

Chapter 7 Other Obligations

Lease-level obligations are non-Royalty payments due for the lease. These obligations include Advance Royalty, Bonus, Contract Settlements Payment, Deferred Bonus Payment, Fair Market Value, Minimum Royalty Payable in Advance Payment, Minimum Royalty Payment, Recoupable Rental Payment, and Rental Payment. These obligations, and any available recoupments of these obligations are reported on the Other Obligations tab of the P&R Original Report Type. (See screenshot below)

Solids P&R

OMB Control Number: 10-10-0120, Expiration Date: 12/31/2010
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[Main Payment](#) | [Original P&R](#) | [Value Adjustment](#) | [Other Obligation](#)

Mine Name: FISHING CREEK AMETHYST MINE Business Unit: Federal/State/Fee

Other Obligations

Obligation ID: New Sales Month/Year: August 2001 Lease Number: GAES31311

Obligation ID	Sales Month/Year	Lease Number	Interest Bearing Indicator	Interest From Date	Payment Amount
2	May, 2020	GAES31311	N	N/A	\$50.00
Total:					\$50.00

[Show Historical Obligations](#)

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The Other Obligations page displays pre-populated unsatisfied financial term obligations (e.g. Rent, Bonus) as well as all other obligation types already saved during the current submission. It should only be accessed through the Original P&R/Other Obligation/P&R Value Adjustment report type on the Mine Selection page.

7.1 How to Report and Pay Lease-Level Obligations

ONRR highly recommends that payors report Other Obligations on a separate P&R Report from their Royalties due to the differing due dates.

7 Other Obligations

Some other obligations will prepopulate and will be discussed later. Therefore, it is suggested that you go into the P&R at least one day prior to when you want to submit your royalties.

To submit your other obligations P&R, from the Mine Selection page, you will begin the type of report you want to enter. To do so, select the Mine or Permit and Stand Alone Lease Contract Type using the radial button. Then, click the drop-down arrow to the right of the Contract Name field in order to select the mine name or payor code, whichever is applicable to the contract type selected. The list of possible mines or payor codes to choose from is limited to those associated to your login ID. The Federal or Indian Indicator should default to whichever one matches the selected mine or payor code, unless the mine contains both Federal and Indian leases. Finally, select the Report Type you need to submit (Original P&R/Other Obligation/P&R Value Adjustment) using the radial dial, and then click the Create Report button.

The screenshot shows the 'Solids P&R' web application interface. At the top, there is a navigation bar with 'Documentum', 'Hyperion', and 'Office of Natural Resources...'. Below this is a blue header with 'Solids P&R' and a welcome message: 'Welcome, LYKICZ Please Enter the appropriate information to begin your Production & Royalty Submission'. On the right side of the header, it says 'OMB Control Number 1010-0126, Expiration Date: 12/31/2010' and has links for 'Log Out of P&R' and 'Help'. The main content area is divided into two sections: 'Contract Information' and 'Report Type'. Under 'Contract Information', there are radio buttons for 'Mine' (selected) and 'Permit and Stand Alone Lease'. Below that is a dropdown menu for 'Contract Name' with the value '470JUNC-ERNE-COLOROW-ALLOMINE'. There are also radio buttons for 'Federal/Indian Indicator' with 'Federal/State/Fee' selected. The 'Report Type' section has radio buttons for 'Original P&R/Other Obligation/P&R Value Adjustment' (selected) and 'P&R Volume/Value Adjustment'. A 'Create Report' button is located at the bottom of the form. A disclaimer is visible at the very bottom of the page.

The Original P&R tab is selected and open. Click on the “Other Obligations” tab, review the screen to see if there are any prepopulated obligations. At this point you may add, update, delete obligations and then proceed to the Main Payment page for submission. Once this P&R is submitted you will have to wait a day in order to submit your P&R royalties.

When entering other obligations every input field is required in order to properly save the obligation: Sales Month/Year, Agency Assigned Lease Number, Payment Type, Interest Bearing Indicator, Interest From Date, and Payment Amount. All active leases for the given Sales Month/Year are displayed in the Lease Number select box.

If for some reason you forget to report during the calendar month that an obligation prepopulates, you will have the ability to report those obligations on the P&R. For example, your company’s policy is that you open, create and submit your royalties on the 25th day of each month. On March 25, 2020 you submitted your February 2020 royalties, and on March 26, 2020 you logged back in to the P&R to review your previous submission. If you log out instead of cancelling the submission, then the next time you log in to report your March 2020 royalties on April 25, 2020, your May 2020 pre-populated Other Obligations will **not** pre-populate. Similarly, if for some reason the system was to become inaccessible for a month or more and an obligation was due to

pre-populate during this period, it would not pre-populate and you will have to manually enter those obligations in the “Other Obligation” tab.

Remember, it is your responsibility to know when your other obligations are due, and their associated amounts. If you don’t see an obligation that you expected to prepopulate, go to the Main Payment Page and cancel your submission. Start the process over again, and if the obligation is still missing, contact your Solid Minerals Representative. Additionally, contact your Solid Minerals Representative if you have questions and/or need help in reporting. (For contact information, see Appendix A.)

7.1.1 Reporting Rent, Minimum Royalty, Minimum Royalty Payable in Advance (MRPIA), Bonus and Deferred Bonus Payment Types

These lease-level obligations will pre-populate on the P&R in the Other Obligations tab the month prior to the due date, except Bonus and Minimum Royalty. For example, April rents would pre-populate in March. Reminder: If you do not open the P&R during the month prior to when the obligation is due, you have missed the window for pre-population to occur, and you will now need to manually enter the lease-level obligations that are due. Minimum Royalty does not prepopulate because it is paid at the end of the year if production royalties do not exceed the minimum royalty requirement.

To manually report your lease-level obligations, navigate to the Other Obligations tab. In that screen, select the sales month, lease number, and payment type, and enter the Payment Amount for the obligation you are reporting. Then select the Add Line button to left.

If you need to update/correct a line, then select the Obligation ID number for the line that needs updating, make the necessary correction to the field and then select the Update Line button. If you need to Delete a line, select the Obligation ID for the line that needs deleting, then select the Delete button.

After you review and determine that the obligations are entered correctly, navigate to the Main Payment page and submit the report. You do not need to submit payment until the obligation is due.

7 Other Obligations

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Solids P&R

OMB Control Number 1010-0120, Expiration Date: 12/31/2010
Log Out of P&R Help

Main Payment Original P&R Value Adjustment **Other Obligation**

Mine Name: FISHING CREEK AMETHYST MINE Business Unit: Federal/State/Fee

Other Obligations

Obligation ID Sales Month/Year Lease Number Payment Type Interest Bearing Indicator Interest From Date Payment Amount

New May 2020 GAES31311 Recoupable Rental Payment Y 8/31/2001 \$ 218.00

Y N

Add Line Update Line Delete Line Clear

Obligation ID	Sales Month/Year	Lease Number	Payment Type	Interest Bearing Indicator	Interest From Date	Payment Amount
1	June, 2020	GAES31311	Minimum Royalty Payable in Advance Payment	Y	N/A	\$654.00
2	June, 2020	GAES31311	Recoupable Rental Payment	Y	N/A	\$218.00
3	May, 2020	GAES31311	Recoupable Rental Payment	N	N/A	\$218.00
Total:						\$1,090.00

Hide Historical Obligations

No Data Available

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7.1.2 Reporting Advance Royalty and Fair Market Value Payment Types

These lease-level obligations will not pre-populate because the amounts are not known prior to the reporting month. In order to report these obligations, you will need to contact your Solid Mineral Analyst to discuss the amounts due. Once the Solid Mineral Analyst has entered the amount due for the reporting period, you will be able to manually enter the obligations in the P&R.

To manually report these lease-level obligations, navigate to the Other Obligations tab. In that screen, select the sales month, lease number, and payment type, and enter the Payment Amount for the obligation you are reporting. Then select the Add Line button to left.

If you need to update/correct a line, then select the Obligation ID number for the line that needs updating, make the necessary correction to the field and then select the Update Line button. If you need to Delete a line, select the Obligation ID for the line that needs deleting, then select the Delete button.

After you review and determine that the obligations are entered correctly, navigate to the Main Payment page and submit the report. You do not need to submit payment until the obligation is due.

7.1.3 Reporting Contract Settlement Payment Type

Use Contract Settlement to report royalty due on contract settlement payments between you and a third party. Normally, the settlements reported under this transaction are between lessees and purchasers. Do **not** report settlements between payors and ONRR utilizing this obligation type.

Two types of settlements are reported under Contract Settlement.

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 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. You should continue to report royalties on future production in the same manner; or alternatively, you may elect to make a lump sum payment.

To manually report this lease-level obligation, navigate to the Other Obligations tab. In that screen, select the sales month, lease number, and payment type, and enter the Payment Amount for the obligation you are reporting. Then select the Add Line button to left.

If you need to update/correct a line, then select the Obligation ID number for the line that needs updating, make the necessary correction to the field and then select the Update Line button. If you need to Delete a line, select the Obligation ID for the line that needs deleting, then select the Delete button.

After you review and determine that the obligations are entered correctly, navigate to the Main Payment page and submit the report. You do not need to submit payment until the obligation is due.

7.1.4 Recouping Recoupable Obligations

You cannot recoup your rent until you have paid and/or reported either your advance royalty, your minimum royalty payable in advance, or your royalties. You may need to wait up to one month after reporting the obligations of recoupable rent and minimum royalty payable in advance/advance royalty in order to be able to recoup your rent.

To recoup from a lease account, you must enter a negative amount for one of the recouping obligations types. You must also select the exact month/year of the obligation due date from which you wish to recoup.

7 Other Obligations

If your lease has the Minimum Royalty Payable in Advance (or MRPIA) obligation, you can recoup against net royalties reported and paid, by lease, within the same lease year. One hundred percent of the current month's net royalties that you report may be used to offset the Minimum Royalty Payable in Advance, without exceeding the total minimum royalty payment.

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

Navigate to the Other Obligations page and select the same sales month as you did to report the obligation, the same lease and the obligation type of Recouping Rent or Recoup Minimum Royalty Payable in Advance. Enter the recoupment amount with a negative sign in front of the amount.

NOTE: Make sure you are using the proper recoupment Payment Types. Otherwise, if you select the wrong Payment Type, you may inadvertently reverse your original reporting of your obligations.

If you are recouping on an Indian lease, contact your Solid Minerals Representative for more information on additional steps you may need to follow and see below for additional information.

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Solids P&R

OMB Control Number 1010-0120, Expiration Date: 12/31/2016
Log Out of P&R Help

Main Payment Original P&R Value Adjustment Other Obligation

Mine Name: FISHING CREEK AMETHYST MINE Business Unit: Federal/State/Fee

Other Obligations

Obligation ID Sales Month/Year Lease Number Payment Type Interest Bearing Indicator Interest From Date Payment Amount

New May 2020 GAES31311 Minimum Royalty Payable in Advance Payment N 8/31/2001 \$ 654.00

Add Line Update Line Delete Line Clear

Obligation ID	Sales Month/Year	Lease Number	Payment Type	Interest Bearing Indicator	Interest From Date	Payment Amount	
2	May, 2020	GAES31311	Minimum Royalty Payable in Advance Payment	N	N/A	\$654.00	
						Total:	\$654.00

Hide Historical Obligations

Sales Month/Year	Lease Number	Payment Type	Interest Bearing Indicator	Interest From Date	Payment Amount
June, 2020	GAES31311	Minimum Royalty Payable in Advance Payment	Y	N/A	\$654.00
June, 2020	GAES31311	Recoupable Rental Payment	Y	N/A	\$218.00
May, 2020	GAES31311	Recoupable Rental Payment	N	N/A	\$218.00

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Solids P&R

OMB Control Number 1010-0120, Expiration Date: 12/31/2016
Log Out of P&R Help

Main Payment Original P&R Value Adjustment Other Obligation

Mine Name: BUICK MILL Business Unit: Federal/State/Fee

Other Obligations

Sales Month/Year Lease Number Payment Type Interest Bearing Indicator Interest From Date Payment Amount

November 2014 MOBLMA050304 Recoup Minimum Royalty Paid in Advance N 8/31/2001 \$ -6210.00 Save/Add Line Clear

Sales Month/Year	Lease Number	Payment Type	Interest Bearing Indicator	Interest From Date	Payment Amount		
November, 2014	MOBLMA050304	Minimum Royalty Payable in Advance Payment	N	N/A	\$6,210.00		
November, 2014	MOBLMA050304	Recoup Minimum Royalty Paid in Advance	N	N/A	(\$6,210.00)		
						Total:	\$0.00

Show Historical Obligations

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7.1.5 Recouping Indian Overpayments

You may recoup overpayments on Indian leases (with certain restrictions) depending on the type of lease you have:

Tribal Lease

You can recoup prior overpayments as a credit against the current month's rent or royalties due on the same lease. If you receive Tribal approval, you can recoup against other leases owned by the same Tribe. You must send a written Tribal approval to us and submit Form ONRR-4430 if you are recouping against other leases and not the lease the overpayment occurred. You may recoup up to 100 percent of only the current net royalties. You cannot create a "negative" lease payment.

Allotted Lease

You can recoup prior overpayments as a credit against current month's rent or royalties due on the same lease. Your recoupment cannot reduce the allottee's current net royalties by more than 50 percent.

If the overpayment you are recovering exceeds the limit for a single report month, you may recoup the overpayment each month following the above rules until the balance has been recovered.

If you need to recoup on an Indian lease, contact your Solid Mineral Representative for information.

7.2 Obligation Reversal

Once you submit a P&R and the lease level obligation payment amount is identified as incorrect (either by you or ONRR), the P&R will allow you to go into a subsequent P&R on the next day or later and enter a negative payment for that particular payment type, and enter a positive payment for that particular recoupable payment type.

7.3 Historical Obligations

Click on the **Show Historical Obligations** button to view all lease level obligations reported, recouped, and backed out of the system. This will also allow you to determine if obligations were reported, what amounts may be due, or when obligations may be due.

Solids P&R

OMB Control Number 1010-0120, Expiration Date: 12/31/2010
[Log Out of P&R](#) [Help](#)

Main Payment
Original P&R
Value Adjustment
Other Obligation

Mine Name: Business Unit:
FISHING CREEK AMETHYST MINE Federal/State/Fee

Other Obligations

Obligation ID	Sales Month/Year	Lease Number	Payment Type	Interest Bearing Indicator	Interest From Date	Payment Amount	
New	August	2001	GAES31311	Contract Settlements Payment	<input type="radio"/> Y <input checked="" type="radio"/> N	08/31/200	\$ 0

Add Line Update Line Delete Line Clear

Obligation ID	Sales Month/Year	Lease Number	Payment Type	Interest Bearing Indicator	Interest From Date	Payment Amount
2	May, 2020	GAES31311	Minimum Royalty Payable in Advance Payment	N	N/A	\$50.00
Total:						\$50.00

Hide Historical Obligations

Sales Month/Year	Lease Number	Payment Type	Interest Bearing Indicator	Interest From Date	Payment Amount
June, 2020	GAES31311	Minimum Royalty Payable in Advance Payment	Y	N/A	\$654.00
June, 2020	GAES31311	Recoupable Rental Payment	Y	N/A	\$218.00
May, 2020	GAES31311	Recoupable Rental Payment	N	N/A	\$218.00

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Once you have entered all required other obligations, from the Other Obligations tab, navigate to the Main Payment page to save, submit, or cancel your submission. (See Main Payment Page section of chapter 5 for more information.)