

ELECTRONIC REPORTING GUIDELINES

These Electronic Reporting Guidelines replace the traditional Trading Partner Agreement and provide the framework for implementing electronic commerce relationships between trading partners. The Code of Federal Regulations, specifically, 30 CFR Parts 210.52, 216.50 and 216.53, require reporters to submit selected royalty and production reports electronically. These Guidelines provide information on the rules and procedures necessary to send and receive payments and other data electronically.

PAYMENTS:

Electronic Funds Transfer (EFT) - any paperless transfer of funds initiated through a computer for the purpose of instructing or authorizing financial institutions to transfer funds from a sender's account to a recipient's account. For Minerals Revenue Management (MRM) purposes, either the Automated Clearing House (ACH) network or the U.S. Treasury Fedwire Deposit System (FDS) is used as the means for transferring funds. The FDS allows you to submit electronic payments to MRM through the Federal Reserve Bank wire network for same-day settlement. The ACH is a banking industry network for the exchange and settlement of electronic transactions among financial institutions. Funds will transfer via one of the following two methods when the ACH network is used:

- (1) The Corporate Trade Exchange (CTX) format of the National Automated Clearing House Association (NACHA), and the Payment Remittance Advice format as specified by the American National Standards Institute (ANSI) Accredited Standards Committee (ASC) X12 Transaction Set Number 820, or;
- (2) The Cash Concentration and Disbursement Plus Addenda (CCD+) option using an MMS-supplied addenda format.

The format and transmittal of all EFT must comply with the ANSI ASC X12 standards, the NACHA standards, and published industry and Government guidelines.

Receipt - funds transferred by EFT will be considered received when the depository financial institution has received or has control of the payment and has received the required information to accurately credit the payment to the MRM account.

REPORT DATA:

The format and transmittal of all report data must comply with the standards identified for the electronic transmission options selected, as well as with published industry and Government guidelines. The following electronic reporting options are available to MRM reporters:

- (1) Electronic Data Interchange (EDI) - the direct computer to computer interchange of data using standards set forth by the X12 ANSI ASC. The interchange utilizes the services of a third party service provider with which either party may contract.
- (2) ASCII and CSV Formats - external files created by the sender must be in the proprietary ASCII

and CSV File Layout formats defined by MRM. These external files can be generated from a reporter's system application. They are subsequently imported into desktop software for transmission to MRM.

(3) Web Based Reporting - reporters may enter report data on an electronic Web form.

Third Party Service Providers

All ANSI ASC X12 data interchanges to MRM will be conducted through a commercial value added network (VAN) service provider compatible with MRM's VAN service provider specified in the Appendix. Each party is responsible for the costs of any provider with whom it contracts. Option (2) and (3) report data are transmitted to MRM through the electronic commerce vendor specified in the Appendix. The EFT to MRM will be through the Department of the Treasury's designated service provider.

Equipment

Each party, at its own expense, provides and maintains all of the equipment, communication linkages, commercial Internet Service Provider or other EC Service Provider, and testing necessary to effectively and reliably transmit and receive data.

Security Procedures

Each party uses security procedures that are reasonably sufficient for effecting the authorized transmission of data and for protecting business records and data from improper access.

Receipt

Data are not considered received until such data are accessible at the receiving party's receipt computer, or accessible at the receiving party's service provider. The receipt date and time for data transmitted are the date and time the data are accessible by the receiving party's service provider.

Transmission

The sender is responsible for ensuring that on-time receipt requirements are met for all data and EFT, which MRM requires to be filed by a particular date and time.

Verification

Upon receipt of data, the receiving party will immediately transmit an acknowledgment or notification to communicate to the sender that a successful transmission occurred. A return receipt constitutes conclusive evidence that data were received. Failure to receive a return receipt requires the sender to contact the receiving party for resolution.

Unintelligible Transmissions

The receiving party will promptly notify the sender if any transmitted data are unintelligible or garbled (if the sender can be identified from the transmitted data).

Enforceability

Electronic data transmitted and received will be considered to be a "writing" or "in writing" and

will be considered "signed" and will constitute an "original" when printed from electronic files or records established and maintained in the normal course of business. The parties agree not to contest the validity or enforceability of electronically submitted reports and to accept liability for all data contained in such reports. Electronic data, if printed and introduced as evidence in any judicial, arbitration, mediation or administrative proceedings, will be admissible to the same extent and under the same conditions as other business records originated and maintained in paper form.

ELECTRONIC REPORTING GUIDELINESStandards

- a. American National Standards Institute (ANSI) Accredited Standards Committee (ASC) X12 (EDI).
- b. American Petroleum Institute (API) Petroleum Industry Data Exchange (PIDX) Royalty Regulatory Reports Implementation Guides. (EDI)
- c. National Automated Clearing House Association standards. (EFT)
- d. MRM-defined proprietary CSV and ASCII file layouts.

MRM's Third Party Service Providers

<u>PROVIDER NAME</u>	<u>ADDRESS</u>	<u>PHONE NUMBER</u>
AT&T Easylink	12796 Hollenberg Drive 624-5672 Bridgeton, MO 63044	1-800-
Get2Connect Peregrine E-Markets Group	1277 Lenox Park Blvd. Atlanta, GA 30319	1-404-467-3000

VAN Information

Minerals Management Service	ISA 07 Qualifier Code: ZZ
Minerals Revenue Management	ISA 08 Receiver ID: 1435-RMP-PROD

Terms and Conditions

These guidelines are subject to the terms and conditions of all existing agreements or Government regulations, which may include:

- a. Minerals Management Service/Minerals Royalty Management
 - (1) Oil and Gas Payor Handbook
 - Volume I - Payor Information Form - Form MMS-4025
 - Volume II - Report of Sales and Royalty Remittance (Form MMS-2014)
 - Volume III - Royalty Valuation Procedures, Transportation Allowances, and Processing Allowances (including Reporting Forms and Instructions)
 - (2) Auditing and Financial System (AFS) Payor Handbook - Solid Minerals
 - (3) Production Accounting and Auditing System (PAAS) Onshore Oil and Gas Reporter Handbook - Monthly Report of Operations (Form MMS-3160)

(4) PAAS Reporter Handbook - Lease, Facility Measurement Point, and Gas Plant Operators--(Form MMS-4054)

(5) MMS EDI Reporter Handbook

b. Federal Oil and Gas Royalty Management Act of 1982 (FOGRMA)

c. Computer Security Act of 1987

d. 30 CFR Parts 201-290 (July 1, 2000), 25 CFR (April 1, 2000), 43 CFR (October 1, 2000)

e. Mineral Leasing Acts for Federal and Indian Leases

f. Electronic Reporting Rule (64 FR 38116 - July 15, 1999)