

Senate Committee on Energy and Natural Resources Briefing

May 20, 2014

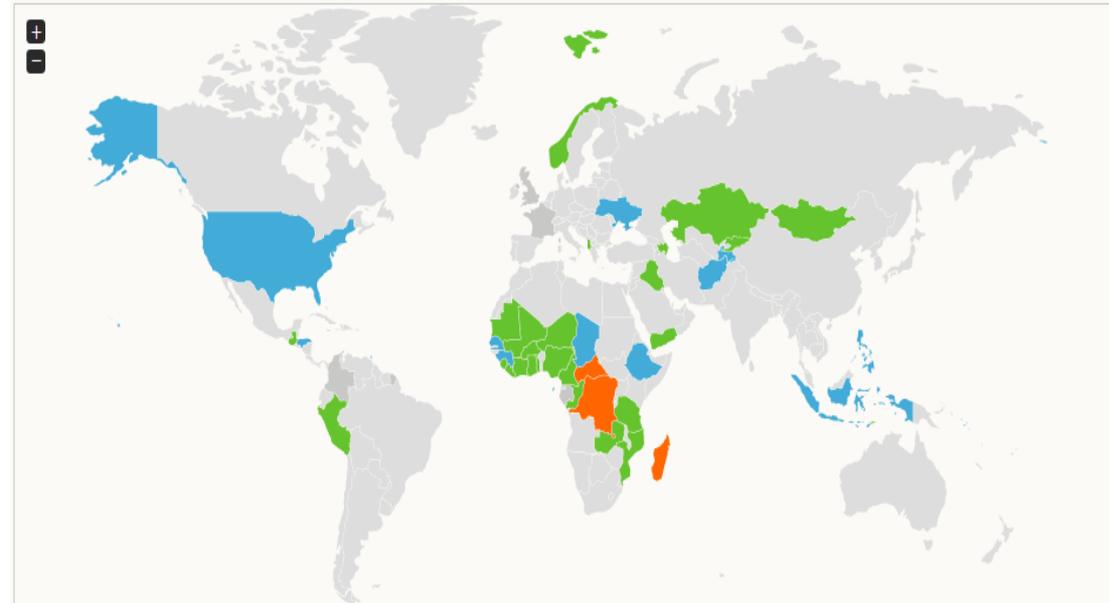
Greg Gould, Director, Office of Natural Resources Revenue Interior Department

Laura Sherman, Senior Legal Advisor, Transparency International

Veronika Kohler, Director, International Policy, National Mining Association

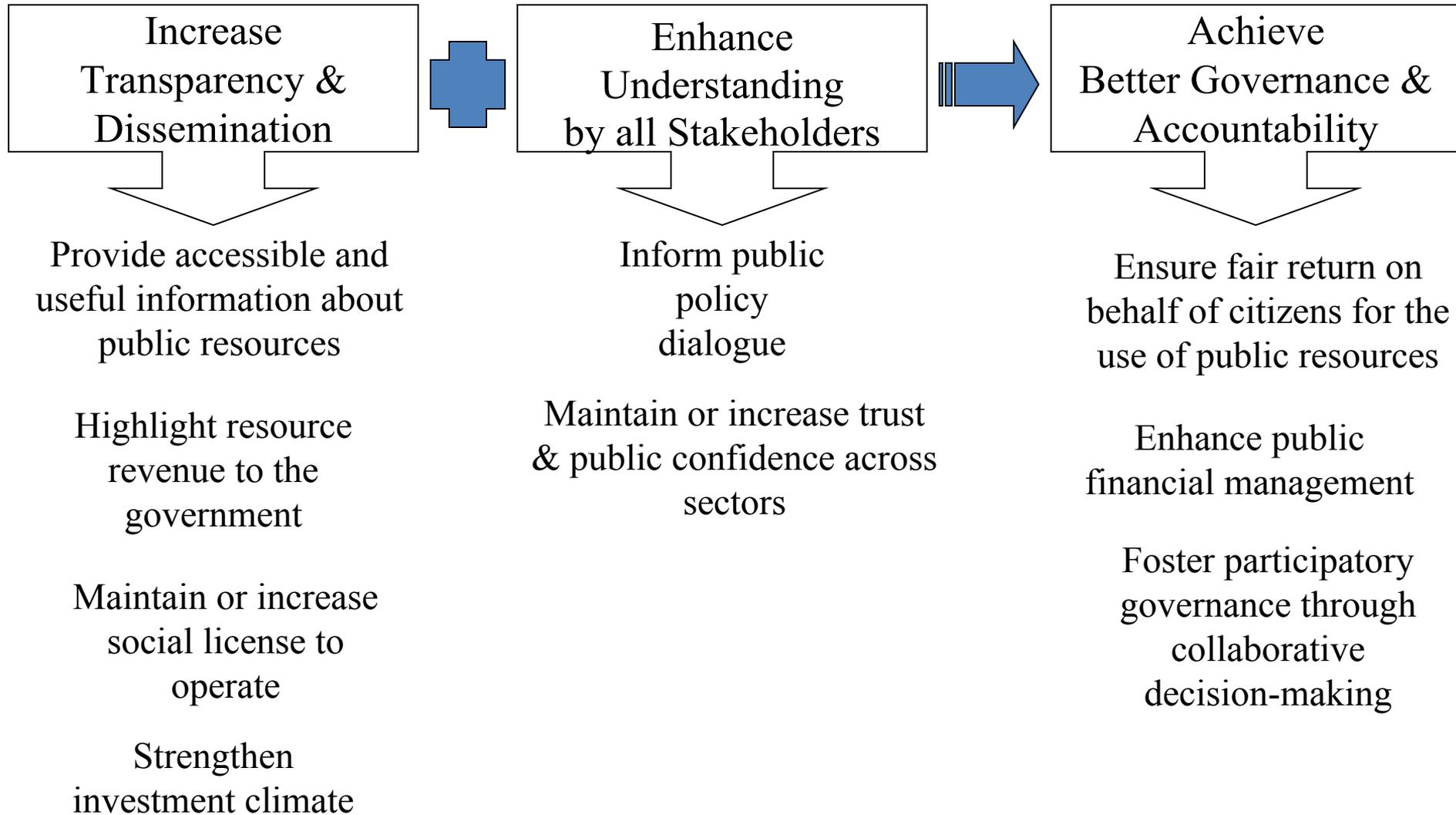
- **4 OECD Countries Recently Announced Their Intention to Implement EITI:** France, *Germany, Italy, United Kingdom
- **17 EITI Candidate Countries:** Afghanistan, Chad, **Democratic Republic of Congo**, Guatemala, Guinea, Honduras, Indonesia, **Madagascar**, São Tomé and Príncipe, Senegal, **Sierra Leone**, Solomon Islands, Tajikistan, The Philippines, Trinidad and Tobago, Ukraine and **UNITED STATES**
- **27 EITI Compliant Countries:** Albania, Azerbaijan, Burkina Faso, Cameroon, **Central African Republic**, Côte d'Ivoire, Ghana, Iraq, Kazakhstan, Kyrgyz Republic, Liberia, Mali, Mauritania, Mongolia, Mozambique, Niger, Nigeria, Norway, Peru, Republic of Congo, Tanzania, Timor-Leste, Togo, Yemen, and Zambia

EITI Countries



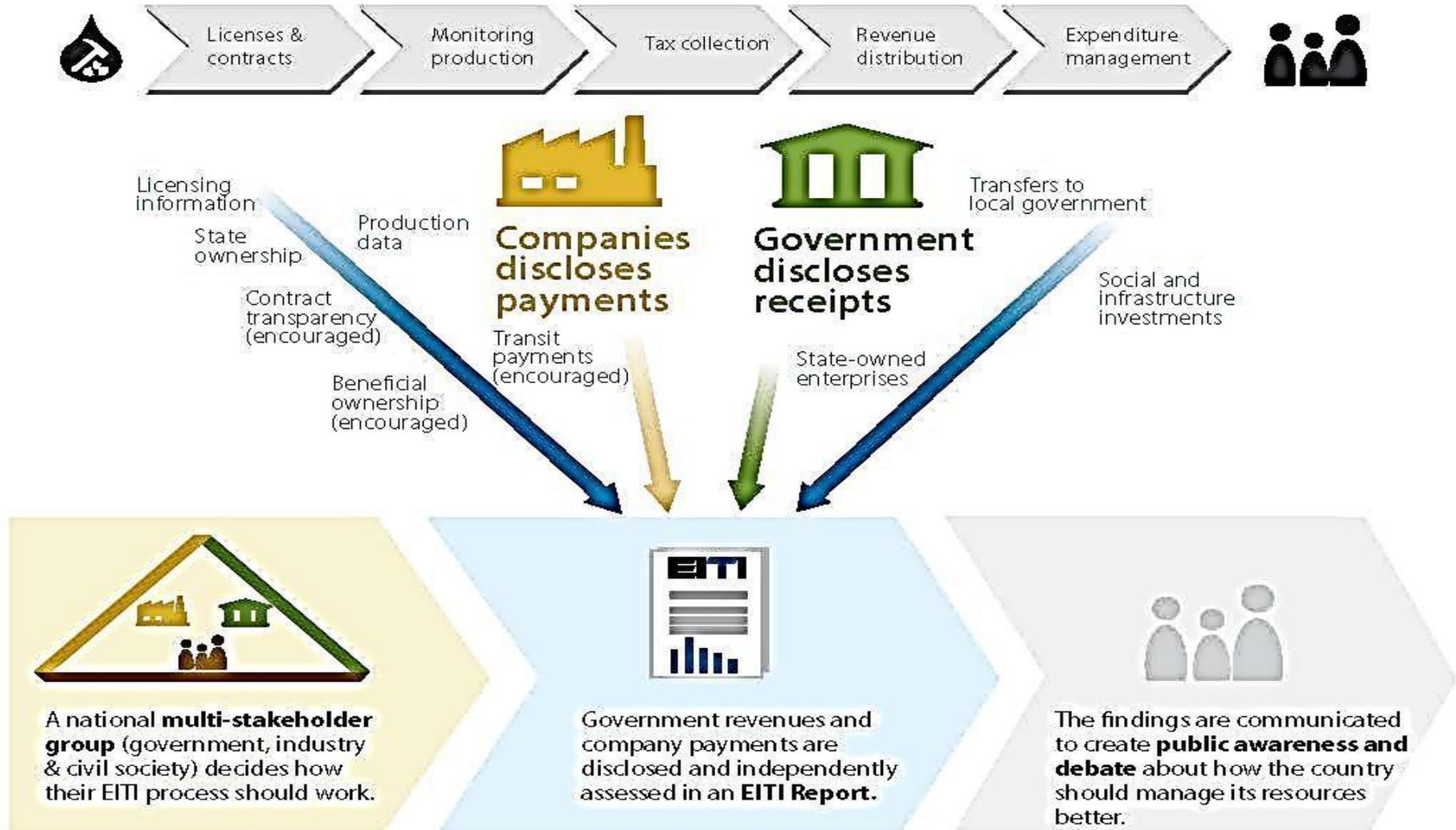
*Pilot Implementation
Country is currently suspended

SIGN-UP → CANDIDACY → COMPLIANCE



USEI The EITI Standard

The Extractive Industries Transparency Initiative, or EITI, is a global standard that promotes revenue transparency and accountability in the extractive sector.



The USEITI Multi-Stakeholder Group (MSG) has 21 Members and 20 Alternates, representing a wide range of organizations and stakeholder interests:

➤ **Civil Society**

- Project on Government Oversight, Revenue Watch, Transparency International
- Earthworks, First Peoples Worldwide, North Star Group, Oceana
- Calvert Investments, Energy Policy Forum, Goldwyn Global Strategies, Research Associates
- United Mineworkers, United Steelworkers
- University of California Los Angeles, Virginia Polytechnic Institute

➤ **Government**

- Departments of Energy, the Interior, Treasury
- State Compact Commissions for Mining, Oil and Gas
- State Government Representatives from California and Wyoming
- **Two vacant seats for potential Tribal participation**

➤ **Industry**

- British Petroleum, Chevron, Conoco-Phillips, Exxon-Mobil, Noble Energy, Shell Oil, Ultra Petroleum, Walter Energy
- Freeport McMoRan Copper & Gold, Newmont Mining, Peabody, Rio Tinto
- American Petroleum Institute, Council of Petroleum Accountants Societies, Independent Petroleum Association of America, National Mining Association



USEE US Extractives Industry

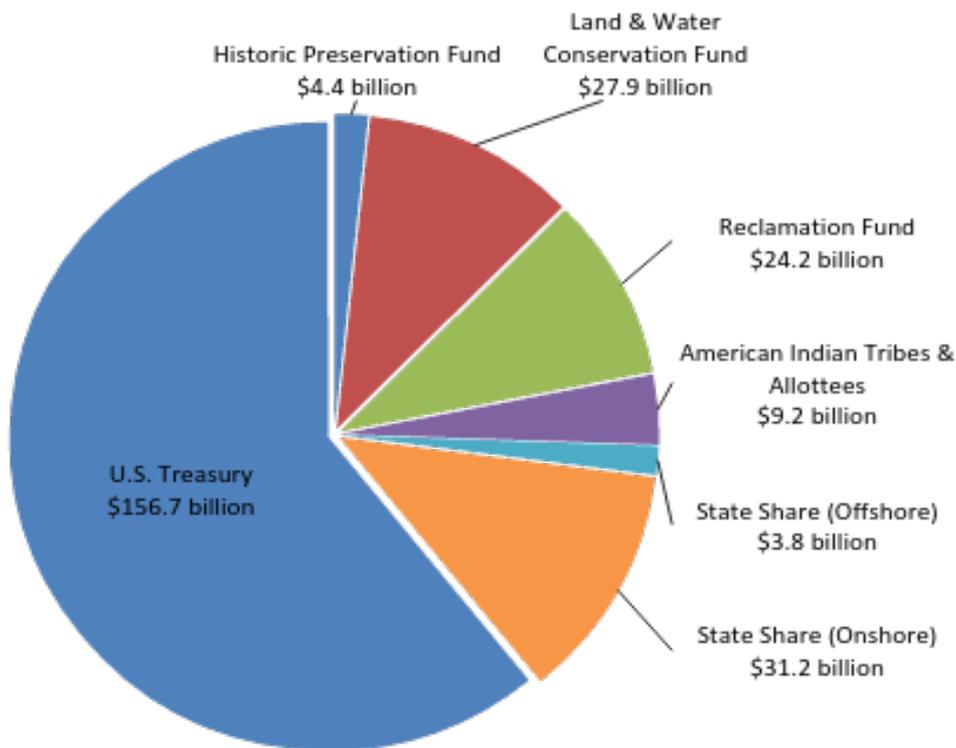
- U.S. is among the top producers of extractive resources in the world:¹
 - # 1 for natural gas
 - # 2 for coal and copper
 - # 3 for gold, steel and oil
 - # 4 for aluminum and zinc
 - # 8 for iron ore
 - # 9 for silver

- Production from federal onshore and offshore lands ²
 - 42% of coal, 31% of oil, 25% of natural gas
 - \$11.3 billion in revenues collected on behalf of American taxpayers
 - 90% Oil and Gas, 8% Coal, and 2% Other

1/ Sources: U.S. Geological Survey, World Steel Association and CIA World Fact Book

2/ Source: DOI, New Energy Frontier Report, May 2011

**Cumulative Mineral Lease Revenue
\$257.4 Billion Disbursed (1982 - 2013)**



- Since 1982, over \$257 billion in revenues was distributed from onshore and offshore lands to the Nation, states, and American Indians
- The distribution to the U.S. Treasury is one of the Federal government's greatest sources of non-tax income



MSG Outcomes to Date: Scope

EITI Requirement	Decisions Reached by MSG	Pending MSG Decisions
Scope – Types of Commodities and Revenues to be included	Commodities: Oil; Gas; Coal; Other Leasable Minerals, Non-Fuel Minerals (Hard Rock, Sand & Gravel); Geothermal; Other Renewables (Solar/Wind) Revenue Streams: Rents, Royalties Bonuses and Fees Revenues collected by US Department of Interior (DOI)	Tabled for future discussion (Forestry and Fisheries)
	Federal Corporate Income Taxes to be reported by companies	Details of how taxes can be reported, consistent with SEC 1504



MSG Outcomes to Date: Materiality

EITI Requirement	Decisions Reached by MSG	Pending MSG Decisions
Materiality Threshold for Reconciliation	For the initial report, \$50 million total annual revenues paid to DOI by parent company, including its subsidiaries. This equals approximately 80% of DOI natural resources revenues. For the second report, \$20 million total annual revenues paid to DOI by parent company, including its subsidiaries, which equals approximately 90% of DOI natural resources revenues.	



MSG Outcomes to Date: Reporting

EITI Requirement	Decisions Reached by MSG	Pending MSG Decisions
Publicly Sourced Narrative	Data and information that is currently publicly available, reliable and accessible for all commodities within scope	
Unilateral Disclosure	For all in-scope commodities, DOI will disclose disaggregated data to the extent allowable by law, (approximately 100% of DOI revenue in scope)	Details and exact level of disaggregation
Third Party Reconciliation	A third party will compare data from companies on their payments to government with data from government on revenues collected from companies, for in-scope commodities within the reporting materiality threshold.	
Sub-national Reporting	<u>Adapted Implementation</u> – Revenues paid to or collected for sub-national governments are out of the scope due to legal, regulatory, and timeliness issues, but an opt-in process will be available for individual states or other sub-national entities.	Details for an opt-in process.
Project-Level Reporting	TBD	To align the definition of “project” with SEC 1504 and EU law per EITI Standard
Contract Disclosure	TBD (“encouraged” by new EITI rules)	Whether to include contracts.

- Compare data voluntarily submitted by companies on their payments to government with data from government on revenues collected from companies.
- Reconciliation of relevant U.S. Federal Government revenues, such as rents, royalties, bonuses, and fees collected by:
 - Bureau of Land Management (BLM),
 - Office of Natural Resources Revenues (ONRR),
 - Office of Surface Mining Reclamation and Enforcement (OSM)
- Federal tax revenues will be included in the USEITI report, but the MSG is still working on the details of the inclusion

- Disclosure by DOI of complete, reliable data, disaggregated by commodity, company, revenue stream, and by project (to the extent allowable by law and by existing parameters of reporting to Interior).
- 100% of extractive revenues collected by Interior that are determined to be within scope by the MSG, regardless of the materiality threshold.
- Represents an unprecedented scale of U.S. government disclosure.

- Will provide easy access to available data available from U.S. government agencies and other authoritative sources.
 - Gives context and a well-rounded picture of the extractive industries in the U.S.
- Include information for additional types of natural resources that will not be reconciled under USEITI.
- Consistent with the goals and standards established by the September 20, 2011, U.S. National Action Plan for the Open Government Partnership.

- Many states currently publish severance tax data in various forms on their official state websites.
- An example is the state of Louisiana which currently publishes severance tax data by fiscal year, quarterly, and monthly.

<http://www.revenue.louisiana.gov/sections/publications/sr.aspx>



Louisiana Severance Tax Collections

Severance Tax Collections and Distributions
Fiscal Year Ending June 30, 2013

Parish	Total Tax Collected	Tax Collected on all Timber Products	Tax Collected on All Other Products	Oil Tax	Gas Tax	Sulfur Tax	Salt Tax	Salt Brine Tax	Sand Tax	Stone Tax	Lignite Tax	Timber Pine Log Tax	Timber Hardwood Cypress Tax	Timber Chip-n-Saw Pine Tax	Timber Pulpwood Pine Tax	Timber Pulpwood Hwd Tax
Acadia	14,219,805.79	13,509.40	14,206,296.39	13,294,968.63	911,327.76	0.00	0.00	0.00	0.00	0.00	0.00	6,581.02	529.11	0.00	6,150.28	248.99
Allen	4,642,128.25	427,369.42	4,214,758.83	3,969,867.05	217,163.73	0.00	0.00	0.00	27,728.05	0.00	0.00	165,481.30	6,712.79	5,495.16	235,173.84	14,506.33
Ascension	234,763.52	25,661.99	209,101.53	209,058.90	42.63	0.00	0.00	0.00	0.00	0.00	0.00	12,918.33	5,720.08	0.00	4,338.27	2,685.31
Assumption	3,734,879.08	397.98	3,734,481.10	3,291,089.89	412,886.93	0.00	0.00	30,504.28	0.00	0.00	0.00	0.00	41.37	0.00	0.00	356.61
Avoyelles	702,619.10	49,058.90	653,560.20	653,565.06	(4.86)	0.00	0.00	0.00	0.00	0.00	0.00	2,369.58	30,955.10	208.89	5,721.32	9,804.01
Beauregard	24,825,090.46	829,485.60	23,995,604.86	23,345,494.86	633,624.34	0.00	0.00	0.00	16,485.66	0.00	0.00	247,555.47	19,564.33	37,996.49	505,090.51	19,278.80
Bienville	7,950,699.69	635,798.27	7,314,901.42	1,694,607.69	5,619,984.60	0.00	0.00	309.13	0.00	0.00	0.00	314,817.10	23,431.70	19,098.34	238,043.78	40,407.35
Bossier	10,416,176.09	222,912.75	10,193,263.34	5,147,567.88	5,042,389.29	0.00	0.00	0.00	3,306.17	0.00	0.00	63,037.05	5,443.81	286.28	127,248.67	26,896.94
Caddo	19,706,523.51	148,960.73	19,557,562.78	8,300,529.37	11,257,019.70	0.00	0.00	0.00	13.71	0.00	0.00	70,144.59	3,532.87	1,843.71	49,917.37	23,522.19
Calcasieu	23,176,793.55	104,895.33	23,071,898.22	21,686,961.09	1,374,332.01	0.00	0.00	10,235.14	369.98	0.00	0.00	49,132.90	500.52	5,722.41	48,375.78	1,163.72
Caldwell	560,851.64	428,158.59	132,693.05	1,135.82	131,557.12	0.00	0.00	0.00	0.11	0.00	0.00	125,402.29	17,502.05	76,684.76	192,671.80	15,897.69
Cameron	54,069,854.74	11.89	54,069,842.85	48,533,832.42	5,536,010.43	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	11.89	0.00
Catahoula	1,416,519.36	110,159.02	1,306,360.34	1,305,949.96	100.66	0.00	0.00	0.00	309.72	0.00	0.00	30,655.39	15,507.24	17,302.27	34,082.58	12,611.54
Claiborne	14,698,065.41	451,666.86	14,246,398.55	12,969,010.25	1,277,388.30	0.00	0.00	0.00	0.00	0.00	0.00	173,999.85	14,102.07	462.31	206,609.39	56,493.24
Concordia	5,332,786.57	61,963.16	5,270,823.41	5,265,647.57	5,175.84	0.00	0.00	0.00	0.00	0.00	0.00	36.15	40,236.58	0.00	80.16	21,610.27
DeSoto	8,413,508.33	492,831.76	7,920,676.57	2,675,141.49	4,862,071.99	0.00	0.00	0.00	0.00	0.00	383,463.09	238,064.14	19,506.31	18,747.39	175,770.78	40,743.14
East Baton Rouge	8,428,213.20	33,136.24	8,395,076.96	7,667,532.58	723,445.78	0.00	0.00	0.00	4,098.60	0.00	0.00	2,815.50	8,669.93	3,858.79	9,927.25	7,864.77
East Carroll	24,643.43	24,643.43	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	9,062.12	0.00	709.03	14,872.28
East Feliciana	2,648,189.59	133,283.94	2,514,905.65	2,472,054.27	24,981.53	0.00	0.00	0.00	17,869.85	0.00	0.00	35,601.59	18,952.86	18,841.29	47,481.10	12,407.10
Evangeline	26,227,732.85	239,885.65	25,987,847.20	25,536,652.64	451,194.56	0.00	0.00	0.00	0.00	0.00	0.00	96,354.78	21,079.71	1,529.22	106,087.74	14,834.20
Franklin	364,769.37	23,288.46	341,480.91	338,978.33	2,501.97	0.00	0.00	0.61	0.00	0.00	0.00	952.05	17,148.53	0.00	504.10	4,683.78
Grant	2,356,969.12	206,866.31	2,150,102.81	2,150,102.81	0.00	0.00	0.00	0.00	0.00	0.00	0.00	59,043.08	5,511.92	16,034.49	110,176.21	16,100.61
Iberia	36,187,634.52	107.61	36,187,526.91	30,465,840.12	5,597,073.02	0.00	124,480.72	9.20	123.85	0.00	0.00	0.00	0.00	0.00	0.00	107.61
Iberville	7,786,859.48	36,761.12	7,750,098.36	7,427,835.45	303,403.25	0.00	14,159.86	4,699.80	0.00	0.00	0.00	0.00	29,170.51	0.00	6.81	7,583.80
Jackson	3,463,613.12	567,403.76	2,896,209.36	356,116.59	2,540,092.77	0.00	0.00	0.00	0.00	0.00	0.00	283,607.37	19,895.78	29,741.62	202,926.17	31,232.82
Jefferson	16,615,050.96	900.44	16,614,150.52	14,650,319.59	1,880,658.10	0.00	0.00	0.00	83,172.83	0.00	0.00	0.00	862.01	0.00	0.00	38.43
Jefferson Davis	9,051,008.70	39,904.60	9,011,104.10	8,515,263.40	476,386.03	0.00	0.00	0.00	19,454.67	0.00	0.00	13,375.80	11,416.37	696.07	13,629.68	786.68
Lafayette	5,066,407.85	9,047.43	5,057,360.42	5,075,408.17	(17,886.94)	0.00	0.00	0.00	(160.81)	0.00	0.00	41.29	8,642.94	0.00	334.97	28.23
Lafourche	75,087,939.88	2,144.07	75,085,795.81	71,172,758.77	3,910,003.95	0.00	0.00	3,033.09	0.00	0.00	0.00	44.03	1,018.39	0.00	0.00	1,081.65
LaSalle	17,093,899.37	395,297.51	16,698,601.86	16,145,442.99	542,670.04	0.00	0.00	0.00	10,488.83	0.00	0.00	88,421.83	12,322.32	49,699.80	223,168.90	21,684.66
Lincoln	11,729,067.41	233,708.99	11,495,358.42	6,759,105.87	4,736,137.21	0.00	0.00	0.00	115.34	0.00	0.00	99,692.76	16,528.01	752.00	82,842.82	33,893.40
Livingston	1,217,762.38	165,275.91	1,052,486.47	965,253.71	52,399.19	0.00	0.00	0.00	34,833.57	0.00	0.00	19,419.19	13,573.40	42,165.95	79,312.79	10,804.58
Madison	57,588.74	53,428.27	4,160.47	4,160.47	0.00	0.00	0.00	0.00	0.00	0.00	0.00	173.43	12,017.10	0.00	26,839.90	14,397.84
Morehouse	130,863.73	107,817.44	23,046.29	0.00	6,595.29	0.00	0.00	0.00	16,451.10	0.00	0.00	25,110.08	5,918.26	1,108.97	61,863.38	13,816.75
Natchitoches	(62,981.71)	613,742.51	(676,724.22)	73,517.42	(765,986.95)	0.00	0.00	0.00	0.00	0.00	15,745.31	269,877.97	9,448.37	39,101.35	261,699.47	33,615.35
Orleans	311.40	37.11	274.29	0.00	274.29	0.00	0.00	0.00	0.00	0.00	0.00	18.07	0.00	0.00	0.00	19.04
Ouachita	1,148,271.49	173,859.24	974,412.25	604,532.58	368,355.60	0.00	0.00	0.00	1,524.07	0.00	0.00	58,662.66	11,610.01	20,449.98	68,803.45	14,333.14
Plaquemines	199,195,791.90	102.27	199,195,689.63	193,865,035.33	5,318,908.39	0.00	0.00	0.00	11,745.91	0.00	0.00	0.00	64.46	0.00	0.00	37.81
Pointe Coupee	7,934,897.84	50,951.23	7,883,946.61	5,328,356.60	2,555,590.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	37,014.35	0.00	32.44	13,904.44
Rapides	1,049,461.47	490,261.70	559,199.77	512,930.12	27,279.19	0.00	0.00	0.00	18,990.46	0.00	0.00	186,364.50	9,715.47	6,510.86	259,445.81	28,225.06
Red River	2,727,421.52	182,375.46	2,545,046.06	171,118.86	2,245,101.96	0.00	0.00	0.00	0.00	0.00	128,825.24	69,627.05	11,159.14	14,736.35	69,960.02	16,892.90
Richland	119,907.32	18,595.78	101,311.54	101,268.09	43.45	0.00	0.00	0.00	0.00	0.00	0.00	707.54	6,158.61	0.00	5,318.63	6,411.00
Sabine	647,371.27	780,684.85	201,103.60	(133,313.58)	(334,417.18)	0.00	0.00	0.00	0.00	0.00	0.00	432,867.80	14,629.17	39,122.06	266,164.73	27,901.09
St. Bernard	6,581,114.26	72.55	6,581,041.71	6,161,169.11	417,264.34	0.00	0.00	0.00	2,608.26	0.00	0.00	0.00	0.81	0.00	21.54	50.20
St. Charles	11,846,119.05	234.33	11,845,884.72	11,282,113.45	535,051.04	0.00	0.00	0.00	28,720.23	0.00	0.00	0.00	0.00	0.00	58.17	176.16
St. Helena	4,602,082.07	271,355.26	4,330,726.81	4,253,715.23	477.69	0.00	0.00	0.00	76,533.89	0.00	0.00	76,723.06	5,136.85	53,036.88	124,652.22	11,806.25
St. James	1,860,138.24	309.45	1,859,828.79	1,793,926.12	52,820.32	0.00	0.00	0.00	13,082.35	0.00	0.00	0.00	0.00	0.00	22.55	286.90
St. John	309,829.02	208.31	309,620.71	307,999.49	0.00	0.00	0.00	0.00	1,621.22	0.00	0.00	0.00	0.00	0.00	0.00	208.31
St. Landry	4,614,560.39	116,556.99	4,498,003.40	4,250,750.42	247,252.98	0.00	0.00	0.00	0.00	0.00	0.00	335.39	77,476.73	0.00	17,701.44	21,043.43
St. Martin	12,276,584.52	38,291.47	12,238,293.05	12,023,903.37	179,843.60	0.00	22,516.08	0.00	12,030.00	0.00	0.00	0.00	25,773.73	0.00	56.45	12,461.29
St. Mary	46,431,067.06	0.00	46,431,067.06	38,715,087.53	7,610,596.08	0.00	102,419.00	0.00	2,964.45	0.00	0.00	0.00	0.00	0.00	0.00	0.00
St. Tammany	162,000.57	90,475.07	71,525.50	2,234.98	0.00	0.00	0.00	0.00	69,290.52	0.00	0.00	26,488.87	1,297.28	30,724.77	31,435.53	528.62



- **September 20, 2011:** President Obama announced the U.S.' intention to implement EITI
- **February - June, 2012:** Stakeholder Assessment, Public Comment Period , Tribal Outreach, and Get Smart Phase
- **December 21, 2012:** The Interior Secretary appointed MSG members and alternates
- **December 2013:** Finalized and submitted US Candidacy Application
- **March 2014:** U.S. Achieved Country Candidate Status
- **December 2015:** First USEITI Report

Questions and Comments

For more information
about USEITI,
please visit

www.doi.gov/eiti

For more information
about the EITI International
Standard, please visit

www.eiti.org

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