

WYOMING OFFICE OF STATE LANDS AND INVESTMENTS

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electronic Royalty Management Application 2.0 (eRMA2) to Allow Report Lines to be Rejected

TO: Operators and Payers of State of Wyoming Mineral Leases
FROM: Office of State Lands and Investments
SUBJECT: Rejection of Invalid Report Lines

After further review of the eRMA2 application, the Office of State Lands and Investments has found many companies are still reporting royalties that do not equal the royalty due as calculated by the eRMA2 system. Additionally, some companies are submitting lines that do not adhere to reporting policy, rules and regulations, or statute. Because of this, this Office will be implementing a rejection process. This process will take effect as early as September 15, 2017 and will be effective for any lines which have not yet been processed and all future lines. It will be the responsibility of the company to review eRMA2 on a regular basis for any rejected lines. If lines have been rejected, the company will need to determine why there is a discrepancy, inform the Office of any corrections/changes that need to be made to our records, and resubmit the line after the Office and company agree on the corrections/changes. This discrepancy could be due to any of the following:

- Proposed Tract Allocations which have not been approved by the BLM
- Division Orders showing all working interest owners not being provided to the Office
- Take-in-kind percentages not provided to the Office
- Company has grossed up volumes and values based on take-in-kind percentages

Additionally, report lines can be rejected for other reasons including:

- Not reporting production units as required by statute
- Taking unallowable processing deductions on wellhead gas (PC 031), residue gas (PC 032), and CBM gas (PC 033)

The Office understands this may be a cumbersome and time consuming process, but it is our goal to work with your company to resolve any discrepancies in a cooperative working relationship. It is the responsibility of this Office to fulfill the fiduciary responsibility to the beneficiaries of State Trust Lands by ensuring all royalty funds are collected that are owed to the State of Wyoming.

The ultimate goal of this process is to recognize and resolve reporting issues in a timely manner. In addition, companies can contact this office and request lines to be rejected if errors are found after the report has been submitted. Only lines with reporting errors will be rejected while the remaining lines will be processed. Once a line has been rejected, it will be displayed on the home page of eRMA 2.0 with a message stating why the line was rejected and requesting that corrected data be submitted.

For any questions or concerns, please contact the Royalty Compliance Supervising Auditor, Billie Hunter at billie.hunter@wyo.gov or 307-777-6641