

USEITI Candidacy Application Subcommittee
Meeting Summary for Thursday, June 27, 2013, 2-3pm

Materiality. Continuing the discussion from the last MSG June 12-13, the subcommittee reviewed the same two types of thresholds for reporting revenue payments that are material:

- Unilateral Disclosure of Payments Collected by the Government. The federal government has proposed a threshold for unilateral disclosure that would include 100% of extractives revenues collected by the Office of Natural Resources Revenue, at the most disaggregate level allowable by law.
 - This data is already audited to international standards, but it is more than what is already publicly disclosed now by ONRR.
 - Details for how this information will be reported in a meaningful and user-friendly way for the public will need to be sorted out by the MSG after attaining candidacy.
- Reconciliation of Payments Made by Companies and Collected by the Government. At its June meeting, the MSG discussed options for a materiality threshold that would involve reporting by both the federal government and companies to an independent reconciler.
 - The following thresholds were proposed by the sectors at the MSG meeting, based on the amount of payments that are made to and collected by ONRR annually:
 - The industry sector proposed a \$50 million threshold for reconciliation to capture 80% of revenues paid and collected.
 - The government sector proposed a threshold of \$25 million for reconciliation to capture 85% of revenues paid and collected.
 - The civil society sector proposed a \$5 million threshold to capture 95% of revenues paid and collected.
 - Since the meeting, the industry and government sectors worked together to sort out how many parent companies and how unique payors would report at each threshold level, which the subcommittee discussed.
 - The subcommittee discussed that at the \$50 million threshold, 40 companies representing 63 payors would report to achieve 80%.
 - At the \$5 million threshold, 125 companies representing 184 payors would need to report to achieve 95%.
 - ONRR suggested a potential compromise among the sectors, at \$20 million, which would include 70 companies representing 117 payors, that would capture 90% of revenues paid and collected.
 - The question was asked if Geothermal, Locatable, and Saleable revenues were included in the amounts listed. The government would need some help from industry to evaluate which industries are represented in the list of companies how that information can be shared and discussed.
- The subcommittee will try to evaluate if they can develop an administrative cost estimate associated with the different threshold options for reporting and reconciling, and will take a look into cost estimates for implementing EITI in other countries.

- The subcommittee will review the draft definitions from the June 12-13 MSG meeting, and will start with the Government definition as a baseline to edit and discuss at the next subcommittee meeting.

Additional Analysis.

- State Department is working on a comparative analysis of other country reports to see how often other countries will start at a particular threshold and how those thresholds change as companies increasingly participate in EITI over time.
- Civil Society will send the subcommittee a spreadsheet with a reference to each country's report, revenues covered, sectors covered, number of companies, etc..
- Subcommittee members are encouraged to visit the EITI website and view the publication called "Extracting Data" which can be found online at:
http://eiti.org/files/2012-02-10_Extracting_Data_0.pdf

Outreach & Communications.

Interior developed and circulated a sample powerpoint presentation for the subcommittee to review and discuss. Subcommittee is asked to submit comments by July 8th to Karen Senhadji.

Candidacy Application

- The rough draft candidacy application prepared in March was circulated again. No redlines are needed right now, with the understanding that the application will be amended to reflect the new EITI requirements and recirculated for comment and edits later.
- An outline for the Scoping Report, based on the previous rough draft background document, was circulated.
 - Civil society commented that they would like Geothermal, Fisheries, and Forestry included in the report. They also wanted the title of the "States" section changed to "Sub-national".
 - Any additional feedback on the outline should be sent no later than July 2nd. A
 - target date for the draft of the Scoping Report to be circulated to the Subcommittee is July 9th.
- A rough draft of the fully costed workplan was circulated, but is still being worked on by ONRR and State Department, and will be recirculated for further comment and edits later.

Next Subcommittee meeting: Thursday, July 11, 2013, 2-3pm.

Subcommittee Members in Attendance

Danielle Brian, Project on Government Oversight

Paul Bugala, Calvert Investments

Curtis Carlson, Treasury Department

Greg Conrad, Interstate Mining Compact Commission

Greg Gould, Interior Department, Office of Natural Resources Revenue

Veronika Kohler, National Mining Association

Walt Retzsch, American Petroleum Institute

Deborah Rogers, Energy Policy Forum

Invitees and Staff

John Harrington, Exxon Mobil Corporation

Chris Mentasti, Interior Department

Emily Kennedy, American Petroleum Institute

Kim Oliver, USEITI Secretariat

Misty Seemans, Publish What You Pay

Karen Senhadji, Interior Department, USEITI Secretariat

Mia Steinle, Project on Government Oversight

Katie Sweeney, National Mining Association

John Tysseling, New Mexico Taxation and Revenue Department