

NM STATE LAND OFFICE

Royalty Management Division



Industry Training 2023

Disclaimer

This presentation is guidance and not binding on the NM State Land Office (NMSLO). It does not provide legal advice and should not be construed as stating NMSLO's legal interpretation or position. Any reliance on this presentation does not limit the NMSLO in its compliance activities or in the appealable decisions and orders it may issue.

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NM STATE LAND OFFICE

Compliance Bureau



Industry Training 2023

Agenda

- Overview – Compliance Bureau Functions
- Well Naming Conventions
- PUNs
- State Net Interest (SNI)
- Suspense
- Account Reviews
- Collections
- Advance Royalty Deposit
- Refunds

NM STATE LAND OFFICE

Overview

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Compliance Bureau Functions

The Compliance Bureau is responsible for the resolution of company account reviews, the collection of outstanding billings, addresses refund requests, bankruptcy, and administers the advanced payment program.

The Compliance Bureau is also responsible for PUN issuance and suspense accounts.



NM STATE LAND OFFICE

OCD Well Naming Convention

Well Naming Convention

OCD Well Naming Convention

(notice sent out by EMNRD February 2023)

Identifies OCD Well Naming Guidelines:

- General naming requirements
- Naming requirements for Coms and Units
- Numbering requirements


State of New Mexico
Energy, Minerals and Natural Resources Department

Michelle Lujan Grisham
Governor

Sarah Cottrell Propst
Cabinet Secretary

Todd E. Leahy, JD, PhD
Deputy Secretary

Dylan Fuge, Division Director (Acting)
Oil Conservation Division



NOTICE
WELL NAMING CONVENTION
UPDATED February 16, 2023

In recent years, the Oil Conservation Division ("OCD") has observed an increase in new Applications for Permits to Drill ("APD"). OCD has also observed that many operators are not following the historical OCD and State Land Office ("SLO") naming conventions. Divergence from the state's well naming conventions negatively impacts data quality and creates unnecessary workload for regulatory agencies. Improper naming results in staff having to review and possibly change associated well names and property codes. Improper naming also makes it hard for OCD and SLO to link production with wells sharing the same resources. The well name creates a related "Property" code which then links and allows state agencies to accurately track associated production. Without proper naming these wells will not be properly linked with each other.

Name changes identified as necessary after APD approval and the start of production further complicate process as these wells require additional ITO services to process related sundries, as all related production must then be reconciled by the operator to ensure proper reporting to the appropriate property code. In 2022 there were 357 wells that required a well name change. We are issuing this Notice to remind operators of these requirements. Failure to follow these requirements may result in delays in APD processing. OCD has also enclosed a copy of SLO's well name guidelines for reference (see Attachment A).

Any operator who intends to change the name of currently producing wells that do not meet the below naming requirements will need to contact the OCD to ensure it is changed properly. You can contact the OCD at OCD.Engineer@emnrn.nm.gov.

OCD Well Naming Guidelines.

When naming wells, an operator must follow these guidelines:

General naming requirements

- No punctuation or special symbols in well name.
- Infill horizontal wells must have the same well name as the well defining the spacing unit.

Naming requirements for Coms and Units

- If well is part of a Communitization Agreement (more than one lease) ("Com") must be part of the name.

NMSLO Naming Requirements for State Com Wells

- Well must have “Com” in name
- Well must have “State” in name if spacing unit is comprised of State or State/Fee lands
- Well must have “Fed” or “Federal” in name if there is Federal land in spacing unit (do not use “State” in name)

ALL WELLS TO BE COVERED BY A SINGLE AGREEMENT SHOULD HAVE THE SAME NAME/PROPERTY ID.

COMS WILL NOT BE APPROVED IF WELLS ARE NOT NAMED THE SAME.

If your wells aren't currently following these rules, please submit sundry notices to the OCD and have them changed accordingly.

ATTACHMENT A – NEW MEXICO STATE LAND OFFICE WELL NAMING GUIDANCE

NMSLO Naming Requirements for State Comm Wells

1. The well must have the word “Com” in the name
2. The well must have the word “State” in the name if the spacing unit is comprised of State or State/Fee lands
3. The wells must have the word “Fed” or “Federal” in the name if there is Federal land in the spacing unit, in which case do not use “State” in the name
4. **ALL WELLS TO BE COVERED BY A SINGLE AGREEMENT SHOULD HAVE THE SAME NAME/PROPERTY ID** - It causes issues for SLO royalty division if there are different names for each well in the spacing unit. If there are 4 wells to be drilled in the W2W2 of a section all in the Wolfcamp formation, regardless of target WCA, WCB etc, then all wells need the exact same name. Well numbers can be assigned as desired.

Example of wells with the same name in the same spacing unit:

Green Grass 25 State Com #701, in the E2 section 25, Wolfcamp Formation
Green Grass 25 State Com #805, in the E2 section 25, Wolfcamp Formation
Green Grass 25 State Com #910, in the E2 of section 25, Wolfcamp Formation

Example of wells without the same name but in the same spacing unit:

Green Grass 25 WCA-PA #1H, in the E2 section 25, Wolfcamp Formation
Green Grass 25 WCB-BO #1H in the E2 section 25, Wolfcamp Formation
Green Grass 25 WCX-AO #1H in the E2 section 25, Wolfcamp Formation

In order for all your wells in a single comm or unit to pay on the same basis/Production Unit Number (PUN) these conventions should be adhered to. Naming infill wells differently from the initial well defeats the purpose of communitization, the point of which is to have all production from the spacing unit allocated the exact same way.

If your wells aren't currently following these rules, please submit sundry notices to the NMOCD and have them changed accordingly.

NM STATE LAND OFFICE

Production Unit Number (PUN)

PUN

..... stands for

Production Unit Number

PUNs

- PUN Assignments – when can PUNs be assigned?
- Deactive PUNs
- Comm Terminations
- State Net Interest (SNI)

PUN Assignments

A Production Unit Number (PUN) is a seven-digit number, which is systematically generated and is based on the master operator, property name identification and pool. A PUN, plus its attached lease and suffix numbers, are used to report Oil and Gas royalties and is used by the Royalty Management Division in the validation and accountability process of all royalty reporting due to the state.

PUN Issuance

PUN assignments begin with the operator's Request for Transport (OCD's form C-104) for a particular well completion (API Number + Pool).

- The NMSLO is then notified of the approved C-104 and an Event is created for approval.

New well completions can be assigned to an existing PUN with the same identifying characteristics; or be assigned a new PUN if the identifying characteristics are not the same.

- Master operator
- Property Name and/or Property ID
- Pool
- Spacing Unit

PUN Issuance

Example 1

API Well # 30-025-50504, Pool 7820, Property ID 333219

API Well # 30-025-50505, Pool 7820, Property ID 333219

The Pools are the same and the property ID's are the same therefore **1 PUN** can be issued

Example 2

API Well # 30-025-50504, Pool 7820, Property ID 333219

API Well # 30-025-50505, Pool 7820, Property ID 333220

The Pools are the same but the property ID's are different therefore **2 PUNs** must be issued

PUN Issuance

Com and Unit agreements are approved with OGM

- Compliance is notified of the approved agreement and a PUN is assigned based on the identifying characteristics.

PUNs can be re-assigned, a new PUN can be issued, or an existing PUN can be updated based on changes to the identifying characteristics.

- Change in Master Operator
- Change in Property Name
- A well completion's change from an undesignated pool to a designated pool
- Establishment of Unitization or Communitization

PUN Notices

Notices are generated when a PUN Event is accepted in ONGARD. The most common PUN Events are:

- **New Well Completion (New PUN)**
- Change in OGRID (CHGE OGRID)
- Change in Property (C104 CHGE PROP)
- Change in Well Spacing (CHGE WS-SPC)
- Well Completion Plugged and Abandoned (WC P&A)
- **Communitization Termination (COMM TERMN)**
- Communitization Reinstatement (COMM REIN)
- **Unit Termination (UNIT TERM)**



State of New Mexico
Commissioner of Public Lands
310 OLD SANTA FE TRAIL P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

STEPHANIE GARCIA RICHARD
COMMISSIONER

(505) 627-5760
Fax: (505) 627-5760
www.nmstatelands.org

Date: 07/10/2023

RE: PUNLEASE STATE NOTIFICATION

Dear Operator:

The attached report(s) are notifications of an assignment or change to the assignment of one or more Production Unit Numbers (PUN) and corresponding State Lease Numbers for which you report State Royalties.

The operators are responsible for notifying all remitters of the PUNLEASE assignment.

If you have any questions, please contact the State Land Office at

NM State Land Office
Royalty Management Division
Compliance Bureau

CG4543201

PRODUCTION UNIT

NEW-PUN

NOTICE 4543-1

WELL API NUMBER : 30- 25-50040 ULSTR/LOT: C 16 235 32E
POOL :
PROPERTY NAME :
PUN MASTER OPERATOR :
OCD OPERATOR :
COMMUNITIZATION AGREEMENT :
UNITIZATION AGREEMENT :

PRODUCTION UNIT NUMBER(PUN) : 1399131 PUN EFFECTIVE DATE: 04/22/2022 (NEW PUN)
PUN TYPE : STATE COMMUNITIZATION

PUN STATE LEASE CROSS REFERENCE LIST:

| PUN | BASE LEASE | ASSG# | ROYALTY RATE | LEASE PARTICIPATION PERCENTAGE | ROYALTY BENEFICIARY |
|---------|------------|-------|--------------|--------------------------------|---------------------|
| 1399131 | V04340 | 0004 | 16.66700 | 33.3333300 | Common Schools |

PUN Notices

EVENT CAUSING AN UPDATE : COMM TERM

PRODUCTION UNIT NUMBER(PUN) : 1350756 ORIGINAL EFFECTIVE DATE: 09/26/2014
PUN CURRENT STATUS : De-Activated
PUN TYPE : STATE COMMUNITIZATION

POOL :
(PREVIOUS) :
PROPERTY NAME :
(PREVIOUS) :
PUN MASTER OPERATOR :
(PREVIOUS) :
OCD OPERATOR :
(PREVIOUS) :
COMMUNITIZATION AGREEMENT :
UNITIZATION AGREEMENT :

PUN STATE LEASE CROSS REFERENCE LIST:

| PUN | BASE LEASE | ASSG# | PUN CROSS REF EFFECTIVE DATE | ROYALTY RATE | LEASE PARTICIPATION PERCENTAGE | ROYALTY BENEFICIARY | ASSIGNED FROM LEASE | ACRES ASSIGNED |
|---------|------------|-------|------------------------------|--------------|--------------------------------|---------------------|---------------------|----------------|
| 1350756 | ED 6005 | 0003 | 09/26/2014 | 12.50000 | 50.0000000 | Common Schools | ED6005 0002 | 280.00 |
| 1350756 | VB 0797 | 0000 | 09/26/2014 | 18.75000 | 50.0000000 | Common Schools | VB0797 0000 | 320.00 |
| 1350756 | VB 0797 | 0001 | 09/26/2014 | 18.75000 | 50.0000000 | Common Schools | VB0797 0000 | 320.00 |

WELL COMPLETION LIST

| WELL API NUMBER | ULSTR/LOT | CURRENT WC STATUS | WC EFFECTIVE DATE | PUN ASSIGNMENT EFFECTIVE DATE | PREVIOUS PUN | PREVIOUS PROPERTY NAME |
|-----------------|--------------|-------------------|-------------------|-------------------------------|--------------|------------------------|
| 30025-42146 | O 36 195 34E | NEW NOT DRILLED | 09/26/2014 | 09/26/2014 | | |

Requirements when reporting without a PUN

If you have a well that has generated revenue and are ready to begin paying royalties but do not yet have an assigned PUN, please do the following:

1. Contact the Compliance Department to determine what the assigned lease is so that royalties may be paid at the correct royalty rate percentage, and
2. Report the royalty by using the last 7 digits of the API number
 - **No reporting to dummy leases ie: 99-9999**
 - Suspense cannot be cleared if the reporting is not being allocated to the correct lease.
 - When a PUN is assigned, that should be the **ONLY** thing that needs to be corrected.

Reporting to incorrect/deactive leases

- PUNs can be deactivated based on :
 - All well completions assigned to the PUN are plugged and abandoned
 - State lease was cancelled or expired (only when the PUN is related to one state lease)
 - Termination of the Com or Unit involving state lands
- If there are new wells, or the well spacing changes, research will be done to determine if an existing PUN can be applied or is a new PUN needs to be issued.
- Another common reason is that the lease has expired. In this case, the OGM Division will need to be contacted for more information.

COMM Terminations

- Comm Agreements require continuous production and are subject to termination if there are 60 days of consecutive non-production.
- If a Comm Agreement is terminated and production continues, production may be subject to trespass and 100% royalty due to NMSLO.

PUN/Lease Inquiry Screens

The NMSLO has a web application to assist royalty remitters with inquiries related to PUNs, Leases, Lease Allocations, Well Completions, etc. for royalty return filing. This application DOES NOT require the user to have an electronic filing user ID and password.

<http://web.slo.state.nm.us/Applications/RoyaltyPunInquiry/>

PUN Searches

PUN Details Information

PUN Lease Information

PUN Well Completion Information

API Pool Inquiry

PUN History Inquiry

OGRID PUN Inquiry

Well Completion to
PUN/OGRID Inquiry

Other Options

Allocation Percentages
and Beneficiary Information

Wells Related to Leases

How to Access PUN Inquiry

The PUN Inquiry website has been added to multiple locations within Online Filing

NEW MEXICO
STATE LAND OFFICE

Oil Conservation Division State Land Office Tax and Revenue Department ONGARD

Royalty Online Filing

Welcome to the new ONGARD Online filing Web Site. This is the unified login process for all transactions.

ONGARD Online Filing Logon
[Logon to the Updated ONGARD Online Filing \(click here\)](#)

New to Royalty Online Filing? Please view the [Royalty Online Filing Getting Started Packet](#) information.

New to C115B Online Filing? Please view the [C115B Online Filing Getting Started Packet](#) information.

Need PUN/Lease information? Please view the [Royalty PUN Inquiry website \(click here\)](#)

To reset your password or for support [Royalty Online Filing Support \(click here\)](#).

Before Logging In

NEW MEXICO
STATE LAND OFFICE

New Mexico Oil and Gas Unified Online Filing

Welcome - Portal Login Page

New Mexico Oil and Gas Unified Online Filing

Sender Id:

Password:

Login

Ver. 05.24.2023

[Reset Password? \(click here\)](#)

[Get help activating your account? \(click here\)](#)

Need PUN/Lease information? Please view the [Royalty PUN Inquiry website \(click here\)](#)

While Logging In

NEW MEXICO
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New Mexico Oil and Gas Unified Online Filing

Menu Options
[Select OGRID](#)
[Contact Us](#)

Account Options
[Manage Account Info](#)
[Change Password](#)

Administrator Options
[User Accounts](#)
[Advanced Account Options](#)

Welcome - New Mexico Oil and Gas Unified Online Filing

Choose an OGRID:

Select an Activity:

Go

[FAQ](#) | [User Manual](#) | **[Royalty PUN Inquiry website \(click here\)](#)**

After Logging In

State Net Interest (SNI) % Computations

REGLSE

Well completions not part of agreements and containing state land will always have SNI equal to 100% for each state lease attached to the PUN. Multiple regular lease well completions may share the same PUN and bring in separate leases where each lease will have an SNI equal to 100%.

***A non-state well may also be attached to a REGLSE PUN along with other state wells; that well does not include SNI.

State Net Interest (SNI) % Computations

STCOMM

State Comm Agreements that contain only state land with one or more state leases will always have an SNI equal to 100%

SNI % for State Comm Agreements that include different land ownership types, of which one is state, is computed by dividing the total acreage of all the state leases by the total acreage of the entire spacing unit:

STATE LEASE V0 1234 0001 40 acres

STATE LEASE B0 4321 0001 160 acres

FED LEASE NM100001 320 acres

SNI = 38.46% (200acres/520acres)

Search Allocation Percentages/Benefit Information

[Open Search Criteria \(click here\)](#)

2 Record Returned for
PUN: 7654321

Total State Net Interest : 38.46%



[Export Grid To Excel \(click here\)](#)

| LEASE NUMBER | ASSIGNMENT NUMBER | ACRES IN PUN | PERCENTAGE IN PUN |
|-----------------|----------------------|-----------------|----------------------|
| V0-1234 | 1 | 40 | 7.69 |
| B0-4321 | 1 | 160 | 30.77 |

Multiple wells may share the same spacing and are attached to the same Comm Agreement

State Net Interest (SNI) % Computations

STUNIT2

SNI for Federal Exploratory Units are computed by dividing the total acreage of all state leases within the Unit's participating area (PA) by the total acreage of the entire PA.


| | |
|--------------------------|-----------|
| STATE LEASE E0 1234 0001 | 320 acres |
| STATE LEASE B1 4321 0001 | 600 acres |
| FED LEASE NM300003 | 640 acres |
| FED LEASE NM400004 | 320 acres |
| FEE LEASE | 160 acres |

Search Allocation Percentages/Benefit Information

[Open Search Criteria \(click here\)](#)

2 Record Returned for
PUN: 1234567

Total State Net Interest : 45.1%

 [Export Grid To Excel \(click here\)](#)

| LEASE NUMBER | ASSIGNMENT NUMBER | ACRES IN PUN | PERCENTAGE IN PUN |
|-----------------|----------------------|-----------------|----------------------|
| E0-1234 | 1 | 320 | 15.68627 |
| B1-4321 | 1 | 600 | 29.41176 |

$$SNI = 45.1\% \text{ (920acres/2040acres)}$$

State Net Interest (SNI) % Computations

STUNIT1

State Exploratory

Type 1 State Exploratory Units include all state participating leases; SNI equals 100%

State Waterflood

Type 1 State Waterflood Units include all state Leases; SNI equals 100%

Federal Waterflood

Type 1 Federal Waterflood Units include tract decimal percentages for each tract within the Unit area. SNI for these type units are computed by totaling the tract decimal percentages for each state tract within the Unit area. Tract decimal percentages are based on the underlying producing reservoir.

State Net Interest (SNI) % Computations

UNIT/COM

SNI for the acreage outside of the Unit's PA is computed in the same manner as the STCOMM (if the acreage only includes one state lease the SNI will equal 100%). The PUN attached to the UNIT/COM should include the SNI of the acreage outside of the Unit's PA. Production from the well(s) shall be allocated to the Unit and Unit/Comm based on the acreages within and outside the PA.

SNI percentages for Federal Exploratory and Waterflood Units could change within the life of the Unit because PA's expand and waterflood's go through different phases as unit producing reservoirs change.

NM STATE LAND OFFICE

Suspense



Suspense

- What is it?
- Amended returns/Good & Bad backouts
- Non-responsive to suspense notices

Royalty Suspense

Suspense occurs when a detail line has been suspended due to an invalid PUN, lease, or other critical error and the royalty associated with the line cannot be distributed until the line is removed from suspense

The most common errors that result in suspended lines are:

- **Invalid PUN** – PUN entered incorrectly or has not yet been assigned;
- **Invalid lease** – lease entered incorrectly or remitter does not have the lease number;
- **Invalid PUN/Lease combination** – when the PUN is valid and the lease is valid but the combination of the two is invalid;
- **Invalid sales period** – when a detail line is reported outside of the valid sales period for the PUN, lease or both;
- **Invalid Product Code** – remitter reports a detail line with a product code that is not valid; or
- **Invalid Transaction Code** – remitter reports a detail line with a transaction code that is not valid

Royalty Suspense

Remitters with detail lines in suspense are emailed a spreadsheet listing all lines in suspense on or before the 5th business day of the month. Once a remitter has been notified of their suspended detail lines, it is their responsibility to correct those lines as soon as possible.

Staff will assist the remitter to correct these suspended detail lines by:

- Researching PUN/Lease based on property information provided by the remitter
- Providing information/instruction on filing amended returns to correct errors and clear the line(s) from suspense. This method **MUST** be used for suspended detail lines that have computation, product code, or transaction code errors. **Amended returns to clear suspended detail lines must be submitted in a separate report from any other amended reporting or new sales period reporting.**
- Remitters may use the Royalty Online Filing application to clear suspended detail lines that have **ONLY** a PUN/lease error and no other error.

Web Suspense

Once you have logged into the Unified Online Filing site:

- Click “Select OGRID” from the left-hand menu;
- Select the appropriate OGRID from the dropdown list;
- Select “Royalty Suspense” option from the list of activities;
- Click on “Go” and the “Welcome” screen will be displayed;
- Select “Suspense Lines” from the left side of the Welcome screen; and
- The list of suspended detail lines for your account will be displayed.

New Mexico Oil and Gas Unified Online Filing

Welcome - New Mexico Oil and Gas Unified Online Filing

| | |
|---|--|
| Menu Options Select OGRID Contact Us | Choose an OGRID: 241469 - SLO-RMD HOLDING ACCOUNT |
| Account Options Manage Account Info Change Password | 241469 - SLO-RMD HOLDING ACCOUNT |
| Administrator Options User Accounts Advanced Account Options | Select an Activity: Upload a Royalty CSV File (Training Mode) Upload a Royalty CSV File Royalty Online Web Filing Royalty Online Web Filing (RPD) Royalty Flaring data from the OCD C115B form Royalty Suspense (View Only) Royalty Suspense Royalty Reported Detail History Royalty Payment History Royalty Outstanding Billing Statement Royalty Remittance Document Request Royalty Status and History |
| | Go |

Web Suspense

Detail lines that are in suspense are reflected. Click on the appropriate red box to be directed to a screen where corrections can be made.

| State of New Mexico Oil and Natural Gas Administration and Revenue Database | | | | | | | | | | |
|---|---|--------------|---------------|----------------|----------------|-----------------|----------------|-----------|-----------|---------------|
| Unified Online Filing >> Royalty Suspense Website | | | | | | | | | | |
| Menu | SUSPENSED LINE DETAIL | | | | | | | | | |
| Suspense Lines | 9 detail lines were found for OGRID 99999 | | | | | | | | | |
| ONGARD Portal | PUN | LEASE | RPT YR | RPT MTH | SALE YR | SALE MTH | RTN IDN | PG | LN | ROYAMT |
| Unified Online Filing | 1282190 | VA - 2133 | 2013 | 4 | 2013 | 2 | 88499 | 76 | 10 | 176.00 |
| | 1282190 | VA - 2134 | 2013 | 4 | 2013 | 2 | 88499 | 76 | 11 | 176.00 |
| | 1299833 | V0 - 5542 | 2013 | 6 | 2013 | 4 | 89224 | 114 | 9 | 1356.00 |
| | 1299833 | V0 - 5543 | 2013 | 6 | 2013 | 4 | 89224 | 114 | 10 | 1357.00 |
| | 2970802 | VB - 1169 | 2013 | 6 | 2013 | 4 | 89224 | 132 | 7 | 150962.00 |
| | 4645601 | VA - 2219 | 2013 | 6 | 2013 | 4 | 89224 | 132 | 8 | 8881.00 |

Web Suspense

This screen displays the error that caused the line to be suspended. Enter the correct PUN/lease information and click “Save” and the line will be removed from the suspense display.

***This application can ONLY be used on detail lines that have a PUN/Lease error and NO other error.



State of New Mexico
Oil and Natural Gas Administration and Revenue Database

Unified Online Filing >> Royalty Suspense Website

Menu
Suspense Lines

ONGARD Portal
Unified Online Filing

Suspense Correction

PUN/LEASE combination not valid for Sales Month/Year.
[Return to Suspense Lines \(click here\)](#)

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

Submitting an amended return to clear suspense





A remitter may submit an amended return with a reversing entry for the suspense detail line and re-enter the line with the correct information. The amended return must be submitted separately from the remitter's current monthly return.

The detail line must be reversed EXACTLY as it was originally submitted or the reversing line will be rejected by the ONGARD/RAPS system.

Good & Bad Backouts/Rebook to correct reporting

| PUN | LEASE | SEQ | MTH | YR | PRD | TRN | ARM IND | OIL VOLUME | GAS VOLUME | NGL (GALLON) | BTU (GAS) | GRS PROCD | TRNSP | MKT | PROC | ROY PAID | ROY COMPUTED | |
|---|-------|------|-----|------|-----|-----|---------|------------|------------|--------------|-----------|-----------|-------|-----|------|----------|--------------|---|
| Example of a Bad Backout | | | | | | | | | | | | | | | | | | |
| 2546268 | 99 | 9999 | 8 | 2020 | 1 | 51 | Y | 21656 | 0 | 0 | 0 | 878397 | 1830 | 0 | 0 | 146094 | 146094 | original entry |
| 2546268 | 99 | 9999 | 8 | 2020 | 1 | 51 | Y | -21656 | 0 | 0 | 0 | -878397 | -1832 | 0 | 0 | -146094 | -146094 | bad backout |
| Example of a Good Backout | | | | | | | | | | | | | | | | | | |
| 2546268 | 99 | 9999 | 10 | 2020 | 1 | 51 | Y | 13650 | 0 | 0 | 0 | 510296 | 1069 | 0 | 0 | 84871 | 84871 | original entry |
| 2546268 | 99 | 9999 | 10 | 2020 | 1 | 51 | Y | -13650 | 0 | 0 | 0 | -510296 | -1069 | 0 | 0 | -84871 | -84871 | good backout |
| Example of a Good Backout and Good Rebook to assigned PUN and correcting reporting | | | | | | | | | | | | | | | | | | |
| 1545893 | V0 | 4075 | 2 | 2022 | 1 | 51 | Y | 9147 | 0 | 0 | 0 | 836674 | 0 | 0 | 0 | 139446 | 139448 | original book |
| 1545893 | V0 | 4075 | 2 | 2022 | 1 | 51 | Y | -9147 | 0 | 0 | 0 | -836674 | 0 | 0 | 0 | -139446 | -139448 | good backout |
| 1391278 | V0 | 4075 | 2 | 2022 | 1 | 51 | Y | 9147 | 0 | 0 | 0 | 836659 | 0 | 0 | 0 | 139446 | 139446 | rebook updating PUN/ correcting gross proceeds |

Good Backout/Good Rebook to multiple leases and correcting reporting

| PUN | LEASE | SEQ | MTH | YR | PRD | TRN | ARM IND | OIL VOLUME | GAS VOLUME | NGL (GALLON) | BTU (GAS) | GRS PROCD | TRNSP | MKT | PROC | ROY PAID | ROY COMPUTED | | |
|---|-------|------|-----|------|-----|-----|------------|---------------|---------------|-----------------|--------------|--------------|-------|-----|------|-------------|-----------------|--|---|
| Three Good Backouts | | | | | | | | | | | | | | | | | | | |
| 1548182 | B1 | 1538 | 6 | 2022 | 1 | 51 | Y | 8015 | 0 | 0 | 0 | 89955 | 0 | 0 | 0 | 11244 | 11244 | |  |
| 1548182 | B1 | 1538 | 6 | 2022 | 1 | 51 | Y | -8015 | 0 | 0 | 0 | -89955 | 0 | 0 | 0 | -11244 | -11244 | | |
| 1548183 | B1 | 1538 | 6 | 2022 | 1 | 51 | Y | 3797 | 0 | 0 | 0 | 42610 | 0 | 0 | 0 | 5326 | 5326 | |  |
| 1548183 | B1 | 1538 | 6 | 2022 | 1 | 51 | Y | -3797 | 0 | 0 | 0 | -42610 | 0 | 0 | 0 | -5326 | -5326 | | |
| 1548184 | B1 | 1538 | 6 | 2022 | 1 | 51 | Y | 30374 | 0 | 0 | 0 | 340881 | 0 | 0 | 0 | 42610 | 42610 | |  |
| 1548184 | B1 | 1538 | 6 | 2022 | 1 | 51 | Y | -30374 | 0 | 0 | 0 | -340881 | 0 | 0 | 0 | -42610 | -42610 | | |
| Good Rebook to assigned PUN/leases and corrected the Product Code and Volumes | | | | | | | | | | | | | | | | | | | |
| 1397066 | X0 | 647 | 6 | 2022 | 4 | 51 | Y | 0 | 10547 | 0 | 0 | 118362 | 0 | 0 | 0 | 14795 | 14795 | |  |
| 1397066 | B0 | 5084 | 6 | 2022 | 4 | 51 | Y | 0 | 10547 | 0 | 0 | 118362 | 0 | 0 | 0 | 14795 | 14795 | | |
| 1397066 | B1 | 1538 | 6 | 2022 | 4 | 51 | Y | 0 | 21092 | 0 | 0 | 236722 | 0 | 0 | 0 | 29590 | 29590 | | |

Non-responsiveness to suspense notices

The Compliance Bureau staff is available to assist any remitter in any way to resolve their suspense notices and are encouraged to contact us as soon as possible.

State Land Office
Royalty Management Division
Monthly Royalty Detail Suspense Notification New Mexico
06-07-2023

Dear Remitter:

This is our monthly Royalty Detail Suspense Notice requiring your immediate action. Attached for your review and action is a detailed Excel worksheet outlining each detail suspense item in your company's suspense account as of June 7, 2023. **Your immediate response with your plan of action to clear this suspense is required, and all suspense must be cleared by the end of the business month. If the suspense cannot be cleared at this time, please be sure to include that in your plan of action.**

Royalty Detail Suspense Lines can be cleared in several ways:

1. **PREFERRED OPTION 1:** Remitters can clear their Royalty Detail Suspense Line using our online facility. Log on to the following website and select the activity 'Royalty Suspense':
 - <https://secure.slo.state.nm.us/OnlineFiling/OSOnlinePortal/Login.aspx>
 - Please understand you must have a Sender ID to use this facility. If you need a Sender ID, please contact Dilia Borunda at dborunda@slo.state.nm.us 505-827-5738.
2. **OPTION 2:** Make the corrections on the attached Excel spreadsheet and email it back to me at this email address with your written approval. I will clear it online and inform you when it is done. ***This only applies if there is a 1:1 relationship (royalty lines are not being split between multiple leases) and as long as there are no computational issues.
3. **OPTION 3:** Submit an amended return to reverse line items out. Remitters must submit an amended return to clear items if the original line entry has generated a computational error.
 - *The amended return must be submitted separately from the current return.*
 - Remitters can submit an online amended return using our new Online Royalty Reporting Facility. For more details contact me at the above noted email address.

It is highly recommended to use option#1. By doing this, you can manage your suspense account directly and view the changes immediately. Pun/Lease errors account for over 90% of the items in suspense. The following Online screens should be useful during your research for the correct Pun/lease.

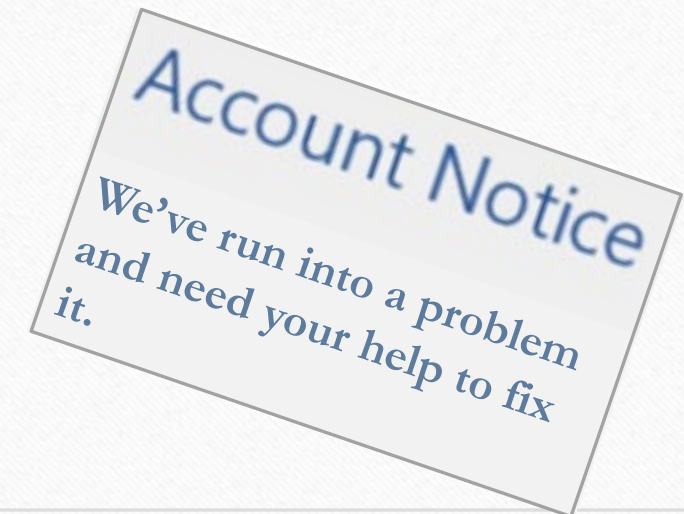
PUN/LEASE Information: If you have the Pun or Lease or API number, you should use the following website: <http://web.slo.state.nm.us/Applications/RoyaltyPunInquiry/>

If at any time you need technical online assistance, please feel free to call Dilia Borunda at 505-827-5738.

Your immediate attention to your company's suspense account is appreciated. Thanks for all of your assistance and if we can help please feel free to contact us.

NM STATE LAND OFFICE

Account Notices



Account Notices

The NMSLO generates and issues oil and gas royalty notices monthly.

- Notices can be for assessments, credits, rejected lines, and suspended detail lines.
- Assessments, rejected lines, and suspended details should be addressed within 30 days of receipt of the notice.
- Credits may be used at the remitter's discretion and as applicable.

Account Notices

Assessments issued by the NMSLO include:

- Remittance Assessment;
- Interest Assessments; and
- Computational Assessment



There is no statute of limitations on Assessments owed.

Remittance Assessment

A Remittance Assessment is issued for underpayment of the royalty due on the sum of the return.

Remittance Assessments must be paid in full; no partial payments allowed.

Remittance Assessments must be paid before the corresponding interest assessment is paid.

Example:

OGR-1 royalty due totals \$584

OGR-2 royalty due totals \$584

Payment received totals \$424

Remittance Assessment issued for \$160



STEPHANIE GARCIA RICHARD
COMMISSIONER

State of New Mexico
Commissioner of Public Lands
310 OLD SANTA FE TRAIL P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

(505) 827-5760
Fax: (505) 827-5766
www.nmstatelands.org

Date: 06/28/22

Royalty Remittance Assessment Notice No: A0040600

OGRID: [REDACTED]

Return ID: 117449

Dear Remitter,

A discrepancy exists between the Oil and Gas Royalty Remittance Report (OGR-1) dated 06/25/2020 and the royalty payment submitted.

The assessment balance can be paid by submitting payment with the attached turnaround document sheet and the Oil and Gas Royalty Remittance Report (OGR-1).

A payment or response is requested within thirty (30) days. 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.

If you have any questions, please call the State Land Office at (505) 827-5738, or contact us at:

NM State Land Office
Royalty Management Division
Revenue Bureau
P.O. Box 1148
Santa Fe, NM 87504-1148
royaltyrevenue@slo.state.nm.us

Remittance Assessment Details

OGRID: [REDACTED]

Return ID: 117449

Date: 06/30/2020

Assessment No: A0040600

| Page/Line/Beneficiary | Assessment Amount | Balance Amount |
|-----------------------|-------------------|----------------|
| 0002/0009/ 00 | 140.00 | 140.00 |
| 0002/0010/ 00 | 20.00 | 20.00 |

NEW MEXICO

NEW MEXICO

NEW MEXICO

A0040600RM

372834

19

Issue Date: 06/30/2020

OGRID: [REDACTED]

| OGRID Code | Assessment Number | Assessment Type | Assessment Amount | Assessment Paid |
|------------|-------------------|-----------------|-------------------|-----------------|
| [REDACTED] | A0040600 | RM | 160.00 | |

34F02

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

Royalty Interest Assessment

An Interest Assessment is issued when royalty is paid late.

Interest is calculated at the rate of 1% per month compounded beginning when payment is due until payment is made.

No grace period allowed

Example:

Sales Month of June 2022

Due by August 25, 2022

Paid on September 20, 2022

Royalty amount of \$196,483

Interest due: $(\$196,483 \times 1\%)$

**Interest Assessment issued for
\$1,965**

Computational Assessment

A Computational Assessment is issued for underpaid royalty based on ONGARD/RAPS's calculation of an individual detail line submitted by the remitter.

Computational errors occur due to incorrect:

- Gross Proceeds;
- Deductions;
- Transaction Codes;
- Lease royalty rate; and/or
- Mathematical errors

This kind of assessment must be cleared through an amended return by reversing the line EXACTLY as originally reported and then reporting the line correctly. Amendments submitted to clear computational notices must be submitted separately from other amended reporting or new sales period reporting.

Computational Assessment

EXAMPLE 1: Computational Assessment generated for underpaid royalty based on the calculation of individual detail lines at an incorrect rate

| PUN | LEASE | SEQ | MTH | YR | PRD | TRN | ARM IND | OIL VOLUME | GAS VOLUME | NGL (GALLON) | BTU (GAS) | GRS PROCD | TRNSP | MKT | PROC | ROY PAID | ROY COMPUTED | diff | ROY rate pd |
|---------|-------|------|-----|------|-----|-----|------------|---------------|---------------|-----------------|--------------|--------------|-------|-----|------|-------------|-----------------|------|----------------|
| 1020421 | V0 | 1697 | 10 | 2018 | 1 | 51 | Y | 122 | 0 | 0 | 0 | 9656 | 0 | 0 | 0 | 1207 | 1609 | 402 | 0.125 |
| 1020421 | V0 | 1697 | 10 | 2018 | 7 | 51 | Y | 0 | 3 | 112 | 0 | 72 | 2 | 0 | 6 | 8 | 11 | 3 | 0.125 |
| | | | | | | | | | | | | | | | | 1215 | 1620 | 405 | |

EXAMPLE 2: Computational Assessment would not be generated as the royalty was calculated and paid at the correct rate

| PUN | LEASE | SEQ | MTH | YR | PRD | TRN | ARM IND | OIL VOLUME | GAS VOLUME | NGL (GALLON) | BTU (GAS) | GRS PROCD | TRNSP | MKT | PROC | ROY PAID | ROY COMPUTED | diff | ROY rate pd |
|---------|-------|------|-----|------|-----|-----|------------|---------------|---------------|-----------------|--------------|--------------|-------|-----|------|-------------|-----------------|------|----------------|
| 1020421 | V0 | 1697 | 10 | 2018 | 1 | 51 | Y | 122 | 0 | 0 | 0 | 9656 | 0 | 0 | 0 | 1609 | 1609 | 0 | 0.16667 |
| 1020421 | V0 | 1697 | 10 | 2018 | 7 | 51 | Y | 0 | 3 | 112 | 0 | 72 | 2 | 0 | 6 | 11 | 11 | 0 | 0.16667 |
| | | | | | | | | | | | | | | | | 1620 | 1620 | 0 | |

Credits

There are three types of royalty credits:

- Remittance Credit;
- Computational Credit; and
- Lease Credit



Remittance Credit

Issued for overpayment of royalty due on the sum of the return.

Remittance Credits may be applied to any future royalties due or can be used to pay for interest assessments and remittance assessments.

Remittance Credits do not expire.

Example:

OGR-1 royalty due totals \$6,523

OGR-2 royalty due totals \$6,523

Payment received totals \$12,029

Remittance Credit issued for \$5,506

Computational Credit

A Computational Credit is issued for overpaid royalty based on ONGARD/RAPS's calculation of an individual detail line submitted by the remitter.

Computational errors occur due to incorrect:

- Gross Proceeds;
- Deductions;
- Transaction Codes;
- Lease royalty rate; and/or
- Mathematical errors

This kind of credit must be cleared through an amended return by reversing the line EXACTLY as originally reported and then reporting the line correctly. Amendments submitted to clear computational notices must be submitted separately from other amended reporting or new sales period reporting.

Computational Credit

\$34 Computational Credit generated for over paid royalty based on the calculation of an individual detail line

| PUN | LEASE | SEQ | MTH | YR | PRD | TRN | ARM IND | OIL VOLUME | GAS VOLUME | NGL (GALLON) | BTU (GAS) | GRS PROCD | TRNSP | MKT | PROC | ROY PAID | ROY COMPUTED | Diff | ROY rate pd |
|---------|-------|------|-----|------|-----|-----|------------|---------------|---------------|-----------------|--------------|--------------|-------|-----|------|-------------|-----------------|------|-------------|
| 1324875 | E0 | 9055 | 8 | 2020 | 1 | 51 | Y | 102 | 0 | 0 | 0 | 3334 | 0 | 0 | 0 | 451 | 417 | -34 | 0.135 |

No Computational Credit generated

| PUN | LEASE | SEQ | MTH | YR | PRD | TRN | ARM IND | OIL VOLUME | GAS VOLUME | NGL (GALLON) | BTU (GAS) | GRS PROCD | TRNSP | MKT | PROC | ROY PAID | ROY COMPUTED | Diff | ROY rate pd |
|---------|-------|------|-----|------|-----|-----|------------|---------------|---------------|-----------------|--------------|--------------|-------|-----|------|-------------|-----------------|------|-------------|
| 1324875 | E0 | 9055 | 8 | 2020 | 1 | 51 | Y | 102 | 0 | 0 | 0 | 3334 | 0 | 0 | 0 | 417 | 417 | 0 | 0.125 |

Lease Credit

Issued for overpayment of royalty of distributed funds on an amended return

- Issued if the net value of the return is a credit
- May be taken against future royalty liability with the same beneficiary

Please contact the Royalty Management Division for assistance with matching future royalty liabilities with lease credits as, in some cases, not all lease credits can be applied to a single return.

Lease Credits do not expire.

Lease Credit

Example:

Remitter submits royalty in October 2017

PUN 1151595, Lease B0-1431, Royalty amount \$1,730

In September 2022 remitter discovers the royalty was overpaid for the property and lease.

A credit entry is made:

PUN 1151595 Lease B0-1431, Royalty Amount -\$1,730

PUN 1151595, Lease B0-1431, Royalty Amount \$1,520

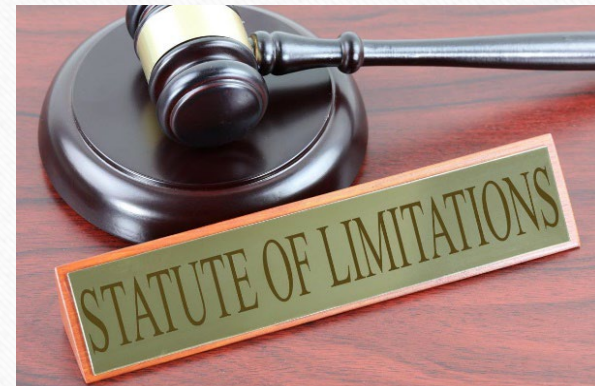
Lease credit issued for \$210

Statute of Limitations on Credits

The NMSLO statute provides for a **6-year** time limit to recoup royalty payments made and where funds have already been distributed.

...no initial claim for recoupment shall be made after six years from the date on which the initial royalty obligation became due (19-7-59 NMSA 1978, paragraph C).

No new lease credits will be issued for returns amending sales periods older than 6 years.



NM STATE LAND OFFICE

Account Reviews



Purpose of Account Reviews

Account Reviews are used to review and validate outstanding notices greater than 90 days old by reconciling each royalty return that generated the notice and reviewing sales history.

The Compliance Analyst will work with the Remitter on clearing the account of all notices and collecting all outstanding payments.

NM STATE LAND OFFICE

Collections



Collections Process

Once the outstanding notices have been validated through the account review process, the Compliance Bureau sends out a letter of collection to each remitter on all outstanding notices greater than 90 days old. The collection letter will include a copy of each outstanding notice.

- Notices must be resolved within 60 days of receipt of the collection letter.
- If notices are not resolved within 60 days, further compliance efforts may involve a referral to the NMSLO Audit and/or Legal Divisions.
- If a remitter is actively working with Compliance staff to clear notices, the 60 day requirement may be extended.

All validated assessments represent outstanding liabilities due to NMSLO regardless of the age of the notice.

Stephanie Garcia Richard
COMMISSIONER



310 OLD SANTA FE TRAIL
P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

COMMISSIONER'S
OFFICE
Phone (505) 827-5760
Fax (505) 827-5766
www.nmstatelands.org

April 27, 2023

Re: [REDACTED]

Dear Remitter:

We have completed a review of outstanding royalty notices as of November 2022 for [REDACTED] LLC, OGRID #329326. This review was based on data reported to our office and does not include the results of any audit performed on your company. The New Mexico State Land Office (NMSLO) Compliance Bureau is tasked with the collection or resolution of notices that are still outstanding 90 days after issuance and therefore, this letter serves as the initial notification of your company's status. Please note that this may not be a complete list of all outstanding notices for your OGRID, only those that are over 90 days old. You can review all outstanding notices under Royalty Outstanding Billing Statement within the Online Filing portal.

Assessments:

[REDACTED] has the following interest assessments outstanding and due to the NMSLO:

| Notice Number | Issue Date | Balance | Type |
|---------------|------------|---------|----------|
| A0043244 | 09/30/22 | \$1,962 | Interest |
| A0043519 | 11/30/22 | \$1,283 | Interest |
| Total | | \$3,245 | |

Total valid outstanding assessments due to the NMSLO as of November 2022 are \$3,245.

Credits:

[REDACTED] has the following lease credits outstanding:

| Notice Number | Issue Date | Balance | Type |
|---------------|------------|----------|--------------|
| C0023125 | 06/30/22 | \$62,407 | Lease Credit |
| Total | | \$62,407 | |

Total valid outstanding credits as of November 2022 are \$62,407.

Letter of Outstanding Notices
April 27, 2023
Page 2

Conclusion:

We have enclosed a copy of each valid outstanding assessment and credit for your review.

You may apply any outstanding remittance credits to any assessments listed. Lease credits must be applied to future detail entries with the same beneficiary. You cannot directly apply lease credits to pay assessments without detail entries.

Computation notices reflect calculation errors in data submitted and should be resolved by submitting an amended return to correct the data. You will need to reverse the original line that created the computation error and resubmit the line as it should have been reported.

The Compliance Bureau is available to assist you in resolving these notices. We can assist you in preparing amended returns to correct computational errors and provide further information to you regarding each notice. Please review and respond regarding these outstanding notices within 60 days of the receipt of this letter. Send any payments, reports or correspondence regarding this matter to:

New Mexico State Land Office
Attention: Angel Lujan
P.O. Box 1148
Santa Fe, NM 87504

If notices are not resolved within 60 days, further compliance efforts may involve a referral to the New Mexico State Land Office Audit and/or Legal Divisions. If you are actively working with the Compliance Bureau staff to clear notices, the 60 day requirement may be extended.

Again, I would like to reiterate to you that Compliance Bureau staff is available to assist you in any way to resolve these notices and I encourage you to contact us as soon as possible. You may contact: Angel Lujan, by phone at 505-827-5884, or by email at alujan@slo.state.nm.us.

Sincerely,

Jeri Birge
Compliance Manager
Royalty Management Division

Enclosures

Collections Process

The Compliance Bureau is available to assist remitters in resolving their notices. We can assist in preparing amended returns to correct computational errors and provide additional information regarding each notice.

Please be sure that your online filing contact information is up-to-date, including email addresses, to ensure that all compliance-related collections are received in a timely fashion.

Web Applications

The Royalty Online Filing website has several options available to assist royalty remitters with compliance-related activities:

- Royalty Suspense Clearance
- Royalty Detail History Inquiry
- Royalty Payment History Inquiry
- **Royalty Outstanding Billing Statement**
- Royalty Remittance Document Request
- Royalty Status and History
- Computational Process

Royalty Outstanding Billing Statement

This application allows the royalty filer to search for outstanding notices that have been issued by the NMSLO. A user ID and password is required for electronic filing.

To retrieve your company's outstanding notice information:

- Log into the Online Filing application and Click “Select OGRID”;
- Select the appropriate OGRID from the drop down list;
- Select “Royalty Outstanding Billing Statement” from the list of activities;
- Click “Go” to be directed to the welcome screen;
- Select “Outstanding Billing” from the left side of the welcome screen; and
- The list of notices and outstanding balances for your account will be displayed in summary form. For details on the individual notices, click the “detail” button next to each notice balance.

| Welcome - New Mexico Oil and Gas Unified Online Filing | |
|--|---|
| Choose an OGRID: | <input type="text"/> |
| Select an Activity: | <div>Upload a Royalty CSV File Royalty Online Web Filing Royalty Suspension Royalty Reported Detail History Royalty Payment History Royalty Outstanding Billing Statement Royalty Remittance Document Request Royalty Status and History</div> |
| <input type="button" value="Go"/> | |

Royalty Outstanding Billing Statement

An example of the display at the summary level is pictured below. Please be sure to reach out to your Revenue Analyst, or the Compliance Bureau, with any questions to help validate these notices.

State of New Mexico

Oil and Natural Gas Administration and Revenue Database



Unified Online Filing >> Royalty Outstanding Billing Statement

Menu

Outstanding Billing
Contact Us

ONGARD Portal

Unified Online Filing

Royalty Outstanding Billing Statements

 [Export To Excel \(click here\)](#)

OGRID Name: *

OGRID Id:

Invoices Issued Prior To: 08/01/2013

NET O.S.B. BALANCE: \$106.00

TOTAL CREDIT INVOICE BALANCE: \$0.00

TOTAL ASSESSMENT BALANCE: \$106.00

| Notice Type | Notice No. | 0 to 30 | 31 to 60 | 61 to 90 | 91 to 120 | 120 PLUS | |
|-------------|------------|---------|----------|----------|-----------|----------|------------------------|
| IN | A0032415 | 17.00 | | | | | Detail |
| IN | A0032317 | | 89.00 | | | | Detail |

Computational Process

The Computational Process is a report available on the Royalty Online Filing website that provides the user with the detail lines attached to a computational notice.

NEW MEXICO STATE LAND OFFICE

Oil Conservation Division | **State Land Office** | Tax and Revenue Department | ONGARD

ONGARD Portal

The New Mexico State Land Office (SLO) is responsible for auditing oil and gas revenues owed from oil and natural gas production. It includes an inventory of state trust land, lease descriptions, well locations, exploration information, royalty, and other trust revenue figures, as well as distribution and collection data. For more information on the [New Mexico State Land Office \(click here\)](#) please visit their website.

ONGARD's [Royalty Online Web Filing](#) system is used to compute the royalty due and allow you to submit the returns electronically. The site offers Royalty Online Web and CSV Filing, Royalty Suspense Clearing, Royalty Outstanding Billing Statement Inquiry, and Royalty Status and History functions.

Also available are [SLO Online Reports](#) on the data collected by ONGARD and the three state agencies it supports. These reports are accessible to the authorized state government and industry users.

SLO Quick Links

- [SLO \(ONGARD Portal\)](#)
- [SLO Announcements](#)
- [Royalty Online Filing](#)
- [New Filer Packet](#)
- [SLO Reports](#)
- [SLO Filing Support](#)

ONGARD Reporting

Report Menu

Search Reports:

- STATE LAND OFFICE INQUIRIES
 - OIL, GAS & MINERALS DIVISION
 - ROYALTY MANAGEMENT DIVISION
 - ROYALTY AUDIT REPORTS
 - ROYALTY INDUSTRY ACCESS
 - PRODUCTION UNIT NUMBER INQUIRY
 - ELECTRONIC PAYMENT FILING INSTRUCTIONS
 - COMPUTATIONAL PROCESS**

COMPUTATIONAL INVOICE SEARCH

Welcome - Search for Computational Invoice

Select Invoice:

Invoice Type Invoice Number

Computational Process

Select the Invoice Type, Enter the Invoice Number and click Search. The generated report will provide the detail lines associated with the invoice.

If you file using the CSV, use the link provided to generate an amended return file.

COMPUTATIONAL INVOICE SEARCH

Welcome - Search for Computational Invoice

Select Invoice: Assessment ▾

A0042574

search

Invoice Type

Invoice Number

2 detail lines are associated with the invoice. Use the 'Generate Amended Return File' link to generate a CSV file to amend this computational invoice.

[Generate Amended Return File \(click here\)](#)

| OGRID | CDE | SALES | MTH | SALES | YR | PUN | LEASE | PRFX | IDN | PRD | CDE | TRNS | CDE | ARM | LEN | IND | VOL | OIL | BBLS | VOL | GAS | MCF | VOL | NGLS | GALN | AVE | BTU | GAS | GRS | PROCD | ALLOW | DEDN | TRNSP | ALLOW | DEDN | MKT | ALLOW | DEDN | PROC | ROY | RPT | PD | AMT | NGL | CR | AMT | | |
|--------|-----|-------|------|---------|----|-----|-------|------|-----|-----|-----|-------|-----|-----|-----|-----|-----|-----|------|-----|-----|-----|-----|------|------|-----|------------|----------|-----|-------|-------|------|-------|-------|------|-----------|-------|------|------|-----|-----|----|-----|-----|----|-----|--|--|
| 123456 | 2 | | 2022 | 1234567 | VB | | 1 | 51 | Y | | | 97 | | 0 | | | 0 | | 0 | | 0 | | 0 | | | | 8899.00 | 68.00 | | 0.00 | | 0.00 | | | | 1104.00 | 0.00 | | | | | | | | | | | |
| 123456 | 2 | | 2022 | 1234567 | VB | | 1 | 51 | Y | | | 11887 | | 0 | | | 0 | | 0 | | 0 | | 0 | | | | 1089716.00 | 13285.00 | | 0.00 | | 0.00 | | | | 134554.00 | 0.00 | | | | | | | | | | | |

Computational Process

The generated CSV file ensures that the backout lines are exactly as previously reported to avoid issues with your credit lines

The user would update the appropriate values in the rebook lines to correct the computational error, update the header for the dates, transmit control number, sender ID, and royalty amounts as needed, format for filing and submit

| TYPE | RETURN S | OGRID | XMIT CON | SENDER ID | FINAL RTN | REMIT YO | ACCEL SAL | ACCEL RO | TOT ROY F | TOT INT R | TOT ASSM | TOT ROY I | REG CR A | LEASE CR | ACCEL CLN | ACCEL CLI | TOT CR T | TOT ADV F | TOT REMI | PMT TYPE | I-O CHE |
|----------|----------|-----------|----------|-----------|-----------|----------|-----------|----------|-----------|-----------|----------|-----------|----------|----------|-----------|-----------|-------------|-----------|----------|----------|---------|
| 5 | 6/3/2022 | 123456 | 0 | SENDERID | N | Y | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | I |
| REC TYPE | OGRID | SALES PER | PUN | LEASE | PRD CDE | TRN CDE | ARMS LEN | VOLUME | I NGL GAS | BTU NUM | GROSS PR | TRANSP D | MKT DED | GAS PROC | TOTAL RO | REPORTER | REPORTER | REF | | | |
| 6 | 123456 | 222 | 1234567 | VB2602 | 1 | 51 | Y | 97 | 0 | 0 | 8899 | 68 | 0 | 0 | 1104 | 0 | AMENDED-RTN | | | | |
| 6 | 123456 | 222 | 1234567 | VB2602 | 1 | 51 | Y | -97 | 0 | 0 | -8899 | -68 | 0 | 0 | -1104 | 0 | AMENDED-RTN | | | | |
| 6 | 123456 | 222 | 1234567 | VB2602 | 1 | 51 | Y | 11887 | 0 | 0 | 1089716 | 13285 | 0 | 0 | 134554 | 0 | AMENDED-RTN | | | | |
| 6 | 123456 | 222 | 1234567 | VB2602 | 1 | 51 | Y | -11887 | 0 | 0 | -1089716 | -13285 | 0 | 0 | -134554 | 0 | AMENDED-RTN | | | | |

NM STATE LAND OFFICE

Advance Royalty Deposit



Advance Royalty Deposit

- Applicable to all large royalty remitters who's average monthly royalty payments are greater than \$25,000.
- An advance royalty deposit on file allows the remitter to extend the timeframe for royalty payments to be received. The lease requires payment on or before the 20th of the month following production month/sales period.
- An amount that will remain on deposit with the NMSLO; the payment is then due on or before the 25th day of the second month following the production month/sales period.

Advance Royalty Deposit

The Compliance Bureau performs the advanced royalty deposit calculation annually, distributes an Advance Payment Notice beginning June 1st of each year, and monitors payments and credits to ensure compliance.

The deposit amount must be equal to the remitter's average monthly royalty payment based on the twelve monthly payments submitted through the latest March 31st.

For example, if a remitter's monthly payment average for the previous twelve months through March 31st is \$30,000, the Advance Royalty Payment deposit would be \$30,000.

Advance Royalty Deposit

The notice will include the increase or decrease required based on the remitter's payment history for the calculation period.

If the amount of the remitter's Advance Payment on deposit is less than the amount required for the current year, the remitter must submit the difference to the NMSLO on the royalty return due July 25th.

If the amount of the remitter's Advance Payment on deposit is more than the amount required for the current year, the remitter can apply the excess advance payment to future royalty due or a request for refund may be made.

Advance Royalty Payment Notice

NEW MEXICO STATE LAND OFFICE
ROYALTY MANAGEMENT DIVISION
ADVANCE PAYMENT NOTICE - 2023

| A | B | C | D | E | F | G | H |
|------------|---------|-----------|-------------|--------------------|--|--------------------|-------------------------------------|
| OGRID_NAME | OGRID | PYMT DATE | AMOUNT | 2022 ADJUSTMENT | 2023 ADJUSTED AVERAGE (D - E) / (# of Months) | ADVANCE BALANCE | 2023 ADJUSTMENT REQUIRED (F - G) |
| | 999999 | 4/1/2022 | \$251,220 | | | | |
| | 999999 | 5/1/2022 | \$298,608 | | | | |
| | 999999 | 6/1/2022 | \$314,784 | | | | |
| | 999999 | 7/1/2022 | \$485,631 | | | | |
| | 999999 | 8/1/2022 | \$375,032 | | | | |
| | 999999 | 9/1/2022 | \$317,050 | | | | |
| | 999999 | 10/1/2022 | \$341,236 | | | | |
| | 999999 | 11/1/2022 | \$309,987 | | | | |
| | 999999 | 12/1/2022 | \$244,539 | | | | |
| | 999999 | 1/1/2023 | \$238,400 | | | | |
| | 999999 | 2/1/2023 | \$436,997 | | | | |
| | 9999993 | 1/2023 | \$650,292 | | | | |
| OGRID_NAME | SUM | | \$4,263,776 | \$138,221 | \$343,796 | \$245,027 | \$98,769 |

Accelerated Royalty Payment

Large royalty remitters who do not have an advance royalty on deposit are required to follow the accelerated payment method.

Accelerated Royalty Payment – An amount equal to the state royalty due for the reporting period is submitted by the 20th day of the month following the production month/sales period. The associated detail royalty return should be submitted by the 25th day of the second month following production/sales period.



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Refunds



Refunds

A royalty remitter can apply for a refund up to six years after an erroneous payment was made. Remittance credits and lease credits, advance deposit credits, and unapplied payments are all eligible for refund, and all require a full compliance review prior to refund. The most common reasons for a refund are:

- Remitter is no longer operating/reporting in NM and has an advance royalty deposit or credit(s) on file;
- Refund of substantial advance royalty deposit credit on file which would take a year or more to be applied against future royalties.

Refunds

Notice of Intent to Request Refund

A claim for refund must be reviewed through the RMD Compliance Bureau prior to the submission of a Claim for Refund form. The review process includes comprehensive an account review to ensure that all outstanding royalty notices have been addressed, an audit of royalties paid by OGRID, and review of compliance with (as applicable): oil and gas lease terms and requirements, water and salt water disposal easements, business lease terms and requirements, rights-of-way, surface environment, and any other environmental or other compliance issues to ensure that the account is in good standing.

Refunds

Download the Notice of Intent to Request Refund form from our website
<https://www.nmstatelands.org/divisions/oil-gas-and-minerals/royalty-management-forms/>

or email the Compliance Bureau at royaltycompliance@slo.state.nm.us.

New Mexico State Land Office
Royalty Management Division (RMD)

Notice of Intent to Request Claim for Refund

Once the account is deemed to be in good standing, a final validated refund amount and the Claim for Refund form will be provided.

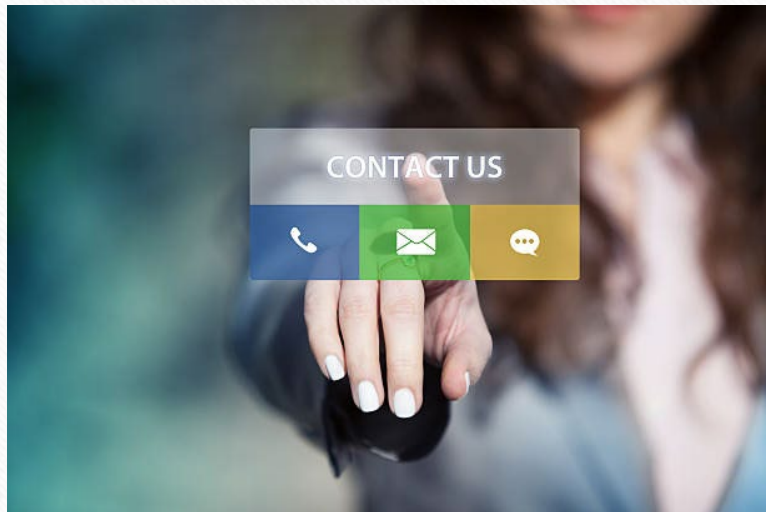
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Closing



Contact Us

As a part of our continued effort towards on-going improvements; should you have any suggestions to make regarding our filing process or applications, please do not hesitate to contact any member of our staff



We look forward to hearing from you!

Questions?



NM STATE LAND OFFICE

Compliance Bureau



THANK YOU!