



United States Department

MINERALS MANAGEMENT SERVICE

ROYALTY MANAGEMENT PROGRAM

P.O. BOX 25165

DENVER, COLORADO 80225

IN REPLY
REFER TO:

RPD/RRPB
Mail Stop 3122

JUL 19 1995

Dear Reporter:

On May 31, 1995, the Jicarilla Apache Tribe (Tribe) notified all producers and working interest owners on Jicarilla Tribal lands of the Tribe's decision to take all gas royalty in-value beginning July 1, 1995.

Effective with July 1995 production, reporting procedures and related information for the leases affected by this change are:

1. Report in-value transactions on the Report of Sales and Royalty Remittance (Form MMS-2014) using Transaction Code 01. The first report is due by the end of August 1995 for July production. In-value reporting instructions are available in the Minerals Management Service (MMS) Oil and Gas Payer Handbook, Volume II (Handbook), Section 3.3.2, Royalties Due on Federal and Indian Leases, Transaction Code 01.
2. Make payments to the Tribe's lockbox address using Payment Method 07 on Form MMS-2014. Questions regarding lockbox payments should be directed to the Royalty Accounting Division of MMS. The lockbox address is:

Jicarilla Apache Tribe
P. O. Box 2053
Albuquerque, New Mexico 87103
3. Report advance rental payments due on or after July 1, 1995, on Form MMS-2014 in accordance with Section 3 of the Handbook and paid to the Tribe's lockbox address. Refunds and recoupment of rental payment made after July 1, 1995, should be made in accordance with the provisions in Section 3.1.4 of the Handbook.
4. Request refunds of lease rentals paid to the Tribe while the leases were in a Royalty-In-Kind (RIK) status from the Tribe at the following address:

Mr. David Wong
Jicarilla Apache Tribe
Revenue and Taxation
P.O. Box 950
Dulce, New Mexico 87528
5. Do not adjust any RIK lines previously reported to MMS. The MMS is reconciling the Tribe's RIK contract and will contact lease operators and payors to resolve any discrepancies.

6. Base valuation on applicable lease terms, laws, and regulations, including dual accounting and major portion analysis.

The MMS established in-value selling arrangements effective July 1, 1995, for the reporters that reported Jicarilla Tribal RIK production prior to December 1994. Payor Confirmation Reports are enclosed, if applicable. If you report on the Model Form MMS-2014, these selling arrangements will appear on your July Model.

If you were not previously established as a payor, but will be reporting and paying royalty in-value, please submit Payor Information Forms by August 1, 1995, for the appropriate leases.

For additional information please contact:

Payor Information Forms and
Payor Confirmation Reports

Mr. Andy Sandoval
Data Management Division
1-800-525-9167 or
(303) 231-3538

Form MMS-2014 questions

Your assigned Royalty
Reporting and Payments
Branch Representative
1-800-525-0309
FAX: (303) 231-3700

Quality measurement/valuation

Valuation and Standards
Division, Oil and Gas
Valuation Branch
Phone: (303) 275-7244
FAX: (303) 275-7227

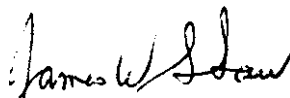
Tribal lockbox payment questions

Royalty Accounting Division
Phone: 1-800-231-3442

Jicarilla Apache Tribe

Mr. David Wong
Jicarilla Apache Tribe
Revenue and Taxation
P. O. Box 950
Dulce, New Mexico 87528
(505) 759-3242

Sincerely,



James W. Shaw
Associate Director for
Royalty Management