NEW MEXICO STATE LAND OFFICE ROYALTY MANAGEMENT DIVISION

P O BOX 1148

SANTA FE, NEW MEXICO 87504-1148

505-476-4574

FAX: 505-827-6073

OIL AND GAS ROYALTY FILER'S KIT

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This filer's kit contains information regarding oil and gas royalty return filing with the New Mexico State Land Office. Information includes: the ONGARD (Oil and Natural Gas Administration Database) system, royalty reporting and payment requirements, web applications, account notices and answers to frequently asked questions. Oil and gas royalty reporting forms are provided in this kit. Royalty forms can also be accessed through the State Land Office web site:

www.nmstatelands.org

Additional kits are available upon request.

Updated 04/2022

RESOURCES

State Land Office Rulings:

For information concerning rulings, statutes and rules and regulations for oil and gas royalty administered by the New Mexico State Land Office, please contact:

Estevan Baca, Director Royalty Management Division New Mexico State Land Office P O Box 1148 Santa Fe, NM 87504-1148 (505) 827-1218 ebaca@slo.state.nm.us

Publications:

To order copies of Royalty informational publications, please contact:

Royalty Management Division New Mexico State Land Office P O Box 1148 Santa Fe, NM 87504-1148 (505) 476-4574 jjuarez@slo.state.nm.us

PUN and Lease Numbers:

If you need assistance obtaining, reviewing or correcting production unit numbers (PUNs) and related leases, please contact:

Compliance Bureau
New Mexico State Land Office
P O Box 1148
Santa Fe, NM 87504-1148
(505) 827-3650
royaltycompliance@slo.state.nm.us

Forms:

You may download all royalty forms with the exception of remittance documents at:

http://www.nmstatelands.org/divisions/oil-gas-and-minerals/royalty-management-forms/

If you file royalty electronically, you can request remittance documents online at:

https://secure.slo.state.nm.us/OnlineFiling/OSCOnlinePortal/Login.aspx

If you do not have a login and password for electronic filing, you can request remittance documents by contacting:

Revenue Bureau Royalty Management Division New Mexico State Land Office P O Box 1148 Santa Fe, NM 87504-1148 (505) 827-5738 royaltyrevenue@slo.state.nm.us

OIL AND GAS ROYALTY PROGRAM

The New Mexico State Land Office (Land Office) administers the royalty program on the production and disposition of oil and gas products derived from New Mexico state lands. This includes the processing of hardcopy (paper) and electronic royalty returns, and management and maintenance of associated files and records. The LAND OFFICE administers a comprehensive audit and compliance program that examines royalty data for reporting accuracy and compliance with lease terms, statutes, rules and regulations.

ROYALTY MANAGEMENT DIVISION

The Royalty Management Division is structured into three bureaus:

Revenue Bureau

The Revenue Bureau provides assistance with forms completion, assessment and credit notices, royalty payments and questions pertaining to oil and gas royalty returns. Please direct questions and correspondence to:

Dilia Borunda, Revenue Manager Revenue Bureau New Mexico State Land Office P O Box 1148 Santa Fe, NM 87504-1148 (505) 827-5738 FAX: (505) 827-6073

dborunda@slo.state.nm.us

Audit Bureau

The Audit Bureau conducts and provides assistance with oil and gas royalty audits. Please direct questions and correspondence to:

TBD, Audit Manager Audit Bureau New Mexico State Land Office P O Box 1148 Santa Fe, NM 87504-1148 FAX: (505) 827-6073 royaltyaudit@slo.state.nm.us

Compliance Bureau

The Compliance Bureau provides assistance with refund requests, outstanding notice collection, suspended line clearance, advance payment and electronic filing. Please direct questions and correspondence to:

Jeri Birge, Compliance Manager Compliance Bureau New Mexico State Land Office P O Box 1148 Santa Fe, NM 87504-1148 (505) 827-6634 FAX: (505) 827-6073

jbirge@slo.state.nm.us

ONGARD

ONGARD, the Oil and Natural Gas Administration and Revenue Database is an automated system that supports the oil and gas activities of the Land Office and the Oil Conservation Division (OCD) of the New Mexico Energy, Minerals and Natural Resources Department (EMNRD). ONGARD provides a computerized environment where the Land Office and OCD can share oil and gas related information. It provides a foundation for processing the large number of transactions handled by the two agencies. The ONGARD website is also the launching point for filing royalty returns electronically and using web-based tools for royalty remitters.

TERMS AND DEFINITIONS

- **ACCELERATED ROYALTY PAYMENT:** A payment for oil and gas royalty submitted within 20 days of the end of the production/sales month. This payment is usually submitted prior to submitting an associated royalty report. When you provide a check as payment, you authorize the State of New Mexico to either use information from your check to make a one-time electronic funds transfer from your account or to process the payment as a check transaction.
- **ADVANCE ROYALTY DEPOSIT:** A deposit that is equal to the royalty reporter's average monthly royalty payment for the period 4/1 3/31 each year. Any royalty reporter whose average royalty exceeds \$25,000 monthly must maintain an Advance Royalty Deposit with the Land Office or must submit royalty payments pursuant to the Accelerated Royalty provisions.
- **COMPLIANCE ASSESSMENT**: A notice of amount due that is issued as a result of an audit or a compliance review of volume or value.
- **COMPUTATION ASSESSMENT:** A notice of amount due for underpaid royalty differences based on ONGARD's computation of the data submitted by the royalty reporter. ONGARD calculates royalty based on the Gross Proceeds, Deductions, and the Lease Royalty Rate for the property.
- **COMPUTATION CREDIT:** A notice for overpaid royalty differences based on ONGARD's computation of the data submitted by the royalty reporter. ONGARD calculates royalty based on the Gross Proceeds, Deductions, and the Lease Royalty Rate for the property.
- CSV (Comma Separated Value Reporting): A reporting format for electronic oil and gas royalty returns.
- **INTEREST ASSESSMENT:** A notice of interest due for the late payment of oil and gas royalty. For all returns submitted after October 1, 2022, interest is calculated at the rate of 1.0% per month compounded beginning when payment is due until payment is made (see 19-1-13 NMSA, 1978). In addition, if a return is underpaid, and a remittance assessment is generated, a corresponding interest assessment on those unpaid royalties in the remittance assessment will generate. Payment of remittance assessments must be made and processed before payment of the corresponding interest assessments. For all returns received prior to October 1, 2022, interest is calculated at the rate of 1.25% per month or portion of a month beginning when payment is due until payment is made (see 56-8-3 NMSA, 1978).
- **LEASE:** A six-digit alphanumeric code used to designate a specific lease property. Calculation of royalty due is based on the royalty rate assigned to this lease number. The lease number is part of the royalty reporting detail record.

- **LEASE CREDIT:** A notice of overpayment of previously distributed royalty funds. This credit can be used against future royalty due to the same beneficiary.
- **OGRID:** The Oil and Gas reporter's identification number. This number is generated by ONGARD when the oil and gas account is created.
- **OGR Report:** A monthly report submitted to the Land Office by remitters in order to report volumes, proceeds, deductions and royalty due on New Mexico State Trust Lands.
- **OGR-1:** First page of the OGR Report. This report summarizes the detail contained in the report.
- **OGR-2:** Component of the OGR Report. This form details the volumes, proceeds, deductions, and royalty due on New Mexico State Trust Lands on a pun/lease/sales period basis.
- **ONGARD**: The Oil and Natural Gas Administration and Revenue Database.
- **PUN (Production Unit Number):** A unique identifier for one or more well completions. The number is assigned based on master operator, property name identification and pool, including Unitization and Communitization matters. The PUN is part of the royalty reporting detail record.
- **REMITTANCE:** A payment submitted by the royalty filer and posted to the ONGARD system. When you provide a check as payment, you authorize the State of New Mexico to either use information from your check to make a one-time electronic funds transfer from your account or to process the payment as a check transaction.
- **REMITTANCE ASSESSMENT:** A notice of underpayment of the royalty due as reported by the royalty remitter. This is generated when the payment submitted is less than the royalty reported due.
- **REMITTANCE CREDIT:** A notice of overpayment of royalty on an oil and gas royalty return. This is generated when the royalty due as stated on the return is less than the payment submitted.
- **SUSPENDED DETAIL LINE:** A detail line from the OGR-2 that has been suspended due to an invalid PUN, Lease, or other critical error. The royalty associated with the line cannot be distributed until the line is removed from suspense.

OIL AND GAS ROYALTY RETURNS

Oil and natural gas producers operating in New Mexico are required to file monthly royalty returns. The oil and gas activities that occurred during the production/sales month must be reported at the PUN/Lease level for each property for which the reporter is responsible as long as the property (lease, communitization or unitization) continues to produce. The return must include detailed production and sales information for each PUN/Lease.

A royalty return consists of an OGR-1 Summary Report form, an OGR-2 Detail Report form(s), a remittance document, and a royalty payment. A remittance document is not required if the payment is electronically submitted i.e. EFT.

OGR-1 Oil and Gas Royalty Summary Report: This form is used to summarize the monthly activity for all properties being reported. The OGR-1 Summary Report must also include information on credits applied, assessments paid, accelerated royalty paid or utilized, and any changes to their advance payment balance.

OGR-2 Oil and Gas Royalty Detail Report: This form is used to report line item detail for each transaction.

<u>OGR-1 Remittance Document:</u> The remittance document must accompany the royalty payment. It is used to correctly post the payment to the specific OGRID account and royalty return. A remittance document is not required if the payment is electronically submitted i.e. EFT.

Royalty Payment: A payment for the total amount due on the royalty return. Electronically transmitted payments must meet Land Office requirements. A payment is not required if the total amount due on a return is less than \$1.00 (one dollar). When you provide a check as payment, you authorize the State of New Mexico to either use information from your check to make a one-time electronic funds transfer from your account or to process the payment as a check transaction.

Copies of the OGR-1, OGR-2, and remittance document are included in this kit. The OGR-1 and OGR-2 can be photocopied and used as needed.

DUE DATES

Royalty returns must be submitted on or before the twenty-fifth (25th) day of the second month after the production/sales month. For example, a return for the 01/2022 sales period must be postmarked or electronically transmitted on or before 03/25/2022.

Royalty payment due dates are established by rule and vary according to the reporter's status as a SMALL (average monthly state royalty payments less than \$25,000) or LARGE (average monthly state royalty payments greater than \$25,000) royalty payer.

SMALL royalty payers must submit their royalty payment by the 25th day of the second month following the production/sales month for which the report is required.

LARGE royalty payers are required to submit payment by the 20th day after the end of the production/sales month. These payers can submit their payment and return by this due date or employ one of the following methods to remit payment:

- 1. Accelerated Royalty Payment: The royalty filer must submit a payment amount equal to the state royalty due for the reporting period by the 20th day of the month following the production/sales month. This payment is made prior to the submission of the royalty return which contains detailed data. The associated return is not due until the 25th day of the second month following production/sale. When you provide a check as payment, you authorize the State of New Mexico to either use information from your check to make a one-time electronic funds transfer from your account or to process the payment as a check transaction.
- 2. Advance Royalty Payment: The royalty filer must submit an advance payment amount that will remain on deposit with the Land Office. If this deposit is held by the Land Office, the remitter has until the 25^{th} day of the second month following the production/sale month to submit the royalty return and associated payment. The deposit amount must be equal to the reporter's average monthly royalty payment based on the twelve monthly payments for most recent period 4/1 3/31 each year. For example, if a reporter's monthly payment average for the previous twelve months through the latest March 31^{st} is \$30,000, the Advance Royalty Deposit would be \$30,000.

The Advance Royalty Deposit amount is recalculated annually and the Land Office will send out a notice of Advance Payment beginning June 1st of each year. This notice will include the increase or decrease required based on the remitter payment history for the calculation period. The calculation period is the twelve month period April 1 – March 31. If the amount of the remitter's existing Advance Royalty Deposit is more than the amount required for the current year, the remitter can apply the excess advance payment to future royalty or request a refund of Advance Royalty Deposit funds. If the amount of the remitter's

existing Advance Royalty Deposit is less than the amount required for the current year, the remitter must submit the difference to the Land Office by July 25th.

Royalty filers who fail to make timely payments will be assessed interest. For all returns submitted after October 1, 2022, interest is calculated at the rate of 1.0% per month compounded beginning when payment is due until payment is made (see 19-1-13 NMSA, 1978). For all returns received prior to October 1, 2022, interest is calculated at the rate of 1.25% per month or portion of a month beginning when payment is due until payment is made (see 56-8-3 NMSA, 1978).

ROYALTY RETURN SUBMISSION

Oil and gas royalty filers have three methods available to submit royalty returns to the Land Office. These three methods are: the submission of paper royalty return forms, electronic filing using the CSV format, and electronic filing using the ONGARD online royalty filing application. Electronic filing of royalty returns requires an internet connection. In addition, each electronic filer must obtain a user ID and password. We encourage the filing of returns electronically. All returns have the same due dates regardless of the method of submission.

Return Filing Utilizing Paper Forms

A paper royalty return consists of the following forms:

- OGR-1 Summary Report this form summarizes the information contained within the royalty return.
 In addition, this form is used to report the use of credits, payment of assessments, reporting of advance deposit payment or use of advance payment credit, and the submission or use of accelerated payments.
- OGR-2 Detail Report this form is used to report production detail information and to amend previously reported detail information. It is on this form that volumes, proceeds, deductions and royalty due are detailed on a PUN/Lease/Sales Period/Product basis.
- OGR Remittance Document this form is used if the remitter is paying the royalty amount due with
 a check. The OGR Remittance Document must accompany the check in order to ensure that the
 payment is credited to the correct remitter. A remittance document is not required if the remitter is
 making payment through electronic means such as ACH or EFT. When you provide a check as
 payment, you authorize the State of New Mexico to either use information from your check to make
 a one-time electronic funds transfer from your account or to process the payment as a check
 transaction.

Copies of these forms and instructions are included with this filer's kit and copies can be submitted. If you would like the forms in PDF or Excel format you can download them at this link: http://www.nmstatelands.org/divisions/oil-gas-and-minerals/royalty-management-forms/

Paper returns and payments are to be mailed to:

New Mexico State Land Office P.O. Box 1148 Santa Fe, NM 87504-1148

The paper forms and instructions on how to complete each line can be found following this page.

OGR-1 Summary Report

New Mexico State Land Office

	SLO Form OGR-1 OIL & GAS ROYALTY REMITTANCE REPORT (OGR-1)	Rev. 01/99
1.	· ·	
2.	OGRID Number (in box):	
3.	Final Return ("Y" or "N" in box):	
4.	Remitted Return ("Y" or "N" in box):	
5.		
6.	Total Oil/Gas Royalties: (Total of "State Royalty" column on OGR-2)	
7.	Total Oil/Gas Interest: (This line is no longer used)	
8.	Total Assessments Paid: (Attach assessment turnaround documents)	
9.	Total Royalty and Assessments Reported:	
10.	Total Regular Credit Taken: (Attach credit turnaround documents)	
11.	I. Total Lease Credit Taken:	
12.	2. Use Accelerated Royalty: Payment previously submitted: Amount (in box)	
13.	3. Total Credit Taken:	
14.	Net Advance Royalty Payment (or credit): See instructions:	
15.	5. Total Remittance:	
16.	6. Type of Payment: (Check below) (1)Fedwire (2) ACH credit (3) ACH debit (4)	Check*
	* When you provide a check as payment, you authorize the State of New Mexico to cation from your check to make a one-time electronic funds transfer from your accounyment as a check transaction.	
	FOR OFFICE USE ONLY Postmark Date://Validated Remittance Amt: Receipt Date://In/Out Check	
Com	THIS REPORT SUBMITTED BY: Telephone No:	
Add	ompany Name: Telephone No: State: This report for the month(s) of 20 through 20 consisting of (examined by me and to the best of my knowledge and belief it is true, complete and pursuant to law an analysis of the month of the best of my knowledge and belief it is true, complete and pursuant to law and the month of the best of my knowledge and belief it is true, complete and pursuant to law and the month of	Zip: OGR-2 pages has been nd regulation.
Nar	ame: Date:	
	ure:	

The following information is entered on the OGR-1 Summary Report.

LINE	LINE HEADING	ENTER THE FOLLOWING:
1	Date Submitted	The month, day, and year the report is being submitted to the Land Office.
2	OGRID Number	Your assigned oil and gas reporting identification number.
3	Final Return	Enter YES if a final report. Enter NO if not a final report.
4	Remitted Return	Enter YES if payment is being submitted. Enter NO if no payment is due.
5	Accelerated Royalty Payment	Enter the sales period and payment amount for which you are making an accelerated royalty payment. Complete this line only if you are subject to and have received approval to submit accelerated royalty.
6	Total Oil/Gas Royalties	Enter the total amount of royalties that you are reporting on this return.
7	Total Oil/Gas Interest	This line is no longer used. Do not enter an amount on this line. The Land Office will generate and send an interest assessment for late royalty.
8	Total Assessments Paid	Enter the total of all assessments being paid on the report. Attach each "Assessment Turnaround Document" page of the assessment notice to the report.
9	Total Royalty and Assessments Reported	Enter the sum of lines 6 and 8.
10	Total Regular Credit Taken	Enter the total of all remittance credits being applied to the report. Do not enter lease credits on this line. Attach each "Credit Turnaround Document" page of the credit notice to the report.
11	Total Lease Credit Taken	Enter the total of all lease credits applied to OGR-2 detail lines of the report.
12	Use Accelerated Royalty	Enter the sales period and amount of a previously submitted accelerated royalty payment.
13	Total Credit Taken	Enter the sum of lines 10, 11, and 12.
14	Net Advance Royalty Payment (or credit)	Enter the net change you are making to your Advance Royalty Deposit amount. If you are taking a credit for your deposit based on the Advance Payment Notice sent to you, enter this amount as a (credit).
15	Total Remittance	Enter the sum of line 9 minus line 13 and plus line 14 if increasing advance payment or minus line 14 if taking an advance payment credit. This should be the amount of the payment you submit with the report.
16	Type of Payment	Enter a check in the appropriate block to designate payment type.

OGR-2 Detail Report

SLO FORM: OGR-2 REV: 02/95

NEW MEXICO STATE LAND OFFICE OIL & GAS ROYALTY DETAIL REPORT: (OGR-2) SLO FORM OGR-2 Company Name Page of Sales Mo/Yr **OGRID Number** BTU Gas Line PUN Lease Product TXN ARMS Volume NGL Content GROSS Transportation Marketing Processing STATE ROYALTY Number Code Code Length BBL/MCF Gallons of GAS **PROCEEDS** Deduction Prep/Other Deductions 3 4 5 6 8 9 10 PAGE TOTAL:

Note: Round the dollar amounts to the nearest dollar. DO NOT use commas to designate thousands. Oil/Condensate to nearest barrel. NGL to the nearest Gallon. Gas/Gas Products to the nearest MCF (15.025 P.S.I.A.)

GRAND TOTAL:

The following information is entered on the OGR-2 Detail Report.

COLUMN HEADING	ENTER THE FOLLOWING:
Pun	Enter the PUN number assigned by the State of New Mexico. The PUN
	number must be entered for each line entry.
Lease Number	Enter the Lease number as assigned by the State of New Mexico. The
	Lease number must be entered for each line entry.
Product Code	Enter the Product Code for the product being sold. The Product Codes
	are as follows:
	01 – Oil
	02 – Oil Condensate
	03 – Gas, processed (residue) gas
	04 – Gas, wet
	05 – Oil, other liquid hydrocarbons
	07 – Gas Plants Products
	14 – Oil, lost
	16 – Gas lost, flared or vented
	17 – Carbon Dioxide gas (CO2)
TXN Code	Enter the Transaction Code for the reporting of the line detail. The
	Transaction Codes are as follows:
	43 – Royalty In Kind Payment
	44 – Royalty In Trespass Payment
	49 – Unit Contraction/Expansion
	51 – Regular payment
	52 – Estimated payment
	53 – Correction of estimated payment
	54 – Appeal/Court action payment
	55 – Audit and Compliance exception payment
	59 – Settlement payment
	60 – Transfer of royalty payment
	63 – Compensatory royalty payment
	65 – Stripper Well reduced royalty payment
	Code 51 is the most commonly used transaction code.
Arms Length	Enter Y if the reported sale is an arms-length transaction. Enter N if the
	reported sale is not an arms-length transaction.
Volume BBL/MCF	Report oil and condensate (product codes 1 and 2) to the nearest whole
,	barrel. Report unprocessed natural gas (product code 4) to the nearest
	MCF metered at the wellhead at a 15.025 PSIA at 60° F. For processed gas
	(product code 3), report to the nearest MCF for residue gas and the MCF
	equivalent of the reported natural gas liquids (product code 7).
NGL Gallons	Report the natural gas liquids (all component products in total) to the nearest gallon.
BTU Content of Gas	Report the BTU content of processed natural gas for non-arms-length
	transactions only.
Gross Proceeds	Enter the value/actual price received for the products before deductions
1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	to the nearest whole dollar.
Transportation Deduction	Enter the allowable transportation costs to the nearest whole dollar.
Gas Marketing Prep/Other	Enter the allowable marketing and other allowable costs to the nearest
Deduction	whole dollar.
Gas Processing Deduction	Enter the allowable processing costs to the nearest whole dollar.
State Royalty	Calculate and enter the royalty due for each detail line by multiplying the Gross Proceeds column less all deductions by the applicable royalty rate.

Please note the following when completing the OGR-2 form:

- A separate OGR-2 form is required for each sales period being reported.
- Do not enter more than twelve lines of information per OGR-2 form. Each transaction reported on the OGR-2 is identified by page and line number.
- Be sure to distinguish between numeric zero and 1 and alphabetic O and I when entering the lease number.
- Be sure that the correct royalty rate is used to compute the royalty due amount for each reported transaction.
- Contact the Land Office at <u>royaltycompliance@slo.state.nm.us</u> for assistance if the lease number or PUN is not known or if the PUN or lease is inactive. The Land Office has a web application for PUN/Lease inquiries, which is discussed in further detail in a later section of this filer's kit.

http://web.slo.state.nm.us/Applications/RoyaltyPunInquiry/Default.aspx

- If you cannot get the correct PUN, report the detail line using the last seven digits of the property's API number. If you do not know the lease number, please contact the Compliance Bureau at royaltycompliance@slo.state.nm.us. If a transaction is reported with an invalid PUN or Lease code, a correction must be submitted in a subsequent report as soon as the correct PUN or Lease number is obtained.
- The Land Office is unable to distribute the funds to the appropriate beneficiary when royalty is reported with an invalid PUN and/or lease number. Royalty reported with invalid PUN and/or Lease will be suspended until the remitter submits the correct PUN and/or Lease. Each month, each remitter who has suspended lines will be emailed a Suspended Detail Line Report. The royalty reporter should contact the Compliance Bureau at royaltycompliance@slo.state.nm.us for assistance in clearing the suspended transactions.

OGR-1 Remittance Document

The OGR-1 Remittance Document is a pre-printed form that is submitted with all paper checks for royalty payments. This is to ensure that the payment is credited to the proper OGRID for matching to the royalty return submitted. You may request additional remittance documents at any time by contacting the Royalty Management Division, Revenue Bureau at royaltyrevenue@slo.state.nm.us. In addition, if you are an electronic filer and have a login ID and password, you can request the remittance documents online. If you make your royalty payments through EFT methods, you are not required to submit a remittance document.

When you provide a check as payment, you authorize the State of New Mexico to either use information from your check to make a one-time electronic funds transfer from your account or to process the payment as a check transaction.

NEW MEXICO	NEW MEXICO	NEW MEXICO
OGR1 REMITTANCE	OGR Amount Pa	
OGRID NAME:		When you provide a check as payment, you authorize the State of New Mexico to either use information from your check to make a one-time electronic fund transfer from your account or to process the payment as a check transaction.

Form C1.ROY.RMTREQ Mail To: NM State Land Office P.O. Box 1148 Santa Fe, New Mexico 87504-1148

Electronic Filing

Royalty reporters are strongly encouraged to file electronically. There are two options for electronic reporting, CSV filing and Online Web Filing. Both methods require internet access. The Online Web Filing application is for use by remitters who report less than 50 lines per report. Remitters that report more than 50 lines per report should file their royalty returns electronically using the CSV method.

Getting Started

In order to begin filing electronically, the royalty filer must first:

1. Contact the Land Office in order to obtain a user ID and password to enable filing. At that time, we will email you a Contact Information Form to be completed and returned. You may contact either of the following to obtain a user ID and password:

Dilia Borunda Revenue Manager (505) 827-5738 dborunda@slo.state.nm.us

Casandra Cano Deputy Director (505) 827-5701 ccano@slo.state.nm.us

- 2. Once an account is created for you, we will send the primary contact person an email with a link to set up the password.
- 3. Log in using the following steps:
 - a. Enter your Sender ID
 - b. Enter your Password
 - c. Click the "Login" button
- 4. If you have forgotten your password, type your ID into the 'Sender ID' textbox and click the 'Reset Password' link. The primary contact person will receive an email with instructions on how to reset the password.
- 5. Once you obtain a login and password, our staff will assist you in getting started and walk you through the first filing. If you are going to use the CSV method of electronic filing, you will go through a testing process to ensure that the CSV file being submitted is in the right format. Filers must send an error-free test file before any production data will be accepted electronically. If you use our Online Web Filing application, a member of our staff will assist you in filing your first return.

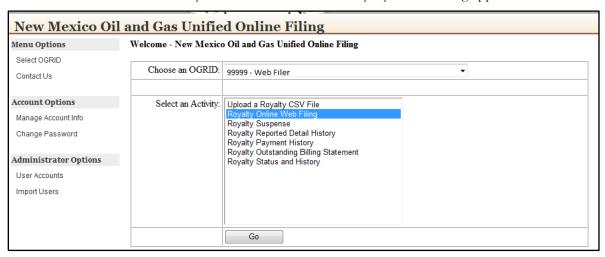
Available features of the Electronic Filing applications include:

- 1. Filers have full control of their "password" and have the ability to reset it at their convenience.
- 2. Filers have the capability to view details and a long history of reported files.
- 3. Filers can file for multiple OGRIDs, without having to exit and login again.
- 4. Filers can update their Company Account Information.

Electronic Filing Using Online Web Filing Application

Once you have successfully logged into the Unified Online Filing site, to file a royalty return using the Online Web Filing application, you will perform the following:

- 1. Click "Select OGRID" from the left-hand menu.
- 2. Select the appropriate OGRID from the drop down list.
- 3. Select "Royalty Online Web Filing" option from the list of activities.
- 4. Click on the "Go" button and you will be directed to the Royalty Online Filing application.



- 5. Using the drop down button, select the current month's sales period. If you are filing an Amended Return or filing for prior periods not shown on the filing activity, select the most recent sales period as your current month.
- 6. Check the 'Automatically Add Leases from Last Return' button to have all of the prior reported Pun/Lease rows inserted in the current month's reporting period.
- 7. Click the "Go" button to start filing.



After you have completed this step, you will now enter your royalty return information.

CURRENT MONTH

This tab is where you will enter the royalty information for the current month selected.

Add New Detail Line: Click here to create and enter a new detail line. A new window will open where the royalty information will be entered.

<u>Unified Onlin</u>	ne Filing >> Oil and Gas Ro	valties Online Renorting and	ł Filing
Return Options		New Return Detail Line Manage De	etail Line for the Current Month
Start Web Return	Manage Sales Return -	Sale Period: 6/2013	
RPD Start Return		PUN:	
	Current Month Amended Lines Notice	Lease: -please select-	V
Support	Add New Detail Line (click her	Prod. Code: -please select-	<u> </u>
Support	Add New Detail Line (click Her	Trans. Code: -please select-	<u> </u>
	There are no detail lin	Arms Len: -please select-	▽
ONGARD Portal		Volume (BBL/MCF):	
Unified Online Filing		NGL (GAL) :	
		BTU Num:	
		Gross Proceeds:	<u> </u>
		Transportation	
		Deduction:	
		Other Deductions:	
		Gas Processing Deduction	
		ROYALTY DUE:	
		Save	Cancel

You are now ready to begin entering the royalty reporting details in the working box which has now appeared on the screen. You will notice the Sales Period is encoded as selected in the beginning of this process.

Royalty Return Detail Line Data:

PUN – Enter the PUN number as assigned by the State of New Mexico. The PUN number must be entered for each line entry.

Lease – Enter the Lease number as assigned by the State of New Mexico. The lease number must be entered for each line entry.

Product Code – Use the drop-down button to select the product code.

Trans. Code – Use the drop-down button to select the transaction code.

Arms Len – Enter "Y" if the reported sale is an Arm's Length transaction or enter "N" if the reported sale is a Non-Arm's Length transaction. If left blank, the transaction will default to Y.

Volume (BBL/MCF) – Report oil and condensate (product codes 1 and 2) to the nearest whole barrel. Report unprocessed natural gas (product code 4) to the nearest MCF metered at the wellhead at a 15.025 PSIA at 60° F. For processed gas (product code 3), report to the nearest MCF for residue gas and the MCF equivalent of the reported natural gas liquids (product code 7).

NGL (GAL) – Report the Natural Gas liquids (all component products in total) to the nearest gallon.

BTU Num – Report the BTU content of processed natural gas for non-arms-length transactions only.

Gross Proceeds – Enter the value/actual price received for the products on an entitlement or take basis for the production unit property before deductions. This amount will be rounded to the nearest whole dollar.

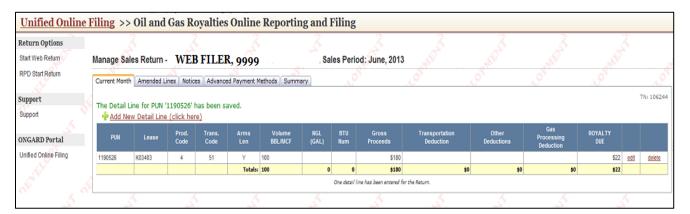
Transport Deductions – Enter allowable transportation costs. This amount will be rounded to the nearest whole dollar.

Other Deductions – Enter other allowable costs. This amount will be rounded to the nearest whole dollar.

Gas Processing Deductions – Enter allowable processing costs. This amount will be rounded to the nearest whole dollar.

Royalty Due – The royalty due amount will be calculated by the system by clicking on the Save button.

Once you have entered the detail line and saved it, the screen will appear as:



Continue this process until all detail line entries are entered.

Edit Detail Data: User has the option to change the detail line entry by clicking the "Edit" link located at the end of the entered line entry. The application will open a working box allowing you to make any required changes.

Delete Detail Data: Click the "Delete" link to delete the entire line entry.

AMENDED LINES

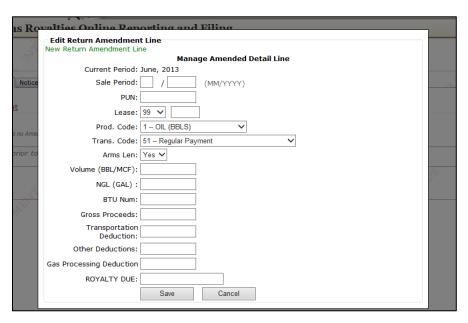
This tab is where you will enter amending lines to correct prior reported data. You will need to back out the detail line as previously submitted and enter the corrected line as it should be. In addition, this tab will be used to enter royalty data for sales periods that are outside of the three sales periods you can select.



Enter a New Amendment: Click here to create and enter a new amended line entry. A new window will open where the amended royalty information will be entered.

Details are entered in the same manner as the current month's entries with the following exceptions:

- 1. Remitter must enter the sales period being reported.
- 2. Remitter may enter negative values if amending a previously submitted detail line.
- 3. Remitter must calculate and enter the amount to be entered in the "Royalty Due" field; the system will not calculate and enter the value for you.

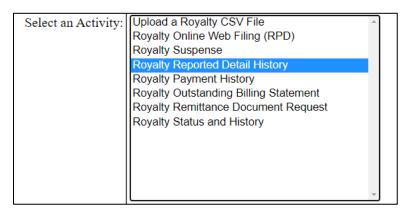


- Amended Returns to Clear Suspense Amended returns or return detail to clear suspended detail lines must be submitted in a <u>separate report from any other amended reporting</u> or new sales period reporting.
- Amended Returns to Adjust Prior Periods There are various reasons to amend prior period reporting, and therefore must be addressed differently by the type of adjustment needed. Please note that due to the

research involved in processing an amended return, no return may be submitted to amend reporting for more than 12 sales periods (1 year) in a single return, and must be split into multiple returns for more than 1 year of amendments:

- O Amendments submitted to clear computational notices must be submitted in a <u>separate report</u> from any other amended reporting or new sales period reporting.
- Amendments which have a net royalty amount due must be submitted in a <u>separate report from any other amended reporting or new sales period reporting</u>
- O Amendments which have a net royalty credit may be submitted with other reporting for new sales, but should be reviewed against previous reporting data to ensure that backout/reversal entries match historical reporting received and processed by the Land Office. You can download your historical reporting Online Filing.

http://web.slo.state.nm.us/Home/SLO/SLOOnlineFiling.aspx



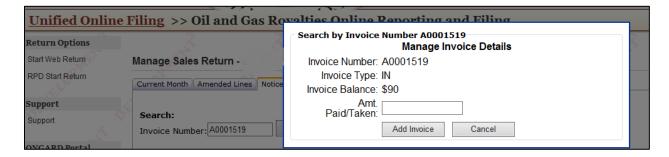
NOTICES

This tab is where you will enter any assessments you are paying or credits you are applying on the royalty return.

To add a new notice, search for the notice by the invoice number. If you want to update or delete a notice use the "Edit" link or "Delete" link on the appropriate notice line in the details section.



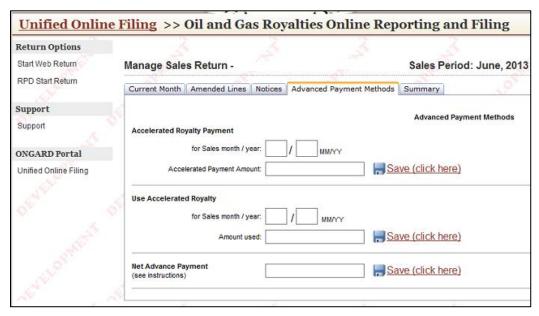
1. **Invoice Number:** Enter the notice number that you are reporting on the return and click "Go". The system will retrieve the notice detail information



- 2. Amt. Paid/Taken: Enter the amount being paid on the assessment or the amount being applied from the credit.
- **3.** Click the "Add Invoice" button to save the information.

ADVANCED PAYMENT METHODS

This tab is used to enter a current accelerated royalty payment you are making, a past accelerated royalty payment you are applying to detail on this return, and Advance Royalty Deposit increases or decreases.



- 1. Accelerated Royalty Payment: Enter the sales month/year for which you are making an accelerated payment and the amount of the accelerated payment.
- 2. Use Accelerated Royalty: Enter the sales month/year and amount of the previously paid accelerated royalty payment you wish to apply to the royalty details in this return.
- **3. Net Advance Payment:** Enter the Advance Deposit amount you will be paying with this return. If you have been informed that you can take a credit for Advance Payment, enter the credit amount being taken as a negative.

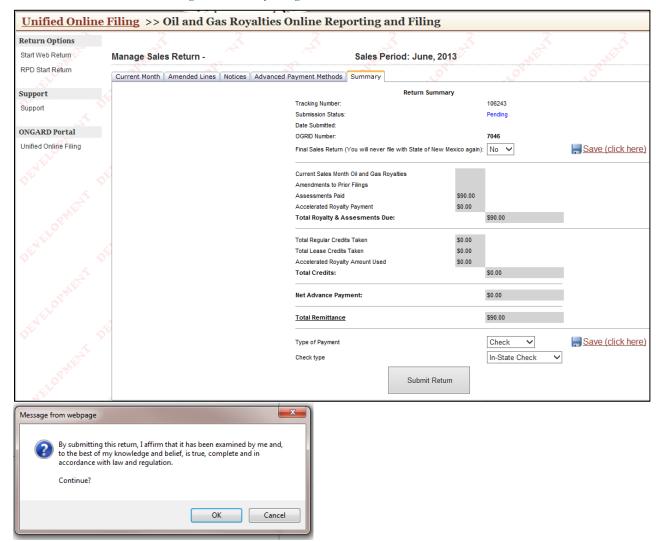
Please see the Advance Royalty Deposit Guidance document for full details on the advance royalty deposit requirements.

SUMMARY

This tab is used to complete and file your royalty return. The system has automatically summarized all of the information entered. The remitter should review and ensure that all values are as expected. If there is a discrepancy, the user should go back to the tab where the information is not correct and make adjustments. There are items on this summary page that the royalty filer must complete. They are as follows:

- 1. Final Sales Return: This should always be "No". If you will not be filing royalties, you must contact the Land Office and inform them of the reason that you will no longer file.
- **2. Type of Payment:** Using the drop down button, select the type of payment. The options are Check, FedWire and ACH Debit.
- 3. Check Type: This only needs to be completed if the type of payment is a check. Using the drop down button, select "in-state" or "out-of-state" to indicate where the banking institution you are using is located. When you provide a check as payment, you authorize the State of New Mexico to either use information from your check to make a one-time electronic funds transfer from your account or to process the payment as a check transaction.

The final step is the submission of the royalty return to the Land Office. Once you have reviewed the information to determine that it is accurate, you will click the "Submit Return" button. At that time, a box will appear stating that you affirm the information you are submitting has been examined by you and is in accordance with all laws and regulations. If you agree, click on the "OK" button to submit the return.



Electronic Filing Using CSV

A CSV (Comma Separated Value) file is a spreadsheet or database document that is saved in the CSV format. The CSV format is widely used by other State Governments and the software industry. The format itself is not proprietary, and is widely used by spreadsheet and database vendors. The format can also be created programmatically using any language that can create a text file. The layout consists of fields separated by commas. The CSV format saves on key entry by not requiring fields to be padded with spaces or zeros. It is important to note that commas cannot be used within the field data, as this will introduce extra fields in the record. Remitters to the Land Office most often use Microsoft Excel to create their CSV files, but any program that will save a file in the CSV format is accepted.

CSV FILE LAYOUT

A CSV file consists of record types and data that correspond to the forms to be filed with the Land Office. The record types for royalty returns submitted are as follows:

Record type 5 – Corresponds to the OGR-1 Royalty Summary report and is required in every royalty CSV file submitted to the Land Office. This record type MUST be the first line in your CSV File.

Record type 4 – This record type is used to report notices that are to be paid in the case of assessments or the amount to be applied to the return from credit notices. This record type is only required if you are reporting royalty notices.

Record type 6 – Corresponds to the OGR-2 Royalty Detail report and is required when you are submitting any type of royalty detail line.

Once the remitter has gathered the information to file the royalty return, a CSV file can be created. The layouts for the different record types follow on the next pages.

Layout for Record Type 5 – Corresponds with Form OGR-1

This form must be the first record type in your CSV File.

Form:	185 Record Type	5 OGR1 Header Record			
Field Order	Field Name	Field Description	Туре	Max Field Length	Validation
1	REC TYP	Record type	Numeric	1	Must be "5"
2	RET SUB DTE	Return submit date	Numeric	8	Format (YYYYMMDD) cannot be future date
3	OGRID	Oil and Gas Reporting ID Number	Numeric	6	Validate that OGRID is registered as an electronic Filer
4	XMIT CTL NBR	Unique Sequential Number used to identify the file transmission per OGRID and transaction type (Recommend starting with 1)	Numeric	9	Must be greater than the last XMIT CTL NBR used in your previous file transmission if your return was accepted
5	SENDER ID	Login ID for Electronic Filing	Alpha	15	Validate that SENDER ID on CSV file matches the SENDER ID transmitting the return.
6	FINAL RET IND	Final Return or not	Alpha	1	Y, N or Blank
7	REMIT RET IND	Remit Return Indicator	Alpha	1	Y, N or Blank
8	ACCEL ROY SALES MMYY	Accelerated Sales month/year for which you are paying	Numeric	4	MMYY format
9	ACCEL ROY PMT	Accelerated Royalty Payment amount	Numeric	7	Cannot be negative - must be 0 or greater
10	TOT ROY RPT	Total Royalty reported	Numeric	7	Can be negative or positive
11	TOT INT RPT	Total Interest reported	Numeric	7	Cannot be negative - must be 0
12	TOT ASSMNT PD AMT	Total Amount paid as Assessments	Numeric	7	Cannot be negative - must be 0 or greater
13	TOT ROY & ASSMNT PD	Total Royalty & Assessments Paid Amount	Numeric	7	Can be negative or positive
14	REG CR AMT	Total Regular Credits Applied	Numeric	7	Cannot be negative - must be 0 or greater
15	LSE CR AMT	Total Lease Credit Amount Applied	Numeric	7	Cannot be negative - must be 0 or greater
16	ACCEL CLAIM SALES MMYY	Report month/year for accelerated payment you are claiming	Numeric	4	MMYY format, can be blank
17	ACCEL CLAIM PMT	Dollar Amount of Payment applied	Numeric	7	Cannot be negative - must be 0 or greater
18	TOT CR TAKEN	Total Credit taken	Numeric	7	Cannot be negative - must be 0 or greater
19	TOT ADV PMT	Total Amount of Advance Payment paid or taken as credit	Numeric	7	Can be negative or positive
20		Total Remittance Amount	Numeric		Cannot be negative – must be 0.00 or greater. Amount must have two decimal places
21	PMT TYP	Type of Payment	Numeric	2	Accepted values are 01 (Fedwire), 02 (ACH Credit), 03 (ACH Debit), or 04 (Check)
22	10 СНК	Check from In or Out of NM	Alpha	1	Values are "I" or "O"
23	RET POSTM DTE	Postmark Return	Numeric	8	Overlaid with system timestamp
24	REPORTERS REF	Reporters Use	Alpha	20	Can be blank

Layout for Record Type 4 – Reporting of Assessments Paid or Credits Applied

If applicable, this Record Type must follow Record Type 5.

Form:	185 Record Type	e 4 OGR2 Invoice Record	d								
Field Order	Field Name	Field Description	Туре	Max Field Length	Validation						
1	REC TYP	Record type	Numeric	1	Must be "4"						
2	OGRID	Oil and Gas Reporting Identification Number	Numeric	6	Must be same as OGR1						
3	INVOICE NUM	Royalty Assessment or Credit Invoice Number	Alpha	8	Invoice number must be 8 digits with "A" being the first digit for assessments and "C" being the first digit for credits. This number can be found on the notice						
4	AMT APPLIED/PAID	Amount Paid for the reported assessment or applied for the reported credit.	Numeric	9	Cannot be negative – must be 0 or greater						

Layout for Record Type 6 – Corresponds with Form OGR-2

This Record Type must follow Record Type 5 and Record Type 4, if applicable.

Form:	185 Record Type	e 6 OGR2 Detail Record			
Field Order	Field Name	Field Description	Туре	Max Field Length	Validation
1	REC TYP	Record type	Numeric	1	Must be "6"
2	OGRID	Oil and Gas Reporting Identifier	Numeric	6	Must be same as OGR1
3	SALE MTH/YR NUM	Sales month/year	Numeric	4	MMYY
4	PUN	Number used to report on a distinct property, pool, OGRID	Numeric	7	Must be 7 digits. If the PUN is not known, please enter the last 7 digits of the properties API number
5	LEASE	Lease Identifier	Alpha Numeric	6	If the lease is unknown, please contact the Compliance Bureau
6	PRD CDE	Product type	Numeric	2	Consists of one or two digit code. Product codes are listed on page 11 of this Filer's Kit
7	TRN CDE	Transaction code for detail line entry	Numeric	2	Consists of two digit code. Transaction codes are listed on page 11 of this Filer's Kit
8	ARMS LEN IND	Arms Length Indicator	Alpha	1	"Y" if arms-length transaction or "N" if not
9	VOL MCF BBLS	Volume of Oil and Gas Production reported as Oil=BBLS; Gas=MCF	Numeric	9	Can be negative, 0 or greater
10	NGLS GAL	Volume of NGLS in Gallons	Numeric	7	Can be negative, 0 or greater
11	BTU NUM	BTU/Value	Numeric	5	Can be negative, 0 or greater
12	GROSS PROCEEDS	Report Actual (whole) Dollars received for sale of Product before Deductions	Numeric	7	Can be negative, 0 or greater
13	TRANSP DED	Allowable Transportation Deduction	Numeric	7	Can be negative, 0 or greater
14	MKT DED	Allowable Deduction for Market Preparation	Numeric	9	Can be negative, 0 or greater
15	GAS PROCESSING DED	Gas Processing Deduction	Numeric	9	Can be negative, 0 or greater
16	TOT ROY PAID	Total Royalty Paid Amount	Numeric	9	Can be negative, 0 or greater
17	REPORTERS USE	Reporters Use	Alpha	20	Can be blank
18	REPORTERS REF	Reporters Reference	Alpha	20	Can be blank

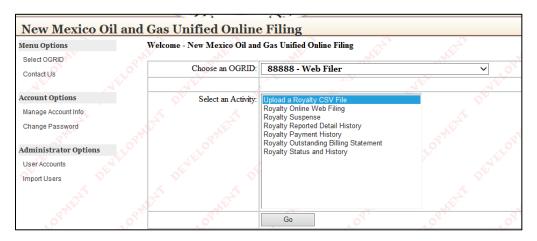
Here is a sample spreadsheet before being saved in the CSV format and the file transmitted in the CSV format:

1	Α	В	С	D	Е	F	G	Н	1	J	K	L	M	N	0	Р	Q	R	S	Т	י	٧W	X
1	5	20130729	99999	1003	Filer ID	N	Υ	0	0	22458	0	100	22558	0	0	0	0	0	0	22558	1	0	CSV Return
2	4	99999	A1234567	100																			
3	6	99999	1013	1053178	B02359	1	51	Υ	1659	0	0	24726	0	0	0	3091	0	CSV Return					
4	6	99999	1013	1053178	B02359	1	51	Υ	1000	0	0	10000	0	0	0	12500	0	CSV Return					
5	6	99999	1013	1056872	B11297	1	51	Υ	362	0	0	4935	0	0	0	617	0	CSV Return					
6	6	99999	1013	1056872	B11297	1	51	Υ	500	0	0	5000	0	0	0	6250	0	CSV Return					
7	6	99999	1013	1056934	B07897	4	51	Υ	923	0	0	14634	0	0	0	1829	0	CSV Return					
8	6	99999	1013	1056934	B07897	4	51	Υ	0	0	0	-923	0	0	0	-1829	0	CSV Return					
9	6	99999	1013	1116033	E05837	4	51	Υ	2	0	0	32	0	0	0	4	0	CSV Return					
10	6	99999	1013	1116033	E05837	1	51	Υ	0	0	0	-2	0	0	0	-4	0	CSV Return					
11	6	99999	1013	1116033	E05837	1	51	Υ	42	0	0	640	0	0	0	80	0	CSV Return					
12	6	99999	1013	1116033	E05837	4	51	Υ	0	0	0	-42	0	0	0	-80	0	CSV Return					
13	6	99999	1013	1116033	E07360	4	51	Υ	8	0	0	120	0	0	0	15	0	CSV Return					
14	6	99999	712	1116033	E07360	1	51	Υ	0	0	0	-8	0	0	0	-15	0	CSV Return					
15	6	99999	712	1116033	E07360	1	51	Υ	12	0	0	176	0	0	0	22	0	CSV Return					
16	6	99999	712	1116033	E07360	1	51	Υ	0	0	0	-12	0	0	0	-22	0	CSV Return					
17	6	99999	712	1116033	E08570	1	51	Υ	38	0	0	592	0	0	0	74	0	CSV Return					
18	6	99999	1211	1116033	E08570	1	51	Υ	0	0	0	-38	0	0	0	-74	0	CSV Return					
19	6	99999	1211	1149906	B02146	1	51	Υ	2287	0	0	33326	0	0	0	4166	0	CSV Return					
20	6	99999	1211	1149906	B02146	1	51	Υ	0	0	0	-2287	0	0	0	-4166	0	CSV Return					
21	6	99999	1211	1149939	B02146	1	51	Υ	1453	0	0	23398	0	0	0	2925	0	CSV Return					
22	6	99999	1211	1149939	B02146	1	51	Υ	0	0	0	-1453	0	0	0	-2925	0	CSV Return					
23																							
24	Example of	CSV return	with the foll	owing:																			
25	Ogrid:		99999																				
26	Submit Dat	e:	7/29/2013	Assessment	t A123456	7 be	ing	pai	d for \$	100													
27	Xmit Ctrl #:		1003																				
28	Sales Mont	hs:	13-Oct																				
29			12-Jul																				
30			11-Dec																		4		
31	Products:		1 - Oil																				
32			4 - Unproce	ssed Gas																			
33																							
34	Total Roya	ty:	\$22,458																				
35	Payment:		\$22,558																				
36	Pymt Type:		Fedwire																				

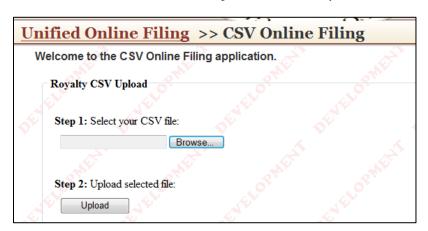
Filing the CSV return

Once you have successfully logged into the Unified Online Filing site you will need to upload the CSV file as follows:

- 1. Click "Select OGRID" from the left-hand menu.
- 2. Select the appropriate OGRID from the drop down list
- 3. Select "Upload a Royalty CSV File" option from the list of activities.
- 4. Click on the "Go" button and you will be directed to the Royalty Online Filing application.



- 5. You will then see the below screen to upload your file.
- 6. Click on "Browse" and it will open your file directory so that you can select the CSV file to upload.
- 7. Once file is selected, click on "Upload" to transmit your file.



- 8. After you have uploaded the file, you will receive an on-screen notice of whether the file was accepted or rejected.
- 9. If the file was accepted, you can print a confirmation which will list the tracking number of the return you filed.
- 10. If the file was rejected, you can print a report which details the errors found in your file.

Sample report for CSV file with no errors accepted by ONGARD:

00.1110.020	S ACKNOWLEDGEMENT / DET		7/2/2013		
Prod Ind: P			2:41 PM		
ROYALTY			Page No: 1		
Trasmission Received From: RMD-SLO		FileName:	SampleFile. csv		
OGRID: 99999	Tran Type: 185		File Format: CSV		
Sender ID: Web Filer	Xmit Cntrl Num: 2007				
	PRE-EDIT SUMMARY OF RET	URN			
FOR OGRID CODE			99999		
TOTAL SUMMARY LINES	READ		1		
TOTAL SUMMARY ERROR	RS		0		
TOTAL DETAIL LINES RE	AD		48		
TOTAL DETAIL ERRORS			0		
TOTAL INVOICE LINES RI	EAD		0		
TOTAL INVOICE ERRORS			0		
TOTAL LEASE CREDIT LI	NES READ(OGR-2C)		0		
TOTAL LEASE CREDIT ER	POPS/OCP 1C)		0		

Sample report for file rejected by ONGARD listing errors. This is the starting place for fixing your file for resubmission. If you are unable to correct your errors or need help understanding the error messages, contact the Land Office at (505) 827-5738 or (505) 827-5701 and we will be happy to assist you.

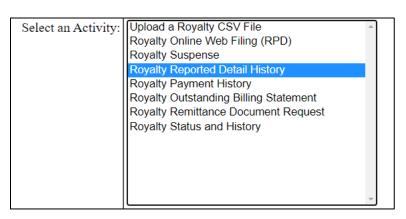
	ONO	GARD - STA	TE OF N	EW ME	XICO	
	CSV PROCESS A	CKNOWLED	GEMENT /	DETAIL	ERROR REPORT	
						4/9/2013
Prod Ind: P						1:04 PM
ROYALTY						Page No:
Trasmission Received I	From: RMD-SLO			Fi	leName: comp-	es
OGRID:		Tran T	ype: 185			File Format: CSV
Sender ID:		Xmit C	Intrl Num: 3001		Tra	cking Num: 10190
ROW REC FIE NUM TYPE NU		FIELD LENGTH	REPORTED VALUE	STATUS	ERROR DESCRIPTION	

AMENDED RETURNS

There are various reasons to amend prior period reporting, and therefore must be addressed differently by the type of adjustment needed. You will need to back out the detail line exactly as previously submitted and enter the corrected line as it should be.

- Amended Returns to Clear Suspense Amended returns or return detail to clear suspended detail lines
 must be submitted in a <u>separate report from any other amended reporting</u> or new sales <u>period reporting</u>.
- Amended Returns to Adjust Prior Periods There are various reasons to amend prior period reporting, and therefore must be addressed differently by the type of adjustment needed. Please note that due to the research involved in processing an amended return, no return may be submitted to amend reporting for more than 12 sales periods (1 year) in a single return, and must be split into multiple returns for more than 1 year of amendments:
 - O Amendments submitted to clear computational notices must be submitted in a <u>separate report</u> from any other amended reporting or new sales period reporting.
 - Amendments which have a net royalty amount due must be submitted in a <u>separate report from any other amended reporting or new sales period reporting</u>
 - Amendments which have a net royalty credit may be submitted with other reporting for new sales, but should be reviewed against previous reporting data to ensure that backout/reversal entries match historical reporting received and processed by Land Office. You can download your historical reporting Online Filing.

http://web.slo.state.nm.us/Home/SLO/SLOOnlineFiling.aspx



OTHER ONLINE APPLICATIONS

The Land Office has several online applications that serve to assist the remitter. They are:

Royalty PUN Inquiry

This application allows the user to search and view PUN, Lease, Well Completion, Allocation Percentages and Beneficiary information extracted from the ONGARD system. This application DOES NOT require that the royalty filer have a user id and password for electronic filing. The instructions to access this application are:

Go to http://web.slo.state.nm.us/Applications/RoyaltyPunInquiry/Default.aspx



The Menu options and instructions are:

1. PUN Details Information:

Enter a seven-digit PUN and the screen will display PUN data including PUN type, OGRID name (Operator of the PUN), Property Name, Effective Date and PUN Status (Active or De-active).



2. PUN Lease Information:

This option allows the user to view all leases associated with a selected PUN and the applicable royalty rates.

A. Search by PUN Option:

Enter the seven-digit PUN and check either the Active or De-active box. If the Active box is selected, the screen will display active leases attached to the PUN. If the De-active box is selected, the screen will display de-active leases attached to the PUN. You must also select the product kind. The screens will also display the royalty rates associated with the Leases.

State of No Oil and Natural Gas Ad	CONTRACTOR OF THE PROPERTY OF	evenue Database).				
Royalty Pun Inqu	ury						
Contact Information	PUN Lease						
Home	Search Pun Lease Information Enter PUN 1168069						
PUN Searches	● Active ○ De-Active Lease Prefix: A0 ▼ Lease Sequence:						
PUN Details Information PUN Lease Information							
PUN Well Completion Information	Search Clear						
Other Options	2 records were found.			Export Gnd To Excel (click here)			
Allocation Percentages and Beneficiary Information	Pun	Royalty Rate	Lease Information	Property Name			
	1168069	0.125	A0-1320	VACUUM 31			
	1168069	0.16667	V0-3836	VACUUM 31			

B. Search by Lease Option:

Enter the Lease Code and the screen will display all Production Unit Numbers associated with the specified Lease Code. The screen will also display the applicable Royalty Rate.

State of New Mexico Oil and Natural Gas Administration and Revenue Database Royalty Pun Inquiry								
Contact Information	PUN Lease							
Home	Search Pun Lease Information Enter PUN: Observative De-Active							
PUN Searches								
PUN Details Information	Lease Prefix: VO V Lease Sequence: 3836							
PUN Lease Information	Lease Prefix: VU V Lease Sequence: 3830							
PUN Well Completion Information	Search Clear							
Other Options	4 records were found. Export Grid To Excel (click here)							
Allocation Percentages	Pun	Royalty Rate	Lease Information	Property Name				
and Beneficiary Information	1024665	0.16667	V0-3836	VACUUM 9205 JV-P				
	1168069	0.16667	V0-3836	VACUUM 31				
	1233549	0.16667	V0-3836	VACUUM 9205 JV-P				
	1278834	0.16667	V0-3836	VACUUM 9205 JV-P				

3. **PUN Well Completion Information**: This option allows you to search for PUN information by entering the PUN or the API number.

A. Search by PUN Option:

Enter the seven-digit PUN and the screen will display information for all well completions attached to the PUN including the API Number, Pool Identification Number, dates for which the well completion was attached to the PUN and the well completion well numbers.

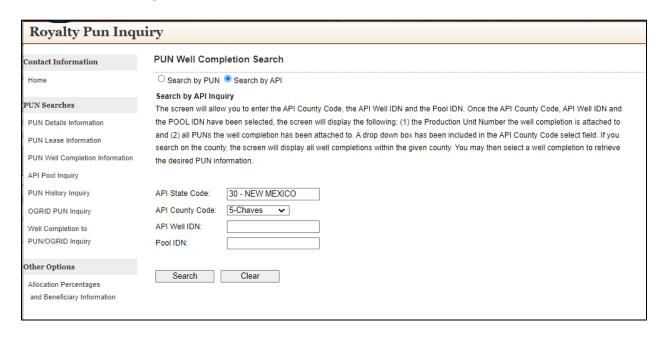


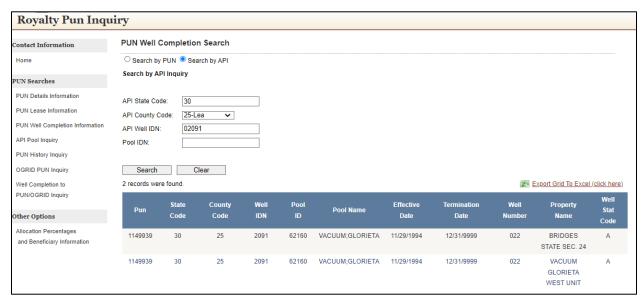


B. Search by API Option:

Click the API Well # box and the screen will allow you to enter the API County Code, the API Well IDN and the Pool IDN. Once the API County Code, API Well IDN and the POOL IDN have been entered, the screen will display the following: (1) the Production Unit Number the well completion is attached to and (2) all PUNs the well completion has been attached to.

A drop down box has been included in the API County Code select field. If you search on the county, the screen will display all well completions within the given county. You may then select a well completion to retrieve the desired PUN information.





4. API Pool Inquiry:

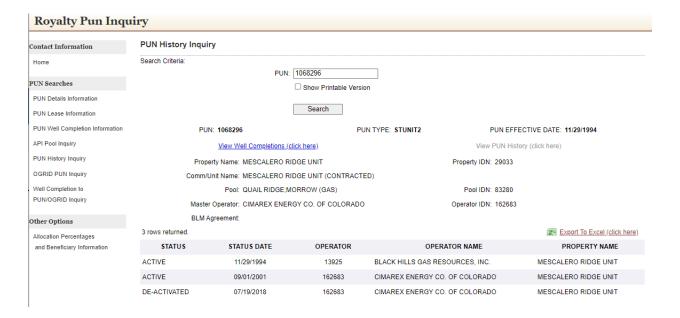
This screen allows you to enter the API County Code, the API Well IDN and the Pool IDN. Once the API County Code, API Well IDN and the POOL IDN have been entered, the screen will display the following: (1) the Production Unit Number the well completion is attached to and (2) all PUNs the well completion has been attached to.

A drop down box has been included in the API County Code select field. If you search on the county, the screen will display all well completions within the given county. You may then select a well completion to retrieve the desired PUN information.



5. PUN History Inquiry:

Enter a seven-digit PUN and the screen will display PUN data including PUN type, OGRID name (Operator of the PUN), Property Name, Effective Date and PUN Status (Active or De-active).



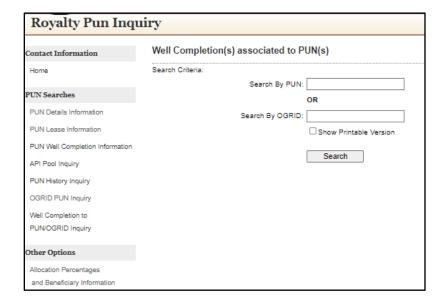
6. **OGRID PUN Inquiry:**

Enter the OGRID number and select the Active or De-active option. If the Active option is selected, the screen will display all active PUNs attached to the selected OGRID. If the De-active option is selected, the screen will display all de-active PUNs associated with the selected OGRID.



7. Well Completion to PUN/OGRID Inquiry:

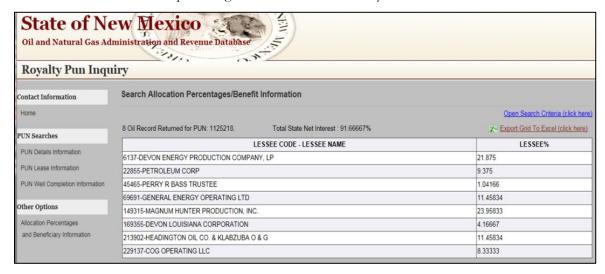
This screen will allow you to enter the seven digit PUN and the screen will display information for all well completions attached to the PUN including the API Number, Pool IDN , dates for which the well completion was attached to the PUN and the well completion well numbers, or you may enter your OGRID, and the screen will display all well completion information associated with the selected OGRID.



- 8. **Allocation Percentages/Bene Information:** This option allows the user to view the allocation percentages and beneficiary information for a particular PUN. There are several different options for information available. The search is by PUN.
 - A. Lease %: This option will display for a selected PUN, the lease numbers, assignment numbers, number of acres and associated allocation percentages within each lease and assignment number and total state net interest.



B. Lessee of Record %: This option will display for a selected PUN the Lessee of Record names and their associated allocation percentages. The allocation percentage is computed by totaling for each lessee the allocation percentages of each active lease they own within the PUN.



C. Lessee of Record: This option will display for a selected PUN active lease numbers, the assignment number and the lessee of record name associated with each active lease and assignment number.



D. Lease/Bene: This option will display for the selected PUN, the active lease number and the beneficiary associated with each active lease number. This option is very beneficial when the remitter is trying to apply lease credits to royalty detail lines.



Royalty Reported Detail History

This application allows the royalty filer to search royalty detail they have reported to the Land Office. Royalty Detail History is provided beginning with sales period January 2002. If royalty detail history is needed for periods prior to January 2002, please contact our staff for assistance. This application DOES require that the royalty filer have a user ID and password for electronic filing. The steps to retrieve your company's detail history are as follows:

Once you have successfully logged into the Unified Online Filing site:

- 1. Click "Select OGRID" from the left-hand menu.
- 2. Select the appropriate OGRID from the dropdown list
- 3. Select "Royalty Reported Detail History" option from the list of activities.
- 4. Click on the "Go" button and you will be directed to the Welcome screen.



5. Select "Detail History" from the left side of the Welcome screen. The following screen will be displayed:



The royalty filer can choose all or none of the search parameters given. If the royalty filer does not choose one of the options, all royalty detail since January 2002 will be displayed.

6. An example of the output is pictured below. In addition, the results of any search for Royalty Detail History can be exported into excel.



Royalty Payment History

This application allows the royalty filer to search history for payments they have made to the Land Office for royalty. The steps to retrieve your company's payment history are as follows:

Once you have successfully logged into the Unified Online Filing site:

- 1. Click "Select OGRID" from the left-hand menu.
- 2. Select the appropriate OGRID from the dropdown list
- 3. Select "Royalty Payment History" option from the list of activities.
- 4. Click on the "Go" button and you will be directed to the Welcome screen.

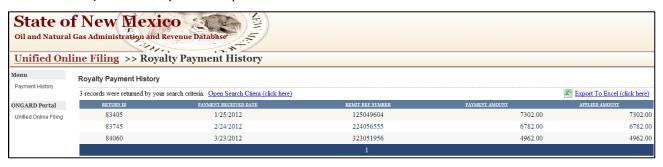


5. Select "Payment History" from the left side of the Welcome screen. The following screen will be displayed:



The royalty filer can choose to search for a particular date range or to leave the search options blank and all of the payments since January 2002 will be displayed.

6. An example of the output is pictured below. In addition, the results of any search for Royalty Payment History can be exported into excel.



Royalty Outstanding Billing Statement

This application allows the royalty filer to search for outstanding notices for their company that have been issued by the Land Office. The steps to retrieve your company's outstanding notices are as follows:

Once you have successfully logged into the Unified Online Filing site:

- 1. Click "Select OGRID" from the left-hand menu.
- 2. Select the appropriate OGRID from the dropdown list
- 3. Select "Royalty Outstanding Billing Statement" option from the list of activities.
- 4. Click on the "Go" button and you will be directed to the Welcome screen.



5. Select "Outstanding Billing" from the left side of the Welcome screen. The list of notices for your account and outstanding balances will be displayed in summary form as shown below. For details on the individual notices, you can click on the "Detail" button that is next to each notice balance.



Detail Screen:

Betan sereem	Betun Gereen.		
State of New Mexico Oil and Natural Gas Administration and Revenue Database Unified Online Filing >> Royalty Outstanding Billing Statement			
		77 Hoyard Outstanding Dinnig Statement	
Menu	Notice Detail		
Outstanding Billing	Notice Detail		
Contact Us		Ogrid Name:	
oomaa oo		Ogrid Id:	
ONGARD Portal		Notice No.: A0032415	
Unified Online Filing		Notice Type: IN	
		Return Id: 89365	
		Issue Date: 6/30/2013	
		Rpt Mth/Yr: 6/2013	
		Orig Amt: \$17.00	
		Balance: \$17.00	
		Back	

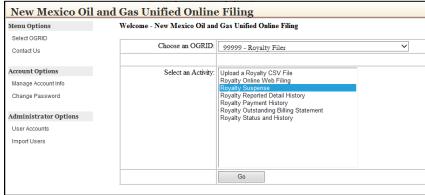
ROYALTY SUSPENSE

If a royalty filer pays royalties on a detail line with an error that prevents the Land Office from distributing the funds to the proper beneficiary, that detail line and the money attached to it are put into "suspense". On a monthly basis, the Compliance Bureau notifies each remitter, by email, of lines that are in suspense for their OGRID. The remitter is responsible for correcting these suspended lines so that funds can be distributed. The most common errors that cause lines to go into suspense are:

- 1. Invalid PUN This occurs because either the PUN has been entered incorrectly or the PUN has not yet been assigned to the property.
- 2. Invalid Lease This occurs because either the lease has been entered incorrectly or the remitter does not have the lease number.
- 3. Invalid PUN/Lease Combination This occurs when the PUN is valid and the lease is valid, but the combination of the two is invalid.
- 4. Invalid Sales Period This occurs when the remitter reports a detail line outside of the valid sales period for the PUN, lease or both.
- 5. Invalid product code This occurs when the remitter reports a detail line with a product code that is not valid.
- 6. Invalid transaction code This occurs when the remitter reports a detail line with a transaction code that is not valid.

Once a remitter has been notified that they have suspended detail lines, it is their responsibility to correct those lines as soon as possible. There are two ways to correct suspended detail lines:

- Remitter submits an amended return with a reversing entry for the suspended detail line and enters the
 line with correct information. This amended return must be submitted separately from the remitter's
 current monthly return. NOTE: The detail line must be reversed EXACTLY as it was originally
 submitted or the reversing line will be rejected by the ONGARD system.
- 2. Remitter uses the "Royalty Suspense" application. This application can ONLY be used if the detail line does not have any other error in addition to the PUN or Lease error. Once a remitter has successfully logged into the Unified Online Filing site, you access the "Royalty Suspense" application as follows:
 - A. Click "Select OGRID" from the left-hand menu.
 - B. Select the appropriate OGRID from the dropdown list
 - C. Select "Royalty Suspense" option from the list of activities.
 - D. Click on the "Go" button and you will be directed to the Welcome screen.



- E. Select "Suspense Lines" from the left side of the Welcome screen.
- F. The list of suspended detail lines for your account will be displayed. You will be given the report month where the detail line was submitted, along with the return ID and the page and line number where the suspended line was reported. An example of the display follows:



G. The items in red are the errors that caused the detail line to go into suspense. The user can click on the item in red and be directed to a screen where corrections can be made. This screen also displays the error that caused the line to be suspended.

State of New Mexico Oil and Natural Gas Administration and Revenue Database Unified Online Filing >> Royalty Suspense Website			
Menu	Suspense Correction		
Suspense Lines	PUN/LEASE combination not valid for Sales Month/Year.		
ONGARD Portal	Return to Suspense Lines (click here)		
Unified Online Filing	OGRID:		
	OGRID Name:		
	PUN: 1282190		
	LEASE: VA 2133		
	SALE MTH/YR: 2/2013		
	PRODUCT CDE: 4		
	TRANS CDE: 51		
	VOLUME/BBL: 0		
	VOLUME/MCF: 330		
	NGL GALLONS: 0		
	GROSS PROCD: \$1,412.00		
	NGL CR AMT: \$0.00		
	TRANS DED: \$0.00		
	MKT DED: \$0.00		
	PRC DED: \$0.00		
	ROY REPORTED: \$176.00		
	ROY COMPUTED: \$177.00		
	Save		

H. Once corrected information has been entered, the user should click "Save" and the line will be removed from the suspense display.

ACCOUNT NOTICES

The Land Office generates and issues oil and gas royalty assessments and credits based on information filed by the royalty return remitter. There are two classifications of notices:

- A. Notice of Assessment for Royalty or Interest
- B. Notice of Royalty Credit

Account notices require your immediate attention. All notices include a summary page that details the notice type, the reason for the notice, the dollars involved, instructions for payment or resolution, statutory references and turnaround document. Some notices also include a detail sheet requiring other review or action by the royalty reporter.

A. Notices of Assessment of Royalty or Interest

Royalty Remittance Assessment: A notice of underpayment of the royalty due on a return. This occurs when the payment amount submitted is less than the royalty reported on the royalty filer's return. Payment of remittance assessments must be made and processed before payment of the corresponding interest assessments.

Royalty Interest Assessment on Remittance Assessment: A notice of interest assessed for late payment of oil and gas royalty that is related to a generated Remittance Assessment. For all returns submitted after October 1, 2022, interest is calculated at the rate of 1.0% per month compounded beginning when payment is due until payment is made (see 19-1-13 NMSA, 1978). For all returns received prior to October 1, 2022, interest is calculated at the rate of 1.25% per month or portion of a month beginning when payment is due until payment is made (see 56-8-3 NMSA, 1978). Payment of remittance assessments must be made and processed before payment of the corresponding interest assessments.

Royalty Interest Assessment: A notice of interest assessed for late payment of oil and gas royalty. For all returns submitted after October 1, 2022, interest is calculated at the rate of 1.0% per month compounded beginning when payment is due until payment is made (see 19-1-13 NMSA, 1978). For all returns received prior to October 1, 2022, interest is calculated at the rate of 1.25% per month or portion of a month beginning when payment is due until payment is made. (see 56-8-3 NMSA, 1978).

Computation Assessment: A notice for underpaid royalty differences based on ONGARD's calculation of the data submitted by the royalty reporter. The notice includes a detail sheet with a summary of the line entries that contain the computational difference.

Audit and Compliance Assessment: A notice issued as a result of an audit or compliance review of volume or values.

B. Notices of Royalty Credit

Remittance Credit: A notice of overpayment of royalty on an oil and gas royalty return. This occurs when the payment amount submitted is more than the royalty reported on the royalty filer's return.

Computation Credit: A notice for overpaid royalty differences based on ONGARD's calculation of the royalty amount due based on the data submitted by the royalty reporter. The notice includes a detail sheet with a summary of the line entries that contain the computational difference.

Lease Credit: A notice of overpayment of royalty of distributed funds that may be recouped against future royalty liability. Lease credits are generated when royalty filer submits a net credit return. The lease credit must be applied to future detail entries with the same beneficiary.

FILING A CLAIM FOR REFUND

A claim for refund must be validated through the Compliance Bureau prior to the submission of a Claim for Refund form. The validation process includes an account review to ensure that all outstanding notices have been addressed and an audit of the OGRID to ensure that the account is in good standing. The validation process may also include review of compliance with oil and gas lease terms and requirements and any other legal issues. Once the account is deemed to be in good standing, a final validated refund amount will be provided.

A claim for refund must be made on a form provided by the Land Office. The Claim for Refund forms can be found at http://www.nmstatelands.org/divisions/oil-gas-and-minerals/royalty-management-forms/. The claim form must contain the following information:

If the claim is for distributed funds:

- A. The amount of the erroneous payment.
- B. The OGRID number, lease number and PUN.
- C. Knowledge that the payment is not in any suspense fund.
- D. Reasons why such payment was erroneous.
- E. Notarized Signature.

If the claim is for non-distributed funds:

- A. The amount of the erroneous payment.
- B. The OGRID number, lease number and PUN.
- C. Knowledge that the payment is in a suspense fund.
- D. Reasons why such payment was erroneous.
- E. Notarized Signature.

In addition, every request for refund must also include (a) an amended return if any information for prior reporting periods is being changed. The amended return must include detail line entries for all affected PUN/Lease combinations <u>AND</u> (b) a letter should be attached if the space provided on the claim form for the reason for the erroneous payment is insufficient.

If a refund claim lacks any required information, the Land Office may return it to the royalty reporter requesting the additional information. The Land Office will not consider a claim to be filed until all requirements are met.

Statute of Limitations:

Statute of limitations provides that all claims for refund for an erroneous payment of money shall be barred forever if not filed with the Commissioner of Public Lands within six years from the date the erroneous payment was made.

Lease credits previously established through the Section 19-7-60 process can later be subject to a claim for refund, beyond the six-year limitation for the number of days necessary to provide ninety days to file the claim.

COMMISSIONER RULINGS

The Commissioner of Public Lands is empowered by statute to issue rulings necessary for the implementation or enforcement of any laws applicable to the oil and gas royalty program.

FREQUENTLY ASKED QUESTIONS

The Land Office is committed to providing the best possible customer service. Land Office staff will promptly reply to questions or requests for assistance. Answers to some of the more commonly asked questions are provided. Please contact us if the provided responses do not adequately answer your questions.

Question:

If I file my oil and gas royalty report electronically, do I still need to submit a paper copy of my return?

Answer:

No, you do not, however the electronic report must comply with the filing requirements as detailed in this Filer's Kit

Question:

Can I photocopy OGR-1 and OGR-2 oil and gas royalty reporting forms?

Answer:

Yes, the OGR-1 Summary Report, OGR-2 Detail Report and OGR Remittance document may be photocopied.

Question:

Do I have to put a value in the Volume BBL/MCF column when reporting product code 7?

Answer:

Yes. The value should be the difference between wellhead and the value that you reported in the Volume BBL/MCF column on the product code 3 for the same PUN, lease, and sales period.

Question:

Will the Land Office compromise a liability if I am unable to pay?

Answer:

No, by law, the Land Office cannot compromise an outstanding royalty liability because of the royalty reporter's inability to pay (Article 4, Section 32 of the NM Constitution)

Question:

Can interest be forgiven by the Land Office for late payment of royalties?

Answer:

No, interest must be paid on late payment of royalties. Abatements can be considered in very unusual circumstances.

Question:

What if I receive an assessment that I feel is incorrect? Do I still have to remit payment?

Answer:

No, but you must immediately contact the Land Office and provide a detailed explanation of why you feel the assessment is invalid. You must also submit documentation and, if necessary, an amended return to correct the data that created the incorrect notice.

Question:

I received a lease credit notice and I'm not sure what it's for? How do I use it?

Answer:

ONGARD issues a lease credit when you submit credit detail lines intended to reverse previously submitted debit detail lines and the funds allocated to the debit lines have been distributed to the beneficiary. A lease credit can only be applied to new detail lines with the same beneficiary.

Question:

I received a remittance assessment and I don't understand why. I also received a Rejected Line Report but the lines on the report don't seem to match the lines on the remittance assessment amount. What do I do?

Answer:

The remittance assessment resulted because you included credit detail line entries on your royalty return and they were rejected. The Rejected Line Report lists all rejected lines. The remittance assessment is valid and due.

Question:

I received a remittance assessment and I don't understand why. I've checked my copy of the return and it indicates that I paid everything that was due.

Answer:

First check to see if you also received an offsetting lease credit. If so, the assessment is valid (see previous question and answer). If you did not receive a lease credit, check your files to see if you submitted the correct payment amount. It's possible that your payment was less than the royalty amount due on the return (the royalty amount due is noted on line 9 of the OGR-1 Summary Report form). If you still can't determine the reason for the assessment, please contact the Revenue Bureau at royaltyrevenue@slo.state.nm.us.

Question:

I received a computation assessment and I don't know why. I received a computation credit and I don't know why.

Answer:

ONGARD has determined that the royalty due amount you computed for these detail lines is incorrect. Compare your copy of the report to the page and line numbers noted on the detail page of the notice. Check your computations; it's possible that you used the incorrect royalty rate (the lease number determines the royalty rate). If you need help to ascertain the correct royalty rate, review your lease documents or contact the Royalty Management Division at royaltycompliance@slo.state.nm.us. If you still cannot determine the reason for the notice, check the Land Office website or contact the Revenue Bureau at royaltyrevenue@slo.state.nm.us.

NOTE: If you received a computation assessment or computation credit, the Land Office requires that you submit an amended return reversing the incorrect detail lines and re-posting them with the correct information. This is to ensure that the royalty data is as accurate as possible.

Ouestion:

Does the Land Office have a website?

Answer:

Yes, you can access the Land Office website at: www.nmstatelands.org

FORMS

Copies of the most commonly used forms are on our website at https://www.nmstatelands.org/divisions/oil-gas-and-minerals/royalty-management-forms/.