

MINERALS MANAGEMENT SERVICE

The mission of the Minerals Management Service (MMS) is to collect, account for, and disburse revenues from both onshore and offshore minerals production, and oversee the exploration and development of America's Federal offshore natural gas, oil, and other mineral resources.

By consolidating the mineral collection and offshore minerals management functions and associated personnel within a single agency, the MMS has been better able to accomplish its mission and has developed integrated processes to oversee the operation of its programs. Further, consolidation has afforded economies of scale, thus saving taxpayer dollars and providing for improved service to customers.

Offshore Minerals Management

The MMS administers the outer continental shelf competitive leasing program and oversees the safe and environmentally sound exploration and production of our nation's offshore natural gas, oil and other mineral resources. It strives to balance the Nation's energy needs with environmental concerns. As stated in its draft Strategic Plan, the goal for the offshore minerals management function is to maximize development on the outer continental shelf while ensuring fair market value and safe, environmentally sound offshore operations.

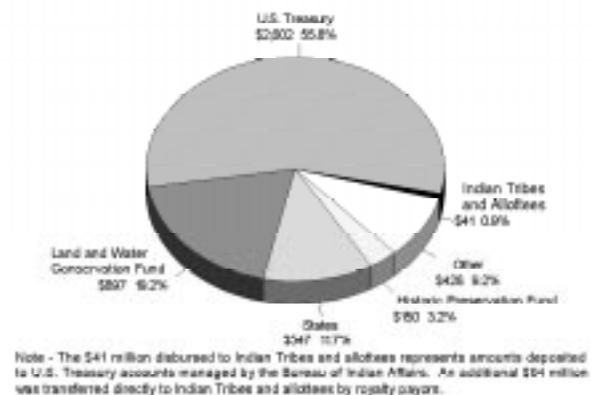
In 1996, three lease sales were conducted, with high bids received totaling about \$888 million on 1,570 tracts. These sales bring the total lease sales held by the Department of the Interior to 120 and the total number of leases issued to 5,900, encompassing 25 million acres, an area the size of Texas and California combined.

The MMS collected almost \$5 billion in rents, royalties, and bonuses from its mineral leasing program during 1996, an increase of \$1.3 billion or 37 percent over 1995. Figure 10 shows the distribution of 1996 mineral leasing revenues.

The Bureau conducted about 1,500 environmental reviews and 250 environmental assessments during 1996. These reviews and assessments are used to determine the environmental impact of proposed industry actions. To ensure that operations are conducted in a safe and

Figure 10

Distribution of 1996 Mineral Leasing Revenues
(\$ in millions)



environmentally sound manner, the Bureau's regulation of operations program conducted about 11,500 inspections of offshore platforms. These efforts once again helped prevent fatalities from well control incidents during the year.

More than 90 oil spill plans were approved during 1996. Plans are reviewed to assess the adequacy of preparedness for such accidents. Less than 1,900 oil spills actually occurred in 1996 and none of those were spills greater than 435 barrels. A total of less than 2,700 barrels spilled was reported for the year. On average, this is only slightly more than 1.4 barrels per spill.

The MMS also strives to respond to the public's needs relating to its offshore program. In November 1995, President Clinton signed the Deep Water Royalty Relief Act, authorizing the Secretary of the Interior to suspend royalties on certain existing and new leases in water depths of 200 meters or greater in parts of the Central and Western Gulf of Mexico planning areas.

The Bureau announced standardized procedures for handling requests for royalty relief on producing leases on public lands. Detailed guidelines were published in June 1996, which enable companies to determine in advance whether they are likely to qualify for royalty relief and be assured that the Bureau is prepared to handle their requests in a more standardized, businesslike manner. The guidelines promote the recovery of oil and gas resources that otherwise may be left in the ground when a lease is relinquished.

Royalty Management

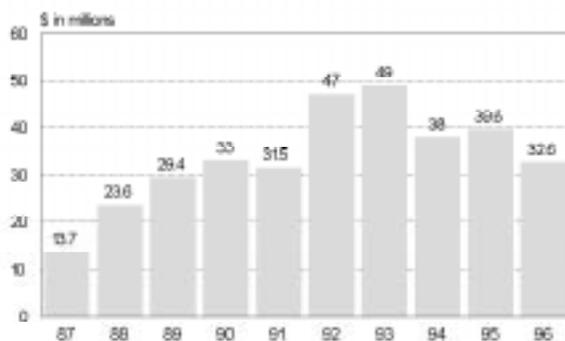
The goal of the Royalty Management Program is to provide timely, accurate, and cost-effective collection and disbursement of revenue from mineral leasing and production to Indian Tribes and allottees, States, and the U.S. Treasury.

An important strategy for achieving this goal is to use modern information management tools wherever possible. The MMS continued to develop its electronic commerce capabilities in 1996 by offering various electronic reporting alternatives, including electronic data interchange, magnetic tape, diskettes, and electronic mail. The use of electronic reporting decreases reporting error rates, minimizes delays and eliminates manual reentry, thus increasing the Bureau's ability to timely disburse revenues to recipients.

During 1996, the MMS collected \$18.4 million from researching 20,000 variances between production and sales volumes. The MMS also collected an additional \$14.2 million through other audit activities for a total of \$32.6 million from compliance verification. The following chart shows compliance verification collections for the past 10 years:

Figure 11

Compliance Verification Collections



Another activity of note during 1996 was the enactment of the Federal Oil and Gas Royalty Simplification and Fairness Act (RSFA) of 1996. This legislation provides the framework for delegations of royalty functions to States subject to Secretarial discretion; definitions for enforcement actions; a seven-year statute of limitations for all royalty collections with limitations on industry

Diving for Science

Minerals Management Service marine biologist, **Ann Scarborough Bull**, has spent hundreds of hours diving under all sorts of offshore platforms in two oceans. Bull joined the MMS Gulf of Mexico regional office in 1988 and is the only woman in the Scientific Dive Program, which monitors impacts of oil and gas production on marine life. The effort is a part of MMS' Offshore Minerals Management Program, which leases offshore tracts and supervises their development. Bull's interest in marine life began at the early age of three when she was spending weeks at a time on her father's sea-going vessels. He was a commercial fisherman with a master's degree in marine biology. Bull obtained her Ph.D. in marine biology and was MMS' Woman of the Year in 1990.

liability, a 33-month limit on all administrative appeals; equity by requiring that MMS pay interest on overpayments; assurance of cost-effective audit and collection activities to encourage continued oil and gas production from marginal properties; repeal of the outdated offshore refund requirements; and, streamlined adjustment procedures.

The Bureau has developed a plan to implement the RSFA changes. Implementation will be a very complex process that in many cases will require regulation changes and a large-scale coordinated effort with States, industry, and other DOI agencies. We estimate that full implementation of the Act will take three years.

Customer Service

Customer Service Standards

The Bureau is committed to continuous improvement in service to its customers, continues to seek feedback through contacts with customers and customer surveys, and has established the following agency-wide customer service standards:

- We will focus on providing excellent service.
- We will consult with our customers as we address issues that affect them.
- We will actively seek opportunities to coordinate with other government entities to provide better service.
- We will improve our information technology infrastructure to increase access to information.

Customer Improvements

The MMS Gulf of Mexico Public Information Office surveyed its customers in 1996. Over 1800 surveys were distributed and 521 were returned. Of those responding, 60 percent rated the agency's processes as "improved", and over 85 percent rated their overall experience with the MMS as "good" or "excellent."

MMS employees recently received the Vice President's Hammer Award for writing regulations in a manner that is readily understandable.

Many Indian customers live in remote areas. The three Offices of Indian Royalty Assistance have adopted customer standards with the spirit "If you can't come to us, we'll come to you." And they do. An employee from the Oklahoma office drove for an hour to meet with a customer in a "pizza parlor" to explain changes in payment and reporting.

Another customer called the MMS toll free line to inquire about a problem with her royalty payments. An employee from the Colorado office traveled to North Dakota to respond to the customer's needs. The problem was identified and fixed and all customers in that area are now being properly paid.

Status of the Government Performance and Results Act Implementation

In conformance with the Government Performance and Results Act (GPRA), the MMS developed a draft strategic plan that articulates the bureau's long-term

MMS Gulf Coast Cleanup

MMS employees continue to be among the growing number of volunteers participating in cleaning up the gulf coastal areas. Their efforts, together with other business and civic organizations, Federal, State and local governments are making a difference in a cleaner environment.

Ship Island - Thirty MMS volunteers took their twice-a-year cruise to clean up an adopted beach on Ship Island. The island, located 12 miles south of Gulfport, is part of the Gulf Islands National Seashore chain, overseen by the National Park Service. MMS volunteers have participated in clean up efforts since it adopted the beach in 1988.

goals. The plan was circulated to stakeholder groups to solicit their views and recommendations. MMS teams were established to identify and test performance measures and to develop the best indicators of progress in reaching MMS goals. This process will enable the MMS to meet the GPRA requirements of incorporating performance measures and indicators in its 1999 budget. The performance measures identified and used for budget presentation purposes to date may be revised as a result of this process.

MMS's Royalty Management Program is a GPRA performance planning pilot organization. Through participation in the pilot, MMS has greatly advanced methodologies and techniques for performance measurements. Lessons learned through the pilot have been applied to performance measurement efforts in all MMS program areas.