converted lease number is 054-000999-0.
- The anniversary date of the lease is October 2019.
- You pay by EFT to ONRR.

The information reported on Form ONRR-2014 is shown on the following fact sheet.

Form ONRR-2014 Fact Sheet

Detail Line	
Line Number	**1**
API Well Number	
ONRR Lease Number	0540009990
ONRR Agreement Number	
Product Code	
Sales Type Code	
Sales MO/YR	102019
Transaction Code	16
Adjustment Reason Code	
Sales Volume	
Gas MMBtu	
Sales Value	
Royalty Value Prior to Allowances	5000.00
Transportation Allowance Deduction	
Processing Allowance Deduction	
Royalty Value Less Allowances	5000.00
Payment Method Code	03

4.10.2 *Transaction Code 17, Gas Storage Agreement—Flat Fee*

Use this transaction code to report the flat fee due on Federal and Indian storage agreements.

The Federal Government may charge you to use subsurface storage. The fees charged to use the subsurface storage generally include a fee for the injection of the product into the well, a fee for the removal of the product, and a per-acre rental or storage cost.

You should check individual lease terms or contract terms to determine what fee transactions you need to report on Form ONRR-2014.

Description of fields you use on Form ONRR-2014 for transaction code 17.

Field	Description
ONRR Lease Number	Enter the ONRR-converted 10-digit lease number.
API Well Number	Not used
ONRR Agreement Number	Not used
Product Code	Not used
Sales Type Code	Not used
Sales Month/Year	Enter the month/year that the storage fee is due. Use the MMCCYY format; for example, enter October 2019 as 102019.
Transaction Code	Enter **17**.
Adjustment Reason Code	Leave this field blank for normal monthly reporting. You must complete this field only when adjusting previously reported data. The applicable adjustment reason codes are 10 and 17. For instructions on how to make an adjustment, see Chapter 6. For a list of adjustment reason codes, see Appendix F.
Sales Volume	Not used
Gas MMBtu	Not used

Field	Description
Sales Value	Not used
Royalty Value Prior to Allowances	Enter the flat fee amount due.
Transportation Allowance Deduction	Not used
Processing Allowance Deduction	Not used
Royalty Value Less Allowances	Enter the flat fee amount due.
Payment Method Code	Enter the appropriate payment method code. For a list of payment methods, see Appendix G.

EXAMPLE

Transaction code 17. The following example shows how to report and pay a storage agreement fee—flat fee.

Assumptions:

- The agreement specifies a $10,000 yearly flat fee.
- The ONRR-converted lease number is 890-001333-0.
- The due date is October 2019.
- You pay by EFT to ONRR.

The information reported on Form ONRR-2014 is shown on the following fact sheet.

Form ONRR-2014 Fact Sheet

Detail Line	
Line Number	**1**
API Well Number	
ONRR Lease Number	8900013330
ONRR Agreement Number	
Product Code	
Sales Type Code	
Sales MO/YR	102019
Transaction Code	17
Adjustment Reason Code	
Sales Volume	
Gas MMBtu	
Sales Value	
Royalty Value Prior to Allowances	10000.00
Transportation Allowance Deduction	
Processing Allowance Deduction	
Royalty Value Less Allowances	10000.00
Payment Method Code	03

4.10.3 *Transaction Code 18, Gas Storage Agreement—Injection Fee*

Use this transaction code to report the injection fee due on Federal and Indian storage agreements.

The Federal Government may also charge you to use subsurface storage. The fees charged to use the subsurface storage generally include a fee for the injection of the product into the well, a fee for the removal of the product, and a per-acre rental or storage cost.

You should check individual lease terms or contract terms to determine what fee transactions you need to report on Form ONRR-2014.

Description of fields you use on Form ONRR-2014 for transaction code 18.

Field	Description
ONRR Lease Number	Enter the ONRR-converted 10-digit lease number.
API Well Number	Not used
ONRR Agreement Number	Not used
Product Code	Not used
Sales Type Code	Not used
Sales Month/Year	Enter the month/year the product is injected. Use the MMCCYY format; for example, enter October 2019 as 102019.
Transaction Code	Enter **18**.
Adjustment Reason Code	Leave this field blank for normal monthly reporting. You must complete this field only when adjusting previously reported data. The applicable adjustment reason codes are 10 and 17. For instructions on how to make an adjustment, see Chapter 6. For a list of adjustment reason codes, see Appendix F.

Field	Description
Sales Volume	Enter the total volume of gas injected. Units of measurement are not reported on Form ONRR-2014 but are implicit to the reported commodity: MMBtu (1 MMBtu = 1 dekatherm)
Sales Value	Not used
Royalty Value Prior to Allowances	Enter the result of the sales volume multiplied by the Federal or Indian mineral ownership interest, and multiplied again by the injection fee per MMBtu.
Transportation Allowance Deduction	Not used
Processing Allowance Deduction	Not used
Royalty Value Less Allowances	Enter the result of the sales volume multiplied by the Federal or Indian mineral ownership interest, and multiplied again by the injection fee per MMBtu.
Payment Method Code	Enter the appropriate payment method code. For a list of payment methods, see Appendix G.

EXAMPLE

Transaction code 18. The following example shows how to report and pay an injection fee.

Assumptions:

- The ONRR-converted lease number is 187-001333-0.
- You inject in October 2019.
- You inject 10,000 MMBtu.
- The Federal interest is 50 percent.
- The injection fee is $0.0025/MMBtu.
- You pay by EFT to ONRR.

Royalty value calculation:

sales volume × Federal interest × injection fee = royalty value

10,000 MMBtu × 0.50 × $0.0025/MMBtu = $12.50

The information reported on Form ONRR-2014 is shown on the following fact sheet.

Form ONRR-2014 Fact Sheet

	Detail Line
Line Number	**1**
API Well Number	
ONRR Lease Number	1870013330
ONRR Agreement Number	
Product Code	
Sales Type Code	
Sales MO/YR	102019
Transaction Code	18
Adjustment Reason Code	
Sales Volume	10000.00
Gas MMBtu	
Sales Value	
Royalty Value Prior to Allowances	12.50
Transportation Allowance Deduction	
Processing Allowance Deduction	
Royalty Value Less Allowances	12.50
Payment Method Code	03

4.10.4 *Transaction Code 19, Gas Storage Agreement—Withdrawal Fee*

Use this transaction code to report the withdrawal fee due on Federal and Indian storage agreements.

The Federal Government may charge you to use subsurface storage. The fees charged to use the subsurface storage generally include a fee for the injection of the product into the well, a fee for the removal of the product, and a per-acre rental or storage cost.

You should check individual lease terms or contract terms to determine what fee transactions you need to report on Form ONRR-2014.

Description of fields you use on Form ONRR-2014 for transaction code 19.

Field	Description
ONRR Lease Number	Enter the ONRR-converted 10-digit lease number.
API Well Number	Not used
ONRR Agreement Number	Not used
Product Code	Not used
Sales Type Code	Not used
Sales Month/Year	Enter the month/year the product was withdrawn. Use the MMCCYY format; for example, enter October 2019 as 102019.
Transaction Code	Enter **19**.
Adjustment Reason Code	Leave this field blank for normal monthly reporting. You must complete this field only when adjusting previously reported data. The applicable adjustment reason codes are 10 and 17. For instructions on how to make an adjustment, see Chapter 6. For a list of adjustment reason codes, see Appendix F.

Field	Description
Sales Volume	Enter the total volume of gas withdrawn. Units of measurement are not reported on Form ONRR-2014 but are implicit to the reported commodity: MMBtu (1 MMBtu = 1 dekatherm)
Sales Value	Not used
Royalty Value Prior to Allowances	Enter the result of the sales volume multiplied by the Federal or Indian mineral ownership interest, and multiplied again by the withdrawal fee per MMBtu.
Transportation Allowance Deduction	Not used
Processing Allowance Deduction	Not used
Royalty Value Less Allowances	Enter the result of the sales volume multiplied by the Federal or Indian mineral ownership interest, and multiplied again by the withdrawal fee per MMBtu.
Payment Method Code	Enter the appropriate payment method code. For a list of payment methods, see Appendix G.

EXAMPLE

Transaction code 19. The following example shows how to report and pay a withdrawal fee.

Assumptions:

- The ONRR-converted lease number is 890-001333-0.
- You withdraw production in October 2019.
- You withdraw 2,000 MMBtu.
- Withdrawal fee is 0.01/MMBtu.
- The Federal interest is 50 percent.
- You pay by EFT to ONRR.

Royalty value calculation:

sales volume × Federal interest × withdrawal fee = royalty value

2,000 MMBtu × 0.50 × $0.01/MMBtu = $10.00

The information reported on Form ONRR-2014 is shown on the following fact sheet.

Form ONRR-2014 Fact Sheet

	Detail Line
Line Number	**1**
API Well Number	
ONRR Lease Number	8900013330
ONRR Agreement Number	
Product Code	
Sales Type Code	
Sales MO/YR	102019
Transaction Code	19
Adjustment Reason Code	
Sales Volume	2000.00
Gas MMBtu	
Sales Value	
Royalty Value Prior to Allowances	10.00
Transportation Allowance Deduction	
Processing Allowance Deduction	
Royalty Value Less Allowances	10.00
Payment Method Code	03

4.11 Quality Bank Adjustment

This section provides instructions and examples for transaction code 13.

4.11.1 *Transaction Code 13, Quality Adjustments*

Use this transaction code to report adjustments that reflect the difference in quality (gravity and/or sulfur) between the oil measured at the BLM or BSEE-approved point of royalty settlement and the common stream quality of the pipeline. Quality adjustments may include payments made from or to a gravity and/or sulfur bank. You should also use this transaction code to report NGL quality bank adjustments. If you have questions regarding quality bank adjustments, please send them to email RoyaltyValuation@onrr.gov.

If you receive payments from the quality bank, you must send the royalty share of the payment to ONRR and report it as a positive value on Form ONRR-2014. If you incur charges, you should report the royalty share of the payments made into the quality bank as a negative value in order to receive credit.

You must report quality bank adjustments as a separate entry (transaction code 13 line) for each applicable lease or agreement on Form ONRR-2014. You must base quality bank adjustments on actual adjustments incurred between the BLM or BSEE-approved point of royalty settlement for the lease or agreement and the downstream sales point. If the quality bank location is upstream of the approved point of royalty settlement, a quality bank adjustment is not allowed.

Description of fields you use on Form ONRR-2014 for transaction code 13.

Field	Description
ONRR Lease Number	Enter the ONRR-converted 10-digit lease number.
API Well Number	Enter if required.
ONRR Agreement Number	Enter the ONRR-converted agreement number if you are reporting quality (gravity and/or sulfur) banks attributable to an agreement.
Product Code	Enter applicable product code.
Sales Type Code	Not used
Sales Month/Year	Enter the applicable month/year for the quality (gravity and/or sulfur) adjustment. Use the MMCCYY format; for example, enter October 2019 as 102019.
Transaction Code	Enter **13**.
Adjustment Reason Code	Leave this field blank for normal monthly reporting. You must complete this field only when adjusting previously reported data. Applicable adjustment reason codes are 10 and 17. For instructions on how to make an adjustment, see Chapter 6. For a list of adjustment reason codes, see Appendix F.
Sales Volume	Not used
Gas MMBtu	Not used
Sales Value	Not used
Royalty Value Prior to Allowances	Enter the royalty share of the quality bank adjustment.
Transportation Allowance Deduction	Not used
Processing Allowance Deduction	Not used

Field	Description
Royalty Value Less Allowances	Enter the royalty share of the quality bank adjustment.
Payment Method Code	Enter the appropriate payment method code. For a list of payment methods, see Appendix G.

EXAMPLE

Transaction code 13. The following example shows how to report and make payments or credits.

Assumptions:

- The ONRR-converted lease number is 054-002988-0.
- Royalty rate is 16 2/3 percent.
- The operator shipped and sold the oil in October 2019 at a delivery point downstream of the approved royalty measurement point.
- The product is crude oil, product code 01. You produced 2,000 bbl of oil with an API gravity of 27 degrees.
- The common stream API gravity at the receipt point is 31 degrees.
- Since your gravity is not as high as the common stream gravity, you must pay into the quality bank using the formula defined by the pipeline. You are invoiced by the pipeline for $0.20/bbl.

Royalty value calculation:

sales volume × pipeline change per barrel× royalty rate = royalty value

2,000 bbl × $0.20/bbl × 0.1667= $66.68

The information reported on Form ONRR-2014 is shown on the following fact sheet.

Form ONRR-2014 Fact Sheet

Detail Line	
Line Number	**1**
API Well Number	
ONRR Lease Number	0540029880
ONRR Agreement Number	
Product Code	01
Sales Type Code	
Sales MO/YR	102019
Transaction Code	13
Adjustment Reason Code	
Sales Volume	
Gas MMBtu	
Sales Value	
Royalty Value Prior to Allowances	-66.68
Transportation Allowance Deduction	
Processing Allowance Deduction	
Royalty Value Less Allowances	-66.68
Payment Method Code	03

4.12 Reporting Interest (Federal Oil and Gas Only

This section provides instructions and examples for transaction code 21.

4.12.1 *Transaction Code 21, Interest Amount Due ONRR*

Use this transaction code to report interest that you owe to ONRR. This amount will always be positive, and the sales month must be January 1997 or later. If the interest is related to an insufficient estimate, use adjustment reason code 71. If the interest is related to an audit (compliance review), use adjustment reason code 72. For all other interest report lines, use either zeros or spaces for the adjustment reason code.

For detailed instructions for calculating the amount of interest to report, see Chapter 5.

Description of fields you use on Form ONRR-2014 for transaction code 21.

Field	Description
ONRR Lease Number	Enter the ONRR-converted 10-digit lease number.
API Well Number	Not used
ONRR Agreement Number	Not used
Product Code	Not used
Sales Type Code	Not used
Sales Month/Year	Enter the same sales month/year reported on the corresponding royalty transaction line. Use the MMCCYY format; for example, enter October 2014 as 102014.
Transaction Code	Enter **21**.
Adjustment Reason Code	Leave this field blank for reporting interest on royalty adjustments, late royalties, late rents, late minimum royalties, and late advance royalties. Enter **71** for reporting interest on insufficient estimate balances. Enter **72** for reporting interest on audit (compliance review) related adjustments.

Field	Description
Sales Volume	Not used
Gas MMBtu	Not used
Sales Value	Not used
Royalty Value Prior to Allowances	Enter the amount of interest due ONRR. (For instructions on calculating the correct amount of interest, see Chapter 5.)
Transportation Allowance Deduction	Not used
Processing Allowance Deduction	Not used
Royalty Value Less Allowances	Enter the amount of interest due ONRR. (For instructions on calculating the correct amount of interest, see Chapter 5.)
Payment Method Code	Enter the appropriate payment method code. For a list of payment methods, see Appendix G.

EXAMPLE

Transaction code 21. For information on how to calculate interest that you owe to ONRR, see Calculating Interest on page 5-6.

Chapter 5

Interest for Federal and Indian Oil and Gas Leases

Introduction

Each month, the Office of Natural Resources Revenue (ONRR) Interest Exception Processing module assesses late payment interest for late paid receivables (royalties, rents, minimum royalties, invoices, etc.). Beginning in October of 2014, ONRR began calculating interest using a new methodology — Running Balance Method. We believe this method better reflects the time value of money and is supported by a decision from our Solicitor.

5.1 Interest Liability

We will assess interest for late payments received after the due date for Federal and Indian leases. We will also make assessments for insufficient estimate reporting, where the royalties reported exceed the current estimate balance for Federal and Indian leases. Interest is calculated using the published IRS corporate interest rate compounded daily for Federal oil and gas, and Indian oil and gas leases.

Effective January 2, 2000, for Indian leases located in non-index zones, late payment interest on any major portion true-up reporting will not begin to accrue until the published major portion true-up date.

5.2 Avoiding Late Payment Interest

To avoid late payment interest on royalties, rents, minimum royalty, advance royalty, deferred bonus transactions, and other monies due the Federal government or Indians, you must submit and pay timely, royalty documents, invoices, and other receivables requiring payment to ONRR.

NOTE

Current late payment interest rates are updated quarterly on the ONRR website at http://onrr.gov/ReportPay/interest.htm.

5.3 Interest and Estimates

An estimate gives you an additional month to report and pay your actual royalties. The estimate can help reduce late payment interest charges. If sales data is not received timely to report to ONRR, an estimate will allow additional time to report without incurring interest charges. The estimate is set up at the lease level, and not by product code.

Insufficient Estimate Interest (Federal and Indian Oil and Gas)

You owe interest for insufficient estimates if actual royalties reported during the extended estimate period exceed the estimate you previously submitted for the lease. We define the extended estimate period as the time the due date is extended for a sales month, because of an estimate. For example, for the sales month of January 2017, royalties were due on February 28, 2017. If you previously had reported an estimate, the extended due date is March 31, 2017. The extended estimate period is one calendar month, in this case the month of March 2017.

We calculate insufficient estimate interest only on the insufficient portion for the number of days you actually use in the extended estimate period (the number of days in the extended estimate period or fewer if you report before the end of the extended estimate period). For example, suppose you have an estimate of $100 on a lease for sales month January 2017. On March 20, 2017, you report royalties of $300. You would owe insufficient estimate interest on $200 ($300 reported less $100 estimate) for 20 days (March 1, 2017 through March 20, 2017 — the time used in the extended period).

NOTE

To get the benefit of the estimate, you must report within the extended period for both Federal and Indian leases. Reporting outside the estimate period does not get the benefit of the estimate.

EXAMPLE

This example shows how to calculate insufficient estimate interest based on the scenario just explained.

Assumptions:

You established an estimate for a lease for the January 2017 sales month.

Sales month	01/2017
Due date without an estimate	02/28/2017
Due date with an estimate	03/31/2017
Extended estimate period	03/01/2017 to 03/31/2017
Estimate amount filed	$100
Royalty amount reported and paid	$300
Estimate insufficiency	<$200>
If royalties are reported and paid on 03/20/2017,	you pay 20 days' insufficient estimate interest on $200.
If royalties are reported and paid on 03/31/2017,	you pay 31 days' insufficient estimate interest on $200.
If royalties are reported and paid on 04/14/2017,	you pay 47 days' late payment interest on $300. **Note:** Reporting on April 14, 2017, is after the extended period and does not get the benefit of the estimate.

To avoid or minimize insufficient interest assessments:

- Establish an estimate equal to the highest historical sales for the lease, or
- Establish a lesser estimate that can be timely adjusted when you anticipate sales might exceed the estimate.

If you have an excessive estimate balance, you need to adjust those balances to reflect current production. If you are no longer paying on a lease that has an estimate balance, you should either move the estimate balance to another lease or reduce the estimate balance by taking a credit. You may also request a refund if you will no longer be reporting on the lease. If you have questions about your estimate balances, please contact your Royalty Reporting Error Correction Representative at the following web address:

http://onrr.gov/ReportPay/PDFDocs/royassign.pdf

5.4 Interest and Adjustment Reason Code 35 (ARC 35)

Late payment interest charges will not be assessed due to the formation, expansion, contraction, or termination of a Unit or Communization Agreement so long as retroactive royalties owed are received, by ONRR, by the end of the month following the month of approval by BLM, BIA, or BSEE.

You may use ARC 35 **one time** per the event referenced above.

Interest will be calculated from the end of the next month following the approval date of the letter from BLM, BIA, or BSEE if not reported/paid timely.

5.5 What Is the Running Balance Method

Effective October 2014, ONRR implemented a new interest billing module. This module calculates interest using a netting methodology for all reporting for a lease on the same royalty document or Form ONRR-2014. This is basically the Running Balance Method (RBM) and it only comes into play when multiple sales months are reported for a lease on the same Form ONRR-2014. Previously, interest was calculated from the royalty due date to the payment date for each sales month. Under the RBM, interest is calculated from the royalty due date to the next transaction for the lease (when multiple sales months are reported). ONRR believes this is a more efficient process and better represents the concept of interest equaling the time value of money. Interest invoices will still have three supporting reports: the Interest Schedule, the Estimate Detail Report, and the Late Payment Allocation Report (see Figures 5-1 through 5-5).

NOTE

Insufficient estimate calculations were not changed by the new Running Balance Method of calculating interest.

EXAMPLE

Assumptions:

ONRR received a Form ONRR-2014 on February 29, 2020, containing one lease.

Sales Month	Due Date	Royalties Reported
07/2018	08/31/2018	$1,200.00
09/2018	10/31/2018	($900.00)
09/2019	10/31/2019	($2,000.00)
10/2019	11/30/2019	$2,000.00

Net balance of all royalties reported on Form ONNR-2014 received on 2/29/2020 is $300.00.

Old Method

Sales Month	Due Date	Royalty Reported	Interest Amount Due	Interest Calculation Period
07/2018	08/31/2018	$1,200.00	$99.77	Interest due 08/31/2018 to 02/29/2020
09/2018	10/31/2018	($900.00)	$0.00	No Interest due
09/2019	10/31/2019	($2,000.00)	$0.00	No Interest due
10/2019	11/30/2019	$2,000.00	$25.04	Interest due 11/30/2019 to 02/29/2020
		Total Interest Due	**$124.81**	

Net balance of all royalties reported on Form ONRR-2014 received on 02/29/2020 is $300.00.

Running Balance – New Method

Sales Month	Due Date	Royalty Reported	New Balance	Interest Amount Due	Interest Calculation Period
07/2018	08/31/2018	$1,200.00	$1,200.00	$10.07	Interest due 08/31/2018 to 10/31/2018
09/2018	10/31/2018	($900.00)	$300.00	$17.52	Interest due 10/31/2018 to 10/31/2019
09/2019	10/31/2019	($2,000.00)	($1,700.00)	$0.00	Interest due 10/31/2019 to 11/30/2019
10/2019	11/30/2019	$2,000.00	$300.00	$4.10	Interest due 11/30/2019 to 02/29/2020
			Total Interest Due	**$31.69**	

Net balance of all royalties reported on Form ONRR-2014 received on 02/29/2020 is $300.00.

5.6

Calculating Interest

For interest you owe ONRR, calculate that interest from the due date of the sales month you are adjusting to the date we receive your payment.

Interest is compounded daily. The interest rate table is updated quarterly on our website at ONRR.gov. Your current representative's contact information is available on our website:

Federal contacts: http://onrr.gov/ReportPay/PDFDocs/finserAssign.pdf
Indian contacts: http://onrr.gov/ReportPay/PDFDocs/FSIndianCoAssign.pdf

We use the following formula to calculate interest:

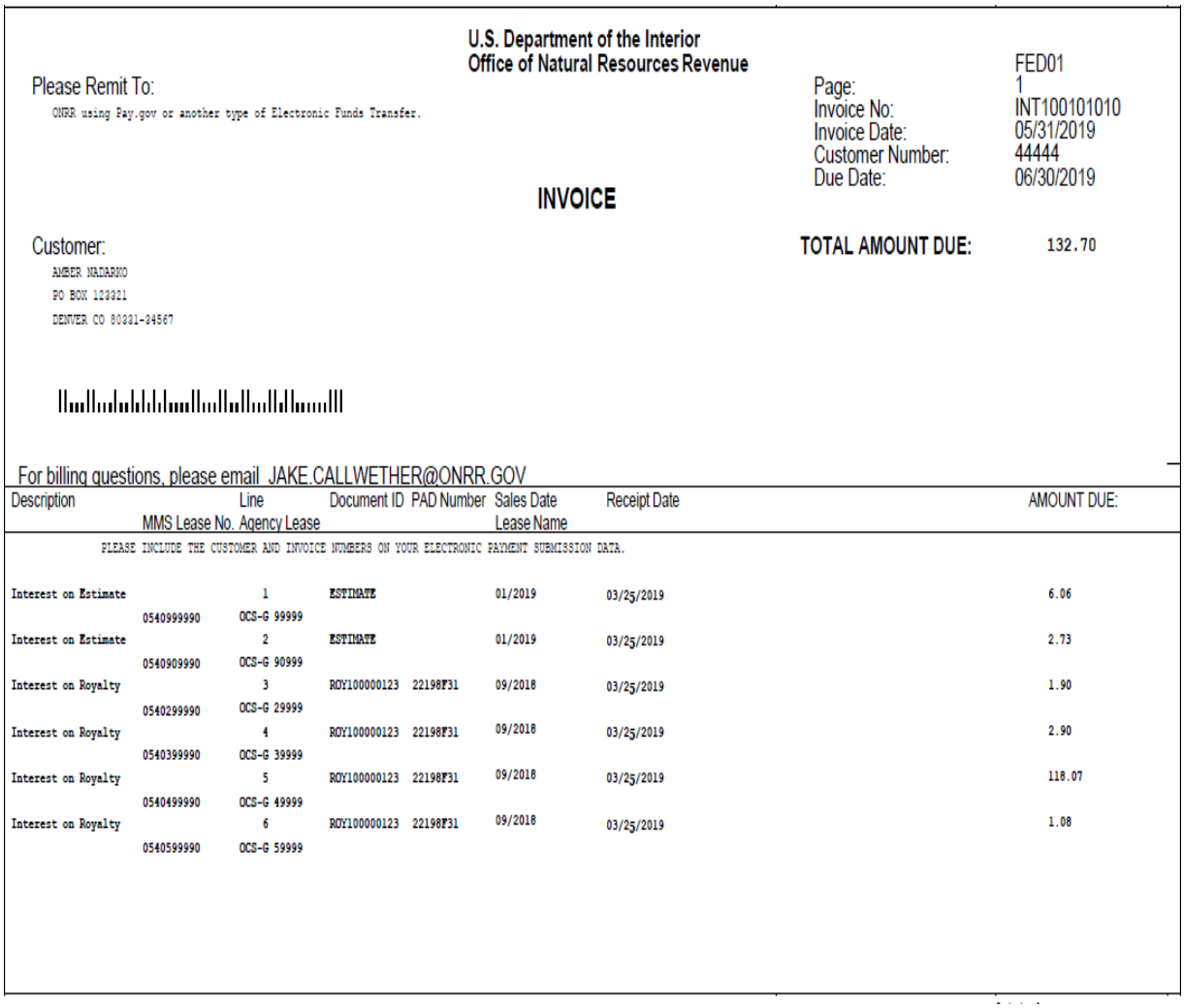
$$I = A\left[\left(1 + \frac{R}{N}\right)^{n} - 1\right]$$

I	=	Interest amount
A	=	Assessment amount
R	=	Interest rate in decimal form
N	=	Number of days in the year (365 or 366)
n	=	Number of days in the period (n is an exponent)

You can use this formula in a spreadsheet program, such as Excel, to calculate the interest you owe us.

Instructions on rounding and how to account for a time period containing changes in the interest rate are located on the ONRR.gov website at http://onrr.gov/ReportPay/interest.htm.

Figure 5-1 Interest Invoice



U.S. Department of the Interior
Office of Natural Resources Revenue

Please Remit To:
ONRR using Pay.gov or another type of Electronic Funds Transfer.

FED01
Page: 1
Invoice No: INT100101010
Invoice Date: 05/31/2019
Customer Number: 44444
Due Date: 06/30/2019

INVOICE

Customer:
AMBER NADARKO
PO BOX 123321
DENVER CO 80331-24567

TOTAL AMOUNT DUE: 132.70

For billing questions, please email JAKE.CALLWETHER@ONRR.GOV

Description	MMS Lease No.	Line Agency Lease	Document ID	PAD Number	Sales Date Lease Name	Receipt Date	AMOUNT DUE:
PLEASE INCLUDE THE CUSTOMER AND INVOICE NUMBERS ON YOUR ELECTRONIC PAYMENT SUBMISSION DATA.							
Interest on Estimate	0540999990	1 OCS-G 99999	ESTIMATE		01/2019	03/25/2019	6.06
Interest on Estimate	0540909990	2 OCS-G 90999	ESTIMATE		01/2019	03/25/2019	2.73
Interest on Royalty	0540299990	3 OCS-G 29999	ROY100000123	22198F31	09/2018	03/25/2019	1.90
Interest on Royalty	0540399990	4 OCS-G 39999	ROY100000123	22198F31	09/2018	03/25/2019	2.90
Interest on Royalty	0540499990	5 OCS-G 49999	ROY100000123	22198F31	09/2018	03/25/2019	118.07
Interest on Royalty	0540599990	6 OCS-G 59999	ROY100000123	22198F31	09/2018	03/25/2019	1.08

Figure 5-2 Interest Schedule

Report ID: ZEPRPT01

U. S. Department of the Interior
Office of Natural Resources Revenue

Interest Schedule - Prebill

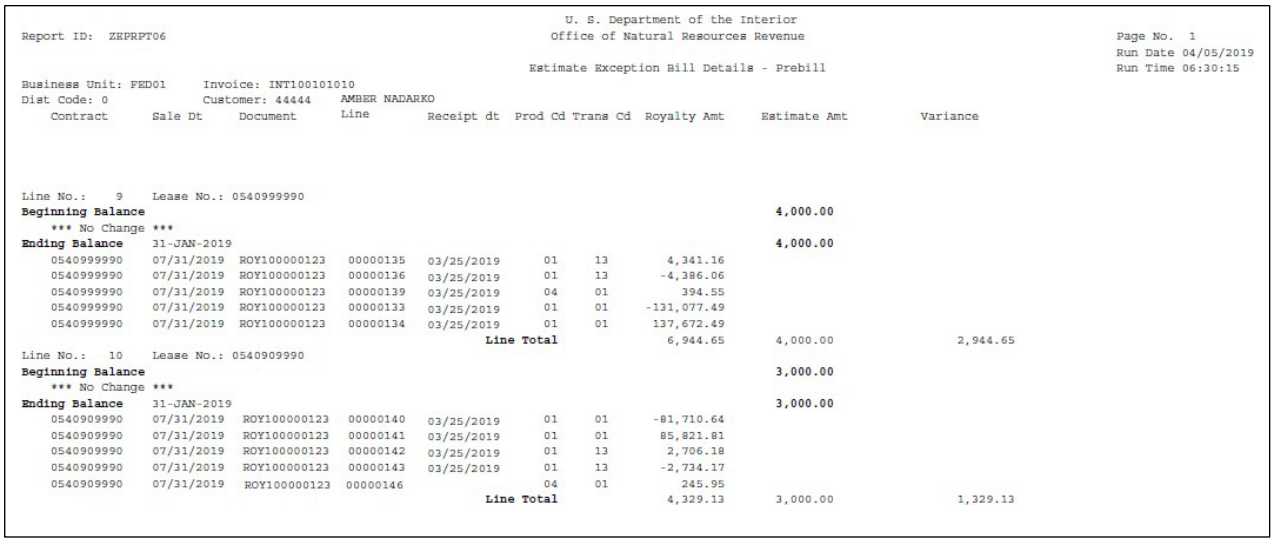
Page No. 1
Run Date 04/05/2019
Run Time 06:30:15

Business Unit: FED01 Invoice: INT100101010
Dist Code: 0 Customer: 44444 AMBER NADARKO
Bankruptcy Petition Date:

LINE	DOC ID	Lease No.	Sale Dt	Roy/Bill Lease Amt	Receipt Date	Ent Rsn	Est Ind	Due Date	Payment Date	Payment Amount	Principal Balance	Accumulated Assessment	From Dt.	To Dt.	Days	Int. Rate	Amount Due
1		0540999990	01/31/19	$ 6,944.65	03/25/19	INTES	Y	02/28/19	03/25/19		$ 2,944.65	$ 2,944.65	02/28/19	03/25/19	25	0.03	$ 6.06
													Total for Bill Line				1 $ 6.06
2		0540909990	01/31/19	$ 4,329.13	3/25/19	INTES	Y	02/28/19	03/25/19		$ 1,329.13	$ 1,329.13	02/28/19	03/25/19	25	0.03	$ 2.73
													Total for Bill Line				2 $ 2.73
3	ROY100000123	0540299990	09/30/18	$ 460.21	03/25/19	LPROY	N	10/31/18	03/25/19		$ 460.21	$ 460.21	10/31/18	11/30/18	30	0.05	$ 1.90
			10/31/18	$ (785.27)	03/25/19	LPROY	N	11/30/18			$ (325.06)	$ (325.06)	11/30/18	12/31/18	0	0.00	0.00
			11/30/18	$ (371.72)	03/25/19	LPROY	N	12/31/18			$ (696.78)	$ (696.78)	12/31/18	01/31/19	0	0.00	0.00
			12/31/18	$ (271.62)	03/25/19	LPROY	N	01/31/19			$ (968.40)	$ (968.40)	01/31/19	03/31/19	0	0.00	0.00
				$ (968.40)									Total for Bill Line				3 $ 1.90
4	ROY100000123	0540399990	09/30/18	$ 703.75	03/25/19	LPROY	N	10/31/18	03/25/19		$ 703.75	$ 703.75	10/31/18	11/30/18	30	0.05	$ 2.90
			10/31/18	$ (1,200.82)	03/25/19	LPROY	N	11/30/18			$ (497.07)	$ (497.07)	11/30/18	12/31/18	0	0.00	0.00
			11/30/18	$ (568.45)	03/25/19	LPROY	N	12/31/18			$ (1,065.52)	$ (1,065.52)	12/31/18	01/31/19	0	0.00	0.00
			12/31/18	$ (415.35)	03/25/19	LPROY	N	01/31/19			$ (1,480.87)	$ (1,480.87)	01/31/19	03/31/19	0	0.00	0.00
				$ (1,480.87)									Total for Bill Line				4 $ 2.90
5	ROY100000123	0540499990	09/30/18	$ 1,703.98	03/25/19	LPROY	N	10/31/18			$ 1,703.98	$ 1,703.98	10/31/18	11/30/18	30	0.05	$ 7.02
			10/31/18	$ 3,108.56	03/25/19	LPROY	N	11/30/18			$ 4,812.54	$ 4,819.56	11/30/18	12/31/18	31	0.05	$ 20.51
			11/30/18	$ 2,667.51	03/25/19	LPROY	N	12/31/18			$ 7,480.05	$ 7,507.58	12/31/18	01/31/19	31	0.06	$ 38.35
			12/31/18	$ 2,624.62	03/25/19	LPROY	N	01/31/19			$ 10,104.67	$ 10,170.55	01/31/19	03/25/19	53	0.06	$ 88.99
				$ 10,104.67					03/25/19	$ 7,784.19	$ 2,320.48	$ 2,475.35	03/25/19	03/31/19	6	0.06	$ 2.44
									03/31/16	$ 2,320.48					0	0.06	$ -
													Total for Bill Line				$ 157.31
6	ROY100000123	0540599990	09/30/18	$ 252.42	03/25/19	LPROY	N	10/31/18				$ 252.42	10/31/18	11/30/18	30	0.05	$ 1.04
		0540599990	10/31/18	$ (430.70)	03/25/19	LPROY	N	11/30/18				$ (178.28)	11/30/18	12/31/18	0	0.05	0.00
		0540599990	11/30/18	$ (203.87)	03/25/19	LPROY	N	12/31/18				$ (382.15)	12/31/18	01/31/19	0	0.06	0.00
		0540599990	12/31/18	$ (148.98)	03/25/19	LPROY	N	01/31/18				$ (531.13)	01/31/19	03/31/19	0	0.06	0.00
				$ (531.13)									Total for Bill Line				6 $ 1.04
				$ 7,124.27													

Total of all Negative Bill Lines for Invoice INT100101010 0
Total of all Negative Bill Lines for Invoice INT100101010 $7, 124.27
Total of all Negative Bill Lines for Invoice INT100101010 $7, 124.27

Figure 5-3 Estimate Exception Bill Details

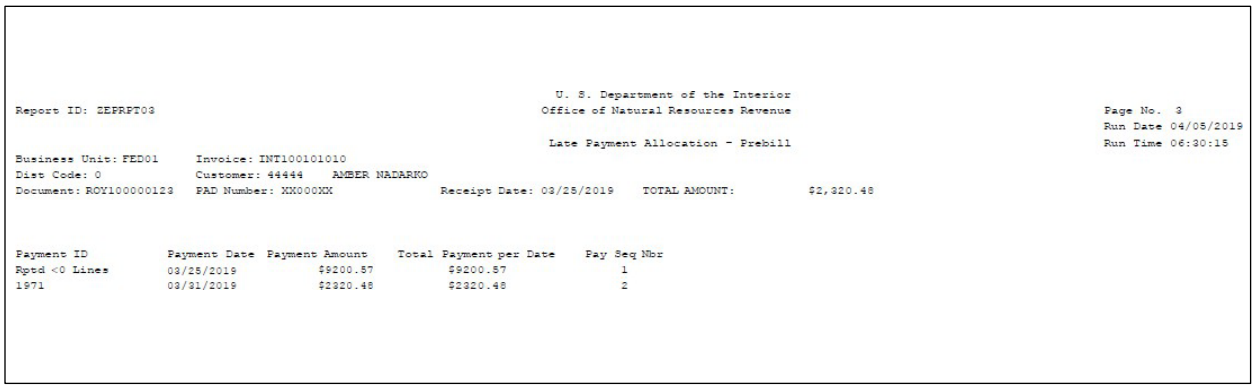


U. S. Department of the Interior
Report ID: ZEPRPT06 — Office of Natural Resources Revenue — Page No. 1
Run Date 04/05/2019
Estimate Exception Bill Details - Prebill — Run Time 06:30:15

Business Unit: FED01 Invoice: INT100101010
Dist Code: 0 Customer: 44444 AMBER NADARKO

Contract	Sale Dt	Document	Line	Receipt dt	Prod Cd	Trans Cd	Royalty Amt	Estimate Amt	Variance
Line No.: 9 Lease No.: 0540999990									
Beginning Balance								**4,000.00**	
*** No Change ***									
Ending Balance	31-JAN-2019							**4,000.00**	
0540999990	07/31/2019	ROY100000123	00000135	03/25/2019	01	13	4,341.16		
0540999990	07/31/2019	ROY100000123	00000136	03/25/2019	01	13	-4,386.06		
0540999990	07/31/2019	ROY100000123	00000139	03/25/2019	04	01	394.55		
0540999990	07/31/2019	ROY100000123	00000133	03/25/2019	01	01	-131,077.49		
0540999990	07/31/2019	ROY100000123	00000134	03/25/2019	01	01	137,672.49		
				Line Total			6,944.65	4,000.00	2,944.65
Line No.: 10 Lease No.: 0540909990									
Beginning Balance								**3,000.00**	
*** No Change ***									
Ending Balance	31-JAN-2019							**3,000.00**	
0540909990	07/31/2019	ROY100000123	00000140	03/25/2019	01	01	-81,710.64		
0540909990	07/31/2019	ROY100000123	00000141	03/25/2019	01	01	85,821.81		
0540909990	07/31/2019	ROY100000123	00000142	03/25/2019	01	13	2,706.18		
0540909990	07/31/2019	ROY100000123	00000143	03/25/2019	01	13	-2,734.17		
0540909990	07/31/2019	ROY100000123	00000146		04	01	245.95		
				Line Total			4,329.13	3,000.00	1,329.13

Figure 5-4 Late Payment Allocation (Payment Detail)



U. S. Department of the Interior
Report ID: ZEPRPT03 Office of Natural Resources Revenue Page No. 3
Run Date 04/05/2019
Late Payment Allocation - Prebill Run Time 06:30:15

Business Unit: FED01 Invoice: INT100101010
Dist Code: 0 Customer: 44444 AMBER NADARKO
Document: ROY100000123 PAD Number: XX000XX Receipt Date: 03/25/2019 TOTAL AMOUNT: $2,320.48

Payment ID	Payment Date	Payment Amount	Total Payment per Date	Pay Seq Nbr
Rptd <0 Lines	03/25/2019	$9200.57	$9200.57	1
1971	03/31/2019	$2320.48	$2320.48	2

Figure 5-5 Late Payment Allocation – Prebill

U. S. Department of the Interior
Report ID: ZEPRPT03 — Office of Natural Resources Revenue — Page No. 1
Run Date 04/05/2019
Late Payment Allocation - Prebill — Run Time 06:30:15

Business Unit: FED01 Invoice: INT100101010
Dist Code: 0 Customer: 44444 AMBER NADARKO
Document: ROY100000123 PAD Number: XX000XX Receipt Date: 03/25/2019 TOTAL AMOUNT: $2,320.48

Bill Line Nbr	Lease	Doc Line/ Item Line	Geo Ind	Nst Ind	Man Flag	Sales Date	TC	ARC	Due Date	Est Ind	Int Ind	Accepted Amount	Allocated Amount	Pay Seq Nbr
3	0540299990	1	N	N	N	09/2018	01	10	10/31/2018	N		$-1814.08		
3	0540299990	2	N	N	N	09/2018	01	10	10/31/2018	N		$2274.29		
									SUBTOTAL:	Y		$460.21	$460.21	1
	0540299990	3	N	N	N	10/2018	01	10	11/30/2018	N		$-3360.54		
	0540299990	4	N	N	N	10/2018	01	10	11/30/2018	N		$2575.27		
									SUBTOTAL:	N		$-785.27		
	0540299990	5	N	N	N	11/2018	01	10	12/31/2018	N		$-1913.77		
	0540299990	6	N	N	N	11/2018	01	10	12/31/2018	N		$1542.05		
									SUBTOTAL:	N		$-371.72		
	0540299990	7	N	N	N	12/2018	01	10	01/31/2019	N		$-684.34		
	0540299990	8	N	N	N	12/2018	01	10	01/31/2019	N		$412.72		
									SUBTOTAL:	N		$-271.62		
									TOTAL:			$-968.40	$460.21	
4	0540399990	9	N	N	N	09/2018	01	10	10/31/2018	N		$-2774.04		
4	0540399990	10	N	N	N	09/2018	01	10	10/31/2018	N		$3477.79		
									SUBTOTAL:	Y		$703.75	$703.75	1
	0540399990	11	N	N	N	10/2018	01	10	11/30/2018	N		$-5138.85		
	0540399990	12	N	N	N	10/2018	01	10	11/30/2018	N		$3938.03		
									SUBTOTAL:	N		$-1200.82		
	0540399990	13	N	N	N	11/2018	01	10	12/31/2018	N		$-2926.49		
	0540399990	14	N	N	N	11/2018	01	10	12/31/2018	N		$2358.04		
									SUBTOTAL:	N		$-568.45		
	0540399990	15	N	N	N	12/2018	01	10	01/31/2019	N		$-1046.48		
	0540399990	16	N	N	N	12/2018	01	10	01/31/2019	N		$631.13		
									SUBTOTAL:	N		$-415.35		
									TOTAL:			$-1480.87	$703.75	
5	0540499990	17	N	N	N	09/2018	01	10	10/31/2018	N		$-15142.25		
5	0540499990	18	N	N	N	09/2018	01	10	10/31/2018	N		$16734.54		
5	0540499990	25	N	N	N	09/2018	01	10	10/31/2018	N		$-440.26		
5	0540499990	26	N	N	N	09/2018	01	10	10/31/2018	N		$551.95		
									SUBTOTAL:	Y		$1703.98	$1703.98	1
5	0540499990	19	N	N	N	10/2018	01	10	11/30/2018	N		$-10261.18		
5	0540499990	20	N	N	N	10/2018	01	10	11/30/2018	N		$13560.32		
5	0540499990	27	N	N	N	10/2018	01	10	11/30/2018	N		$-815.58		
5	0540499990	28	N	N	N	10/2018	01	10	11/30/2018	N		$625.00		
									SUBTOTAL:	Y		$3108.56	$3108.56	1
5	0540499990	21	N	N	N	11/2018	01	10	12/31/2018	N		$-6826.95		
5	0540499990	22	N	N	N	11/2018	01	10	12/31/2018	N		$9584.67		
5	0540499990	29	N	N	N	11/2018	01	10	12/31/2018	N		$-464.45		

U. S. Department of the Interior
Report ID: ZEPRPT03 — Office of Natural Resources Revenue — Page No. 2
Run Date 04/05/2019
Late Payment Allocation - Prebill — Run Time 06:30:15

Business Unit: FED01 Invoice: INT100101010
Dist Code: 0 Customer: 44444 AMBER NADARKO
Document: ROY100000123 PAD Number: XX000XX Receipt Date: 03/25/2019 TOTAL AMOUNT: $2,320.48

Bill Line Nbr	Lease	Doc Line/ Item Line	Geo Ind	Nst Ind	Man Flag	Sales Date	TC	ARC	Due Date	Est Ind	Int Ind	Accepted Amount	Allocated Amount	Pay Seq Nbr
5	0540499990	30	N	N	N	11/2018	01	10	12/31/2018	N		$374.24		
									SUBTOTAL:	Y		$2667.51	$2667.51	1
5	0540499990	23	N	N	N	12/2018	01	10	01/31/2019	N		$-4129.89		
5	0540499990	24	N	N	N	12/2018	01	10	01/31/2019	N		$6820.43		
5	0540499990	31	N	N	N	12/2018	01	10	01/31/2019	N		$-166.08		
5	0540499990	32	N	N	N	12/2018	01	10	01/31/2019	N		$100.16		
									SUBTOTAL:	Y		$2624.62	$304.14	1
												$2624.62	$2320.48	2
									TOTAL:			$10104.67	$10104.67	
6	0540599990	33	N	N	N	09/2018	01	10	10/31/2018	N		$-994.97		
6	0540599990	34	N	N	N	09/2018	01	10	10/31/2018	N		$1247.39		
6	0540599990								SUBTOTAL:	Y		$252.42	$252.42	1
6	0540599990	35	N	N	N	10/2018	01	10	11/30/2018	N		$-1843.16		
6	0540599990	36	N	N	N	10/2018	01	10	11/30/2018	N		$1412.46		
									SUBTOTAL:	N		$-430.70		
6	0540599990	37	N	N	N	11/2018	01	10	12/31/2018	N		$-1049.64		
6	0540599990	38	N	N	N	11/2018	01	10	12/31/2018	N		$845.77		
									SUBTOTAL:	N		$-203.87		
6	0540599990	39	N	N	N	12/2018	01	10	01/31/2019	N		$-375.35		
6	0540599990	40	N	N	N	12/2018	01	10	01/31/2019	N		$226.37		
									SUBTOTAL:	N		$-148.98		
									TOTAL:			$-531.13	$252.42	
									TOTAL:					
									DOCUMENT TOTAL:			$2320.48	$11521.05	

Chapter 6
Adjustments, Recoupments, and Refunds

6.1 Adjustments

Whenever you submit incorrect data on Form ONRR-2014, you must make subsequent adjustments to correct the information. **An adjustment is any correction made on Form ONRR-2014 to a previously reported line.** You make adjustments to:

- Pay additional monies,
- Recoup overpaid and overreported amounts, or
- Change information that has no effect on payments.

Adjustments, and the way they are reported, are affected by the lease type (Federal or Indian) and the time period involved.

NOTE

Because of the complexity involved in making adjustments, we encourage you to contact us if you have questions. (For contact information, see Appendix A.)

You must make adjustments within six years from the obligation due date. For example, you must make any adjustments to the September 2015 sales period before the last day of October 2021.

You can adjust overpayments and underpayments discovered during an audit if they exceed the six-year adjustment period only after a written notice is approved by the Secretary or the applicable delegated State.

Indian requirements.

You can make adjustments to a specific Indian lease for any sales month at any time on Form ONRR-2014 as long as the **net** effect is an increase or no change in the royalty value amount for that lease. If an adjustment results in a net negative royalty value amount, refer to the recoupment guidance beginning on page 6-7.

6.1.1

General Reporting Principles for Adjustments

Adjustments generally require **two** entries on Form ONRR-2014:

1. The first entry reverses the incorrect line as accepted into the MRM financial accounting system.
2. The second entry reports the corrected data.

Both entries must include the appropriate adjustment reason code. You should select adjustment reason codes based on the reason for the adjustment or as otherwise instructed by ONRR. For a complete listing of adjustment reason codes, see Appendix F. To identify an acceptable adjustment reason code to use with each transaction code, see Chapter 4. You cannot use an adjustment reason code that is not listed for a specific transaction code without prior ONRR approval.

We do not allow single-line adjustments (net adjustments) unless we authorize them in advance. One exception is Estimated Royalty Payment, transaction code 03, which you adjust with a one-line net entry to increase or decrease the estimated balance using adjustment reason code 32.

NOTE

ONRR eliminated many previously valid adjustment reason codes. You can report the following adjustment reason codes for oil and gas leases: 10, 15, 16, 17, 32, 35, 49, and 71 and 72 for interest. You can report the following adjustment reason codes for geothermal leases: 25, 26 and 31.

6.1.2

Reporting Examples

The following are examples of adjustments.

EXAMPLE

Price change: This example shows how to make an adjustment due to a price change.

Assumptions:

- In December 2019, you determine that you incorrectly reported the royalty value on Form ONRR-2014 for lease number 049-001234-0 for the sales month of January 2019.
- You used an incorrect price to calculate the sales value and understated the royalty value. You initially reported 100 bbl of oil at $25.00 per bbl. The actual price is $30.00 per bbl.
- The royalty rate is 12 1/2 percent.
- You make the two-line adjustment on your December 2019 report.
- Use adjustment reason code 10 for the pricing adjustment. Include the $62.50 royalty increase with the remittance for this report.

The information reported on Form ONRR-2014 is shown on the following fact sheet.

Form ONRR-2014 Fact Sheet

Detail Line

	Original Line	Adjustment Line	Correcting Line
Line Number	**1**	**2**	**3**
API Well Number			
ONRR Lease Number	0490012340	0490012340	0490012340
ONRR Agreement Number			
Product Code	01	01	01
Sales Type Code	ARMS	ARMS	ARMS
Sales MO/YR	012019	012019	012019
Transaction Code	01	01	01
Adjustment Reason Code		10	10
Sales Volume	100.00	-100.00	100.00
Gas MMBtu			
Sales Value	2500.00	-2500.00	3000.00
Royalty Value Prior to Allowances	312.50	-312.50	375.00
Transportation Allowance Deduction			
Processing Allowance Deduction			
Royalty Value Less Allowances	312.50	-312.50	375.00
Payment Method Code	03	03	03

Payment Information

EFT Payments (PM3)	62.50
Total All Payments	62.50
Less Available Credits:	
Doc. ID	
Net Payment	62.50

EXAMPLE

Revised production allocation. This example shows how to make an adjustment for revised production allocation. You have 30 days from the date of the BLM agreement approval letter to make your revisions. After the 30 days, adjustment reason code 35 will not be used and interest will be due.

Assumptions:

- You received notification in January 2020 that BLM expanded the unit participating area (PA) to include 100 percent of the acreage for lease number 049-001234-0 (the previously reported lease).
- The unit allocation increased from 12,000 Mcf to 18,000 Mcf.
- The gas heating value is 1075 Btu/cu. ft.
- The expansion was retroactive to October 2018.
- Enter the following two-line adjustment on your January 2020 report to reflect the revised production allocation for October 2018.
- Use adjustment reason code 35 to indicate the expansion of the unit PA. Include the $2,250.00 royalty increase with the report.
- You must also adjust any other affected sales months (not shown here).
- If other Federal and/or Indian leases are affected by the expansion of the PA, those leases will need to be adjusted as well (not shown here).

The information reported on Form ONRR-2014 is shown on the following fact sheet.

Form ONRR-2014 Fact Sheet

Detail Line

	Original Line	Adjustment Line	Correcting Line
Line Number	**1**	**2**	**3**
API Well Number			
ONRR Lease Number	0490012340	0490012340	0490012340
ONRR Agreement Number	891008899A	891008899A	891008899A
Product Code	04	04	04
Sales Type Code	ARMS	ARMS	ARMS
Sales MO/YR	102018	102018	102018
Transaction Code	01	01	01
Adjustment Reason Code		35	35
Sales Volume	12000.00	-12000.00	18000.00
Gas MMBtu	12900.00	-12900.00	19350.00
Sales Value	36000.00	-36000.00	54000.00
Royalty Value Prior to Allowances	4500.00	-4500.00	6750.00
Transportation Allowance Deduction			
Processing Allowance Deduction			
Royalty Value Less Allowances	4500.00	-4500.00	6750.00
Payment Method Code	03	03	03

Payment Information

C (PM3)	2250.00
Total All Payments	2250.00
Less Available Credits:	
Doc. ID	
Net Payment	2250.00

6.2 Recoupments and Refunds

6.2.1 *Recouping Overpayments*

A recoupment occurs whenever a payor reports an adjustment on Form ONRR-2014 that results in a net negative royalty value amount for the transaction.

6.2.1.1 Recoupment Situations

- You overpaid on a Federal lease but did **not** overreport on Form ONRR-2014.

  You may use this credit toward the payment of the next amount due to the Federal lease. No reporting adjustments are necessary, but we encourage you to contact us for specific instructions. (For contact information, see Appendix A.)

- You overpaid on an Indian lease but did **not** overreport on Form ONRR-2014. Contact your accounts receivable representative for instructions (see Appendix A, Overpayments, Federal and Indian).

  You may use the credit **only** to reduce future payments to that specific tribal lockbox.

- You overreported **and** overpaid royalties on an Indian lease.

  You **must** submit an adjusting Form ONRR-2014 to generate a recoupable balance for the specific Indian lease(s) on which the error occurred. As future production takes place, you may recoup the overpayment against the royalties reported on the current Form ONRR-2014 for the specific lease(s).

6.2.1.2 How to Recoup Overpayments

Indian Leases. You do not have to obtain permission from ONRR to recoup overpayments on Indian leases.

You must make the following entries on Form ONRR-2014:

1. On the first line, reverse the original overpayment entry using the appropriate adjustment reason code.

2. On the second line, enter the correct volumes and/or values for the month the overpayment was made using the appropriate adjustment reason code.

3. On the third line, enter transaction code 50 for the recoupable balance. Enter the royalty value as a positive amount; that is, the difference between line 1 and line 2. Lines 1, 2, and 3 added together must equal zero. Enter line 3 with the same lease number and leave blank the product code and sales type code.

Tribal leases. After you establish a recoupable balance (transaction code 50), you may recoup the overpayment on an Indian tribal lease as a credit against the current month's net revenues due on the same lease or, with written tribal approval, on rents or royalties due on other leases owned by the same tribe. Provide a copy of the written tribal approval to us. (For contact information, see Appendix A.) Follow these procedures each report month until the overpayment is recouped in full.

First, set up your recoupable balance by using transaction code 50. Then use transaction code 51 to recoup your overpayment. For Indian tribal leases, this line may not exceed **100 percent** of current revenue due for the lease. We define "current revenue" as:

- Royalty owed for the current report month, **as well as**
- All other lease revenue reported in the same month, such as annual rent and positive adjustments to previously reported sales months, **less**
- Recoupment (transaction code 25) of the current lease year's advance rental payment.

Allotted leases. After you establish a recoupable balance (transaction code 50), you may recoup the overpayment on an Indian allotted lease as a credit against the current month's net revenues due **only** on the lease on which you made the overpayment. Follow these procedures each report month until the overpayment is recouped in full.

First, set up your recoupable balance by using transaction code 50. Then, use transaction code 51 to recoup your overpayment. For Indian allotted leases, this line may not exceed **50 percent** of current revenue due for the lease. We define "current revenue" as:

- Royalty owed for the current report month, **as well as**
- All other lease revenue reported in the same month, such as annual rent and positive adjustments to previously reported sales months, **less**
- Recoupment (transaction code 25) of the current lease year's advance rental payment.

Federal oil and gas leases. For Federal sales periods **after** August 1996, you can recoup net negative adjustments provided the adjustment is reported within six years from the obligation due date.

EXAMPLE

Recoupment on Indian leases (transaction codes 50 and 51). This example shows how to establish a recoupable balance and take the recoupment against the current month's royalties.

Assumptions:

- You reported and paid royalties of $1,000.00 on Indian allotted lease number 518-000995-0 for September 2019.
- When examining your records, you realized that the correct royalties were $100.00. The net result is a $900.00 overpayment on the lease.
- The current royalties you must report and pay for November 2019 sales for this lease are $150.00.
- The **first fact sheet** shows the proper reporting procedures to use to establish the recoupable balance and take the recoupment against the current month's royalties.
- Calculate your recoupment by adding lines 1 – 4 and multiplying the sum by 50 percent.

  (-$1000.00 + $100.00 + $900.00 + $150.00 = $150.00 × 50% = $75.00)
- You established a $900.00 recoupable balance and recouped $75.00 against the November 2019 royalties. Your recoupable balance is now $825.00.
- The **second fact sheet** shows how you should report the current month's rent and royalty and the procedure for recouping the remaining $825.00 from future reporting periods.
- Calculate your recoupment by adding lines 1 – 3 and multiplying the sum by 50 percent.

  ($100.00 + $160.00 + $900.00 = $1160 × 50% = $ 580.00)
- You now have a remaining recoupable balance of $245.00 ($825.00 - $580.00 = $245.00). Continue recouping this balance against future net revenues reported until the entire recoupable balance is depleted.

The information reported on Form ONRR-2014 is shown on the following fact sheets.

Form ONRR-2014 Fact Sheet

Detail Line

Line Number	1	2	3	4	5
API Well Number					
ONRR Lease Number	5180009950	5180009950	5180009950	5180009950	5180009950
ONRR Agreement Number					
Product Code	01	01		01	
Sales Type Code	ARMS	ARMS		ARMS	
Sales MO/YR	092019	092019	092019	112019	112019
Transaction Code	01	01	50	01	51
Adjustment Reason Code	10	10			
Sales Volume	-266.75	26.75	0	40.00	0
Gas MMBtu					
Sales Value	-8000.00	800.00	0	1200.00	0
Royalty Value Prior to Allowances	-1000.00	100.00	900.00	150.00	-75.00
Transportation Allowance Deduction					
Processing Allowance Deduction					
Royalty Value Less Allowances	-1000.00	100.00	900.00	150.00	-75.00
Payment Method Code	05	05	05	05	05

Payment Information

Checks to ONRR for BIA (PM5)	75.00
Total All Payments	75.00
Less Available Credits:	
Doc. ID	
Net Payment	75.00

Form ONRR-2014 Fact Sheet

Detail Line

Line Number	1	2	3	4
API Well Number				
ONRR Lease Number	5180009950	5180009950	5180009950	5180009950
ONRR Agreement Number				
Product Code		01	04	
Sales Type Code		ARMS	ARMS	
Sales MO/YR	122019	122019	122019	122019
Transaction Code	05	01	01	51
Adjustment Reason Code				
Sales Volume		42.67	2400.00	
Gas MMBtu			2640.00	
Sales Value		1280.00	7200.00	
Royalty Value Prior to Allowances	100.00	160.00	900.00	-580.00
Transportation Allowance Deduction				
Processing Allowance Deduction				
Royalty Value Less Allowances	100.00	160.00	900.00	-580.00
Payment Method Code	05	05	05	05

Payment Information

Checks to ONRR for BIA (PM5)	580.00
Total All Payments	580.00
Less Available Credits:	
Doc. ID	
Net Payment	580.00

6.2.2 Requesting a Refund on Federal Oil and Gas Leases

A refund occurs whenever ONRR directs the U.S. Treasury to issue funds to a payor for an overpayment in accordance with the Debt Collection Improvement Act of 1996.

The following guidelines apply if you overpaid a Federal lease and cannot recoup the overpayment.

You must request a refund within six years of the due date of the lease obligation. If you request a refund after this period, the reason must be based on the audit extension reason stipulated by the Royalty Simplification and Fairness Act of 1996 (RSFA).

Notify us by telephone, fax, or in writing of your refund request. (For contact information, see Appendix A.)

Include the following:

- A brief explanation of how the overpayment occurred.
- A request for a specific amount.
- Your taxpayer identification number (TIN) or Social Security Number (SSN) if you are an individual. ONRR must include this number on all check or wire payments made by the U.S. Treasury.
- A properly completed Form ONRR-2014 that reverses the originally reported overpayment and then reports the correct data. The net difference represents the amount of your refund request.

If you did not report the overpayment on Form ONRR-2014, provide a copy of the check or wire transfer information to help us identify your overpayment.

The Debt Collection Improvement Act of 1996 also requires recipients of Federal payments to receive all payments electronically unless the recipient certifies that they do not have an account at a financial institution. In order to process your refund electronically, we need:

- Payor name
- Your bank name, city, and State; Your 9-digit American Banking Association (ABA) number;
- Your bank account number and account type (c-checking or s-savings); and

- Your TIN.

If you do not have an account at a financial institution that can receive electronic payments, state this in your written refund request.

We will notify you in writing when your request is approved or denied.

6.2.3 *Recovering Overpayments on Indian Leases*

Indian leases. ONRR cannot refund payments that are distributed to an Indian allottee or tribe.

Tribal. If the lease still produces and you are the current payor, you can recoup the overpayment by following the recoupment guidelines on page 6-8. If you are not the current payor, you can ask the current royalty payor to recoup the overpayment on your behalf. Contact us for specific instructions to recover your overpayment this way. (For contact information, see Appendix A.) If the current payor refuses, you can request a refund directly from the tribe. If the lease expired or terminated, you can request a refund from the tribe.

Allotted. If the lease still produces and you are the current payor, you can recoup the overpayment by following the recoupment guidelines on page 6-8. If you are not the current payor, you can ask the current royalty payor to recoup the overpayment on your behalf. Contact us for specific instructions to recover your overpayment this way. (For contact information, see Appendix A.) If the current payor refuses to recoup the overpayment, you will not be refunded the overpayment. If the lease expired or terminated, you cannot recover the overpayment.

Chapter 7
Reporting Geothermal Royalty and Other Geothermal Lease Payments

7.1 Introduction

ONRR published new regulations on April 30, 2007, to implement the provisions of the Energy Policy Act of 2005 (EPAct) governing the payment of royalty on geothermal resources produced from Federal leases and the payment of direct use fees in lieu of royalties. The EPAct provisions amend the Geothermal Steam Act of 1970 (GSA). The new regulations amend the current ONRR geothermal royalty valuation regulations and simplify the royalty and direct use fee calculations for geothermal resources for leases issued under the EPAct and leases whose terms are modified under the EPAct. This chapter is a revision of the original chapter and includes changes made necessary by passage of the act.

7.2 How to Use This Chapter

This chapter is divided into three sections which correspond to the three classes of geothermal leases designated in the new ONRR regulations at 30 CFR 1206.351.

Class I Leases

Explains how to report lease financial obligations for Class I leases.
Class I lease means: (1) A lease that BLM issued before August 8, 2005, for which the lessee has not converted the royalty rate terms under 43 CFR 3212.25; or (2) A lease that BLM issued in response to an application that was pending on August 8, 2005, for which the lessee has not made an election under 43 CFR 3200.8(b).

Class II Leases

Explains how to report lease financial obligations for Class II leases.
Class II lease means: A lease that BLM issued after August 8, 2005, but also includes leases issued in response to an application that was pending on August 8, 2005, and for which the lessee does not make an election under 43 CFR 3200.8(b).

Class III Leases

The ONRR regulations at 30 CFR 1206.351 define *Class III lease* as: A lease that BLM issued before August 8, 2005 for which the lessee has converted to the royalty rate or direct use fee terms under 43 CFR 3212.25.

7.3 Class I Leases

7.3.1 *Geothermal Lease Financial Obligations Reported on Form ONRR-2014 (Report of Sales and Royalty Remittance)*

Geothermal lease payments reported on Form ONRR-2014 include:

- **Rents** for leases that are not producing and do not have a well capable of producing geothermal resources in commercial quantities (as determined by BLM); or for geothermal facility site licenses;
- **Minimum royalties** for producing leases that do not meet their minimum royalty obligation from actual production royalties, or for nonproducing leases that have a well capable of producing geothermal resources in commercial quantities (as determined by BLM);
- **Production royalties** for producing leases;
- **Near term production incentives;**
- **Credits for in-kind deliveries of electricity to states and/or counties; and**
- **Compensatory royalties** for geothermal resources that are avoidably lost, wasted, or drained (as determined by BLM). *See Transaction Code 10, Compensatory Royalty Payment on page 4-11*.

7.3.2 *Important Terms to Know*

You should be familiar with terms specific to the valuation and reporting of geothermal resources. Several of these terms are defined in the regulations and the *Geothermal Payor Handbook — Class 1 Leases*. These terms are used in the reporting examples that follow:

- Alternative fuel method
- Delivered electricity
- Direct use resources
- Displaced thermal energy
- Electrical generation resources
- Geothermal byproducts

- Geothermal resources
- Gross proceeds less deductions procedure

"You" refers to the geothermal lessee, operator, reporter, or royalty payor. Although a royalty payor may not be the lessee for a particular lease, a royalty payor has the same reporting and valuation obligations as the lessee. (See definition of *lessee* at 30 CFR 1206.351.) However, the lessee of record is ultimately responsible for properly reporting and paying royalties and other geothermal lease payments.

7.3.3

Rents

Use transaction code 04 to report rents on nonproducing geothermal leases and site licenses.

If ONRR does not receive your second and subsequent year's rental payment in full by the lease anniversary date, ONRR will notify you that the rent payment is overdue. You have 45 days after the anniversary date to pay the rent plus a 10 percent late fee. If ONRR does not receive your rental plus the late fee by the end of the 45-day period, BLM will terminate your leases. If you receive notification from ONRR more than 15 days after the lease anniversary date, BLM will reinstate a lease that was terminated if ONRR receives the rent plus a 10 percent late fee within 30 days after you receive the notification (see 43 CFR 3213.14).

To report the 10 percent late payment fee, write a letter to ONRR listing the lease number and reason for the late payment fee, enclose the payment, and send it to ONRR at:

Office of Natural Resources Revenue
PO Box 25627
Denver CO 80225-0627

If you have questions, call 1-800-525-0309.

See Transaction Code 04, Rental Payment on page 4-29 for additional information on reporting rents.

Nonproducing leases are those leases that:

- Have never produced;
- Do not have a well capable of producing geothermal resources in commercial quantities (as determined by BLM);
- Are not included in a producing (or formerly producing) cooperative or unit agreement; or
- Were segregated when a unit formed.

You are required to pay lease rent until your lease achieves production or you complete a well capable of producing geothermal resources in commercial quantities. Rental rates are given in your lease document. You may have additional rent in lieu of performing diligent exploration during the 6th through 10th years of the lease's primary term or in lieu of commercial production during lease extensions. See 43 CFR subparts 3208, 3210, and 3211 for more information on lease rents.

Site licenses are issued by BLM for the siting of geothermal utilization facilities on geothermal leases. Rent is due on a site license only if the facility operator is different from the lessee or unit operator. Rental rates are given in the site license approval. See 43 CFR subpart 3273 for more information on site licenses.

EXAMPLE

Rent on nonproducing leases. This example shows how to report geothermal rents on Form ONRR-2014.

Assumptions:

- The ONRR-converted lease number is 006-098765-0.
- The anniversary date of the lease is October 1, 2019.
- This lease is in its second year and is non-producing.
- The lease acreage is 2,560 acres, and the lease rent is $2.00 per acre.
- You pay by Electronic Fund Transfer (EFT) to ONRR. Submit the Form ONRR-2014 and the rental payment by the lease's anniversary date. Report the payment due month in the Sales Month/Year field.

The information reported on the Form ONRR-2014 is shown on the fact sheet below.

Form ONRR-2014 Fact Sheet

Detail Line

Line Number	**1**
API Well Number	
ONRR Lease Number	0060987650
ONRR Agreement Number	
Product Code	
Sales Type Code	
Sales MO/YR	102019
Transaction Code	04
Adjustment Reason Code	
Sales Volume	
Gas MMBtu	
Sales Value	
Royalty Value Prior to Allowances	5120.00
Transportation Allowance Deduction	5120.00
Processing Allowance Deduction	
Royalty Value Less Allowances	5120.00
Payment Method Code	03

Payment Information

EFT Payments	5120.00
Total All Payments	5120.00

Less Available Credits: Doc. ID

Net Payment	5120.00

Rent on site licenses. Follow the same procedure to report rent on site licenses as you do for nonproducing leases. Report the site license number in the ONRR Lease Number field.

7.3.4

Minimum Royalty

Use transaction code 02 to report minimum royalties on leases that:

- Produce commercially but do not satisfy their minimum royalty requirement through payment of production royalties, or
- Do not produce but have a well capable of producing geothermal resources in commercial quantities (as determined by BLM).

Your minimum royalty payment is due on or before the end of the lease year. For example, if the lease year runs from December 1 through November 30, your minimum royalty payment is due no later than November 30.

Minimum royalties for geothermal leases are $2.00 per acre per year. For leases in commercial production that do not meet their minimum royalty requirement through production royalties, the minimum royalty due is the difference between the minimum royalty amount and the actual royalties paid.

EXAMPLE

Minimum royalty due: This example shows how to report minimum royalties on Form ONRR-2014.

Assumptions:

- The ONRR-converted lease number is 027-023456-0.
- The lease year is May 1, 2018, through April 30, 2019.
- The lease produced for part of the year.
- The lease acreage is 2,240 acres; minimum royalty is $2.00/acre. Accordingly, your minimum royalty obligation is $4,480.
- The production royalty payments, both actual and estimated, for the lease year total is $3,750. Therefore, you owe additional royalty of $730.
- This example is focusing on paying minimum royalty. You must also pay your production royalty. (Calculation of production royalty not shown here.)
- You pay by EFT to ONRR.

Information reported on Form ONRR-2014 is shown on the following fact sheet.

Form ONRR-2014 Fact Sheet

Detail Line

Line Number	**1**
API Well Number	
ONRR Lease Number	0270234560
ONRR Agreement Number	
Product Code	
Sales Type Code	
Sales MO/YR	042019
Transaction Code	02
Adjustment Reason Code	
Sales Volume	
Gas MMBtu	
Sales Value	
Royalty Value Prior to Allowances	730.00
Transportation Allowance Deduction	
Processing Allowance Deduction	
Royalty Value Less Allowances	730.00
Payment Method Code	03

Payment Information

EFT Payments	730.00
Total All Payments	730.00

Less Available Credits: Doc. ID

Net Payment	730.00

7.3.5

Production Royalty

You must pay royalties on all geothermal resources, including geothermal byproducts and commercially demineralized water that are either:

- Produced from the lease and are sold or utilized, or
- Reasonably predisposed to sale or utilization.

See 30 CFR 1202.351 and Chapters 2, 3, 4, and 5 of the *Geothermal Payor Handbook — Class 1 Leases* for additional information on geothermal resources requiring royalty and exceptions.

Royalties on geothermal production are due by the end of the month following the month of production. Do not submit a Form ONRR-2014 for those months you do not produce.

You must pay all geothermal royalties in value.

For all Class I leases:

Report your gross proceeds from the sale of electricity or geothermal resources in the Sales Value field of Form ONRR-2014.

Report your generation deductions (if applicable) in the Processing Allowance field of Form ONRR-2014.

Report your transmission deductions (if applicable) in the Transportation Allowance field of Form ONRR-2014.

The following Form ONRR-2014 fields do not apply to geothermal royalty reporting; therefore, these fields should be left blank:

- API Well Number
- Gas MMBtu

Product Codes

Geothermal product codes are divided into two groups—fluid geothermal resources and geothermal byproducts. Fluid geothermal resources are further subdivided based on their usage (electrical generation or direct use) and unit of measure. You can use geothermal product codes singularly or in combination, depending on the production's disposition. For example, you might use your production to generate electricity, recover and sell a byproduct, and sell the power plant condenser fluids to a direct-use facility. This situation would require you to report three product codes; specific product codes would depend on the production's usage (electrical generation or direct use), the unit of measure used in its valuation (kWh, MMBtu, hundreds of gallons, etc.), and the byproduct type (sulfur, silica, etc.). You should report different product codes on separate Form ONRR-2014 lines**.**

Fluid geothermal resources: For reporting purposes, fluid geothermal resources (or fluid geothermal production) include steam, hot water, hot brines, and related heat and other associated energy. Product codes for fluid geothermal resources relate first to the production's usage — electrical generation or direct use — and then to its unit of measure. The unit of measure may be in terms of mass, such as pounds; volume, such as gallons; electricity, such as kilowatt hours (kWh); thermal energy, such as British thermal units (Btu); or other measurement units approved by ONRR. The unit of measure is usually either specified in your sales contract or dictated by the method used to value the production. Measurement standards for reporting and paying royalties on geothermal fluids are given in 30 CFR 1202.353, with examples given in Chapters 2, 3, 4, and 5 of the *Geothermal Payor Handbook — Class 1 Leases.* For example, if valuation is in terms of electrical energy, you must report your production in terms of kilowatt hours to the nearest whole kWh. If valuation is in terms of thermal energy, you must report your production in terms of millions of Btu (MMBtu) to the nearest whole million Btu.

Use the following product codes to report geothermal fluids used to generate electricity (electrical generation resources).

Product Code	Description
31	Electrical generation, kWh
32	Electrical generation, thousands of pounds (generally applicable only to dry steam resources)
33	Electrical generation, MMBtu
34	Electrical generation, other measurement unit approved by ONRR

Use the following product codes to report geothermal fluids used in direct-use processes (direct use resources):

Product Code	Description
35	Direct use, MMBtu
36	Direct use, hundreds of gallons
37	Direct use, other measurement unit approved by ONRR

In some cases, the method of valuing the resource dictates the reported unit of measure. See Chapters 2, 3, 4, and 5 of the *Geothermal Payor Handbook — Class 1 Leases* for additional valuation instructions.

Geothermal byproducts: Geothermal byproducts are any mineral or minerals — other than oil, hydrocarbon gas, and helium — that are commercially recovered from produced geothermal fluids. (See 30 CFR 1206.351 for complete definition of geothermal byproducts.) Use the following product codes to report geothermal byproducts; note the associated units of measure.

Product Code	Description
38	Commercially demineralized water, reported in hundreds of gallons
41	Sulfur, reported in long tons (replaces product code 19 for geothermal sulfur)
42	Carbon dioxide, reported in thousands of cubic feet (Mcf)
43	Silica, reported in pounds
44	Other geothermal byproduct not listed above; contact ONRR for unit of measure

Sales Type Codes

Use the following sales type codes to report royalties on geothermal production.

Sales Type Code	Description
ARMS	Geothermal resources (i.e., steam or brine) or byproducts sold under an arm's-length sales contract. Also report ARMS when the geothermal resources are used to generate electricity in your or your affiliate's power plant and that generated electricity is sold under an arm's-length sales contract.
NARM	Geothermal resources or byproducts not sold under an arm's-length contract. Also report NARM when the geothermal resources are used to generate electricity and that generated electricity is used by you or your affiliate's utility.

You can use sales type codes singularly or in combination, depending on the resource's disposition. Report different sales type codes on separate lines.

Transaction Codes

Use the following transaction codes to report geothermal royalties on the value of production or on proceeds associated with production.

Transaction Code	Description
01	Royalty on value of production
10	Compensatory royalty on value of drained, avoidably lost, or wasted production
11	Byproduct transportation allowances
14	Royalty on severance tax and other production tax reimbursements
25	Geothermal netback true-up
53	Royalty on payments or reimbursements for effluent and other fluid injection
54	Royalty on payments or reimbursements for geothermal field operations, other than effluent and other fluid injection

You can use these transaction codes singularly or in combination, depending on the resource's disposition and, or selling arrangements. Report different transaction codes on separate lines.

Royalty Examples

The following examples cover reporting royalties under many combinations of uses, sales types, product codes, and transaction codes applicable to geothermal production. Although the examples may not specifically fit your particular reporting situation, the elements presented here should guide you in completing your Form ONRR-2014. You can find more examples in Chapters 2, 3, 4, and 5 of the G*eothermal Payor Handbook — Class 1 Leases*. For transaction codes not covered by these examples, such as compensatory royalty (Transaction code 10), see Chapter 4.

For answers to questions not covered in this handbook or the *Geothermal Payor Handbook — Class I Leases*, contact us at the address or telephone numbers listed in Appendix A.

EXAMPLE

Arm's-length sales. This example shows how to report geothermal royalties on Form ONRR-2014 when you sell the resource under an arm's-length sales contract.

Assumptions:

- The ONRR-converted lease number is 171-035041-0.
- The royalty rate is 12 1/2 percent.
- The production/sales month is October 2019.
- You sell steam to a nonaffiliated owner of a geothermal power plant. The sales contract establishes a price of $0.015 per thousands of lbs of steam, plus $0.0003 per thousands of lbs of steam for effluent injection. The purchaser also pays $10,000 per month for production operations and field maintenance.
- The pay statement for the month shows 26,140,500 thousand lbs of steam, with payments of $392,107.50 for the steam, $7,842.15 for effluent injection, and $10,000.00 for production operations and field maintenance.
- You pay by EFT to ONRR.

The information reported on Form ONRR-2014 is shown on the following fact sheet.

Form ONRR-2014 Fact Sheet

Detail Line

Line Number	1	2	3
API Well Number			
ONRR Lease Number	1710350410	1710350410	1710350410
ONRR Agreement Number			
Product Code	32	32	32
Sales Type Code	ARMS	ARMS	ARMS
Sales MO/YR	102019	102019	102019
Transaction Code	01	53	54
Adjustment Reason Code			
Sales Volume	26140500	26140500	26140500
Gas MMBtu			
Sales Value	392107.50	7842.15	10000.00
Royalty Value Prior to Allowances	49013.44	980.27	1250.00
Transportation Allowance Deduction			
Processing Allowance Deduction			
Royalty Value Less Allowances	49013.44	980.27	1250.00
Payment Method Code	03	03	03

Payment Information

EFT Payments	51243.71
Total All Payments	51243.71

Less Available Credits:	Doc. ID
Net Payment	51243.71

EXAMPLE

Not arm's-length sales, direct use. This example shows how to report geothermal royalties on Form ONRR-2014 when you value the resource by the alternative fuel method.

Assumptions:

- The ONRR-converted lease number is 030-044368-0.
- The royalty rate is 10 percent.
- The production/sales month is December 2019.
- You use the geothermal production as process heat in a vegetable dehydration plant and value the production by the alternative fuel method.
- During the month you displaced 23,875 MMBtu of thermal energy. The displaced thermal energy value is $99,081.25.
- The alternative fuel value in this example is natural gas. ($4.15 per MMBtu)
- You pay by EFT to ONRR.

The information reported on Form ONRR-2014 is shown on the following fact sheet.

Form ONRR-2014 Fact Sheet

Detail Line

Line Number	**1**
API Well Number	
ONRR Lease Number	0300443680
ONRR Agreement Number	
Product Code	35
Sales Type Code	NARM
Sales MO/YR	122019
Transaction Code	01
Adjustment Reason Code	
Sales Volume	23875
Gas MMBtu	
Sales Value	99081.25
Royalty Value Prior to Allowances	9908.13
Transportation Allowance Deduction	
Processing Allowance Deduction	
Royalty Value Less Allowances	9908.13
Payment Method Code	03

Payment Information

EFT Payments	9908.13
Total All Payments	9908.13

Less Available Credits: Doc. ID

Net Payment	9908.13

EXAMPLE

Where you use your own resource in your own power plant. This example shows how to report geothermal royalties on Form ONRR-2014 when you value the resource by the gross proceeds less deductions procedure and you also have byproduct sales.

Assumptions:

- The ONRR-converted lease number is 027-025280-0.
- The BLM-assigned lease royalty rate is 12 ½ percent for geothermal fluids and 5 percent for byproducts.
- The lease is in a unit and has an allocation factor of 43 percent.
- The production/sales month is October 2019.
- You use the geothermal production in your own power plant and sell the generated electricity to a local utility. You use the gross proceeds less deductions procedure to value the production. You also recover sulfur and sell it under an arm's-length sales contract.
- During the month you delivered 32,845,600 kWh of electricity and received gross proceeds of $1,642,280.00. You received $12,500 for the sale of 500 long tons of sulfur. You incurred trucking charges of $1,750.00 to transport the sulfur from the power plant to the point of sale.

Delivered electricity	14,123,608 kWh = (32,845,600 kWh × 0.43)
Sales Value	$ 706,180.40 = ($1,642,280.00 × 0.43)
Generation Deduction (Processing Allowance)	$37,500 = ($300,100 x 0.125)
Transmission Deduction (Transportation Allowance)	$8,401.7 = (67,213.8 x 0.125)
Sulfur sales	215 tons = (500 tons × 0.43)
Sulfur value	$5,375.00 = ($12,500.00 × 0.43)
Trucking charges	$752.50 = ($1,750.00 × 0.43)

- You pay by EFT to ONRR.

The information reported on Form ONRR-2014 is shown on the following fact sheet.

Form ONRR-2014 Fact Sheet

Detail Line

Line Number	1	2
API Well Number		
ONRR Lease Number	0270252800	0270252800
ONRR Agreement Number		
Product Code	31	41
Sales Type Code	NARM	ARMS
Sales MO/YR	102019	102019
Transaction Code	01	01
Adjustment Reason Code		
Sales Volume	14123608	215
Gas MMBtu		
Sales Value	706180.49	5375.00
Royalty Value Prior to Allowances	88272.55	268.75
Transportation Allowance Deduction	8401.7	37.63
Processing Allowance Deduction	37500	
Royalty Value Less Allowances	42370.82	231.12
Payment Method Code	03	03

Payment Information

EFT Payments	42601.94
Total All Payments	42601.94

Less Available Credits: Doc. ID

Net Payment	42601.94

EXAMPLE

Where you use your own resource in your own power plant with effluent sold arm's length to a direct-use facility. This example shows how to report geothermal royalties on Form ONRR-2014.

Assumptions:

- The ONRR-converted lease number is 027-020825-0.
- The royalty rate is 10 percent.
- The lease is in a unit and has an allocation factor of 21 percent.
- The production/sales month is October 2019.
- You use the geothermal production in your own power plant and sell the generated electricity to a local utility. You use the gross proceeds less deductions procedure to value production.
- You sell the hot effluent from the power plant to an adjoining greenhouse under an arm's-length agreement. The greenhouse operator pays $0.60 per hundred gallons, plus $0.02 per hundred gallons to re-inject the spent geothermal fluids.
- During the month you delivered 32,845,600 kWh of electricity and received $1,642,280.00.
- You also delivered 50,000 gallons of power plant effluent to the greenhouse operator and received $30,000 for the fluid delivery and $1,000 for re-injection.
- Lease allocations:

  Delivered electricity 6,897,576 kWh = (32,845,600 kWh x 0.21)

  Sales value $344,878.8 = ($1,642,280 x 0.21)

  Generation Deduction (Processing Allowance) = $809,523.81 x 0.21 x 0.10 = $17,000

  Transmission Deduction (Transportation Allowance) = (44,461.90 x 0.21 x 0.10) = $933.70

  Effluent delivery 10,500 gallons = (50,000 gallons x 0.21)

  Effluent value $6,300.00 = ($30,000.00 x 0.21)

  Re-injection payment $210.00 = ($1,000.00 x 0.21)

- You pay by EFT to ONRR.

The information reported on Form ONRR-2014 is shown on the following fact sheet.

Form ONRR-2014 Fact Sheet

Detail Line

Line Number	1	2	3
API Well Number			
ONRR Lease Number	0270208250	0270208250	0270208250
ONRR Agreement Number			
Product Code	31	36	36
Sales Type Code	NARM	ARMS	ARMS
Sales MO/YR	102019	102019	102019
Transaction Code	01	01	53
Adjustment Reason Code			
Sales Volume	6897576	10500	10500
Gas MMBtu			
Sales Value	344878.8	6300.00	210.00
Royalty Value Prior to Allowances	34487.88	630.00	21.00
Transmission Deduction (Transportation Allowance)	933.7		
Generation Deduction (Processing Allowance)	17000		
Royalty Value Less Allowances	16554.18	630.00	21.00
Payment Method Code	03	03	03

Payment Information

EFT Payments	17205.18
Total All Payments	17205.18

Less Available Credits:	Doc. ID
Net Payment	17205.18

7.3.5.1

Near Term Production Incentives

Use transaction code 01 to report new or qualified expansion production.

NOTE

If you qualify for a production incentive under BLM regulations at 43 CFR 3212, your royalty due on the production BLM determines to be qualified for a production incentive under 43 CFR subparts 3212.21 and 3212.22 is 50 percent of the amount of the total royalty that would otherwise be due under 30 CFR part 1206, subpart H.

EXAMPLE

Arm's-length sales for qualified expansion projects. This example shows how to report geothermal royalties on Form ONRR-2014 when you sell the resource under an arm's-length contract.

Assumptions:

- The ONRR-converted lease number is 171-035041-0.
- The royalty rate is 12 ½ percent with a reduction to 6 ¼ percent for four years for new production.
- The production/sales month is October 2019.
- You sell steam arm's length to a nonaffiliated owner of a geothermal power plant. The sales contract establishes a price of $0.015 per thousand lbs of steam, plus $0.0003 per thousand lbs of steam for effluent injection. The purchaser also pays $10,000 per month for production operations and field maintenance.
- The pay statement for the month shows 26,140,500 thousand lbs of steam, with payments of $392,107.50 for the steam of which $78,421.50 is allocated to new production, $7,842.15 for effluent injection of which $1,568.43 is allocated to new production, and $10,000.00 for production operations and field maintenance of which $2,000.00 is allocated to new production.
- You pay by EFT to ONRR.

The information reported on Form ONRR-2014 is shown on the following fact sheet.

Form ONRR-2014 Fact Sheet

Detail Line

Line Number	1	2	3	4	5	6
API Well Number						
ONRR Lease Number	1710350410	1710350410	1710350410	1710350410	1710350410	1710350410
ONRR Agreement Number						
Product Code	32	32	32	32	32	32
Sales Type Code	ARMS	ARMS	ARMS	ARMS	ARMS	ARMS
Sales MO/YR	102019	102019	102019	102019	102019	102019
Transaction Code	01	01	53	53	54	54
Adjustment Reason Code						
Sales Volume	20912400	5228100	20912400	5228100	20912400	5228100
Gas MMBtu						
Sales Value	313686	78421.50	6272.73	1568.42	8000	2000
Royalty Value Prior to Allowances	39210.75	4901.34	784.09	98.03	1000	125
Transportation Allowance Deduction						
Processing Allowance Deduction						
Royalty Value Less Allowances	39210.75	4901.34	784.09	98.03	1000	125
Payment Method Code	03	03	03	03	03	03

Payment Information

EFT Payments	46119.21
Total All Payments	46119.21
Less Available Credits: Doc. ID	
Net Payment	46119.21

EXAMPLE

Where you use your own resource in your own power plant as a BLM approved new facility. This example shows how to report geothermal royalties on Form ONRR-2014.

Assumptions:

- The ONRR-converted lease number is 027-025280-0.
- The lease qualifies as a new facility with a 5 percent (reduced from 10 percent) royalty rate for four years.
- Because this qualifies as a new facility, all production has a reduced royalty rate for four years.
- The production/sales month is October 2019.
- You use the geothermal production in your own power plant and sell the generated electricity to a local utility.
- During the month, you delivered 32,845,600 kWh of electricity and received $1,642,280.00.
- You pay by EFT to ONRR.

The information reported on Form ONRR-2014 is shown on the following fact sheet.

Form ONRR-2014 Fact Sheet

Detail Line

Line Number	**1**
API Well Number	
ONRR Lease Number	0270252800
ONRR Agreement Number	
Product Code	31
Sales Type Code	NARM
Sales MO/YR	102019
Transaction Code	01
Adjustment Reason Code	
Sales Volume	32845600
Gas MMBtu	
Sales Value	1642280.00
Royalty Value Prior to Allowances	82114.00
Transmission Deduction (Transportation Allowance)	2000.00
Generation Deduction (Processing Allowance)	30000.00
Royalty Value Less Allowances	50114.00
Payment Method Code	03

Payment Information

EFT Payments	50114.00
Total All Payments	50114.00

Less Available Credits: Doc. ID

Net Payment	50114.00

Upon approval from the Bureau of Land Management (BLM), ONRR will provide written instructions to a royalty payor for taking credit for in-kind deliveries of electricity to states or counties.

7.4 Class II Leases

This section explains how to report lease financial obligations for Class II leases. "Class II lease" refers to a lease that BLM issued after August 8, 2005, but also includes leases issued in response to an application that was pending on August 8, 2005, and for which the lessee does not make an election under 43 C.F.R. 3200.8(b).

7.4.1 *Geothermal Lease Term Financial Obligations Reported on Form ONRR-2014 (Report of Sales and Royalty Remittance)*

Geothermal lease payments reported on Form ONRR-2014 include:

- **Rents** – all Class II geothermal leases require rentals regardless of producing status.
- **Production royalties** – for producing leases.
- **Credits for in-kind electricity delivery to states and/or counties –** may be taken against production royalties.
- **Direct use fee schedule.**
- **Advanced royalties –** for cessation of production.
- **Compensatory royalties –** for geothermal resources that are avoidably lost, wasted, or drained (as determined by BLM). (See *Transaction code 10, Compensatory Royalty Payment on page 4-11.*

7.4.2 *Important Terms to Know*

You should be familiar with terms specific to the valuation and reporting of geothermal resources. Several of these terms are defined in the regulations and the *Geothermal Payor Handbook — Class 2 & 3 Leases*. These terms are used in the reporting examples that follow:

- Delivered electricity
- Direct-use resources
- Electrical generation resources
- Geothermal byproducts
- Geothermal resources

7.4.3

Rents

Rental rates and rental due dates are given in your lease document. Use transaction code 05 to report recoupable rents on all geothermal leases.

See 43 CFR Subpart 3211.11 – 16 for more information on rents.

If ONRR does not receive your second and subsequent year's rental payment in full by the lease anniversary date, ONRR will notify you that the rent payment is overdue. You have 45 days after the anniversary date to pay the rent plus a 10 percent late fee. If ONRR does not receive your rental plus the late fee by the end of the 45-day period, BLM will terminate your leases. If you receive notification from ONRR more than 15 days after the lease anniversary date, BLM will reinstate a lease that was terminated if ONRR receives the rent plus a 10 percent late fee within 30 days after you receive the notification (see 43 CFR 3213.14).

To report the 10 percent late payment fee, write a letter to ONRR listing the lease number and reason for the late payment fee, enclose the payment, and send to ONRR at:

Office of Natural Resources Revenue
PO Box 25627
Denver CO 80225-0627

If you have questions, call 1-800-525-0309.

EXAMPLE

Rent. This example shows how to report geothermal rents on Form ONRR-2014.

Assumptions:

- The ONRR-converted lease number is 006-098765-0.
- The anniversary date of the lease is October 1, 2019.
- This lease is a competitive lease in its second year.
- The lease acreage is 2,560 acres, and the lease rent is $3.00 per acre.
- You pay by EFT to ONRR.

Submit Form ONRR-2014 and the rental payment by the lease's anniversary date. Report the month in which the payment is due in the Sales Month/Year field.

The information reported on Form ONRR-2014 is shown on the following fact sheet.

Form ONRR-2014 Fact Sheet

Detail Line

Line Number	**1**
API Well Number	
ONRR Lease Number	0060987650
ONRR Agreement Number	
Product Code	
Sales Type Code	
Sales MO/YR	102019
Transaction Code	05
Adjustment Reason Code	
Sales Volume	
Gas MMBtu	
Sales Value	
Royalty Value Prior to Allowances	7680.00
Transportation Allowance Deduction	
Processing Allowance Deduction	
Royalty Value Less Allowances	7680.00
Payment Method Code	03

Payment Information

EFT Payments	7680.00
Total All Payments	7680.00

Less Available Credits: Doc. ID

Net Payment	7680.00

7.4.3.1

Credit for In-Kind Deliveries of Electricity to States or Counties

Upon approval from the Bureau of Land Management (BLM), ONRR will provide written instructions to a royalty payor for taking credit for in-kind deliveries of electricity to states or counties.

7.4.3.2

Rental Credits

The regulations at 30 CFR 1218.303 allow you to credit annual rental against royalty due for the same year.

EXAMPLE

Rental Credits. This example shows how to report rental credits on Form ONRR-2014.

Assumptions:

- The ONRR-converted lease number is 006-098765-0.
- The royalty rate is 12 ½ percent.
- The anniversary date of the lease is October 1, 2019.
- The lease acreage is 2,500 acres; rent is $3.00/acre. Accordingly, your total rental payment on October 1, 2019 was $7,500.00.
- You sell steam to a nonaffiliated owner of a geothermal power plant. The sales contract establishes a price of $0.015 per thousand lbs of steam.
- The pay statement for the month shows 346,667 (thousand lbs of steam), with payments of $5,200.00 for the steam.
- You pay by EFT to ONRR.

The information reported on Form ONRR-2014 is shown on the following fact sheet.

Form ONRR-2014 Fact Sheet

Detail Line

Line Number	1	2
API Well Number		
ONRR Lease Number	0060987650	0060987650
ONRR Agreement Number		
Product Code		32
Sales Type Code		ARMS
Sales MO/YR	102019	102019
Transaction Code	05	01
Adjustment Reason Code		
Sales Volume		346667
Gas MMBtu		
Sales Value		5200.00
Royalty Value Prior to Allowances	-650.00	650.00
Transportation Allowance Deduction		
Processing Allowance Deduction		
Royalty Value Less Allowances	-650.00	650.00
Payment Method Code	03	03

Payment Information

EFT Payments	0.00
Total All Payments	0.00

Less Available Credits:	Doc. ID
Net Payment	0.00

Note: Credit for any month cannot exceed the royalty owed.

7.4.3.3

Site Licenses

Site licenses are issued by BLM for the siting of geothermal utilization facilities on geothermal leases. Rental rates are given in the site license approval. Rent is due on a site license only if the facility operator is different from the lessee or unit operator.

See 43 CFR Subpart 3273 for more information on site licenses.

We must receive your site license rent payment on or before the anniversary date of the lease or site license. Example: For a lease or site license effective June 1, 1994, your rental payment must reach us no later than June 1 of each succeeding year.

See Transaction Code 04, Rental Payment on page 4-29, for information pertaining to site licenses.

Production royalties

You must pay royalties on all geothermal resources, including geothermal byproducts that are:

- Produced from the lease and are sold or used by lessee, or
- Reasonably susceptible to sale or use by the lessee, or
- All proceeds derived from the sale of electricity produced using geothermal resources produced from a lease.

ONRR will allow free of royalty or direct use fees geothermal resources that are:

- Unavoidably lost or reinjected before use on or off the lease, as determined by BLM;
- Reasonably necessary for the lessee to generate plant parasitic electricity or electricity for Federal lease operations; or
- Otherwise used for Federal lease operations related to commercial production or generation of electricity.

See 30 CFR 1202.351 and Chapter 2 of the *Geothermal Payor Handbook — Class 2 & 3 Leases* for additional information on geothermal resources requiring royalty and exceptions.

Royalties on geothermal production are due by the end of the month following the month of production. Do not submit a Form ONRR-2014 for months you do not produce.

You pay all geothermal royalties in value except for in-kind deliveries of electricity to states or counties.

For all Class II leases, report the gross proceeds from the sale of electricity as the "Sales Value" on the Form ONRR-2014.

The following fields on Form ONRR-2014 do not apply to geothermal royalty reporting; leave these fields blank:

- API Well Number
- Gas MMBtu

Product Codes

Geothermal product codes are divided into two groups—fluid geothermal resources and geothermal byproducts. Fluid geothermal resources are further subdivided based on their usage (electrical generation or direct use) and unit of measure.

You can use geothermal product codes singularly or in combination, depending on the production's disposition. For example, you might use your production to generate electricity, recover and sell a byproduct, and sell the power plant condenser fluids to a direct-use facility. This situation would require you to report three product codes; specific product codes would depend on the production's usage (electrical generation or direct use), the unit of measure used in its valuation (kWh, MMBtu, millions of gallons, etc.), and the byproduct type. Report different product codes on separate lines.

Fluid geothermal resources. For reporting purposes, fluid geothermal resources (or fluid geothermal production) include steam, hot water, hot brines, and related heat and other associated energy. Product codes for fluid geothermal resources relate first to the production's usage — electrical generation or direct use — and then to its unit of measure. The unit of measure may be in terms of mass, such as pounds; volume, such as gallons; electricity, such as kilowatt hours (kWh); thermal energy, such as British thermal units (Btu); or other measurement units approved by ONRR. The unit of measure is usually either specified in your sales contract or dictated by the method used to value the production. Measurement standards for reporting and paying royalties on geothermal fluids are given in 30 CFR 1202.353, with examples given in ONRR's *Geothermal Payor Handbook — Class 2 & 3 Leases.* For example, if valuation is in terms of electrical energy, you must report your production in terms of kilowatt hours to the nearest whole kWh. If valuation is in terms of thermal energy, you must report your production in terms of millions of Btu (MMBtu) to the nearest whole million Btu.

Use the following product codes to report geothermal fluids used to generate electricity (electrical generation resources):

Product Code	Description
31	Electrical generation, kWh
32	Electrical generation, thousands of pounds (generally applicable only to dry steam resources)
33	Electrical generation, MMBtu
34	Electrical generation, other measurement unit approved by ONRR

Use the following product codes to report geothermal fluids used in direct-use processes (direct use resources):

Product Code	Description
35	Geothermal direct use, MMBtu
36	Geothermal direct use, hundreds of gallons
37	Geothermal direct use, other
45	Direct use, millions of gallons
46	Direct use, millions of pounds

In some cases, the method of valuing the resource dictates the reported unit of measure. See the *Geothermal Payor Handbook — Class 2 & 3 Leases* for additional valuation instructions.

Geothermal byproducts. Geothermal byproducts are any mineral or minerals — other than oil, hydrocarbon gas, and helium — found in solution or in association with geothermal steam. (See 30 CFR 1206.351 for complete definition of geothermal byproducts.) Use the following product codes to report geothermal byproducts; note the associated units of measure.

Product Code	Description
38	Commercially demineralized water, reported in hundreds of gallons
41	Geothermal byproduct - sulfur
42	Geothermal byproduct - carbon dioxide
43	Geothermal byproduct - silica
44	Other geothermal byproduct not listed above; contact ONRR for unit of measure

Sales Type Codes

Use the following sales type codes to report royalties on geothermal production.

Sales Type Code	Description
ARMS	Geothermal resources sold under an arm's-length sales contract (i.e., steam or brine) or byproducts sold under an arm's-length sales contract. Also report ARMS when the geothermal resources are used to generate electricity in your or your affiliate's power plant and that generated electricity is sold under an arm's-length sales contract.
NARM	Geothermal resources or byproducts not sold under an arm's-length contract. Also report NARM when the geothermal resources are used to generate electricity and that generated electricity is used by you or your affiliate's utility.

You can use sales type codes singularly or in combination, depending on the resource's disposition. Report different sales type codes on separate lines.

Transaction Codes

Use the following transaction codes to report geothermal royalties or fees on the value of production or on proceeds associated with production:

Transaction Code	Description
01	Royalty on value of production
04	Rental payment
05	Recoupable rent
10	Compensatory royalty on value of drained, avoidably lost, or wasted production
11	Byproduct transportation allowances
14	Royalty on severance tax and other production tax reimbursements
16	Well fee (use for Direct Use Fee Schedule)
32	Advanced Royalty
33	Advanced Royalty Recoupment
53	Royalty on payments or reimbursements for effluent and other fluid injection
54	Royalty on payments or reimbursements for geothermal field operations, other than effluent and other fluid injection

You can use these transaction codes singularly or in combination, depending on the resource's disposition and/or selling arrangements. You must report different transaction codes on separate lines.

Royalty Examples

The following examples cover reporting royalties under many combinations of uses, sales types, product codes, and transaction codes applicable to geothermal production. Although the examples may not specifically fit your particular reporting situation, the elements presented here should guide you in completing your Form ONRR-2014. You can find more examples in the Ge*othermal Payor Handbook — Class 2 & 3 Leases*. For transaction codes not covered by these examples, such as compensatory royalty (transaction code 10), see Chapter 4.

For answers to questions not covered in this handbook or the *Geothermal Payor Handbook — Class 2 & 3 Leases*, contact us at the address or telephone numbers listed in Appendix A.

EXAMPLE

Arm's-length sales. This example shows how to report geothermal royalties on Form ONRR-2014, when you sell the resource under an arm's-length sales contract.

Assumptions:

- The ONRR-converted lease number is 171-035041-0.
- The royalty rate is 12 ½ percent.
- The production/sales month is October 2019.
- You sell steam to a nonaffiliated owner of a geothermal power plant. The sales contract establishes a price of $0.015 per thousands of lbs of steam, plus $0.0003 per thousands of lbs of steam for effluent injection. The purchaser also pays $10,000 per month for production operations and field maintenance.
- The pay statement for the month shows 26,140,500 thousand lbs of steam, with payments of $392,107.50 for the steam, $7,842.15 for effluent injection, and $10,000.00 for production operations and field maintenance.
- You pay by EFT to ONRR.

The information reported on Form ONRR-2014 is shown on the following fact sheet.

Form ONRR-2014 Fact Sheet

Detail Line

Line Number	1	2	3
API Well Number			
ONRR Lease Number	1710350410	1710350410	1710350410
ONRR Agreement Number			
Product Code	32	32	32
Sales Type Code	ARMS	ARMS	ARMS
Sales MO/YR	102019	102019	102019
Transaction Code	01	53	54
Adjustment Reason Code			
Sales Volume	26140500	26140500	26140500
Gas MMBtu			
Sales Value	392107.50	7842.15	10000.00
Royalty Value Prior to Allowances	49013.44	980.27	1250.00
Transportation Allowance Deduction			
Processing Allowance Deduction			
Royalty Value Less Allowances	49013.44	980.27	1250.00
Payment Method Code	03	03	03

Payment Information

EFT Payments	51243.71
Total All Payments	51243.71

Less Available Credits:	Doc. ID
Net Payment	51243.71

EXAMPLE

When you use your own resource in your own power plant. The following example shows how to report geothermal royalties on Form ONRR-2014.

Assumptions:

- The ONRR-converted lease number is 027-025280-0.
- The lease is in a unit and has an allocation factor of 43 percent.
- The production/sales month is October 2019.
- You use the geothermal production in your own power plant and sell the generated electricity arm's length to a local utility. Royalties are based on a percentage of the gross proceeds from electricity sales with a 1.75 percent royalty rate for the first 10 years.
- During the month you delivered 32,845,600 kWh of electricity and received $1,642,280.00.
- Lease allocations:

Delivered electricity	14,123,608 kWh = (32,845,600 kWh x 0.43)
Gross proceeds	$706,180.40 = ($1,642,280 x 0.43)
Royalty value	$12,358.16 = ($706,180.40 x 1.75%)

- You pay by EFT to ONRR.

Information reported on Form ONRR-2014 is shown on the following fact sheet.

Form ONRR-2014 Fact Sheet

Detail Line

Line Number	**1**
API Well Number	
ONRR Lease Number	0270252800
ONRR Agreement Number	
Product Code	31
Sales Type Code	NARM
Sales MO/YR	102019
Transaction Code	01
Adjustment Reason Code	
Sales Volume	14123608
Gas MMBtu	
Sales Value	706180.40
Royalty Value Prior to Allowances	12358.16
Transportation Allowance Deduction	
Processing Allowance Deduction	
Royalty Value Less Allowances	12358.16
Payment Method Code	03

Payment Information

EFT Payments	12358.16
Total All Payments	12358.16

Less Available Credits: Doc. ID

Net Payment	12358.16

7.4.3.4

Credit for In-Kind Deliveries of Electricity to States or Counties

Upon approval from the Bureau of Land Management (BLM), ONRR will provide written instructions to the royalty payor for taking credit for in-kind deliveries of electricity to states or counties.

Direct Use Fee Schedule

Use transaction code 16 to report direct use fees on leases that use geothermal resources in direct use applications and are not sold.

Use the direct use fee schedule, inputting the temperature and quantity of geothermal resources to calculate your fee.

Do not multiply the fee times the lease royalty rate.

Direct use fees are due 30 days after the end of the month in which production was used.

EXAMPLE

No sales, direct use. This example shows how to report geothermal royalties on Form ONRR-2014 when you value the resource by the Direct Use Fee Schedule.

Assumptions:

- The ONRR-converted lease number is 030-044368-0.
- The royalty rate is 10 percent. **Note:** The lease royalty rate is already included in the fee schedule, so you do not need to use it in your fee calculation.
- The production/sales month is December 2019.
- You use the geothermal production as process heat in a vegetable dehydration plant and value the production by the Direct Use Fee Schedule.
- During the month, you produced 39,255,645,800 gallons of hot water for the month with an average monthly inlet temperature (° F) of 135°.
- You multiply the appropriate fee ($/million gallons) from the schedule below by the number of gallons you produced from the direct use lease for this month.

  (1) You must use the following fee schedule to calculate fees due under this section:

Direct Use Fee Schedule
(Hot Water)

If your average monthly inlet temperature (°F) is		then your fees are	
At least…	**But less than…**	**($/million gallons)**	**($/million pounds)**
130	140	2.524	0.307
140	150	7.549	0.921
150	160	12.543	1.536
160	170	17.503	2.150
170	180	22.426	2.764
180	190	27.310	3.379
190	200	32.153	3.993
200	210	36.955	4.607
210	220	41.710	5.221
220	230	46.417	5.836
230	240	51.075	6.450
240	250	55.682	7.064
250	260	60.236	7.679
260	270	64.736	8.293
270	280	69.176	8.907
280	290	73.558	9.521
290	300	77.876	10.136
300	310	82.133	10l750
310	320	86.328	11.364
320	330	90.445	11.979
330	340	94.501	12.593
340	350	98.481	13.207
350	360	102.387	13.821

(i) For direct use geothermal resources with an average monthly inlet temperature of 130° F or less, you must pay only the lease rental. NOTE: For Direct Use, use Transaction Code 04, rent is not recoupable for direct use.

- You pay by EFT to ONRR.

The information reported on Form ONRR-2014 is shown on the following fact sheet.

Form ONRR-2014 Fact Sheet

Detail Line

Line Number	**1**
API Well Number	
ONRR Lease Number	0300443680
ONRR Agreement Number	
Product Code	45
Sales Type Code	NARM
Sales MO/YR	122019
Transaction Code	16
Adjustment Reason Code	
Sales Volume	39255.65
Gas MMBtu	
Sales Value	
Royalty Value Prior to Allowances	99081.25
Transportation Allowance Deduction	
Processing Allowance Deduction	
Royalty Value Less Allowances	99081.25
Payment Method Code	03

Payment Information

EFT Payments	99081.25
Total All Payments	99081.25

Less Available Credits: Doc. ID

Net Payment	99081.25

EXAMPLE

Where you use your own resource in your own power plant, with effluent sold to a direct use facility. This example shows how to report geothermal royalties on Form ONRR-2014.

Assumptions:

- The ONRR-converted lease number is 027-020825-0.
- The lease royalty rate is 1.75 percent.
- If you or your affiliate sell(s) the geothermal resources at arm's length to a purchaser who uses the resources for purposes other than the commercial generation of electricity, your royalty rate is 10 percent.
- The lease is in a unit and has an allocation factor of 21 percent.
- The production/sales month is October 2019.
- You use the geothermal production in your own power plant and sell the generated electricity arm's length to a local utility. Royalties are based on gross proceeds times the lease royalty rate of 1.75 percent.
- You sell the hot effluent from the power plant to an adjoining greenhouse under an arm's-length agreement. The greenhouse operator pays $0.60 per hundred gallons, plus $0.02 per hundred gallons to re-inject the spent geothermal fluids.
- During the month, you delivered 32,845,600 kWh of electricity and received $1,642,280.00. Royalties are based on a percentage of the gross proceeds from electricity sales with a 1.75 percent royalty rate for the first 10 years.
- You also delivered 50,000 gallons of power plant effluent to the greenhouse operator and received $30,000 for the fluid delivery and $1,000 for re-injection.
- Lease allocations:

Delivered electricity	6,897,576 kWh = (32,845,600 kWh x 0.21)
Gross proceeds	$344,878.80 = ($1,642,280.00 x 0.21)
Royalty value	$6,035.38 = ($344,878.80 x 1.75%)
Effluent delivery	10,500 hundred gallons = (50,000 hundred gallons x 0.21)
Effluent value	$6,300.00 = ($30,000.00 x 0.21)
Re-injection payment	$210.00 = ($1,000.00 x 0.21)

- You pay by EFT to ONRR.

The information reported on Form ONRR-2014 is shown on the below fact sheet.

Form ONRR-2014 Fact Sheet

Detail Line

Line Number	1	2	3
API Well Number			
ONRR Lease Number	0270208250	0270208250	0270208250
ONRR Agreement Number			
Product Code	31	36	36
Sales Type Code	NARM	ARMS	ARMS
Sales MO/YR	102019	102019	102019
Transaction Code	01	01	53
Adjustment Reason Code			
Sales Volume	6897576	10500	10500
Gas MMBtu			
Sales Value	344878.80	6300.00	210.00
Royalty Value Prior to Allowances	6035.38	630.00	21.00
Transportation Allowance Deduction			
Processing Allowance Deduction			
Royalty Value Less Allowances	6035.38	630.00	21.00
Payment Method Code	03	03	03

Payment Information

EFT Payments	6686.38
Total All Payments	6686.38

Less Available Credits:	Doc. ID
Net Payment	6686.38

7.4.3.5

Advanced Royalties for Cessation of Production

Use transaction code 32 to report advanced royalties

You must pay an advanced royalty monthly equal to the average monthly royalty you paid under 30 CFR part 1206, subpart H (including the amount against which you applied the annual rental as a credit) for the last three years the lease was producing. If your lease has been producing for less than three years, then use the average monthly royalty payment for the entire period your lease has been producing continuously;

(a) ONRR must receive your advanced royalty payment before the end of each full calendar month in which no production occurs; and

(b) You may credit any advanced royalty you pay against production royalties you owe after your lease resumes production. You may not reduce the amount of any production royalty paid for any year below zero.

EXAMPLE

Advanced royalties for cessation of production. This example shows how to report advanced geothermal royalties on Form ONRR-2014.

Assumptions:

- The ONRR-converted lease number is 171-035041-0.
- The royalty rate is 12 ½ percent.
- The production/sales month is October 2019, and production has ceased.
- You sell steam arm's length to a nonaffiliated owner of a geothermal power plant.
  The sales contract establishes a price of $0.015 per thousand lbs of steam.
- The average pay statement from the month of first production (October 2018) is 26,140,500 thousand lbs of steam. You received an average payment of $392,107.50 for the steam.
- You pay by EFT to ONRR.

The information reported on Form ONRR-2014 is shown on the following fact sheet.

Form ONRR-2014 Fact Sheet

Detail Line

Line Number	**1**
API Well Number	
ONRR Lease Number	1710350410
ONRR Agreement Number	
Product Code	32
Sales Type Code	ARMS
Sales MO/YR	102019
Transaction Code	32
Adjustment Reason Code	
Sales Volume	26140500
Gas MMBtu	
Sales Value	392107.50
Royalty Value Prior to Allowances	49013.44
Transportation Allowance Deduction	
Processing Allowance Deduction	
Royalty Value Less Allowances	49013.44
Payment Method Code	03

Payment Information

EFT Payments	49013.44
Total All Payments	49013.44

Less Available Credits: Doc. ID

Net Payment	49013.44

Additional Information on Reporting Geothermal Royalties

You can find additional information regarding geothermal royalty reporting in the *Geothermal Payor Handbook — Class 2 & 3 Leases,* which contains information on geothermal resources valuation and royalty reporting requirements.

7.5

Class III Leases

Class III leases

Existing leases that convert under section 43 CFR 3200.7(a)(2) (electing to be subject to all new regulations, which must include a conversion under section 43 CFR 3212.25). These leases have identical lease financial obligations as Class II leases EXCEPT they have different lease royalty rates from Class II leases, assigned by BLM, unless they are not producing as of August 8, 2005, in which case they will have a 1.75 percent royalty rate for 10 years.

7.5.1

Geothermal Lease Financial Obligations Reported on Form ONRR-2014 (Report of Sales and Royalty Remittance)

Geothermal lease payments reported on Form ONRR-2014 include:

- **Rents** – all geothermal Class III leases require rentals regardless of producing status.
- **Production royalties –** for producing leases.
- **Credits for in-kind electricity delivery to states and/or counties –** may be taken against production royalties.
- **Direct use fee schedule.**
- **Advanced royalties –** for cessation of production.
- **Compensatory royalties –** for geothermal resources that are avoidably lost, wasted, or drained (as determined by BLM).

See Transaction Code 10, Compensatory Royalty Payment on page 4-11.

7.5.1.1

Important Terms to Know

You should be familiar with terms specific to the valuation and reporting of geothermal resources. Several of these terms are defined in the regulations and the *Geothermal Payor Handbook — Class 2 & 3 Leases*. These terms are used in the reporting examples that follow:

- Delivered electricity
- Direct use resources
- Electrical generation resources
- Geothermal byproducts
- Geothermal resources

7.5.1.2

Rents

Rental rates and rental due dates are given in your lease document. Use transaction code 05 to report rents on all geothermal leases. Rent is due on Class III leases regardless of production status.

See 43 CFR Subpart 3211 for more information on rents.

If ONRR does not receive your second and subsequent year's rental payment in full by the lease anniversary date, ONRR will notify you that the rent payment is overdue. You have 45 days after the anniversary date to pay the rent plus a 10 percent late fee. If ONRR does not receive your rental plus the late fee by the end of the 45-day period, BLM will terminate your leases. If you receive notification from ONRR more than 15 days after the lease anniversary date, BLM will reinstate a lease that was terminated if ONRR receives the rent plus a 10 percent late fee within 30 days after you receive the notification (see 43 CFR 3213.14).

To report the 10 percent late payment fee, write a letter to ONRR listing the lease number and reason for the late payment fee, enclose the payment, and send to ONRR at:

Office of Natural Resources Revenue
PO Box 25627
Denver CO 80225-0627

EXAMPLE

Rent. This example shows how to report geothermal rents on Form ONRR-2014

Assumptions:

- The ONRR-converted lease number is 006-098765-0.
- The anniversary date of the lease is October 1, 2019.
- This lease is a competitive lease in its second year.
- The lease acreage is 2,560 acres, and the lease rent is $3.00 per acre.
- You pay by EFT to ONRR.

Submit Form ONRR-2014 and the rental payment by the lease's anniversary date. Report the month in which the payment is due in the Sales Month/Year field.

The information reported on Form ONRR-2014 is shown on the following fact sheet.

Form ONRR-2014 Fact Sheet

Detail Line

Line Number	**1**
API Well Number	
ONRR Lease Number	0060987650
ONRR Agreement Number	
Product Code	
Sales Type Code	
Sales MO/YR	102019
Transaction Code	05
Adjustment Reason Code	
Sales Volume	
Gas MMBtu	
Sales Value	
Royalty Value Prior to Allowances	7680.00
Transportation Allowance Deduction	
Processing Allowance Deduction	
Royalty Value Less Allowances	7680.00
Payment Method Code	03

Payment Information

EFT Payments	7680.00
Total All Payments	7680.00

Less Available Credits: Doc. ID

Net Payment	7680.00

7.5.1.3

Rental Credits

The regulations at 30 CFR 1218.303 allow you to credit annual rental against royalty due for the same year.

EXAMPLE

Rental Credits. This example shows how to report rental credits on Form ONRR-2014.

Assumptions:

- The ONRR-converted lease number is 006-098765-0.
- The royalty rate is 12 ½ percent.
- The anniversary date of the lease is October 1, 2019.
- The lease acreage is 2,500 acres; rent is $3.00/acre.
- Accordingly, your total rental payment on October 1, 2019 was $7,500.00.
- You sell steam arm's length to a nonaffiliated owner of a geothermal power plant.
- The sales contract establishes a price of $0.015 per thousand lbs of steam.
- The pay statement for the month shows 346,667 thousand lbs of steam, with payments of $5,200.00 for the steam.
- You pay by EFT to ONRR.

The information reported on Form ONRR-2014 is shown on the following fact sheet.

Form ONRR-2014 Fact Sheet

Detail Line

Line Number	1	2
API Well Number		
ONRR Lease Number	0060987650	0060987650
ONRR Agreement Number		
Product Code		32
Sales Type Code		ARMS
Sales MO/YR	102019	102019
Transaction Code	05	01
Adjustment Reason Code		
Sales Volume		346667
Gas MMBtu		
Sales Value		5200.00
Royalty Value Prior to Allowances	-650.00	650.00
Transportation Allowance Deduction		
Processing Allowance Deduction		
Royalty Value Less Allowances	-650.00	650.00
Payment Method Code	03	03

Payment Information

EFT Payments	0.00
Total All Payments	0.00

Less Available Credits:	Doc. ID
Net Payment	0.00

Note: Credit for any month cannot exceed the royalty owed.

7.5.1.4

Site Licenses

Site licenses are issued by BLM for the siting of geothermal utilization facilities on geothermal leases. Rental rates are given in the site license approval. Rent is due on a site license only if the facility operator is different from the lessee or unit operator. (See 43 CFR Subpart 3273 for more information on site licenses.)

We must receive your site license rent payment on or before the anniversary date of the lease or site license. For example, for a lease or site license effective June 1, 1994, your rental payment must reach us no later than June 1 of each succeeding year.

See Transaction Code 04, Rental Payment on page 4-29, for information pertaining to site licenses.

7.5.1.5

Production Royalty

You must pay royalties on all geothermal resources, including geothermal byproducts that are either:

- Produced from the lease and are sold or utilized, or
- Reasonably susceptible to sale or utilization.

See 30 CFR 1202.351 and Chapter 2 of the *Geothermal Payor Handbook — Class 2 & 3 Leases* for additional information on geothermal resources requiring royalty and exceptions.

Royalties on geothermal production are due by the end of the month following the month of production. Do not submit a Form ONRR-2014 for those months you do not produce.

You pay all geothermal royalties in value except for in-kind deliveries of electricity to states or counties.

The following fields on Form ONRR-2014 do not apply to geothermal royalty reporting; leave these fields blank:

- API Well Number
- Gas MMBtu

Product Codes

Geothermal product codes are divided into two groups—fluid geothermal resources and geothermal byproducts. Fluid geothermal resources are further subdivided based on their usage (electrical generation or direct use) and unit of measure.

You can use geothermal product codes singularly or in combination, depending on the production's disposition. For example, you might use your production to generate electricity, recover and sell a byproduct, and sell the power plant condenser fluids to a direct-use facility. This situation would require you to report three product codes; specific product codes would depend on the production's usage (electrical generation or direct use), the unit of measure used in its valuation (kWh, MMBtu, hundreds of gallons, etc.), and the byproduct type. Report different product codes on separate lines.

Fluid geothermal resources: For reporting purposes, fluid geothermal resources (or fluid geothermal production) include steam, hot water, hot brines, and related heat and other associated energy. Product codes for fluid geothermal resources relate first to the production's usage—electrical generation or direct use—and then to its unit of measure. The unit of measure may be in terms of mass, such as pounds; volume, such as gallons; electricity, such as kilowatt hours (kWh); thermal energy, such as British thermal units (Btu); or other measurement units approved by ONRR. The unit of measure is usually either specified in your sales contract or dictated by the method used to value the production. Measurement standards for reporting and paying royalties on geothermal fluids are given in 30 CFR 1202.353, with examples given in ONRR's *Geothermal Payor Handbook — Class 2 & 3 Leases.* For example, if valuation is in terms of electrical energy, you must report your production in terms of kilowatt hours to the nearest whole kWh. If valuation is in terms of thermal energy, you must report your production in terms of millions of Btu (MMBtu) to the nearest whole million Btu.

Use the following product codes to report geothermal fluids used to generate electricity (electrical generation resources):

Product Code	Description
31	Electrical generation, kWh
32	Electrical generation, thousands of pounds (generally applicable only to dry steam resources)
33	Electrical generation, MMBtu
34	Electrical generation, other measurement unit approved by ONRR

Use the following product codes to report geothermal fluids used in direct-use processes (direct use resources):

Product Code	Description
35	Direct use, MMBtu
36	Direct use, hundreds of gallons
37	Direct use, other measurement unit approved by ONRR
45	Direct use, millions of gallons
46	Direct use, millions of pounds

In some cases, the method of valuing the resource dictates the reported unit of measure. See the *Geothermal Payor Handbook — Class 2 & 3 Leases* for additional valuation instructions.

Geothermal byproducts: Geothermal byproducts are any mineral or minerals—other than oil, hydrocarbon gas, and helium—that are commercially recovered from produced geothermal fluids. (See 30 CFR 1206.351 for complete definition of geothermal byproducts.) Use the following product codes to report geothermal byproducts; note the associated units of measure.

Product Code	Description
38	Commercially demineralized water, reported in hundreds of gallons
44	Other geothermal byproduct not listed above; contact ONRR for unit of measure

Sales Type Codes

Use the following sales type codes to report royalties on geothermal production.

Sales Type Code	Description
ARMS	Geothermal resources sold under an arm's-length sales contract (i.e., steam or brine) or byproducts sold under an arm's-length sales contract. Also report ARMS when the geothermal resources are used to generate electricity in your or your affiliate's power plant and that generated electricity is sold under an arm's-length sales contract.
NARM	Geothermal resources or byproducts not sold under an arm's-length contract. Also report NARM when the geothermal resources are used to generate electricity and that generated electricity is used by you or your affiliate's utility.

You can use sales type codes singularly or in combination, depending on the resource's disposition. Report different sales type codes on separate lines.

Transaction Codes

Use the following transaction codes to report geothermal royalties or fees on the value of production or on proceeds associated with production:

Transaction Code	Description
01	Royalty on value of production
10	Compensatory royalty on value of drained, avoidably lost, or wasted production
11	Byproduct transportation allowances
14	Royalty on severance tax and other production tax reimbursements
16	Well fee (use for Direct Use Fee Schedule)
32	Advanced Royalty
33	Advanced Royalty Recoupment
53	Royalty on payments or reimbursements for effluent and other fluid injection
54	Royalty on payments or reimbursements for geothermal field operations, other than effluent and other fluid injection

You can use these transaction codes singularly or in combination, depending on the resource's disposition and/or selling arrangements. You must report different transaction codes on separate lines.

Royalty Examples

The following examples cover reporting royalties under many combinations of uses, sales types, product codes, and transaction codes applicable to geothermal production. Although the examples may not specifically fit your particular reporting situation, the elements presented here should guide you in completing your Form ONRR-2014. You can find more examples in the Ge*othermal Payor Handbook — Class 2 & 3 Leases*. For transaction codes not covered by these examples, such as compensatory royalty (transaction code 10), see Chapter 4.

For answers to questions not covered in this handbook or the *Geothermal Payor Handbook — Class 2 & 3 Leases*, contact us at the address or telephone numbers listed in Appendix A.

EXAMPLE

Arm's-length sales. This example shows how to report geothermal royalties on Form ONRR-2014 when you sell the resource under an arm's-length sales contract.

Assumptions:

- The ONRR-converted lease number is 171-035041-0.
- The royalty rate is 12 ½ percent.
- The production/sales month is October 2019.
- You sell steam arm's length to a nonaffiliated owner of a geothermal power plant. The sales contract establishes a geothermal value of $0.015 per thousands of lbs of steam, plus $0.0003 per thousands of lbs of steam for effluent injection. The purchaser also pays $10,000 per month for production operations and field maintenance.
- The pay statement for the month shows 26,140,500 thousand of lbs of steam, with payments of $392,107.50 for the steam, $7,842.15 for effluent injection, and $10,000.00 for production operations and field maintenance.
- You pay by EFT to ONRR.

The information reported on Form ONRR-2014 is shown on the following fact sheet.

Form ONRR-2014 Fact Sheet

Detail Line

Line Number	1	2	3
API Well Number			
ONRR Lease Number	1710350410	1710350410	1710350410
ONRR Agreement Number			
Product Code	32	32	32
Sales Type Code	ARMS	ARMS	ARMS
Sales MO/YR	102019	102019	102019
Transaction Code	01	53	54
Adjustment Reason Code			
Sales Volume	26140500	26140500	26140500
Gas MMBtu			
Sales Value	392107.50	7842.15	10000.00
Royalty Value Prior to Allowances	49013.44	980.27	1250.00
Transportation Allowance Deduction			
Processing Allowance Deduction			
Royalty Value Less Allowances	49013.44	980.27	1250.00
Payment Method Code	03	03	03

Payment Information

EFT Payments	51243.71
Total All Payments	51243.71

Less Available Credits:	**Doc. ID**
Net Payment	51243.71

EXAMPLE

Where you use your own resource in your own power plant. This example shows how to report geothermal royalties on Form ONRR-2014.

Assumptions:

- The ONRR-converted lease number is 027-025280-0.
- The lease is in a unit and has an allocation factor of 43 percent.
- The production/sales month is October 2019.
- You use the geothermal production in your own power plant and sell the generated electricity arm's length to a local utility. Royalties are based on a percentage of the gross proceeds from electricity sales with a 1.75 percent royalty rate for the first 10 years.
- During the month, you delivered 32,845,600 kWh of electricity and received $1,642,280.00.
- Lease allocations:

Delivered electricity	14,123,608 kWh = (32,845,600 kWh x 0.43)
Gross proceeds	$706,180.40 = ($1,642,280.00 x 0.43)
Royalty value	$12,358.16 = ($706,180.40 x 1.75%)

- You pay by EFT to ONRR.

The information reported on Form ONRR-2014 is shown on the following fact sheet.

Form ONRR-2014 Fact Sheet

Detail Line

Line Number	**1**
API Well Number	
ONRR Lease Number	0270252800
ONRR Agreement Number	
Product Code	31
Sales Type Code	NARM
Sales MO/YR	102019
Transaction Code	01
Adjustment Reason Code	
Sales Volume	14123608
Gas MMBtu	
Sales Value	706180.40
Royalty Value Prior to Allowances	12358.16
Transportation Allowance Deduction	
Processing Allowance Deduction	
Royalty Value Less Allowances	12358.16
Payment Method Code	03

Payment Information

EFT Payments	12358.16
Total All Payments	12358.16

Less Available Credits: Doc. ID

Net Payment	12358.16

7.5.1.6

Credit for In-Kind Deliveries of Electricity to States or Counties

Upon approval from the Bureau of Land Management (BLM), ONRR will provide written instructions to the royalty payor for taking credit for in-kind deliveries of electricity to states or counties.

Direct Use Fee Schedule

Use transaction code 16 to report direct use fees on leases that use geothermal resources in direct use applications and are not sold.

Use the direct use fee schedule, inputting the temperature and quantity of geothermal resources to calculate your fee.

Do not multiply the fee times the lease royalty rate.

Direct use fees are due 30 days after the end of the month in which production was used.

EXAMPLE

No sales, direct use. This example shows how to report geothermal royalties on Form ONRR-2014 when you value the resource by the Direct Use Fee Schedule.

Assumptions:

- The ONRR-converted lease number is 030-044368-0.
- The royalty rate is 10 percent. **Note:** The lease royalty rate is already included in the fee schedule, so you do not need to use it in your fee calculation.
- The production/sales month is December 2019.
- You use the geothermal production as process heat in a vegetable dehydration plant and value the production by the Direct Use Fee Schedule.
- During the month you produced 39,255,645,800 gallons of hot water for the month with an average monthly inlet temperature (° F) of 135°.
- You multiply the appropriate fee ($/million gallons) from the schedule below by the number of gallons you produced from the direct use lease for this month.

(1) You must use the following Direct Use Fee Schedule to calculate fees due under this section.

Direct Use Fee Schedule
(Hot Water)

If your average monthly inlet temperature (°F) is		then your fees are	
At least…	**But less than…**	**($/million gallons)**	**($/million pounds)**
130	140	2.524	0.307
140	150	7.549	0.921
150	160	12.543	1.536
160	170	17.503	2.150
170	180	22.426	2.764
180	190	27.310	3.379
190	200	32.153	3.993
200	210	36.955	4.607
210	220	41.710	5.221
220	230	46.417	5.836
230	240	51.075	6.450
240	250	55.682	7.064
250	260	60.236	7.679
260	270	64.736	8.293
270	280	69.176	8.907
280	290	73.558	9.521
290	300	77.876	10.136
300	310	82.133	10l750
310	320	86.328	11.364
320	330	90.445	11.979
330	340	94.501	12.593
340	350	98.481	13.207
350	360	102.387	13.821

(i) For direct use geothermal resources with an average monthly inlet temperature of 130°F or less, you must pay only the lease rental.

- You pay by EFT to ONRR.

The information reported on Form ONRR-2014 is shown on the following fact sheet.

Form ONRR-2014 Fact Sheet

Detail Line

Line Number	**1**
API Well Number	
ONRR Lease Number	0300443680
ONRR Agreement Number	
Product Code	45
Sales Type Code	NARM
Sales MO/YR	122019
Transaction Code	16
Adjustment Reason Code	
Sales Volume	39255.65
Gas MMBtu	
Sales Value	
Royalty Value Prior to Allowances	99081.25
Transportation Allowance Deduction	
Processing Allowance Deduction	
Royalty Value Less Allowances	99081.25
Payment Method Code	03

Payment Information

EFT Payments	99081.25
Total All Payments	99081.25

Less Available Credits: Doc. ID

Net Payment	99081.25

EXAMPLE

Where you use your own resource in your own power plant with effluent sold to a direct use facility. This example shows how to report geothermal royalties on Form ONRR-2014.

Assumptions:

- The ONRR-converted lease number is 027-020825-0.
- Lease royalty rate of 1.75 percent for first 10 years.
- If you or your affiliate sell(s) the geothermal resources at arm's length to a purchaser who uses the resources for purposes other than the commercial generation of electricity, your royalty rate is 10 percent.
- The lease is in a unit and has an allocation factor of 21 percent.
- The production/sales month is October 2019.
- You use the geothermal production in your own power plant and sell the generated electricity arm's length to a local utility. Royalties are based on gross proceeds times the lease royalty rate.
- You sell the hot effluent from the power plant to an adjoining greenhouse under an arm's-length agreement. The greenhouse operator pays $0.60 per gallon, plus $0.02 per gallon to re-inject the spent geothermal fluids.
- During the month you delivered 32,845,600 kWh of electricity and received $1,642,280.00. Royalties are based on a percentage of the gross proceeds from electricity sales with a 1.75 percent royalty rate for the first 10 years.
- You also delivered 50,000 gallons of power plant effluent to the greenhouse operator and received $30,000 for the fluid delivery and $1,000 for re-injection.
- Lease allocations:

Delivered electricity	6,897,576 kWh = (32,845,600 kWh x 0.21)
Gross proceeds	$344,878.80 = ($1,642,280.00 x 0.21)
Royalty value	$6,035.38 = ($344,878.80 x 1.75%)
Effluent delivery	10,500 gallons = (50,000 gallons x 0.21)
Effluent value	$6,300.00 = ($30,000.00 x 0.21)
Re-injection payment	$210.00 = ($1,000.00 x 0.21)

- You pay by EFT to ONRR.

The information reported on Form ONRR-2014 is shown on the following fact sheet.

Form ONRR-2014 Fact Sheet

Detail Line

Line Number	1	2	3
API Well Number			
ONRR Lease Number	0270208250	0270208250	0270208250
ONRR Agreement Number			
Product Code	31	36	36
Sales Type Code	NARM	ARMS	ARMS
Sales MO/YR	102019	102019	102019
Transaction Code	01	01	53
Adjustment Reason Code			
Sales Volume	6897576	105	105
Gas MMBtu			
Sales Value	344878.80	6300.00	210.00
Royalty Value Prior to Allowances	6035.38	630.00	21.00
Transportation Allowance Deduction			
Processing Allowance Deduction			
Royalty Value Less Allowances	6035.38	630.00	21.00
Payment Method Code	03	03	03

Payment Information

EFT Payments	6686.38
Total All Payments	6686.38

Less Available Credits:	Doc. ID
Net Payment	6686.38

7.5.1.7

Advanced Royalties for Cessation of Production

- Use transaction code 32 to report advanced royalties.
- You must pay an advanced royalty monthly equal to the average monthly royalty you paid under 30 CFR part 1206, subpart H (including the amount against which you applied the annual rental as a credit) for the last three years the lease was producing. If your lease has been producing for less than three years, then use the average monthly royalty payment for the entire period your lease has been producing continuously.
- ONRR must receive your advanced royalty payment before the end of each full calendar month in which no production occurs.
- You may credit any advanced royalty you pay against production royalties you owe after your lease resumes production. You may not reduce the amount of any production royalty paid for any year below zero.

EXAMPLE

Advanced royalties for cessation of production. This example shows how to report advanced geothermal royalties on Form ONRR-2014.

Assumptions:

- The ONRR-converted lease number is 171-035041-0.
- The royalty rate is 12 ½ percent.
- The production/sales month is October 2019 and production has ceased.
- You sell steam arm's length to a nonaffiliated owner of a geothermal power plant.
- The sales contract establishes a price of $0.015 per thousand lbs of steam.
- The average pay statement since the month of first production (October 2018) is 26,140,500 thousand lbs of steam. You received an average payment of $392,107.50 for the steam.
- You pay by EFT to ONRR.

The information reported on Form ONRR-2014 is shown on the following fact sheet.

Form ONRR-2014 Fact Sheet

Detail Line

Line Number	**1**
API Well Number	
ONRR Lease Number	1710350410
ONRR Agreement Number	
Product Code	32
Sales Type Code	ARMS
Sales MO/YR	102019
Transaction Code	32
Adjustment Reason Code	
Sales Volume	26140500
Gas MMBtu	
Sales Value	392107.5
Royalty Value Prior to Allowances	49013.44
Transportation Allowance Deduction	
Processing Allowance Deduction	
Royalty Value Less Allowances	49013.44
Payment Method Code	03

Payment Information

EFT Payments	49013.44
Total All Payments	49013.44

Less Available Credits: Doc. ID

Net Payment	49013.44

Additional Information on Reporting Geothermal Royalties

You can find additional information regarding geothermal royalty reporting in the *Geothermal Payor Handbook — Class 2 & 3 Leases*, which contains information regarding geothermal resources valuation and royalty reporting requirements.

Chapter 8
Electronic Reporting

This chapter provides information on the various electronic methods available to you for reporting. Your working relationship with us will not change as a result of the contract between us and our EC service provider.

NOTE

*You **must** contact our help desk whenever you are considering an upgrade to your computer's operating system. You may be unable to create/send your monthly royalty reports to us if you upgrade operating systems without verifying that the electronic website will work with that particular operating system. Please contact our help desk to verify that the operating system you are considering is compatible. You can reach our help desk by accessing the contact information on our website.*

NOTE

Electronic Reporting Guidelines are updated frequently. Go to the Electronic Reporting section on our website at the address in Appendix A.

8.1 Electronic Reporting Requirements

Mandatory electronic reporting became effective November 1, 1999, with the issuance of the Electronic Reporting, Final Rule, 64 FR 38116, July 15, 1999. The rule includes several exceptions that minimize the impact that electronic reporting might have on small businesses. You must use the eCommerce website unless you are a small business as defined by the U.S. Small Business Administration and you have no computer, no resources to purchase a computer or contract with an electronic reporting service, nor access to a computer at a local library or other public facility. You can find the final rule, including these exceptions, on our website listed in Appendix A.

The ONRR website can assist Royalty Reporters to set up an account with ONRR, to report and pay royalties to ONRR, Tribes, and/or allottees properly, and to contact us for assistance.

The best source of information about ONRR's electronic reporting environment is our website, at www.onrr.gov. The main Reporting/Paying tab contains links to all the information you need to set up an electronic reporting account with ONRR.

8.2 Electronic Reporting Website

You may use our secure website at https://onrrreporting.onrr.gov to complete Form ONRR-2014 at no cost. If you have report data residing in an electronic format; for example, Microsoft Excel or other spreadsheets, legacy systems, etc., this option enables you to upload Comma Separated Value (CSV) or American Standard Code for Information Interchange (ASCII) report files. See "Form ONRR-2014 – CSV Format" on page 8-2 and "Form ONRR-2014 – ASCII Format" on page 8-8. When you upload or enter data online into the electronic reporting form, our system runs a validation protocol on it. This validation assures the report meets specific criteria for correct reporting. A list of the validation edits can be found on our website. Once reports are received and validated, they are sent to our financial system by means of nightly uploads.

Each party, at its own expense, provides and maintains all equipment, communication linkages, commercial Internet Service Provider or other EC Service Provider, and testing necessary to effectively and reliably transmit and receive data.

8.3 Form ONRR-2014 – CSV Format

These formats are effective as of October 1, 2001. You may submit reports in CSV format using electronic reporting option 1 (see page 8-4).

First, you create the report in a spreadsheet, and then save it as a CSV file type. Spreadsheets that place quotes around data are not acceptable; for example, "012001." Enter all data in the spreadsheet. After saving a CSV file, you have two files—one with an extension unique to the spreadsheet software, the other with the extension .csv.

NOTE

Never reopen or double-click the CSV file in the spreadsheet software. Always make your corrections in your original spreadsheet file, and then resave it to a CSV file. If you need to view the CSV file, view it in a text editor, such as WordPad, Notepad, etc. If you open the CSV file in the spreadsheet software, you will lose all of the formatting from the spreadsheet file. We can email you sample files upon request.

8.3.1 *Format Requirements*

All record fields must comply with the following requirements:

- Volume/value fields must contain an explicit decimal and be carried to two places; for example, 1299.00 or 0.00, not 1299 or 0.

- Use an explicit negative sign to indicate negative values. Put this sign in the leading position with no intervening spaces; for example, -1299.00.
- Do not use commas when formatting numeric fields; for example, 1299.00, not 1,299.00.
- Do not use dollar signs for value fields.
- Use MMCCYY formatted as text for dates.
- Do not use quotation marks (“) or apostrophes (’) or special characters.
- Right justify numeric fields. Do **not** add leading zeros. Leading zeros will be added during the conversion process if necessary.
- Left justify text fields. Text fields must be correctly formatted to account for legitimate leading zeros; for example, the product code for condensate must be 02, not 2.
- In the Maximum Width column, X equates to alphanumeric characters, and 9 equates to numeric digits. The number enclosed in parentheses ( ) is the number of characters/digits allowed for that specific field.
- Submit Federal and Indian data as separate reports.
- Headers and trailers are required to separate multiple reports in a single file. Do not use blank lines between reports.

The following example shows multiple reports in a single file.

First payor code

Payor code 12345	Header record
Federal data	Detail line item record(s)
	Trailer record—report
	Trailer record—payment
Payor code 12345	Header record
Indian data	Detail line item record(s)
	Trailer record—report
	Trailer record—payment

Second payor code

Payor code 23456 Federal data	Header record Detail line item record(s) Trailer record—report Trailer record—payment
Payor code 23456 Indian data	Header record Detail line item record(s) Trailer record—report Trailer record—payment

Third payor code

Payor code 3 Federal data	Header record Detail line item record(s) Trailer record—report Trailer record—payment

8.3.2 *CSV Record Layout*

For more information on CSV layout, see the electronic commerce information on our website listed in Appendix A.

The following record layout shows entry information for Form ONRR-2014 in CSV format. In the example layout, "X" represents text and "9" represents numbers. The number enclosed in parentheses ( ) translates to the number of characters required for that field. For example, X(5) means the field requires 5 text characters; 9(9).99 means the field requires 11 numbers: 9 numbers to the left of the decimal and 2 numbers to the right of the decimal.

Column	Field name	Max width	Description
Header			
A	Record Type	X(1)	Must be completed with a literal '1'
B	Payor Code	X(5)	Must be completed
C	Form Type	X(3)	Must be completed with a literal '(ROY)'
D	Payor-Assigned Document Number	X(8)	Must be completed
E	Combine Indicator	X(2)	Leave blank

Column	Field name	Max width	Description
Detail			
A	Record Type	X(1)	Must be completed with a literal '2'
B	Lessor Code	X(1)	Must be completed with a literal '1' for Federal, or a literal '2' for Indian
C	Payor Line Num	X(6)	Must be completed
D	Reserved For Preparer's Use	X(20)	May be left blank
E	ONRR Lease Number	X(11)	Must be completed with a valid ONRR-converted lease number. *See Appendix B for examples.
F	ONRR Agreement Number	X(11)	Complete or leave blank. The agreement number must be a valid ONRR agreement number. *See Appendix B for examples.
G	API Well No.	X(15)	Complete or leave blank. Report this number only if required by ONRR on certain Indian properties and offshore deep water wells under royalty relief. If you are required to report this number, enter a 15-character set that consists of the 12-digit API-assigned well number and the 3-character producing interval indicator; for example, 490051234500S01.
H	Product Code	X(2)	Must be completed or left blank
I	Sales Type Code	X(4)	May be left blank
J	Sales MO/YR	X(6)	Must be completed using MMCCYY
K	Transaction Code	X(2)	Must be completed or left blank

Column	Field name	Max width	Description
Detail *(continued)*			
L	Adjustment Reason Code	X(2)	May be left blank
M	Sales Volume (Mcf/bbls/gal/ long tons)	-9(9).99	Must be completed for selected product codes
N	Gas MMBtu	-9(9).99	Must be completed for selected product codes
O	Sales Value	-9(9).99	May be left blank
P	Royalty Value Prior to Allowances	-9(9).99	May be left blank
Q	Transportation Allowance	-9(9).99	May be left blank
R	Processing Allowance Deduction	-9(9).99	May be left blank
S	Royalty Value Less Allowances	-9(9).99	Must be completed
T	Payment Method	X(1)	Must be completed
Report trailer			
A	Record Type	X(1)	Must be completed with a literal ‘3’
B	Report Line Count	9(7)	Must be completed
C	Report Total	-9(11).99	May be left blank
D	Checks to ONRR (PM1) Amount	-9(11).99	May be left blank
E	Indian Direct Pay (PM2)	-9(11).99	May be left blank
F	EFT Payments (PM3)	-9(11).99	May be left blank

Column	Field name	Max width	Description
Report trailer *(continued)*			
G	Royalty in Kind (PM4)	-9(11).99	May be left blank
H	Checks to ONRR for BIA (PM5)	-9(11).99	May be left blank
I	Other (For Future Use) (PM6)	-9(11).99	May be left blank
J	Indian Lockbox (PM7)	-9(11).99	May be left blank
K	Total Payments Reported	-9(11).99	Must be completed
Payment trailer			
A	Record Type	X(1)	Must be completed with a literal '4'
B	Doc ID 1	X(22)	Fill with valid data, or may be left blank
C	Doc ID Amount 1	-9(11).99	Must be a negative value, or may be left blank
D	Doc ID 2	X(22)	Fill with valid data, or may be left blank
E	Doc ID Amount 2	-9(11).99	Must be a negative value, or may be left blank
F	Doc ID 3	X(22)	Fill with valid data, or may be left blank
G	Doc ID Amount 3	-9(11).99	Must be a negative value, or may be left blank
H	Net Payment For This Report	-9(11).99	Must be completed
I	Authorized Name	X(30)	Must be completed
J	Date	X(8)	Must be completed

8.4 Form ONRR-2014 – ASCII Format

These reporting instructions are effective as of October 1, 2001. Submit reports in ASCII format using electronic reporting option 2 (see page 8-9).

ASCII files are created from mainframe systems and are unique to the specific company. ONRR is responsible for only the format of the ASCII file, not how the ASCII file is created.

8.4.1 *Format Requirements*

All record fields must comply with the following requirements:

- All numeric data are unpacked.* (Unpacked means that only ASCII symbols are allowed. No negative signs, dollar signs, or decimals may be used.)
- Do not use special characters.
- Use 170-character fixed length plus a carriage return and a line feed for each line.
- Federal and Indian data must be submitted as separate reports.
- ONRR uses headers and trailers to separate reports in a single file. Do not use blank lines between reports.

The following example shows multiple reports in a single file.

First payor code

Payor code 12345	Header record
Federal data	Detail line item record(s)
	Trailer record—report
	Trailer record—payment
Payor code 12345	Header record
Indian data	Detail line item record(s)
	Trailer record—report
	Trailer record—payment

Second payor code

Payor code 23456	Header record
Federal data	Detail line item record(s)
	Trailer record—report
	Trailer record—payment
Payor code 23456	Header record
Indian data	Detail line item record(s)
	Trailer record—report
	Trailer record—payment

Third payor code

Payor code 3	Header record
Federal data	Detail line item record(s)
	Trailer record—report
	Trailer record—payment

8.4.2 *ASCII Record Layout*

For more information on ASCII layout, see the electronic commerce information on our website listed in Appendix A.

The following record layout shows entry information for Form ONRR-2014 in ASCII format. In the example layout, "X" represents text and "9" represents numbers. The number enclosed in parentheses ( ) translates to the number of characters required for that field. For example, X(5) means the field requires 5 text characters; 9(9).99 means the field requires 11 numbers: 9 numbers to the left of the decimal and 2 numbers to the right of the decimal. Unpacked data are indicated by an asterisk.

Field name	Maximum width	Description
Header record		
Record Type	9(1)	Must be completed with a literal '1'
Payor Code	X(5)	Must be completed
Form Type	9(3)	Must be completed with a literal '(ROY)'
Payor Assigned Document Number	9(8)	Must be completed
Combined Indicator	X(2)	Leave spaces
Filler	X(151)	Leave blank
Carriage Control	HEX OD	ASCII 13
Line Feed	HEX OA	ASCII 10

Field name	Maximum width	Description
Detail record		
Record Type	9(1)	Must be completed with a literal '2'
Lessor Code	9(1)	Must be completed with a literal '1' for Federal, or a literal '2' for Indian
Payor Line Number	9(6)	Fill with valid data and leading zeros or spaces
Reserved For Preparer's Use	X(20)	May be completed or filled with spaces
ONRR Lease Number	X(11)	Must be completed with a valid ONRR-converted lease number consisting of 10 digits (a 3-digit prefix, 6-digit body, and 1-digit suffix). The field can accommodate 11 digits (a 2-digit suffix for future needs). If the lease number has a single-digit suffix, left justify and fill with space.
ONRR Agreement Number	X(11)	Complete or fill with spaces. The agreement number consists of three parts. The prefix equals X(3), left justify; the serial number equals 9(6), right justify; the suffix equals X(2), left justify.
API Well No.	X(15)	Complete or fill with spaces. Report this number only if required by ONRR on certain Indian properties and offshore deep water wells under royalty relief. If you are required to report this number, enter a 15-character set that consists of the 12-digit API-assigned well number and the 3-character producing interval indicator; for example, 490051234500S01.
Product Code	9(2)	Fill with valid data and leading zeros or all zeros.
Sales Type Code	X(4)	Complete or leave spaces

Field name	Maximum width	Description
Header record (continued)		
Sales MO/YR	9(6)	Must be completed using MMCCYY format
Transaction Code	9(2)	Must be completed
Adjustment Reason Code	9(2)	Fill with valid data including loading zeros or all zeros.
Sales Volume (Mcf/bbls/gal/ long tons)	S9(9)V99*	Fill with valid data including leading zeros or all zeros.
Gas MMBtu	S9(9)V99*	Fill with valid data including leading zeros or all zeros.
Sales Value	S9(9)V99*	Fill with valid data including leading zeros or all zeros.
Royalty Value Prior to Allowances	S9(9)V99*	Fill with valid data including leading zeros or all zeros.
Transportation Allowance Deduction	S9(9)V99*	Fill with valid data including leading zeros or all zeros.
Processing Allowance Deduction	S9(9)V99*	Fill with valid data including leading zeros or all zeros.
Royalty Value Less Allowances	S9(9)V99*	Fill with valid data including leading zeros or all zeros.
Payment Method	9(1)	Fill with valid data including leading zeros or all zeros.
Filler	X(11)	Leave blank
Carriage Control	HEX OD	ASCII 13
Line Feed	HEX OA	ASCII 10

Field name	Maximum width	Description
Report trailer record		
Record Type	9(1)	Must be completed with a literal '3'
Report Line Count	9(7)	Fill with valid data including leading zeros or all zeros.
Report Total	S9(9)V99*	Fill with valid data including leading zeros or all zeros.
Checks to ONRR (PM1)	S9(11)V99*	Fill with valid data including leading zeros or all zeros.
Indian Direct Pay (PM2)	S9(11)V99*	Fill with valid data including leading zeros or all zeros.
EFT Payments (PM3)	S9(11)V99*	Fill with valid data including leading zeros or all zeros.
Royalty in Kind (PM4)	S9(11)V99*	Fill with valid data including leading zeros or all zeros.
Checks to ONRR for BIA (PM5)	S9(11)V99*	Fill with valid data including leading zeros or all zeros.
Other (For Future Use) (PM6)	S9(11)V99*	Fill with valid data including leading zeros or all zeros.
Indian Lockbox (PM7) Amount	S9(11)V99*	Fill with valid data including leading zeros or all zeros.
Total All Payments	S9(11)V99*	Fill with valid data including leading zeros or all zeros.
Filler	X(45)	Leave blank
Carriage Control	HEX OD	ASCII 13
Line Feed	HEX OA	ASCII 10

Field name	Maximum width	Description
Payment trailer record		
Record Type	9(1)	Must be completed with a literal '4'
Doc ID 1	X(22)	Must be completed or fill with spaces
Doc ID Total 1	S9(11)V99*	Fill with valid negative data including leading zeros or all zeros.
Doc ID 2	X(22)	Must be completed or fill with spaces
Doc ID Total 2	S9(11)V99*	Fill with valid negative data including leading zeros or all zeros.
Doc ID 3	X(22)	Must be completed or fill with spaces
Doc ID Total 3	S9(11)V99*	Fill with valid negative data including leading zeros or all zeros.
Net Payment For This Report	S9(11)V99*	Fill with valid negative data including leading zeros or all zeros.
Authorized Name	X(30)	Must be completed
Date	X(8)	Must be completed
Filler	X(13)	Leave blank
Carriage Control	HEX OD	ASCII 13
Line Feed	HEX OA	ASCII 10
End of File Marker	HEX 1A	

ASCII symbols for negative amounts. The ASCII symbols are placed in the last position of the negative number; for example, -425.34 should look like 000000004253M.

}	=	-0	N	=	-5
J	=	-1	O	=	-6
K	=	-2	P	=	-7
L	=	-3	Q	=	-8
M	=	-4	R	=	-9

Chapter 9
Online Rentals

This chapter provides information on the Online Rental payment method available to you for reporting rent on terminable leases. Your working relationship with us will not change as a result of the contract between us and our EC service provider.

NOTE

*You **must** contact our help desk whenever you are considering an upgrade to your computer's operating system. You may be unable to use our Online Rental payment method if you upgrade operating systems without verifying that the electronic website will work with that particular operating system. Please contact our help desk to verify that the operating system you are considering is compatible. You can reach our help desk by accessing the contact information on our website.*

NOTE

Electronic Reporting Guidelines are updated frequently. Go to the Electronic Reporting section on our website at the address in Appendix A.

NOTE

For Frequently Asked Questions (FAQ) on eCommerce Online Rental, go to http://www.onrr.gov/ReportPay/payments.htm There you will find the FAQ sheet, as well as the ASCII format and CSV format instructions.

NOTE

Before using any of the ONRR pay.gov payment types, please provide your bank the appropriate agency identification numbers(s) to authorize ACH debits. If you do not provide this information to your bank, your payments will be rejected. A rejected payment is the same as non-payment or a returned payment. To ensure payments you submit are not rejected by your bank, for online rental payments, use Agency Identification Number – 1417000101. Submit payments via Pay.gov ACH Payment type - Online Rental Payments (eCommerce "Rental Information").

9.1 Online Rental Reporting

On January 5, 2015, we launched a new tab on the eCommerce website called "Rental Information". This tab provides a streamlined method to make federal rental payments, other than the first-year rents. You will see rental amounts due by lease and any rents paid on leases through the eCommerce website will automatically post to the lease selected. All rent payments made through the eCommerce website will automatically process timely and accurately. ONRR will notify BLM of rents paid and leases that should terminate for late or insufficient payments.

This new tab has the shopping cart functionality to connect to pay.gov where you must

make your payment after you have selected the lease(s) on which you want to pay rent.

The ONRR website can assist Royalty Reporters to set up an account with ONRR; to properly report and pay royalties to ONRR, Tribes, and/or allottees; and to contact us for assistance.

The best source of information about ONRR's electronic reporting environment is our website, at www.onrr.gov. The main Reporting/Paying tab contains links to all the information you need to set up an electronic reporting account with ONRR.

9.2 Electronic Reporting Website

You may use our secure website at https://onrrreporting.onrr.gov to access the Online Rental tab. For more information on the eCommerce website, see Chapter 8.

9.3 Form ONRR-2014 ASCII Format

These reporting instructions are effective as of November 24, 2015.

ASCII files are created from mainframe systems and are unique to the specific company. ONRR is responsible for only the format of the ASCII file, not how the ASCII file is created.

9.3.1 *Format Requirements*

All record fields must comply with the following requirements:

- An ASCII file name must end with a .txt extension.
- Each Record Type must contain the correct number of characters in each field/line. (Requirements are itemized below in the **ASCII Record Layout** section.)
- Only Federal rental payment data can be uploaded using the ASCII format.
- You must begin each document with Record Type 1 and end it with a Record Type 3. You must list Record Type 2 lines in sequential order; the maximum line count of Type 2 lines in a single document is 50,000.
- You must provide all three Record Types for each document.

Format Characteristics

1. In the Maximum Width column, "X" equates to alpha-numeric characters and "9" equates to numeric characters. The number enclosed in parentheses ( ) indicates the number of characters allowed for that specific field.

2. All numeric fields are unpacked, which means only one number per position. For example, if a field is eight numbers long, there are eight positions.

3. No binary numeric fields or internal formats are allowed.

4. All numeric fields must be right justified. Empty spaces in numeric fields must be filled with a zero or a typed space so that every field has a character entered in it. No punctuation is allowed in numeric fields.

5. Alpha-numeric characters must be left justified unless specifically instructed otherwise.

6. Negative values cannot be reported on the rental payment file upload.

Description	Maximum Width		Position	Field Requirement
HEADER RECORD TYPE	X(1)	1	Enter “1”	Required
REPORTER CODE	X(5)	2-6	Enter a valid ONRR-assigned Code.	Required, edited against ONRR records
FORM TYPE	X(4)	7-10	Enter “RENT”	Required
PAYOR ASSIGNED DOCUMENT NUMBER	X(10)	11-20	Enter your PAD number plus 2 spaces, or enter 10 spaces	Required
DETAIL RECORD TYPE	X(1)	1	Enter “2”	Required
LEASE NUMBER	X(11)	2-12	Enter a valid ONRR-converted lease number, consisting of 10 digits (a 3-digit prefix, 6-digit body, and 1-digit suffix). If a lease number has a single-digit suffix, left justify it and fill with a space. **Note:** The field can accommodate 11 digits for future needs (e.g., a 2-digit suffix).	Required, edited against ONRR records
AGENCY NUMBER	X(25)	13-37	Enter a valid Agency number that is tied to the lease number. Left justify and fill with spaces.	Required, edited against ONRR records
REPORTER CODE	X(5)	38-42	Enter your ONRR-assigned, 5-digit code.	Required
DUE DATE	X(8)	43-50	Enter the due date using the MMDDYYYY format (e.g., 01312020).	Required
PAYMENT AMOUNT	X(11)	51-61	Enter a dollar amount, right justified, with two decimals in positions 60-61 (e.g., for a value of $567.00, you would enter 00000056700).	Required
TRAILER RECORD TYPE	X(1)	1	Enter “3”	Required
DOCUMENT COUNT	X(5)	2-6	Enter the total number of Record 2 lines reported for the individual leases in a file. Must be 5 characters; left justify the Record 2 lines and fill remaining characters with zeroes or spaces.	Required

Appendix A
Contact Information

The best source of contact information is the ONRR web site at www.ONRR.gov. The **Contact Us** link in the upper right corner of every major page contains contact lists, arranged by subject, that provide current assignments and phone numbers.

The entries below include directions to specific information on ONRR.gov.

Refunds

- Open www.ONRR.gov.
- Click the REPORTING/PAYING tab.
- Click *Payments*
- Select *Accounts Receivable, Billing and Financial Issues Information*
    - Federal
    - Indian

Mail completed forms to:

Office of Natural Resources Revenue
(ONRR), Revenue, Reporting, and Compliance
Revenue Financial Management (RRCM)
PO Box 25165, MS63220B
Denver CO 80225-0165

Allowances

Federal oil/gas (offshore) requests for exceptions to allowance limits or computation methods.

- Open www.ONRR.gov.
- Click the REPORTING/PAYING tab.
- Click *Royalty Reporting.*
- Go to the *Allowance* section, click the appropriate form and follow the instructions.

Mail completed forms to:

Office of Natural Resources Revenue
Royalty Valuation
PO Box 25165, MS643000B
Denver CO 80225-0165

Email: royaltyvalution@onrr.gov

Federal oil/gas (onshore) requests for exceptions to allowance limits or computation methods.

- Open www.ONRR.gov.
- Click the REPORTING/PAYING tab.
- Click *Royalty Reporting.*
- Go to the *Allowance* section, click the appropriate form and follow the instructions.

Mail completed forms to:

Office of Natural Resources Revenue
Royalty Valuation
PO Box 25165, MS643000B
Denver CO 80225-0165

Email: royaltyvalution@onrr.gov

Indian transportation forms submission.

- Open www.ONRR.gov.
- Click the REPORTING/PAYING tab.
- Click *Royalty Reporting.*
- Go to the *Allowance* section, click the appropriate form and follow the instructions.

Mail completed forms to:

Office of Natural Resources Revenue
Audit Management
PO Box 25165, MS620000B
Denver CO 80225-0165

Indian transportation (Indian oil and gas) requests for exceptions to allowance limits or computation methods.

- Open www.ONRR.gov.
- Click the REPORTING/PAYING tab.
- Click *Royalty Reporting.*
- Go to the *Allowance* section, click the appropriate form and follow the instructions.

Mail completed forms to:

Office of Natural Resources Revenue
Royalty Valuation
PO Box 25165, MS643000B
Denver CO 80225-0165

Email: royaltyvalution@onrr.gov

Payor Codes (New) or name changes—required to make payments to ONRR

- Open www.ONRR.gov.
- Click the REPORTING/PAYING tab.
- Click *View the Royalty Reporter checklist here.*
- All current information is available on this page.

Code of Federal Regulations (CFR)

Electronic Code of Federal Regulations, (e-CFR) web site:
ECFR

Electronic Payments

- Open www.ONRR.gov.
- Click the REPORTING/PAYING tab.
- Click *Payments*.
- Instructions for all methods of electronic payment to ONRR are available on this page.

The *Payments* page lists phone numbers for individuals and groups who support particular electronic payment methods.

Electronic Reporting

- Open www.ONRR.gov.
- Click the REPORTING/PAYING tab.
- Click *Production Reporting* or *Royalty Reporting* or *Solid Minerals Reporting*.
- Follow the instructions.

Final Rule containing exceptions to electronic reporting (Final Rule, 64 FR 38116—July 15, 1999).

- Open www.ONRR.gov.
- Click the ONRR/About tab.
- Click Rules & Regulations.
- On the ***Rules and Regulations*** page, under **Rules**, click **MMS Revenue Rulemakings**.
- On the **MMS Revenue Rulemakings** page, scroll down and click AC40—Electronic Reporting.
- On the ***Regulation Identifier Number 1010-AC40*** page, under **Proposed and Final Rules**, click the first link for 64 FR 38116 – July 15, 1999.

Ecommerce and Data Warehouse Portal

- Open www.ONRR.gov.
- Click on DW Portal or eCommerce link

Form ONRR-2014 reporting instructions for Royalty Reporting Paper (except Solid Minerals)

- Open www.ONRR.gov.
- Click the REPORTING/PAYING tab.
- Click **Royalty Reporting**.
- In the second section on the ***Royalty Reporting (except Solid Minerals)*** page, find the **Forms** section.
- The **Royalty Reporting** form is Form ONRR-2014. Open the form and follow the instructions on the second page.

Mail completed forms to (only for those without internet connectivity):

Office of Natural Resources Revenue
PO Box 25627
Denver CO 80225-0627

In the **Contacts** section, you will find resources on the following topics:

- Electronic Reporting Inquiries
- Royalty Reporter and Error Correction (Electronic Reporting Problems)
- Lease/Agreement Maintenance and Rent Status

Form ONRR-2014 reporting instructions for Solid Minerals

- Open www.ONRR.gov.
- Click the REPORTING/PAYING tab.
- Click **Solid Minerals Reporting.**
- In the **Reporting Forms** section, under Production & Royalty, open Form ONRR-2014 and follow the instructions on the second page.

Mail completed forms to (only for those without internet connectivity):

Office of Natural Resources Revenue
PO Box 25627
Denver CO 80225-0627

Handbooks

- Open www.ONRR.gov.
- Click the REPORTING/PAYING tab.
- Click *Handbooks*.
- All current handbooks are available electronically on this page.

Index Zone Prices

- Open www.ONRR.gov.
- Click the VALUATION tab.
- Click *Indian Index Zone Prices*.
- All current information is available on this page.

Index Gas Valuation

- Open www.ONRR.gov.
- Click the VALUATION tab.
- Click *Valuation Regulations*.
- All current information is available on this page.

Indian Lockbox Payments

- Open www.ONRR.gov.
- Click the REPORTING/PAYING tab.
- Click *Payments*.
- Scroll down to the **Payments to Indian Lockboxes** section.

Interest Statements, Current Interest Rates, Current Late Payment and Overpayment

- Open www.ONRR.gov.
- Click the REPORTING/PAYING tab.
- Click *Late Payment Interest*.
- All current information is available on this page.

IRS Reporting/Payment Responsibilities

- Contact the IRS directly.
- Tax ID Number for 1099's: 84-0848646

Major Portion Prices

- Open www.ONRR.gov.
- Click the VALUATION tab.
- Click *Indian Major Portion Gas Prices*.
- All current information is available on this page.

Overpayments, Federal and Indian

- Open www.ONRR.gov.
- Click the REPORTING/PAYING tab.
- Click *Late Payment Interest*.
- All current information is available on this page.

Rent and Royalty Share Submission to CIRI

- Open www.ONRR.gov.
- Click the REPORTING/PAYING tab.
- Click *Payments*.
- Scroll down to the Jointly owned Lease Payments section.
- The information you need is in the CIRI Leases subsection.

Reports/payments/other items—delivered by courier

Note: This address is for courier deliveries ONLY. The US Post Office does not deliver to this address; overnight or certified mail is delivered to our PO Box.

Office of Natural Resources Revenue
PO Box 25165, Entrance N1
Building 85, Eighth Street
Denver Federal Center, CO 80225
Delivery hours are 7:00 am - 4:00 pm weekdays (except Federal holidays)

Reports/payments/other items—delivered by US Post Office

Note: All mail—including overnight express deliveries and certified mail—is delivered to this PO Box:

Office of Natural Resources Revenue
PO Box 25165
Denver CO 80225-0165

Reports/payments/other items—delivered in person

Delivery hours are 7:00 am - 4:00 pm weekdays (except Federal holidays).

Office of Natural Resources Revenue
PO Box 25165, Entrance N1
Building 85, Eighth Street
Denver Federal Center, CO 80225

Use the main Federal Center entrance, Gate 1, on Kipling Avenue north of Alameda Parkway in Lakewood. You must show a valid Driver's License to enter the Federal Center. Proceed west to the second stop sign. Turn right and proceed north to another stop sign. Cross 1st Avenue and proceed past the building on the left to the north parking lot. There are two delivery parking spaces. Ring the bell beside the outer doors for service at the window.

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Appendix B
ONRR Lease, Unit, or Communitization Agreement Number

ONRR assigns a 12-character lease number to new MLRS onshore oil & gas federal leases (excluding Alaska), approved on or after April 1, 2022. MLRS Federal and Indian onshore Unit and communitization agreement numbers approved on or after April 1, 2022 identifying each Federal or Indian mineral agreement will no longer be converted, ONRR will use the agency assigned number.

B.1 MLRS ONRR Lease Conversion

The components of the MLRS lease number are assigned as follows:

ONRR prefix	Lease identifier
999	999999999
Example:	
054	123456789

NOTE *The number **9** denotes numbers.*

Issuing agency lease prefix. A prefix assigned by BLM, consisting of 2 alpha Geo State and 2 alpha Admin State, is converted to an ONRR three-digit prefix and BLM 9-digit serial number.

To convert an offshore lease prefix, see Offshore Lease Prefixes in table B-2. To convert an onshore lease prefix prior to April 1, 2022, see Onshore Lease Prefixes starting in table B-3.

Table B-1 contains a numerical list of all valid financial accounting system lease prefixes.

TABLE B-1 Valid financial accounting system lease prefixes

Prefix	Region	Prefix	Region
002	Anchorage	006	California
003	New Mexico	007[a]	Nevada

[a] Indicates a prefix used for acquired lands.

TABLE B-1 Valid financial accounting system lease prefixes (cont.)

Prefix	Region	Prefix	Region
004a	Colorado	010	Washington
005	Colorado	011	Arizona
016	Idaho	068	Montana
024	Montana	069	Colorado
025 [a]	Montana	070 [a]	Colorado
027	Nevada	071	New Mexico
029	New Mexico	072	California
030	New Mexico	076 [a]	Texas
033	North Dakota	077	Colorado
039	New Mexico	079	California
040	New Mexico	080	California
041	Louisiana	081	Utah
042	Utah	082	New Mexico
043 [a]	Utah	083 [a]	North Dakota
044 [a]	BLM All States	087	Nebraska
045	New Mexico	088	OCS – Pacific
046 [a]	Utah	089 [a]	Wyoming
047 [a]	New Mexico	103 [a]	Colorado
048	Wyoming	105	Oregon
049	Wyoming	111	OCS – Alaska
050 [a]	Wyoming	142	Eastern States New Mexico General Land Office
053	Montana	143	Eastern States/Fish and Wildlife
054	OCS – Gulf of America (Formerly Gulf of Mexico)	149 [a]	New Mexico
055	OCS	154 [a]	Montana
056	OCS – Middle Atlantic	155	Eastern States
057	OCS – South Atlantic	158 [a]	Montana
058	OCS – North Atlantic	171	Utah
059	Montana	181	California
060	North Dakota	188	Wyoming
062	Wyoming	251	Nebraska
064	Wyoming	252 [a]	Nebraska
065	Colorado		
066	Wyoming		

[a] Indicates a prefix used for acquired lands.

TABLE B-1. Valid financial accounting system lease prefixes (cont.)

Prefix	Region	Prefix	Region
255	North Dakota	524	Indian/Colorado
256 [a]	North Dakota	525	Indian/New Mexico
271	California	526	Indian/Montana
273	North Dakota	527	Indian/New Mexico
274 [a]	South Dakota	528	Indian/Montana
275	South Dakota	529	Indian/Montana
276 [a]	Nebraska	531	Indian/Utah
284 [a]	North Dakota	535	Indian/Wyoming
415	Indian/New Mexico	536	Indian/Montana
443	Eastern States	537	Indian/Montana
501	Indian/Eastern States	538	Indian/Montana
502	Indian/Wyoming	539	Indian/Montana
503	Indian/New Mexico	540	Indian/Montana
505	Indian/New Mexico	601	Indian/New Mexico
506	Indian/Montana	602	Indian/New Mexico
507	Indian/Montana	607	Indian/New Mexico
509	Indian/Utah	609	Indian/New Mexico
510	Indian/New Mexico	610	Indian/New Mexico
511	Indian/New Mexico	614	Indian/Colorado
512	Indian/Montana	615	Indian/New Mexico
513	Indian/Montana	619	Indian/Montana
514	Indian/Montana	620	Indian/New Mexico
515	Indian/Montana	621	Indian/New Mexico
516	Indian/New Mexico	622	Indian/Montana
517	Indian Montana	623	Indian/New Mexico
518	Indian/New Mexico	634	Indian/Wyoming
519	Indian/Colorado	714	Indian/New Mexico
520	Indian/Montana	801	Department of Secretary
521	Indian/New Mexico	883	North Dakota
522	Indian/Colorado	884	North Dakota
523	Indian/Montana		

[a] Indicates a prefix used for acquired lands.

Lease identifier. If the number originally assigned is fewer than six digits, ONRR converts the BLM or BIA onshore or BOEM offshore serially assigned lease identifier by preceding the number with zeros to form a six-digit number

Lease segregation code. The last character of the ONRR lease, unit, or communitization number is a BLM or BIA assigned alphabetic suffix to the lease number when the lease was segregated from an existing lease because of an approved assignment. If the lease has not been segregated by assignment, the code is zero (**0**). For units, each Participating Area (PA) is assigned an alphabetic character for this field during conversion. If the unit is an exploratory unit, secondary recovery unit, or tertiary recovery unit, the code is **X**.

B.1.1 *Offshore Lease Prefixes*

Table B-2 contains information necessary for determining your correct prefix based on the offshore region from which the lease was issued.

TABLE B-2 Lease prefix conversions for offshore

BOEM issuing office	OCS prefix	ONRR financial accounting system prefix
Alaska	OCS-Y	111
Atlantic:		
Middle	OCS-MA	056
South	OCS-SA	057
North	OCS-NA	058
Gulf of America (Formerly Gulf of Mexico)	OCS-G	054
	OCS	055
Pacific	OCS-P	088

B.1.2 *Onshore Lease Prefixes*

Leases issued by BLM between July 1, 1908, and June 30, 1966, are designated **0** series leases and are distinguished by a zero as the first digit of the lease body. Leases issued between June 30, 1966 and March 31, 2022 are called X series leases. For example, a 0 series lease might be W047659; the same serial number issued as an X series would be W47659. The new MLRS leases approved by BLM (**excluding Alaska**) on or after April 1, 2022 will be issued as WYWY123456789 and ONRR will convert as 049123456789.

The following example illustrates how a BLM lease number is converted to a financial accounting system lease number.

BLM Lease No. WYWY123456789

	Wyoming MLRS series converts to	
Financial accounting system lease number	049	123456789

Table B-3 contains lease prefix conversions for onshore sorted by BLM State office and ONRR prefix.

TABLE B-3 Lease prefix conversions for onshore

BLM State office	Surface agency prefix	ONRR financial accounting system prefix
Alaska	Anchorage	002
All States	BLM-A	044
Arizona	A (Arizona X series)	011
California	CA (California)	006
California	Los Angeles	072
California	Riverside (0 series)	079
California	Sacramento (0 series)	080
California	S (Sacramento X series)	181
California	E (Riverside X series)	271
Colorado	Colorado – ACQ (0 series)	004
Colorado	Colorado (0 series)	005
Colorado	Denver	065
Colorado	COC (Colorado X series)	069
Colorado	C-ACQ (Colorado-acquired X series)	070
Colorado	Pueblo	077
Colorado	BM-A-Colo	103
Colorado	14-20-151	519
Colorado	14-20-604	522
Colorado	MOO-C01420	524
Colorado	I-22-IND	614
CO/ES/MT/WY	I-SEC	801
ES	Baton Rouge	041
ES/NM	GLO	142

TABLE B-3 Lease prefix conversions for onshore (cont.)

BLM State office	Surface agency prefix	ONRR financial accounting system prefix
Eastern States	BLM-FW (Fish & Wildlife)	143
Eastern States	ES (Eastern States)	155
Eastern States	Sand	443
Eastern States	I-103-IND	501
ES/CO/MT/WY	I-SEC	801
Idaho	Idaho	016
Montana	Montana (0 series)	024
Montana	BLM-A-MONT	025
Montana	BLM-ND	033
Montana	M (Montana)	053
Montana	Billings	059
Montana	Bismarck	060
Montana	Great Falls	068
Montana	BLM-A-ND	083
Montana	M-ACQ (Montana-acquired X series)	154
Montana	Montana-ACQ (Montana-acquired 0 series)	158
Montana	M-ND (Montana-North Dakota X series)	255
Montana	Mont-ACQ-ND (Montana-acquired North Dakota 0 series)	256
Montana	Mont-ND (Montana-North Dakota 0 series)	273
Montana	M-ACQ-SD (Montana-acquired South Dakota X series)	274
Montana	M-SD (Montana-South Dakota X series)	275
Montana	M-ACQ-D (Montana-acquired North Dakota X series)	284
Montana	14-20-C56	506

TABLE B-3. Lease prefix conversions for onshore (cont.)

BLM State office	Surface agency prefix	ONRR financial accounting system prefix
Montana	14-20-C51	507
Montana	D.C. Blackfeet	512
Montana	Blackfeet	513
Montana	I-5-IND	514
Montana	14-20-251	515
Montana	O&G 251	517
Montana	14-20-252	520
Montana	14-20-256	523
Montana	O&G Blackfeet	526
Montana	I-32-IND	528
Montana	14-20-104	529
Montana	FP O&G-35	536
Montana	14-20-0259	537
Montana	Ft. Belknap	538
Montana	14-20-30A0101	539
Montana	14-20-A04	540
Montana	Turtle Mountain Bank of Chippewa	610
Montana	I-23-IND	619
Montana	I-37-IND	622
MT/CO/ES/WY	I-SEC	801
Montana	NDM-North Dakota (Dickinson)	883
Montana	Miles City	884
Nevada	Nevada (0 series)	007
Nevada	Carson City	008
Nevada	N (Nevada X series)	027
New Mexico	Trans-NM	003
New Mexico	New Mexico (0 series)	029
New Mexico	NM (New Mexico X series)	030
New Mexico	BLM	039
New Mexico	Guthrie	040
New Mexico	BLM-C	045
New Mexico	NM-A (New Mexico-acquired X series)	047

TABLE B-3. Lease prefix conversions for onshore (cont.)

BLM State office	Surface agency prefix	ONRR financial accounting system prefix
New Mexico	Las Cruces	071
New Mexico	NM-TEX-ACQ (New Mexico-Texas-acquired)	076
New Mexico	Santa Fe	082
NM/ES	GLO	142
New Mexico	BLM	143
New Mexico	NM-ACQ (New Mexico-acquired 0 series)	149
New Mexico	I-89-IND	415
New Mexico	GO2C-1420	503
New Mexico	I-51-IND	505
New Mexico	I-69-IND	510
New Mexico	14-20-0207	511
New Mexico	I-149-IND	516
New Mexico	14-20-0205	518
New Mexico	14-20-0202	521
New Mexico	NOO-C-1420	525
New Mexico	NOG	527
New Mexico	I-27-IND	601
New Mexico	14-20-0402	602
New Mexico	14-20-0206	607
New Mexico	Jicarilla	609
New Mexico	14-20-0208	615
New Mexico	14-20-600	620
New Mexico	14-20-603	621
New Mexico	14-20-0603	623
New Mexico	I-94-IND	714
KSC[a]	Kansas-Colorado (public)	069
KSC1[a]	Kansas-Colorado (acquired)	070
KSNM1[a]	Kansas-New Mexico (public)	030
KSNM1[a]	Kansas-New Mexico (acquired)	047

[a] At various times in the past, Kansas leases were administered by BLM in Colorado, New Mexico, and Wyoming. All Kansas leases are now administered by the New Mexico BLM.

TABLE B-3 Lease prefix conversions for onshore *(cont.)*

BLM State office	Surface agency prefix	ONRR financial accounting system prefix
KSWL[a]	Kansas-Wyoming (public)	049
KSWL[a]	Kansas-Wyoming (acquired)	050
Oregon	Washington	010
Oregon	0 (Oregon X series)	105
Utah	Utah (0 series)	042
Utah	Utah-ACQ (0 series)	043
Utah	U-ACQ (Utah-acquired X series)	046
Utah	Salt Lake City	081
Utah	U (Utah X series)	171
Utah	14-20-H-62	509
Utah	14-109-IND	531
Utah	14-20-462	532
Wyoming	Wyoming (0 series)	048
Wyoming	WYW (Wyoming X series)	049
Wyoming	W-ACQ (Wyoming-acquired X series)	050
Wyoming	Buffalo	062
Wyoming	Cheyenne	064
Wyoming	Evanston	066
Wyoming	W-N (0) (Wyoming-Nebraska 0 series)	087
Wyoming	Wyoming-ACQ (0 series)	089
Wyoming	BLM-A-WYO	188
Wyoming	W-N (Wyoming-Nebraska X series)	251
Wyoming	W-A-N (Wyoming-acquired Nebraska X series	252
Wyoming	W-A-NEBR (Wyoming-acquired Nebraska 0 series)	276
Wyoming	14-20-C58	502
Wyoming	14-20-258	535
Wyoming	I-96-IND	634
WY/CO/ES/MT	I-SEC	801

[a] At various times in the past, Kansas leases were administered by BLM in Colorado, New Mexico, and Wyoming. All Kansas leases are now administered by the New Mexico BLM.

B.2

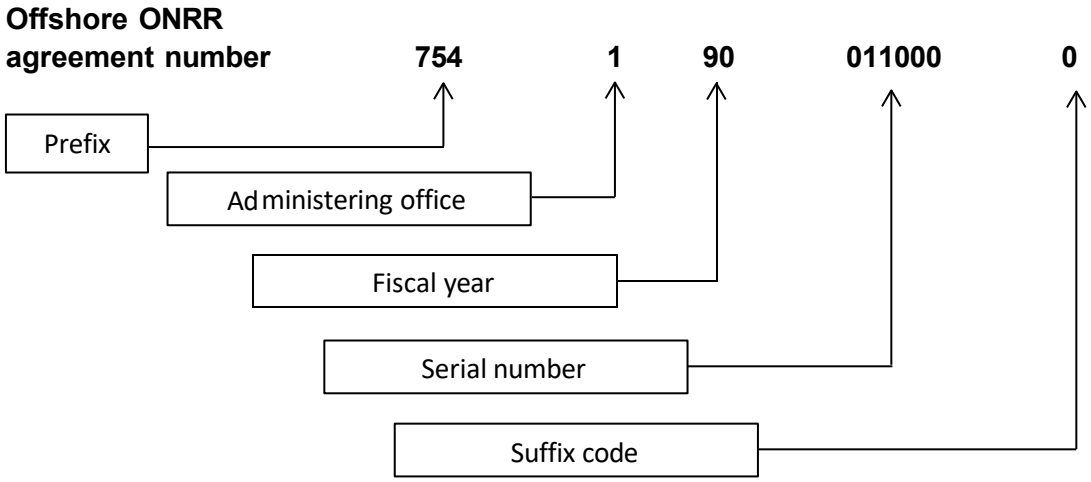
Unit or Communitization Agreement Conversions

This section contains information and tables for converting BLM agreement numbers prior to April 1, 2022 and offshore agreement numbers to ONRR agreement numbers.

B.2.1

Offshore Agreement Conversion

The following schematic, text, and Table B-4 explain the offshore ONRR agreement conversion prefixes.



Prefix. This is a pre-assigned code unique to each administering office.

Administering office. This one-digit block identifies the offshore administering office.

Code	Office
1	Alaska OCS Region
2	Atlantic OCS Region
3	Gulf of America (Formerly Gulf of Mexico) OCS Region
4	Pacific OCS Region

Fiscal year. The fiscal year must be used in converting an offshore agreement number to the financial accounting system because it is the only distinguishing number from year to year.

Serial number. Each fiscal year, the offshore regional offices start numbering

agreements beginning with number 001.

Suffix code. The last one or two characters of the ONRR unit agreement number is a code assigned by BOEM to the unit number when the unit is first approved and/or has formed a new Participating Area (PA). Each new PA is assigned a unique letter for this field, usually starting with an A; however, all old offshore units were originally assigned a code zero (**0**). If the unit is an exploratory unit, the code is **X**. When only one character exists, the field must be left-justified with the second character blank.

TABLE B-4 Offshore agreement prefix conversions

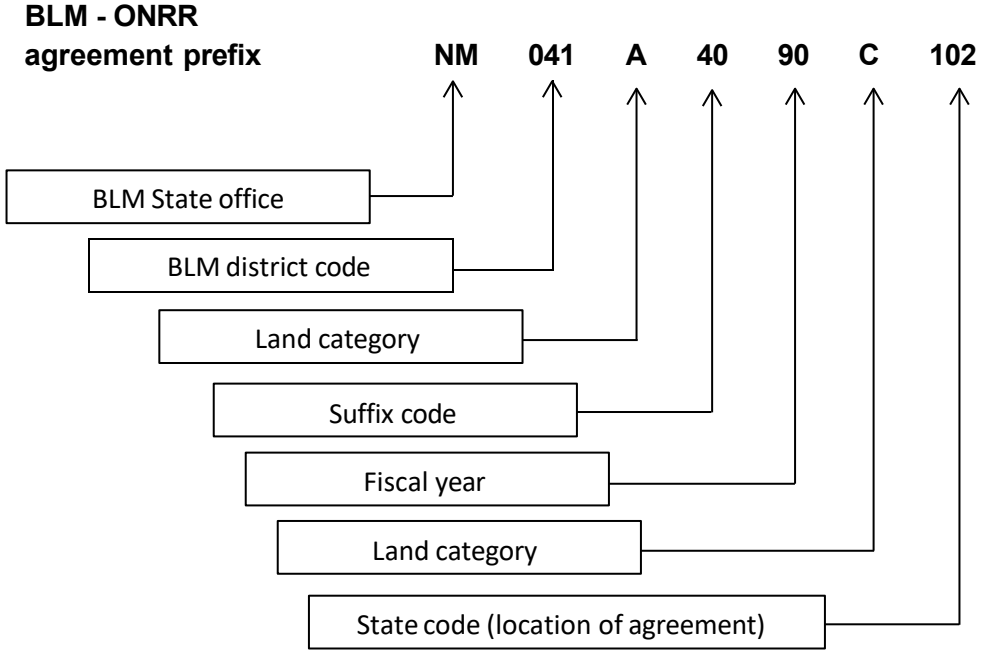
ONRR financial accounting system agreement prefix	ONRR OCS agreement number	BOEM OCS region	Agreement type
750-	1(FY)(Serial #)	Alaska OCS Region	unit
752-	2(FY)(Serial #)	Atlantic OCS Region	unit
754-	3(FY)(Serial #)	Gulf of America (Formerly Gulf of Mexico) OCS Region	unit
756-	4(FY)(Serial #)	Pacific OCS Region	unit
891-	14-08-0001	All Regions	unit

Note: There are no offshore communitization agreements.

B.2.2

Onshore Agreement Conversion

The following schematic and text explain the onshore agreement conversions for agreements issued prior to January 1, 1988.



BLM State office. This block is the two-letter abbreviation for the BLM State office that has administrative jurisdiction over the agreement.

BLM district code. This block is a numeric code for the BLM district office that approved the agreement.

> **Note**: As part of an organizational restructuring in the 1996 - 1997 time frame, BLM redesignated its District Offices as Field Offices or Field Stations.

Land category. On a Federal agreement, the land category may vary as follows:

P = public domain
A = acquired land
M = military land

On an Indian agreement, the land category is always I (Indian).

NOTE *If an agreement contains more than one category of land, BLM assigns the prefix according to which category has the highest percentage of land in that agreement.*

State code. This block is a numeric code representing the State in which the

agreement is physically located. Most districts operate in only one State, so the State code remains constant. However, some BLM districts have responsibility for more than one State. In these instances, the various States for which that district is responsible are listed in the Variables column of Table B-7 on page B-17.

Fiscal year. The fiscal year must be used when converting a BLM agreement number to a financial accounting system number. At the beginning of each fiscal year, BLM starts renumbering from the beginning of its block of serial numbers, so the only distinguishing number from year to year is the fiscal year. The Federal fiscal year begins on October 1 and ends on September 30.

Agreement type. The agreement type may vary as follows:

C = communitization agreement
U = unitization agreement

Federal communitization agreements and units are assigned separate prefixes for each BLM district office. However, Indian communitization agreements and units have been combined under a single prefix for each BLM district. Therefore, an Indian agreement prefix may be either C (CA) or U (UA).

Serial number. Each State has been issued a block of numbers for use in assigning serial numbers. Each fiscal year, BLM starts numbering agreements from the beginning of its block of numbers.

For onshore agreements issued after January 1, 1988, ONRR began using the BLM numbering system. Onshore agreements will be issued the next serial number in line for that state and will no longer maintain the same serial number for units.

The following schematic and text explain the onshore agreement conversions for agreements approved prior to April 1, 2022.

	BLM number on agreement document	ONRR agreement number *	Agency-assigned agreement number
ONRR one-letter prefix:			
Communitization agreement	COC53211	C---53211	COC53211
Unit agreement	COC53211X	C---53211X	COC53211X
ONRR two-letter prefix:			
Communitization agreement	NMNM83541	NM--83541	NMNM83541

Unit agreement	NMNM83541A	NM--83541A	NMNM83541A

* Each '-' represents a space for illustration purposes. Spaces apply to only ONRR agreement numbers.

The following schematic and text explain the onshore agreement conversions for agreements approved on or after April 1, 2022.

Communitization Agreements:

BLM Serial Number	ONRR Agreement Number
WYWY123456789	WYWY123456789

Unit:

BLM Serial Number	ONRR Agreement Number
WYWY123456789	WYWY123456789

Because of system restrictions, BLM **compensatory royalty agreement** numbers must be converted to ONRR lease numbers using the **889-** prefix, the BLM base agreement number.

BLM State and district office codes and State codes. Table B-5 lists letters and numbers for identifying the State and district offices having jurisdiction over the agreement area.

US Well Number codes. Table B-6 lists the State codes used in the US Well Number.

Onshore agreement prefix conversions. Table B-7 lists the ONRR prefixes approved prior to April 1, 2022, that convert to the BLM agreement prefixes.

TABLE B-5 BLM State and District Offices

State	District	Code	State	District	Code
Alaska (AK)	Anchorage	AK 010	Nevada (NV)	Elko	NM 010
	Fairbanks	AK 020		Winnemucca	NV 020
Arizona (AZ)	Arizona Strip	AZ 010		Carson City	NV 030
	Phoenix	AZ 020		Ely	NV 040
	Safford	AZ 040		Las Vegas	NV 050
	Yuma	AZ 050		Battle	
California	Bakersfield	CA 010		Mountain	NV 060
(CA)	Susanville	CA 020	Oregon (OR)	Lakeview	OR 010
	Ukiah	CA 050		Burns	OR 020
	California			Vale	OR 030
	Desert	CA060		Prineville	OR 050
Colorado	Craig	CO 010		Salem	OR 080
(CO)	Montrose	CO 030		Eugene	OR 090
	Canon City	CO 050		Roseburg	OR 100
	Grand Junction	CO 070		Medford	OR 110
Eastern	Jackson	ES 020		Coos Bay	OR 120
States (ES)	Milwaukee	ES 030		Spokane	OR 130
Idaho (ID)	Boise	ID 010	Utah (UT)	Salt Lake City	UT 020
	Burley	ID 020		Cedar City	UT 040
	Idaho Falls	ID 030		Richfield	UR 050
	Salmon	ID 040		Moab	UT 060
	Shoshone	ID 050		Vernal	UT 080
	Coeur d'Alene	ID 060	Wyoming	Worland	WY 019
Montana	Miles City	MT 020	(WY)	Rawlins	WY 039
(MT)	Dickinson	MT 030		Rock Springs	WY 049
	Lewiston	MT 060		Casper	WY 069
	Butte	MT 070			
New Mexico	Albuquerque	NM 011			
(NM)	Las Cruces	NM 031			
	Tulsa	NM 041			
	Roswell	NM 061			

TABLE B-6 US Well Number State Codes

State	Code	State	Code
Alabama	01	Montana	25
Alaska	50	Nebraska	26
Arizona	02	Nevada	27
Arkansas	03	New Hampshire	28
California	04	New Jersey	29
Colorado	05	New Mexico	30
Connecticut	06	New York	31
Delaware	07	North Carolina	32
District of Columbia	08	North Dakota	33
Florida	09	Ohio	34
Georgia	10	Oklahoma	35
Hawaii	51	Oregon	36
Idaho	11	Pennsylvania	37
Illinois	12	Rhode Island	38
Indiana	13	South Carolina	39
Iowa	14	South Dakota	40
Kansas	15	Tennessee	41
Kentucky	16	Texas	42
Louisiana	17	Utah	43
Maine	18	Vermont	44
Maryland	19	Virginia	45
Massachusetts	20	Washington	46
Michigan	21	West Virginia	47
Minnesota	22	Wisconsin	48
Mississippi	23	Wyoming	49
Missouri	24		

TABLE B-7 Onshore agreement prefix conversions

		BLM District Office (or former USGS Office)		Variables		
ONRR prefix	**BLM Agreement Number**	**RAS region**	**Code[a]**	**Land category**	**States**	**Agreement type**
394	E-__	Eastern States	(94)E	---	---	---
494	NW-__	Northwest Region	(94)C	---	---	---
495	C-58-__	Wyoming	(95)C	---	---	---
569	UT080-*-49__-C-_	Vernal, UT		A, P	---	---
570	NM041-*-*-__-C-_	Tulsa, OK		A, P	40, 48	---
571	NM041-*-*-__-U-_	Tulsa, OK		A, P	40, 48	---
572	UT060-*-49-__-C-_	Moab, UT		A, P	---	---
575	UT060-*-49-__-C-_	Moab, UT		A, P	---	---
576	MT030-*-38-__-C-_	Dickinson, ND		A, P	---	---
577	NM041-I-40-__-*-_	Tulsa, OK		---	---	C, U
578	ES020-*-*-__-C-_	Jackson, MS		A, P	01, 05, 12, 13, 21, 22, 28, 37, 45, 47, 51	---
579	VR-*---------C	Vernal, UT		A, P	---	---
580	DK-38-__-I	Dickinson, ND		---	---	---
581	LT-30-__-I	Lewistown, MT		---	---	---
584	VR49-I -------- C	Vernal, UT		---	---	---
586	M049-*---------U	Moab, UT		A, P	---	---
588	DK-38-_	Dickinson, ND		---	---	---
589	LT-30-_	Lewistown, MT		---	---	---
590	NM061-*-35-__-C-_	Roswell, NM		A, P	---	---
593	SCR-_	South Central Region	(93)R (97)T	---	---	---
594	WC-_	Western Region	(94)L	---	---	---
595	P-_	Pacific Region	(95, 99)L	---	---	---
640	CA10-*-06__-C-_	Bakersfield, CA		A, P	---	---
641	CA10-*-06__-U-_	Bakersfield, CA		A, P	---	---
653	C0010-*-08-__-C-_	Craig, CO		A, P	---	---
654	C0010-*-08-__-U-_	Craig, CO		A, P	---	---

[a] A = Alaska, C = Casper, E = Eastern States, L = Los Angeles, M = Metairie, MI = Mining, R = Albuquerque/Roswell, T = Tulsa

TABLE B-7 Onshore agreement prefix conversions

TABLE B-7 Onshore agreement prefix conversions (cont.)

ONRR prefix	BLM Agreement Number	BLM District Office (or former USGS Office) RAS region	Code[a]	Variables Land category	States	Agreement type
656	C0030-*-08-__-C-_	Montrose, CO		A, P	---	---
657	C0030-*-08-__-U-_	Montrose, CO		A, P	---	---
658	C0030-I-08-__-*-__	Montrose, CO		---	---	C, U
659	C0050-*-*-__-C-_	Canon City, CO		A, P	08, 20	---
662	C0070-*-08-__-C-_	Grand Junction, CO		A, P	--	--
663	C0070-*-08-__0U-_	Grand Junction, CO		A, P	---	---
666	ES020-*-*-__-U-_	Jackson, MS		A, P	01, 05, 12, 13, 21, 22, 28, 37, 45, 47, 51	---
670	ES030-I-*-__-*-_	Milwaukee WI		---	09, 10, 17, 18, 19, 23, 24, 25, 26, 27, 29, 33, 34, 36, 39, 42, 44, 50, 54, 55	C, U
691	NCR-_	North Central Region	(9F)C	---	---	---
694	GC-_	Gulf Coast Area (L)	(98)E, T, (94)M	---	---	---
695	CR-CA-Ind-	Utah	(9K)C	---	---	---
696	NW-Ind-_	Northwest Region	(94)C	---	---	---
697	NRM-Ind-_	Northern Rocky Mountain	(9C)C	---	---	---
699	14-20-0256-CA-_	Montana	(9A)C	---	---	---
719	MC-30-	Montana		---	30	---
720	MT020-*-*-__-C-_	Miles City, MT		A, P	30, 46	---
723	MC-40-	South Dakota		---	46	---
724	MR030-*-38-__-U-_	Dickinson, ND		A, P	---	---
726	MT060-*-30-__-C-_	Lewistown, MT		A, P	---	---
728	MT060-I-30-__-*-_	Lewistown, MT		---	---	C, U
730	MT070-*-30-__-U-_	Butte, MT		A, P	---	---

[a] A = Alaska, C = Casper, E = Eastern States, L = Los Angeles, M = Metairie, MI = Mining, R = Albuquerque/Roswell, T = Tulsa

TABLE B-7 Onshore agreement prefix conversions (cont.)

		BLM District Office (or former USGS Office)		Variables		
ONRR prefix	**BLM Agreement Number**	**RAS region**	**Code[a]**	**Land category**	**States**	**Agreement type**
738	NM061-*-35-__-U-_	Roswell, NM		A, P	---	---
743	NM015-*-35-**-C-***	New Mexico		---	---	---
748	NV030-*-32-__-U-_	Carson City, NV		A, P	---	---
750-756	Offshore agreement numbers effective 10/1/86 (see Table B-4 on page B-11)					
781	WY-069-_	Casper, WY		---	---	---
783	WY-039-_	Rawlins, WY		---	---	---
784	WY019-*-56-__-U-_	Worland, WY		A, P	---	---
788	S40T-__-I-	Tulsa, OK		---	---	---
789	NMA-I-	Albuquerque, NM		---	---	---
791	CR-_	Utah; Colorado	(9G)C, (9B)R	---	---	---
792	CO-M-_	Montrose, CO		---	---	---
793	CO-M-I-	Montrose, CO		---	---	---
794	SW/SRM-_	New Mexico	(94)R	---	---	---
795	MC-CR-Compensatory Royalty	Tulsa, OK	(95)T	---	---	---
796	SW-Ind-	New Mexico	(96)R	---	---	---
798	CR-I-_	Central Region		---	---	---
799	14-20-0251-_	Montana	(99)C	---	---	---
828	UTO20-*-49-__-C-_	Salt Lake City, UT		A, P	---	---
836	UTO80-*-49-__-U-_	Vernal, UT		A, P	---	---
837	UTO80-I-49-__-*-_	Vernal, UT		---	---	C, U
838	WY019-*-56-__-C-_	Worland, WY		A, P	---	---
840	WYO39-*-56-__-C-_	Rawlins, WY		A, P	---	---
843	WYO49-*-56-__-U-_	Rock Springs, WY		A, P	---	---
845	WYO69-*-*-__-C-_	Casper, WY		A, P	31, 56	---
846	WYO69-*-*-__-U-_	Casper, WY		A, P	31, 56	---
860	WYO-*-56-__-C-_	Rock Springs, WY		A, P	---	---

[a] A = Alaska, C = Casper, E = Eastern States, L = Los Angeles, M = Metairie, MI = Mining, R = Albuquerque/Roswell, T = Tulsa

TABLE B-7 Onshore agreement prefix conversions (cont.)

TABLE B-7 Onshore agreement prefix conversions (cont.)

		BLM District Office (or former USGS Office)		Variables		
ONRR prefix	**BLM Agreement Number**	**RAS region**	**Code[a]**	**Land category**	**States**	**Agreement type**
865	ES030-*-*-__-C-_	Milwaukee, WI		A, P	09, 10, 17, 18, 19, 23, 24, 25, 26, 27, 29, 33, 34, 36, 39, 42, 44, 50, 54, 55	---
866	UT-UO-_	Utah		---	---	---
868	U4OT-__-	Tulsa, OK		---	---	---
869	CO-C-_	Craig, CO		---	---	---
870	CO-CC-_	Canon City, CO		---	---	---
871	K-CC-_	Canon City, CO		---	---	---
873	CO-GJ-	Grand Junction, CO		---	---	---
874	C-*-T- __	Tulsa, OK		---	40, 48	---
875	TD-IND- __	Tulsa, OK		---	---	---
876	C40T-__-I	Tulsa, OK		---	---	---
877	NMA-_	Albuquerque, NM		---	---	---
878	RNM-_	Roswell, NM		---	---	---
879	TD-	Tulsa, OK		---	---	---
880	UT-_	Utah		---	---	---
882	TS-Ind-S- __	Tulsa, OK		---	---	---
883	NDM-	Dickinson, ND	(C/A)	---	---	---
884	MTM-	Miles City, MT	(C/A)	---	---	---
886	NDM-	North Dakota (Units)		---	---	---
887	SDM-	South Dakota	(C/A)	---	---	---
888	SDM-	South Dakota (Units)		---	---	---
889	Compensatory Royalty (entered as a lease, refer to page B-13)					
891	14-08-0001- __	All Regions	(98) MI, (91) all Reg.	---	---	---

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TABLE B-7 Onshore agreement prefix conversions (cont.)

◆ 03/18/2026

TABLE B-7 Onshore agreement prefix conversions (cont.)

		BLM District Office (or former USGS Office)		Variables		
ONRR prefix	**BLM Agreement Number**	**RAS region**	**Code[a]**	**Land category**	**States**	**Agreement type**
892	I-Sec-_	All Regions	(92) all Regions	---	---	---
893	FFMC-_	Federal Farm Mortgage Corporation		---	---	---
894	MC-_	Mid-Continent	(95)E (94)T	---	---	---
896	MC-Ind-_	Mid-Continent	(96)T	---	---	---
897	NRM-_	Montana, Wyoming	(98)C	---	---	---
898	14-20-0258-_	Wyoming		---	---	---
899	SCRI-_	South Central Region	(9A)R	---	---	---

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Appendix C
Product Codes

Use these codes to report products on Form ONRR-2014 and Form CMP-2014.

C.1

Oil and Gas

Code	Description
01	Oil
02	Condensate
03	Processed (residue) gas
04	Unprocessed gas
05	Pipeline condensate, retrograde condensate, drip condensate, drip liquid, scrubber/pipeline drip
06	Plant inlet scrubber
07	Gas plant products
08	Gas hydrates
09	Nitrogen
12	Flash gas
13	Fuel oil
14	Oil lost
15	Pipeline fuel/loss
16	Gas lost—flared or vented (use for reversal of previously accepted lines only)
17	Carbon dioxide gas
19	Sulfur
20	Other liquid hydrocarbons
22	Helium (Indian Leases Only) ONRR does not collect royalties on Form ONRR-2014 reports for Helium produced on Federal lands. The responsible office for Federal Helium royalties is the BLM Field Office in Amarillo, Texas. For royalty collection questions on Federal Helium, call the Amarillo BLM Field Office at (806) 356-1030.

Code	Description
39	Coalbed methane
61	Sweet Crude—Indian leases
62	Sour Crude—Indian leases
63	Asphaltic Crude—Indian leases
64	Black Wax Crude—Indian leases
65	Yellow Wax Crude – Indian
66	Leases Flared Oil Well Gas
67	Flared Gas Well Gas
68	Vented Oil Well Gas
69	Vented Gas Well Gas
70	Gas Lost Prior to Royalty Measurement Point

NOTE *For the unique situation where the lessee must pay royalty on gas used on the lease or agreement, use Product Code 15.*

C.2

Geothermal

Code	Description
31	Geothermal—electrical generation, kWh
32	Geothermal—electrical generation, thousands of pounds
33	Geothermal—electrical generation, MMBtu
34	Geothermal—electrical generation, other
35	Geothermal—direct utilization, MMBtu
36	Geothermal—direct utilization, hundreds of gal
37	Geothermal—direct utilization, other
38	Geothermal—commercially demineralized water
41	Geothermal by-product—sulfur
42	Geothermal by-product—carbon dioxide
43	Geothermal by-product—silica
44	Geothermal by-product – other
45	Geothermal – direct use, millions of gallons
46	Geothermal – direct use, millions of pounds

NOTE *For geothermal byproducts other than those listed above, contact us at the address or telephone numbers listed in Appendix A.*

C.3

Alternative Energy

Code	Description
50	Wind—Electricity
51	Wind—Hydrogen
52	Solar—Electricity
53	Solar—Hydrogen
54	Current—Electricity
55	Current—Hydrogen
56	Biomass—Electricity
57	Biomass—Hydrogen
58	Hydrogen—Electricity
59	Hydrogen—Hydrogen
60	Other Alternate Use

Appendix D
Sales Type Codes

Use these sales type codes (STC) when completing field 11 of Form ONRR-2014 and Form CMP-2014. Basic reporting guidance is provided below. If you have questions, see Appendix A for contact information.

Sales type code	Sales type name	Description
APOP	Percentage of proceeds — Arm's-length	POP contracts are defined as sales of gas prior to processing in which the value of the unprocessed gas is based on a percentage of the proceeds the purchaser receives for the sale of residue gas and gas plant products attributable to processing the lessee's gas. The APOP STC is no longer applicable to Federal gas effective January 1, 2017.
ARMS	Arm's-length	A contract or agreement between independent, **nonaffiliated** parties with opposing economic interests regarding that contract; not involving any consideration other than the sale and transportation of mineral resources. See 30 CFR, Part 1206 for further definition of an arm's-length contract.
NARM	Non-arm's-length	Companies are **affiliated**, defined by degree of control. Affiliation exists if an entity controls, is controlled by, or is under common control with another entity. See 30 CFR, Part 1206 for further definition (see arm's-length contract).

Sales type code	Sales type name	Description
NPOP	Percentage of proceeds — Non-arm's-length	POP contracts are defined as sales of gas prior to processing in which the value of the unprocessed gas is based on a percentage of the proceeds the purchaser receives for the sale of residue gas and gas plant products attributable to processing the lessee's gas. The NPOP STC is no longer applicable to Federal gas effective January 1, 2017.
OINX	Index	Use OINX to report Federal oil production that is valued based on index. Use OINX to report Indian gas production that is valued based on index regardless of contract type (POP, NARM, etc.). Use OINX for Federal gas production that is valued under the index-based option.
POOL	Pooled sales —	Some companies aggregate their production from multiple properties and then sell or exchange their production under multiple contracts. In a pooling situation, you will determine value by computing a weighted average price for all arm's-length sales at all downstream sales outlets. For certain federal gas situations, the weighted average price should include your affiliate's arm's-length sales. For certain Indian gas situations, the weighted average price should include certain non-arm's-length sales. Do not use Sales Type Code POOL when: • valuing your production under an index-based method • reporting Indian oil

NOTE

Indian Leases:
For gas production sold under a POP contract and produced from Indian leases located in an index zone, use STC OINX.

Indian Leases:
On August 10, 1999, ONRR published the new Indian Gas Valuation Rule and amended the regulations governing the valuation of natural gas produced from Indian leases. Under the amended gas regulations, effective January 2000, you will report gas sold under POP contracts in non-index zones as a sale of processed gas under both arm's-length and non-arm's-length conditions. Reporting requirements for POP contracts depend on whether you elect actual or alternative dual accounting. For detailed information, refer to the September 22, 2004, Dear Payor letter that addresses the new reporting requirements for natural gas produced from Indian properties and sold under a POP contract.

Sales type code	Sales type name	Description
RIKD	Royalty in Kind	
A01 - A25	Code assigned as future valuation agreements are established	For example, negotiated valuation formula.
Z700	Historical POP conversion	Use only for Sales Months prior to October 2001.
Z999	Historical conversion	Use only for Sales Months prior to October 2001.
GNST	Geothermal no sales transaction	Where geothermal resource is directly utilized.

Appendix E
Transaction Codes

Use these codes to report transactions on Form ONRR-2014 and Form CMP-2014.

Code	Name	Use to . . .
01	Royalty Due	Report royalties due in value on producing Federal and Indian leases. For information on how to report using this code, see page 4-2.
02	Minimum Royalty Payment	Report the minimum royalty payment for a lease. For information on how to report using this code, see page 4-22.
03	Estimated Royalty Payment	Report an estimated royalty payment. For information on how to report using this code, see page 4-18.
04	Rental Payment	Report the payment of non-recoupable rent for a lease. For information on how to report using this code, see page 4-29.
05	Advance Rental Credit	Report the payment of recoupable rent for a lease. For information on how to report using this code, see page 4-32.
06	Royalty in Kind	Report Navajo Nation Royalty-in-Kind leases.
08	Royalty in Kind	Report non-Strategic Petroleum Reserve (SPR) transactions for RIK oil and gas leases (for ONRR use only).
10	Compensatory Royalty Payment	Report royalty value due on oil and gas that has been drained from Federal or Indian land by a well on another property. For information on how to report using this code, see page 4-11.

Code	Name	Use to . . .
11	Transportation Allowance	Report a transportation allowance against royalty due. For information on how to report using this code, see page 4-67.
12	Tax Credit	Report a credit to royalties resulting from a tax payment made to a State or local taxing authority for an Indian lease. The credit is equal to the tax payment multiplied by the royalty rate. For information on how to report using this code, see page 4-79.
13	Quality Bank and Gravity Bank Adjustment	On ONRR-designated leases, report adjustments that reflect the difference in oil gravity and/or sulfur between the oil measured at the approved point of royalty settlement and the oil delivered to the refiner at the delivery point. For information on how to report using this code, see page 4-105.
14	Tax Reimbursement Payment	Report the royalty on a tax reimbursement. For information on how to report using this code, see page 4-85.
15	Processing Allowance	Report a processing allowance against the royalty due. For information on how to report using this code, see page 4-71.
16	Well Fees	Report a flat fee payable periodically as specified in the lease instrument. For information on how to report using this code, see page 4-93.
17	Gas Storage Agreement – Flat Fee	Pay for storage of gas when the fee is a fixed amount or is based on the number of acres used to store gas. For information on how to report using this code, see page 4-96.
18	Gas Storage Agreement – Injection Fee	Report the fee for gas injected into a gas storage formation. For information on how to report using this code, see page 4-99.
19	Gas Storage Agreement – Withdrawal Fee	Report the fee for gas that was injected into and then withdrawn from a gas storage formation. For information on how to report using this code, see page 4-102.

Code	Name	Use to . . .
21	Interest Amount Due ONRR	Report payor-calculated interest owed to ONRR. For information on how to report using this code, see page 4-109.
25	Recoup Advance Rental Credit	Report a recoupment of a previously paid recoupable rent against net royalties paid. For information on how to report using this code, see page 4-35.
31	Contract Settlement Payment	Report royalty due on contract settlement payments between you and a third party. For information on how to report using this code, see page 4-42.
37	Royalties Due in Lieu of Severance Tax	Report royalties due for leases subject to Section 6(a)(9) of the OCS Lands Act of 1953, as amended. For information on how to report using this code, see page 4-49.
38	Additional Royalties Due for 6(a)(9) Leases	Report additional royalties of 1/32, 1/48, and 1/64 due under Section 6(a)(9) leases. For information on how to report using this code, see page 4-52.
39	Net Profit Share – Unprofitable	Report sales from an NPS lease for months the lease does not show a profit. For information on how to report using this code, see page 4-55.
40	Net Profit Share – Profitable	Report sales and royalties on NPS leases for profitable months. For information on how to report using this code, see page 4-59.
41	Offshore Deep Water Royalty Relief	Replaced with TC 55 effective sales month 10/2008.
42	Net Revenue Share Lease, Allotment for Operating Costs	Report the operating allowance on ONRR-approved net revenue share agreements. For information on how to report using this code, see page 4-75.

Code	Name	Use to . . .
43	EPA Sec 343 – Marginal Property Royalty Relief (RRR)	See Energy Policy Act of 2005 for explanation.
44	EPA Sec 344 – Shallow Water Deep Gas Royalty Relief	See Energy Policy Act of 2005 for explanation.
45	EPA Sec 346 – Alaska Offshore Royalty Relief (SV)	See Energy Policy Act of 2005 for explanation.
46	EPA Sec 346 – Alaska Offshore Royalty Relief (RRR)	See Energy Policy Act of 2005 for explanation.
47	EPA Sec 353 – Gas Hydrate Royalty Relief	See Energy Policy Act of 2005 for explanation.
48	EPA Sec 354 – Carbon Dioxide Injection Royalty Relief	See Energy Policy Act of 2005 for explanation.
49	EPA Sec 354 – Carbon Dioxide Injection Royalty Relief (SV)	See Energy Policy Act of 2005 for explanation.
50	Indian Recoupable Balance (applicable to Indian leases only)	Establish a balance that can be recouped on an Indian lease as a result of a previous overpayment. It is the difference between the line reversing a previously reported overpayment and the line reporting the corrected rents or royalties. For information on how to report using this code, see page 4-39.
51	Indian Recoupment Taken (applicable to Indian leases only)	Report the amount of recoupment taken in a given month. It is based on the amount of current revenue paid and reported in a given month. For allotted Indian leases, the recoupment taken

Code	Name	Use to . . .
		cannot exceed 50 percent of current revenue and can be taken on only the lease on which the overpayment occurred. For tribal Indian leases, the recoupment taken cannot exceed 100 percent of current revenue and can be taken on only the lease on which the overpayment occurred, unless the appropriate tribe has given prior approval to recoup against other leases. For information on how to report using this code, see page 4-40.
52	Recoup Minimum Royalty Paid in Advance	Report the recoupment of a previously paid minimum royalty payable in advance on certain Indian leases. For information on how to report using this code, see page 4-25.
53	Effluent Injection Payment or Reimbursement	Report royalty due on payments received for effluent or other fluid injection to maintain reservoir pressure, to generate additional geothermal reserves, or for disposal purposes (for geothermal resources only). For information on how to report using this code, see page 4-89.
54	Geothermal Field Operations Payment or Reimbursement	Report royalty due on payments received for field operations and maintenance, other than effluent injection (for geothermal resources only). For information on how to report using this code, see page 4-91.
55	DWRRA – EPA Sec 345 - Deep Water Royalty Relief	See Energy Policy Act of 2005 for explanation. Report royalty-free volumes on production sold or removed from leases qualifying for royalty relief under the Outer Continental Shelf Deep Water Royalty Relief Act. For information on how to report using this code, see page 4-63.
58	Reserve Estimate Revisions	On ONRR-designated leases, use to report reserve estimate revisions.
LP	Liable Party Rolled-up Reporting	You must have written approval from ONRR to report a rolled-up Form ONRR-2014 line. Liable Party reports rolled up royalties due on producing Federal and Indian leases.

Code	Name	Use to . . .
LS	Liable Party Adjustment Reporting	Liable Party reports adjustment royalties due on producing Federal and Indian leases.

Appendix F
Adjustment Reason Codes

NOTE

ONRR eliminated many previously valid adjustment reason codes. You can report the following adjustment reason codes for oil and gas leases: 10, 15, 16, 17, 32, 35, 49, and 71 and 72 for interest. You can report the following adjustment reason codes for geothermal leases: 25, 26 and 31.

Use these codes to correct previously reported transactions on Form ONRR-2014 or Form CMP-2014.

Code	Name	Use to . . .
10	Adjustment	Make an adjustment that does not require a unique adjustment reason code. Use adjustment reason code 10 whether the adjustment results in an increase or decrease to royalties.
15	Marginal property true-up	Report the adjustment from take volume to entitled volume for qualified marginal properties.
16	Major portion/dual accounting (effective sales month 01/2000)	Report the adjustment to the published major portion price and/or dual accounting for Indian gas production, effective for 01/2000 sales forward. Adjustment reason code 16 is applicable only for Indian gas reporting where the Indian lease is located in a non-index zone. This adjustment reason code is allowed on Form CMP-2014.
17	ONRR-initiated compliance adjustment	Report entries resulting from an audit or compliance review. Any exceptions to reporting this adjustment reason code must be approved by ONRR. This adjustment reason code is allowed on only Form CMP-2014.

Code	Name	Use to . . .
25	Netback costs true-up (geothermal leases only)	Report adjusted netback values for prior periods using actual capital costs and operating and maintenance expenses for geothermal resources using netback valuation only.
26	Change valuation method (geothermal leases only)	Report adjusted resource/production values for prior periods as a result of a retroactive change in valuation method approved by ONRR; for geothermal resources only.
31	Retroactive mandatory price adjustment (geothermal leases only)	Report adjusted resource/production values for prior periods as a result of retroactive price adjustments by the purchaser or other pricing authority; for geothermal resources only.
32	Estimate adjustment	Increase or decrease an estimated royalty payment balance.
35	Unit participating area/communitization agreement adjustment	Adjust volumes and values required as a result of the formation, expansion, contraction, or termination of a unit PA or CA.
49	Index zone/dual accounting price adjustment (effective sales month 01/2000)	Report adjustments to the index price and/or dual accounting for gas production from an Indian lease located in an index zone. This adjustment reason code is allowed on Form CMP-2014.
50	Data Mining	Report entries resulting from a Data Mining review. Any exceptions to reporting this adjustment reason code must be approved by ONRR.
71	Estimate underpayment interest	Identify payor-calculated interest related to insufficient estimate values.
72	Audit underpayment interest	Identify payor-calculated interest related to an audit. This adjustment reason code is allowed on Form CMP-2014.

Appendix G
Payment Method Codes

Use these codes to report your payment method on Form ONRR-2014.

Code	Description
01	Checks to ONRR (PM1)
02	Indian direct pay (PM2)
03	EFT payment (PM3)
04	Royalty in kind (PM4)
05	Checks to ONRR for BIA (PM5)
06	Other (reserved for future use) (PM6)
07	Indian lockbox (PM7)