

ARD Accomplishments

. Completed several RIK contract reconciliations for closed or terminated contracts.

. Four contracts have been completed (Gary Williams - 87303, Canal - 94105, Goldline - 94108, and LL&E - 94110). Two other contracts are partially completed with refiners receiving partial refunds (Sinclair - 87304 and AGE - 94101).

. Modified the reconciliation efforts on the existing RIK contracts.

. Reconciliation efforts have been computerized which allows the RIK section to stay current on existing contracts and complete terminated contracts faster. In the past, schedules has to be redone each time an amendment was received from the payors. Now, this data is updated automatically which drastically reduces the time it takes to complete a reconciliation. As can be seen from above, the RIK section is close to being current on all reconciliation work.

. Reconciliation efforts now review delivery data, when it is available, to ensure that all royalty oil was delivered by the operators and that the refiners only pay for their entitled volume or the volume delivered, whichever is lower. If deliveries do not equal the royalty entitlement, the RIK section is pursuing operators since they have not met their royalty obligation. Although this can prolong the reconciliation effort, the results are better for the refiners (who only have to pay for what they received and do not have to pursue operators for under-deliveries) and the same for operators (who have to meet their royalty obligation by delivering oil or paying for oil not delivered).

. Improve and enhanced the RIK billing process.

. The RIK section is attempting to know the leases covered by RIK contracts better so a) leases which never have production or leases that terminate are discussed with the refiner and dropped from the contract (at least three leases have been found fitting this criteria so they have been dropped from the contracts and the administrative fee has been refunded), b) PSEL information is rarely used and instead historical data is reviewed to bill the refiner for a more consistent billing trend, and c) delivery data is reviewed so that problems are addressed before the contract ends.

. Analyzed all RIK Surety Documents.

. Surety documents were reviewed by the RIK staff and in house legal staff to determine if all legal standards are met. Surety amounts were reduced on all the remaining contracts from a total of 129 days of coverage to 99 days of coverage. This was accomplished by returning the 30 day cash estimates to the refiners.

. Created and implemented the recommendation from the RIK phase 2 report.

. Two recommendations of the RIK phase 2 report were implemented. One involves the RIK administrative fee where the fee structure has been revised to basically split the RIK section into two groups. one working on current contracts and whose costs will be charged to the refiners and one working on terminated contract reconciliations whose costs will not be passed on to the refiners (costs will be passed on to States and offshore through the Net Receipt Sharing formula). The other recommendation that was implemented involved the PSEL and the RIK section and the Reference Data Branch no longer maintain PSEL information. This saved time and resources for both groups.

ACCOUNTING AND REPORTS DIVISION

Accomplishments during the past 12 months
This does not include the dailey operational or accounting functions

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FINANCIAL BRANCH

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Analysised the possibility of using "canned" off the shelf software for General Ledger year 2000 needs and to meet department standards. The inital results indicated implantation should be delayed. (The canned software version tested was incapable with MMS LAN server software). The off the shelf software will still be considered in MMS Reengineering effort.

HSAP

Bob

Please add to the above

Explain how the modifications and analyzing the surety pay out.

also want not sure if phase 2 is implemented

bruf

Chase