

**RPC Fair Return and Value Subcommittee
Meeting Summary
Wednesday, March 13th, 3:00pm**

Opening Remarks and Updates from DOI:

- Update on public meeting and nomination decision has not been decided yet.
- Department updated a study about fiscal systems across the world, completed the first half of that report pertaining to offshore areas which is posted online at BOEM's website: <https://www.boem.gov/2018-GOM-International-Comparison/>

Work Group Updates

Coal Benchmarks

- Met this morning, working on co-ops and mine mounts. It will be difficult to come up with a single rule to cover all the related issues.

O&G Payor Handbook

- Still working on Indian Gas chapter, received good feedback from the Navajo and Judy. Working on first two Federal chapters.

Index Pricing and Marketable Condition

- Met at regular schedule meeting, ONRR expert talked about valuation rule. At this point we feel we need to put together a recommendation to go forward with the index pricing option.

Audit:

- Jeff Carlson: Audits took a long time in past, in 2016 implemented new audit process and set a new formal time frame, current statistics are a lot better. Average number of days of open audit are down, a lot of the improvement from the new audit process and deadline set. The deadline was set by the managers in ONRR and not in writing as a policy. There will be a memo policy in writing that specifies the deadline for audit is 16 months and can not go longer than 3 years.
 - Question: What is the starting point of the 16 months? Answer: 16 months from start of audit to closing it down.
 - Q: Does the deadline apply to all minerals? Answer: Yes and for any new audits
 - Q: Does this apply to State audits or just ONRR. Answer: Just ONRR
 - Q: What percent of audits does STRAC cover? Answer: They probably produce half
 - Q: Any pushback internally? Answer: No, there is relief that there is known knowledge that there will be exceptions such as Appeals. Most people are glad to see it in writing.
 - Q: What was the determine factor using 16 months? Answer: I don't know all the details of how the managers came up with it
 - Q: Any concern with quality of audits? Answer: No, because we wouldn't sacrifice the quality of audit just to meet the deadline. We are never willing to give up quality to meet a milestone.
- RPC staff will ask ONRR if the memo can be distributed for everyone to see.

Attendees:

Amy Lunt, DOI/ONRR

Bonnie Robson, DOI/ONRR

Gregory Morby, Chevron

James Schindler (RPC Executive Director), DOI/BOEM

Karl Wunderlich, DOI/ONRR

John Mehlhoff, DOI/ONRR

Kwame Awuah-Offei, MO University of Science and Tech

Maroya Faied, ONRR

Matthew Adams (Co-Director), Cloud Peak

Peter Christnacht, DOI/ONRR

Rowena Cheromiah, Navajo Nation

Stella Alvarado, Anadarko

Jeff Carlson

Van Romero