

CERTIFIED MAIL--
RETURN RECEIPT REQUESTED

MMS-MRM-OFFCAM
MS 382B2

[Operator Contact Name]
[Operator Name]
[Operator Address]

MMS Operator Number: []
Control Number:

PRODUCTION ALLOCATION SCHEDULE REPORT

Dear [Contact Name]:

The Minerals Management Service (MMS) is streamlining reporting requirements for the Production Allocation Schedule Report (PASR) (Form MMS-4058) by establishing a new PASR reporting policy for Facility/Measurement Points (FMPs).

Unless specifically requested, MMS, Minerals Revenue Management (MRM) will only require PASRs for active oil and/or gas sales FMPs which have Other Sources and a Commingling Code 3. The PASRs must include detail lines for Other Sources as well as leases, units, and/or allocation meters which, for the given report period, have an active relationship with the sales FMP. Please note, an Other Sources line must be reported even if the volume is zero. If necessary, MMS may request PASRs for oil and/or gas sales FMPs and for allocation meters without Other Sources (gas starting January 2004 to current; and oil starting July 2001¹ to current).

According to MMS's records, [Operator Name] is the FMP Operator for commingled, offshore oil and/or gas sales FMPs with Other Sources. Therefore, [Operator Name] is required to submit PASRs. As of March 26, 2008, regulations at 30 CFR § 210.104(a) (2008) specify that the new due date for PASRs is the 15th day of the second month following the production month. All PASRs must be submitted electronically unless you qualify for an exception under 30 CFR § 210.105 (2008).

The MMS report generated July 25, 2008, indicates that [Operator Name] is the operator for the oil and/or gas sales FMPs with Other Sources, listed on the enclosures.

- Enclosure 1 lists all oil and/or gas sales FMPs with Other Sources for which [Operator Name] has submitted PASRs timely. The MMS appreciates your prompt attention in submitting the PASRs. Please continue to submit properly prepared, original PASRs for each of the oil and/or gas sales FMPs with Other Sources.
- Enclosure 2 lists all missing PASRs for oil and/or gas sales FMPs with Other Sources.
- [Enclosure 3 lists all rejected/suspended PASRs for oil and/or gas sales FMPs with Other

¹ Based on the Royalty Simplification and Fairness Act of 1996, Sections 115(b) and 115(c), the MMS is barred from pursuing an obligation beyond 7 years of when the obligation becomes due (i.e., the last day of the calendar month following the month in which the oil or gas is produced). Since the date of this letter is August 2008, the last month for which MMS will collect oil PASRs is July 2001. In the future, this date will change each month.

Sources.

Within 30 days of receipt of this letter, please submit properly prepared, original PASRs for each of the oil and/or gas sales FMPs with Other Sources for the production months/years listed on the enclosures. Please contact the name and number listed below concerning any rejected/suspended oil and/or gas PASRs on how to correct. If [Operator Name] does not contact MMS or submit the missing PASRs within 30 days of receipt of this letter, [Operator Name] will receive an Order to Report.

If [Operator Name] has any other active sales FMPs that have Other Sources and a Commingling Code 3, which are not included in any of the enclosures, and PASRs have not been submitted, please submit PASRs for those sales FMPs. PASRs prior to January 2004 for gas, and prior to July 2001 for oil, are not required.

In the preparation of the submission of PASRs, the following data found at MMS, MRM's and Offshore Energy Minerals Management (OEMM), Gulf of Mexico's public websites may assist you in your research and preparation.

- <http://www.gomr.mms.gov/homepg/fastfacts/PASRFlowReport/master.asp>

Use the PASR Flow Report under "Fast Facts" to determine what leases, units, and/or allocation meters are assigned to the FMP to be reported on the PASR. Enter the FMP number, and at the "Commingling System Status", from the drop down arrow, choose "ALL" (this will give all historical data for the FMP), and submit the query.

- <http://www.mrm.mms.gov/ReportingServices/ProdRepInfo.htm>

Production Reporting Handbook and Forms

Minerals Production Reporter Handbook, Release 1.1

Chapter 3 provides information on electronic reporting. If [Operator Name] has questions about setting up electronic reporting, please call Ms. Vicki Throne at 303-231-3420, or Ms. Gail Solaas at 303-231-3591.

Chapter 6, "How to Complete the PASR," provides instructions to complete each field of the PASR, specifications for reporting PASR data by facsimile (pages 6-8), reporting situation examples (pages 6-10), and instructions on correcting PASRs (pages 6-23).

Appendix J, "Facility/Measurement Point Number," describes an FMP number.

Appendix K, "Commingling Codes," describes the Commingling Codes.

Electronic Reporting Information

This part of the website contains PASR CSV Record Layout, and PASR ASCII Record Layout examples for preparing Form MMS-4058.

This part of the website provides the PASR Edits for the Header and Detail on the PASR. Definitions of the edit numbers explain why a PASR has rejected in MRM's system, and will help [Operator Name] determine what needs to be corrected in order for the rejected/suspended PASRs to update in MRM's system. (See next bulleted item.)

- <http://www.mrm.mms.gov/DearRep.htm>

Once [Operator Name] has submitted PASRs and they have been loaded into MRM'S system, accepted and rejected/suspended PASRs may be accessed through the Data Warehouse Portal by entering the Operator Number. The PASRs will be available the next business day, if loaded before by 3:00 p.m. the previous day, or two business days, if loaded after 3:00 p.m. Periodically, please review the rejected/suspended PASRs.

The Dear Reporter letter, dated September 7, 2006, provides information on how to gain access to the Data Warehouse Portal.

The Dear Reporter letter, dated April 20, 2007, lists the INOVIS enhancements for PASR edits.

For further assistance, please call [MS. your name] at 303-231-?.

Sincerely,

Mary Ann Guilinger
Western Team Manager
Federal Offshore Oil and Gas
Compliance and Asset Management

Enclosures