



The United States Extractive Industries  
Transparency Initiative

## United States

## EITI Annual Activity Report 2015

### 1. General assessment of year's performance:

*In accordance with requirement 7.2(a)(i), provide a short summary of EITI activities undertaken in the previous year. The multi-stakeholder group may wish to outline how these activities relate to the objectives in the workplan.*

In December 2015, the United States submitted the first USEITI report to the EITI International Board. This highlights the U.S.' commitment to implementing EITI and to enhance transparency and good governance of extractive sector revenues, both domestically and globally.

As part of the ongoing effort, the USEITI Multi-Stakeholder Group (MSG) met four times in 2015, as well as conducting ongoing work by the USEITI subcommittees: Implementation, Communications, and State and Tribal Opt-In, along with the various working groups of these subcommittees. The MSG meetings were open to the public, with meeting materials posted online two weeks in advance of each meeting, and meeting summary materials posted following each meeting. In addition, members of the public were able to observe and participate in meetings remotely via video conference and telephone, and they were given opportunities on each day of the meetings to provide public comment to MSG members. Summaries from subcommittee meeting are also posted online.

Following the solicitation and selection of Deloitte & Touche, LLP, (Deloitte) as the Independent Administrator (IA) of the USEITI process in 2014 and the endorsement by the MSG of the IA at the December 2014 MSG meeting, the MSG and the IA worked closely throughout 2015 to produce the first USEITI report. The IA created project plans for both the reporting and reconciliation and the contextual information portions of the report and helped the USEITI MSG meet its ambitious deadline to produce its first report in just one year's time. The IA also produced significant content and coordinated with the team from the U.S. Government's digital services consultancy, GSA (General Services Administration) 18F, to design and create the 2015 USEITI Report.

The MSG and other members of the USEITI team also conducted public outreach to diverse constituencies, as we outlined in the USEITI Communications and Outreach Plan. USEITI's key outreach goals for 2015 included conducting outreach to industry to encourage their involvement in the USEITI process, conducting outreach to States and Tribal governments to encourage their participation in USEITI, keeping Congress informed on U.S. implementation efforts, and educating all stakeholders about the benefits of U.S. implementation of EITI. USEITI also reached out to the twelve targeted counties/county clusters that were profiled in the 2015 report by mail and phone and held conference calls with two of these counties.

The MSG also built on key decisions that it made in 2014 around the use of company level reporting, the inclusion of corporate income tax payments and encouraging companies to reconcile those payments, and the types of content for the contextual information aspects of the 2015 USEITI Report. During 2015, the MSG worked closely with the IA and GSA 18F to identify the data sources that would be used for the contextual information in the 2015 report, identified twelve counties and the information that would be presented about those counties to provide a local perspective on the extractive industries in the U.S., and decided on the margin of variance that would be used for reconciliation.

The USEITI MSG also worked hard to develop an opt-in procedure for States and Tribal governments to join USEITI reporting. This effort consisted of identifying promising candidates and conducting outreach in the form of secretarial correspondence and speaking at conferences and other events to provide information about USEITI and its potential benefits and creation of a three-tier opt-in strategy for States and Tribal governments. By the end of 2015, these efforts resulted in continued participation by two States on the USEITI MSG, expression of interest by a third State in opting into participation in USEITI, a Tribal member joining the MSG, and initiating the process of having two additional Tribal members join the MSG.

Finally, 2015 concluded on a high note for USEITI: the submission to the EITI International Board and the public release of the 2015 USEITI Report, available at: <https://useiti.doi.gov/>. The report provides a valuable resource for data and contextual information about extractives industry in the U.S. In addition to the reporting, reconciliation, and contextual aspects of the report, the U.S. government unilaterally disclosed calendar year 2013 revenues paid to and collected by U.S. Department of the Interior bureaus by company, revenue type, and commodity. The online report's user-friendly, interactive design allows members of the public to easily navigate and access information and data. The report website is also a premier resource for credible data and information on extractive resources published by other Federal agencies, such as the Energy Information Administration (EIA) and the U.S. Census Bureau. The report's data sets and visualizations can also be reused for strategic reporting, re-posting, and sending through social media, thus further informing the debate on the extractives industry.

The various activities and accomplishments outlined above take important steps to further the U.S. national objectives for implementing the EITI standard, as stated in the 2015 USEITI Workplan:

- Increase citizen participation;
- Increase collaboration;
- Increase government transparency;
- Enhance public access to information;

- Improve management of public resources; and
- Give the public a more informed voice in U.S. government policymaking.

For example, the MSG's collaborative decision-making process and efforts to bring more stakeholders and State and Tribal jurisdictions into USEITI increased collaboration and citizen participation in government policymaking. The launch of the first USEITI report as a user-friendly, easily accessible website is a prime example of how USEITI is increasing government transparency and public access to information. Each step that USEITI takes is a step forward in improving the management of public resources in the United States.

## 2. Assessment of performance against targets and activities set out in the workplan:

*Provide an assessment of progress with achieving the objectives set out in its workplan (Requirement 1.4), including the impact and outcomes of the stated objectives (requirement 7.2(a)(iv)).*

*The multi-stakeholder group may wish to*

- *List the objectives and targets set out in the workplan, and indicate progress in achieving these.*
- *Outline the activities in the workplan, including a description of whether these activities were fulfilled. Include any further activities that were not foreseen in the workplan but contributed to the wider targets.*

The goals of the USEITI 2015 Workplan are listed below, followed by steps that we have taken toward completing each goal:

### **Goal: Hold four MSG meetings that are open to the public and facilitated by a neutral third party (EITI Requirement 1)**

- The MSG held four meetings on the following dates: February 24-25, May 20-21, September 16-17, and December 15-16, 2015. We published advance public notice of the meetings in the Federal Register (Vol. 80, No. 9) on Wednesday, January 14, 2015 and posted on the website ([www.doi.gov/eiti](http://www.doi.gov/eiti)).
- A neutral facilitation firm, the Consensus Building Institute, facilitated each MSG meeting.
- We posted materials for the meetings two weeks in advance of each meeting. We posted these materials on the USEITI website ([www.doi.gov/eiti/FACA](http://www.doi.gov/eiti/FACA)).
- Members of the public had the opportunity to observe MSG meetings and to provide public comment at meetings. The public could observe in person or via the use of domestic and international conference lines and the WebEx video conferencing service.
- Following the meetings, we posted the results of the meetings and meeting summaries on the same website ([www.doi.gov/eiti/FACA](http://www.doi.gov/eiti/FACA)).
- The MSG made the following key procedural decisions and approvals during its 2015 meetings:  
*13<sup>th</sup> MSG Meeting February 24-24, 2015*

#### Decisions

- The MSG accepted the Independent Administrator's Inception Report, pending corrections to the name of Freeport-McMoRan Inc.
- The MSG endorsed Deloitte & Touche LLP (hereafter "Deloitte"), as the Independent Administrator of the USEITI.
- The MSG agreed to the Reporting Template.

#### Approvals

- The MSG approved the December 2014 MSG meeting summary.
- The MSG approved the incorporation of the content of the tax reporting cover letter into the Reporting Template Guidance.
- The MSG approved the Reconciliation Report Timeline.
- The MSG approved the changes to the Decision Matrix, primarily involving excluding certain revenues.
- The MSG approved the sunseting of the Inception Report Work Group.

#### *14th MSG Meeting May 20 - 21, 2015*

##### Decisions

- The MSG endorsed the recommendation of the Contextual Narrative Work Group to include the presented information in the USEITI Report to fulfill the requirement around federal revenue sustainability.
- The MSG endorsed the Contextual Narrative Work Group's proposal to use counties and/or county clusters totalling twelve for the county narratives in the 2015 USEITI Report.
- The MSG endorsed the Project-level Reporting and Template Work Group's proposal for the margin of variance to be used in the 2015 USEITI Report.

##### Approvals

- The MSG approved the February 2015 MSG meeting summary.
- The MSG approved the Update to the International Secretariat prepared by the State and Tribal Opt-in Subcommittee for inclusion in the USEITI 2014 Annual Activity Report.
- The MSG approved the submission of the USEITI 2014 Annual Activities Report, including the plan for subnational and tribal participation, to the International Secretariat, pending the Co-chairs final review, editing, and approval.
- The MSG approved the plan to sunset the Contextual Narrative Workgroup and the Template and Project Level Workgroup.
- The MSG approved the formation of the Audit and Assurance Practices Work Group under the Implementation Subcommittee.
- The MSG approved the repurposing of the Contextual Narrative Work Group as the USEITI Report Work Group to assist with the full USEITI report.
- The MSG approved the formation of the Tax Information Work Group under the Implementation Subcommittee.

#### *15th MSG Meeting September 16 – 17, 2015*

#### Decisions

- No decisions were made by the MSG at the September MSG meeting.

#### Approvals

- The MSG approved the May 2015 MSG meeting summary.
- The MSG sunsetted the Tax Information Work Group and the Report Work Group.
- The MSG established the On-Line Report Advisory Working Group.
- The MSG approved the outline of the Executive Summary of the 2015 USEITI Report.
- The MSG approved the outline of the Online Portion of the 2015 USEITI Report.
- The MSG approved the table “2015 USEITI Data Sources for Online Report.”

#### *16th MSG Meeting December 15 – 16, 2015*

#### Endorsements

- The MSG endorsed the 2015 USEITI Report.

#### Decisions

- The MSG provisionally approved the 2016 Work Plan with approval of final changes to the Work Plan to be made by the Co-Chairs.

#### Approvals

- The MSG approved the September 2015 MSG meeting summary.

### **Goal: Discuss and prioritize options for project level reporting, tax disclosure, and contextual information requirements (EITI Requirements 2 and 3)**

In order to develop and prioritize options for company and project level reporting, tax disclosure, and contextual information requirements, the MSG directed the Implementation Subcommittee to develop recommendations. The Implementation Subcommittee, in turn, formed workgroups, including the Project-level Reporting and Template Work Group, the Tax Reporting Work Group, and the Contextual Narrative Work Group, to develop recommended solutions around these issues. These three workgroups were made up of members from all three sectors and worked collaboratively to develop recommendations for the Implementation Subcommittee’s and the full MSG’s consideration. Outcomes of those work group’s deliberations include the following:

- **Company and project level reporting:**
  - The Project-level Reporting and Template Work Group built on work done in 2014 to attempt to develop a recommended definition of “project” that the MSG could agree upon for project-level reporting. With the U.S. Securities and Exchange Commission still deliberating about the rules under Section 1504 of the Dodd-Frank Act, the Company and Project Level Reporting Workgroup did not reach agreement about a definition for “project.” The workgroup will continue its efforts to provide a recommendation on project-level reporting to the MSG in 2016. In the meantime, the MSG agreed to use company level reporting for both the December 2015 and December 2016 USEITI Reports.
- **Tax disclosure:**
  - The Tax Reporting Work Group built on work done in 2014 to determine how companies would report their corporate income tax payments for reconciliation. In 2014, the MSG agreed to the

following provisions with regard to corporate reporting and reconciliation of income taxes in the December 2015 USEITI Report:

- The USEITI MSG will request companies to report the sum of all corporate income tax payments/refunds made in a calendar year by, or on behalf of, all of the companies included in the annual consolidated Federal income tax return. The IA will report on which companies participated in tax reporting and which ones did not.
- The USEITI MSG will encourage companies to participate in reconciliation of corporate income tax payments and refunds. The IA will positively highlight those companies that choose to have their participation in reconciliation highlighted.
- In addition, the MSG asked the Independent Administrator to assess the willingness of companies to reconcile their corporate income tax payments. This outreach began in February 2015 and continued through June 2015.
- Based on this approach, 12 out of a maximum of 41 applicable companies reported \$190 million in corporate income taxes in the 2015 USEITI Approach.
- In 2015, with the U.S. Securities and Exchange Commission still deliberating about the rules under Section 1504 of the Dodd-Frank Act, the Tax Reporting Work Group opted to maintain the same approach to tax reporting and reconciliation for the 2016 USEITI Report as was used in 2015. In addition, the IA will engage in more concerted outreach and education efforts to companies in 2016 to further enhance the participation by companies in corporate income tax reporting.
- **Contextual information requirements:**
  - Building on the approval of an outline for the contextual information portions of the 2015 USEITI Report in 2014, the Contextual Narrative Work Group worked throughout 2015 to flesh out the outline and reach agreement on recommendations to make to the MSG for the content of the 2015 Report. The USEITI MSG, through extensive discussion in MSG meetings as well as in subcommittees and work groups, decided to include the following types of contextual information in the 2015 USEITI Report:
    - Federal data from government entities (all U.S. Department of the Interior (DOI) bureaus, the U.S. Internal Revenue Service (IRS), EIA, other), companies, States, & other credible sources
    - Provide a high level summary and include publically available data from credible sources about Native American revenue data, State-level revenue data, and tax revenue data
    - Pilot the inclusion of county-level data about revenues as well as the size and impact of the extractive industries in twelve priority counties
    - Include the following commodities: oil, natural gas (including natural gas liquids), coal, geothermal, onshore & offshore renewables, other leasable minerals, non-fuel (hardrock) minerals, and other (as reported to the Office of Natural Resources Revenue (ONRR))
    - Include the following revenue streams:
      - Royalties, rents, bonuses, other (as defined by ONRR), civil penalties, and offshore inspection fees paid to the Office of Natural Resources Revenue.

- Bonuses and first year rentals, all permit fees, rights-of-way, renewable collections, helium, and cost recovery fees paid to the Bureau of Land Management.
- Cost recovery fees paid to both the Bureau of Ocean Energy Management and to the Bureau of Safety and Environmental Enforcement.
- Abandoned Mine Lands fees, including audits and civil penalties (including late charges), paid to the Office of Surface Mining Reclamation and Enforcement.
- Provide a high level summary & include publically available data from credible sources about revenues paid to the Internal Revenue Service.

**Goal: Work with the Independent Administrator as agreed in the Terms of Reference to ensure a reporting template, Reconciliation Report and 2015 USEITI Report consistent with the EITI requirements (EITI Requirements 5 and 6)**

The Project-level Reporting and Template Work Group worked extensively with the Independent Administrator during 2015 to design and approve a reporting template for companies to participate in revenue reporting and to create and publish the 2015 USEITI Report, which includes a reconciliation report. The work group and the IA focused on creating a reporting template that would be straightforward and easy for companies to use and on creating accompanying reporting guidelines that would clearly explain the reporting process. The IA distributed the reporting template and guidelines to in-scope companies on March 4, 2015. Following distribution of the template and guidelines, the IA also held two webinars with reporting companies (on March 10 and March 18) to introduce them to USEITI and the reporting process as well as respond to questions that they have. The IA also engaged with companies individually to support them throughout the reporting and reconciliation process.

These efforts yielded a first-year, 2015 USEITI Report in which 31 out of 45 in-scope companies participated in reporting and reconciliation of \$8.5 billion in non-tax revenues paid the U.S. Federal Government, representing 81% of in-scope DOI revenue reported by DOI. There were zero unexplained variances in non-tax revenue.

A copy of the reporting template is available here:

<https://www.doi.gov/sites/doi.gov/files/migrated/eiti/FACA/upload/USEITI-Reporting-Template-DRAFT-02102015.pdf> with accompanying guidelines:

<https://www.doi.gov/sites/doi.gov/files/migrated/eiti/FACA/upload/USEITI-Reporting-Template-Guidelines-DRAFT-02102015.pdf>.

In addition, the results of reporting and reconciliation efforts in 2015 are available in the USEITI Report at: <https://useiti.doi.gov/>.

**Goal: Continue to refine and implement a 2015 Communications and Outreach plan (EITI Principles of transparency, accountability and engagement)**

The Communications Subcommittee met regularly throughout 2015 to develop, update, and implement the USEITI Communications and Outreach Plan. An integral part of the implementation process is outreach to

encourage industry involvement in the EITI process, to encourage the States and Tribal governments to participate in the process, to keep Congress informed on U.S. implementation efforts, and to educate all stakeholders about the benefits of U.S. implementation of EITI. The following specific activities and types of outreach occurred in 2015:

- Maintain the permanent USEITI website ([www.doi.gov/eiti/](http://www.doi.gov/eiti/)) to enhance public access to information and to increase transparency by providing relevant information for the American public regarding USEITI and MSG meetings
- Outreach to States and Tribes, as described below under “Engage and collaborate on options for State and Tribal outreach and opt-in processes”
- Outreach to 12 targeted mineral counties for case studies and conducted 2 teleconferences with county administrators.
- Outreach to all 535 members of Congress and all 54 members of the National Governors Association, with special outreach efforts to members of the House Natural Resources Subcommittee, the Senate Committee on Energy and Natural Resources, to personal staff of relevant Senate and House committee members, and to the Congressional Research Service, to promote broader dissemination of information among members of Congress regarding the positive value of USEITI implementation.
- GSA 18F conducted outreach to data portal users through design studios and later through usability testing interviews with potential users to validate design hypotheses.
- Publishing of *Federal Register* Notices in 2015, including:
  - **December 24, 2014:** Request for Nominees: sought nominations for individuals to be Committee members or alternates to represent stakeholder constituencies from government, civil society, and industry to fill current vacancies and to create a roster of candidates in case of future vacancies. As a result, USEITI received 12 additional nominees by March 31, 2015.
  - **January 14, 2015:** Notice of MSG Meetings for 2015: announced the upcoming MSG meetings for the 2015 calendar year, publishing dates, times, and locations.
  - **May 8, 2015:** Request for Nominees: sought nominations for individuals to be Committee members or alternates to represent stakeholder constituencies from government, civil society, and industry to fill current vacancies and to create a roster of candidates in case of future vacancies. As a result, USEITI received 4 additional nominees.
  - **May 15, 2015:** Revenue Information Collection Comment Request: following a similar request for public comment posted in the Federal Register on December 18, 2014, the May 15, 2015 Federal register notice solicited comments for a proposed collection on revenue information from extractive companies who meet payment thresholds. DOI received 3 public comments in response to the notice. In addition, ONRR staff attended several meetings with industry members and the Independent Administrator to discuss the ongoing efforts to meet all EITI requirements in order to ensure the U.S. becomes an EITI Compliant Country. These efforts resulted in an overall agreement of the creation of the USEITI form.
  - **October 23, 2015:** Request for Nominees: sought nominations for individuals to be Committee members or alternates to represent stakeholder constituencies from government, civil society, and industry to fill current vacancies and to create a roster of candidates in case of future vacancies. As a result, USEITI received no additional nominees.
- Outreach to extractives industry:

- March 4, 2015 – The IA distributed the reporting template and guidelines to in-scope companies.
- March 10, 2015 – The IA held the first of two webinars for reporting companies to introduce them to USEITI and the reporting process as well as respond to questions that they have. Webinar held in Houston to allow companies with Houston staff to attend in person.
- March 18, 2015 – The IA held the second of two webinars for reporting companies to introduce them to USEITI and the reporting process as well as respond to questions that they have. Webinar held in Denver to allow companies with Denver staff to attend in person.
- The IA published an instructional video to help companies learn more about the reporting and reconciliation process on the USEITI website.
- The IA engaged with companies individually to support them throughout the reporting and reconciliation process.

**Goal: Engage and collaborate on options for State and Tribal outreach and opt-in processes (EITI Requirement 4)**

The State and Tribal Opt-In Subcommittee of the USEITI Multi-Stakeholder Group (MSG) worked hard throughout 2014 and 2015 to create a robust and practical strategy for engagement with, and participation by, States and Tribes in USEITI. The subcommittee investigated the question of how USEITI can most effectively treat complicated State and Tribal revenue streams and, more specifically, design an “opt-in” approach for the engagement of States and Tribes (as described in the U.S. Candidacy Application).<sup>1</sup>

Following extensive research, consultation, and discussion, in May 2015 the subcommittee recommended to the MSG that USEITI adopt a three-tiered opt-in approach for States and Tribal governments to engage with and contribute to USEITI. This approach will encourage State and Tribal participation by allowing each government to engage to the level practicable for their unique circumstances, given the complexities of U.S. systems of natural resource management. This approach will maximize engagement of States and Tribes and achieve EITI’s goal of transparency of resource revenue information without imperiling the forward momentum of USEITI. The three tier strategy can be summarized as follows:

- 1) Tier 1: The MSG will establish a point of contact with the subnational or Tribal government.
- 2) Tier 2: A member of the subnational government may submit a formal nomination during an open nomination period if the entity wishes to join the MSG.
- 3) Tier 3: The subnational government will undertake enhanced opt-in, if it voluntarily chooses to.

The USEITI MSG has concluded that, based on research and consultations with States and Tribes, that an effort to reconcile payments at a State or Tribal level will not be possible or, in some cases, legal. In the United States, land and mineral rights may be owned privately by individuals or corporations, or by Federal, State, local, or Tribal governments. In addition to the U.S. Federal Government, there are 50 State governments. There are also 566 Federally recognized American Indian Tribal governments, which are sovereign governments, but for which the U.S. Federal Government has a trust responsibility. There are significant differences in the way that extractives revenues are derived, collected, and allocated depending on the entity

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<sup>1</sup> USEITI Candidacy Application: <http://www.doi.gov/eiti/upload/USEITI-Candidacy-Application-MSG-Approved-2.pdf>

exercising stewardship of the land and mineral rights. As an alternative, USEITI plans to achieve the goals and requirements of the EITI Standard by incorporating publicly available data sources into the USEITI online report in order to consolidate, share, and explain information about State and Tribal resource revenues.

Initial State and Tribal opt-in efforts began yielding results in 2015. By the end of 2015, the States of California and Wyoming continued their participation as members of the USEITI MSG and the State of Wyoming expressed interest in opting into participation in USEITI (the opt-in process has been initiated in 2016). In addition, Claire Ware of the Shoshone & Arapaho Tribes became a member of the MSG in 2015 and the process of initiating two additional Tribal members, Julie Lenoir of the Blackfoot Nation and Bruce Barnett of the Choctaw Nation, began in 2015 (these two officially joined the MSG in 2016).

**Goal: Enhance and maintain an on-line, interactive data portal for Federal natural resource revenue contextual information and the ONRR unilateral disclosure that captures 100% of Department of the Interior “in scope” revenues. The publicly sourced narrative and unilateral disclosure are significant improvements to the information that is currently available to the public (EITI Requirement 6).** <sup>2</sup>

In December 2014, a team from the U.S. Department of the Interior and the GSA (General Services Administration) 18F launched an online data portal to provide accurate, reliable, and verifiable data that is accessible and user-friendly. GSA 18F developed the online data portal using user centered design, at key decision point design studios were held to gain stakeholder feedback. The version of the data portal that was launched in 2014 included data only from the U.S. Office of Natural Resources Revenue and was enhanced in 2015 to incorporate information from other U.S. DOI bureaus (Bureau of Land Management, Bureau of Ocean Energy Management, Bureau of Safety and Environmental Enforcement, and Office of Surface Mining Reclamation and Enforcement).

By the end of 2015, the online data portal that initially only contained unilateral disclosure of revenue data from the Federal Government was incorporated into the 2015 USEITI Report, available at: <https://useiti.doi.gov/>. The report provides a valuable resource for data and contextual information about extractives industry in the U.S. and contains reporting, reconciliation, contextual information, and the U.S. government’s unilateral disclosure of calendar year 2013 revenues collected by U.S. DOI bureaus. The online report’s user-friendly, interactive design allows members of the public to easily navigate and access information and data. The report website is also a premiere resource for credible data and information on extractive resources published by other Federal agencies, such as the Energy Information Administration (EIA) and the U.S. Census Bureau. The report’s data sets and visualizations can also be reused for strategic reporting, re-posting, and sending through social media, thus further informing the debate on the extractives industry.

### 3. Assessment of performance against EITI requirements

*Provide an assessment of progress in meeting and/or maintaining compliance with each of the EITI requirements (requirement 7.2(a)(ii)). This should include any actions undertaken to prepare for implementation of the EITI Standard, including addressing issues such as revenue management and expenditure (3.7-3.8), transportation payments (4.1.f), discretionary social expenditures (4.1.e), ad-hoc subnational transfers (4.2.e), beneficial ownership (3.11) and contracts (3.12).*

*The multi-stakeholder group may wish to conduct a requirement-by-requirement assessment using the table below.*

<b>Requirements (organized by 2015 Standard; location in 2016 Standard indicated in italics):</b>	<b>Progress made against requirement in 2015:</b>
1.1 - The government is required to issue an unequivocal public statement of its intention to implement the EITI. <i>(2016 requirement 1.1a)</i>	<p>On September 20, 2011, while in New York for the United Nations General Assembly, President Barack Obama gave an address to the Open Government Partnership, where he committed to implement the EITI in the U.S.:                      “We’re continuing our leadership of the global effort against corruption, by building on legislation that now requires oil, gas, and mining companies to disclose the payments that foreign governments demand of them. Today, I can announce that the United States will join the global initiative in which these industries, governments and civil society, all work together for greater transparency so that taxpayers receive every dollar they’re due from the extraction of natural resources.”</p> <p>In October 2015, the Administration issued the third U.S. Open Government National Action Plan, which includes a wide range of actions to strengthen, deepen the U.S. commitment to an open government that is transparent and accountable. The National Action Plan commits the U.S. to continue to “work toward fully complying with the EITI standard, including publishing the first United States EITI report in 2015, and to achieve EITI compliance no later than 2017.”</p>
2015 Requirement 1.2 - The government is required to appoint a senior individual to lead the implementation of the EITI. <i>(2016 requirement 1.1b)</i>	<p>On October 25, 2011, the White House announced the appointment of the Secretary of the Interior (Secretary) as the senior U.S. official responsible for successful U.S. implementation of EITI. The Secretary delegated USEITI implementation responsibilities to the Assistant Secretary for Policy, Management and Budget to serve as National Coordinator and Chair of the MSG. The Deputy Assistant Secretary for Natural Resources Revenue Management, Paul Mussenden, who reports to the Assistant Secretary, was appointed Deputy National Coordinator and alternate Chair for USEITI and is</p>

	<p>tasked with the day-to-day management of USEITI implementation.</p>
<p>1.3 - The government is required to commit to work with civil society and companies, and establish an MSG. (2016 requirement 1.4a)</p>	<p>The U.S. Government conducted outreach and established an MSG in 2012 consisting of eight representatives each from the industry and civil society sectors, along with alternates, and five representatives from the government sector, thereby leaving seats open for State and Tribal representatives to join the government caucus. Since that time, two State representatives and one Tribal representative have joined the MSG (with two additional Tribal representatives joining the MSG in 2016).</p> <p>In 2015, there were three open nomination periods to seek nominations for individuals to be MSG Committee members or alternates to represent stakeholder constituencies from government, civil society, and industry to fill current vacancies and to create a roster of candidates in case of future vacancies.</p>
<p>1.4a - The workplan must: a) Set EITI implementation objectives that are linked to the EITI Principles and reflect national priorities for the extractive industries. Multi-stakeholder groups are encouraged to explore innovative approaches to extending EITI implementation.... (2016 requirement 1.5a)</p>	<p>The U.S. national objectives for implementing the EITI standard are rooted in the fundamentals of the Open Government Partnership, predicated on nobody having a monopoly on wisdom; the importance of civil society and the private sector having significant inputs into the decision making that governments do; and predicated on a philosophy that we have a responsibility to advance the interests of our citizens. The national objectives are to:</p> <ul style="list-style-type: none"> <li>• Increase citizen participation.</li> <li>• Increase collaboration.</li> <li>• Increase government transparency.</li> <li>• Enhance public access to information.</li> <li>• Improve management of public resources.</li> <li>• Give the public a more informed voice in shaping natural resource development.</li> </ul> <p>In addition to reconciliation, the U.S. has, as part of its EITI process, provided additional data where meaningful and feasible. These disclosures are intended to provide an unprecedented level of detail about revenue collections and reporting, demonstrating a robust and credible transparency framework. This additional data includes a publicly sourced narrative and unilateral disclosure of government revenue collection records.</p>
<p>1.4b - The workplan must: b) Reflect the results of consultations with key stakeholders, and be</p>	<p>The Workplan Work Group, a sub-unit of the Implementation Subcommittee, developed and regularly updates the workplan. The work group is made up of members from all three sectors represented on the MSG. The USEITI MSG reviews the work group’s recommended workplan at each MSG meeting, revises it as needed, and endorses the updated workplan.</p>

<p>endorsed by the multi-stakeholder group. (2016 requirement 1.5b)</p>	
<p>1.4c - The workplan must:</p> <p>c) Include measurable and time bound activities to achieve the agreed objectives. The scope of EITI implementation should be tailored to contribute to the desired objectives that have been identified during the consultation process. The workplan must:</p> <p>i. Assess and outline plans to address any potential capacity constraints in government agencies, companies and civil society that may be an obstacle to effective EITI implementation.</p> <p>ii. Address the scope of EITI reporting, including plans for addressing technical aspects of reporting, such as comprehensiveness and data reliability (Requirements 4 and 5).</p> <p>iii. Identify and outline plans to address any potential legal or regulatory obstacles to EITI implementation,</p>	<p>The workplan is structured around measurable and time-bound activities to achieve the agreed objectives.</p> <p><i>Capacity constraints:</i> There are not currently any capacity constraints in government agencies, companies, and civil society that would be an obstacle to effective EITI implementation.</p> <p><i>Scope of USEITI reporting:</i> The commodities deemed to be within the scope of USEITI and included in the first USEITI report are oil, gas, coal, other leasable minerals, non-fuel minerals (such as hard rock, sand, and gravel), geothermal, solar, and wind. From this list, payments to the U.S. Department of the Interior for oil, gas, coal, other leasable minerals, and non-fuel minerals, where they meet the materiality definition agreed upon by the MSG, are independently reconciled. Payments (or payment information) from all in-scope commodities are unilaterally disclosed by the Department of the Interior. In the March 2015 MSG meeting, the MSG began discussions about forestry resources and other hard minerals for potential inclusion in the future USEITI reports. Government and company disclosure and third party reconciliation compare data from companies on their payments to the government with data from the government on revenues collected from the companies. The USEITI First Annual Report in 2015 included a reconciliation of U.S. Department of the Interior revenues, such as rents, royalties, bonuses, and fees collected by the Bureau of Land Management (BLM), Office of Natural Resources Revenue, and the Office of Surface Mining Reclamation and Enforcement (OSM) for in-scope commodities within a reporting materiality threshold. The materiality threshold that the MSG has established balances the scale of reconciliation and the feasibility of compliance with the value of the collected data. The reconciliation process for 2015 started at a level that reconciled approximately 80% of all revenues within the scope that DOI received for the first year.</p> <p><i>Legal or regulatory obstacles:</i> There are a variety of legal obstacles to EITI implementation in the U.S., and plans to deal with these obstacles were included in the USEITI Candidacy Application. A summary of these obstacles and plans is as follows:</p> <ul style="list-style-type: none"> <li>• <b>Potential legal obstacle 1:</b> The Trade Secrets Act (TSA) governs the types of information that the U.S. government can disclose. So long as MSG proposals for defining</li> </ul>

including, if applicable, any plans to incorporate the EITI Requirements within national legislation or regulation.  
(2016 requirement 1.5 a, b, and C)

company or project-level reporting are consistent with the TSA, DOI may disclose reported revenues at a company or project level to a third-party reconciler, and the information can then be made public.

**Plan to address obstacle 1:**

The first USEITI report, published in December 2015, followed the first part of Section 5.2e of the EITI Standard that states: "It is required that EITI data is presented by individual company, government entity and revenue stream." With the U.S. Securities and Exchange Commission still deliberating about the rules under Section 1504 of the Dodd-Frank Act, the Company and Project Level Reporting Workgroup did not reach agreement about a definition for "project" in 2015. The work group will continue its efforts to provide a recommendation on project-level reporting to the MSG in 2016. In the meantime, the MSG agreed to use company level reporting for both the December 2015 and December 2016 USEITI Reports.

- **Potential legal obstacle 2:**

Potential legal constraints were identified with respect to tax reporting: 1.) Section 6103 of the Internal Revenue Code (IRC) provides that tax returns and tax return information are confidential and prohibited from disclosure, unless an exception identified in the IRC applies; 2.) The Privacy Act of 1974 only allows the Internal Revenue Service (IRS) to gather information that is used for tax administration purposes. If the IRS were to collect information or develop new systems and processes for EITI, these actions would need to support tax administration objectives consistent with the Privacy Act.

**Plan to address obstacle 2:**

For the first USEITI report, published in December 2015, the MSG requested that companies report the sum of all corporate income tax payments/refunds made in a calendar year by or on behalf of all of the companies included in the annual consolidated Federal income tax return. In addition, the MSG encouraged companies to participate in reconciliation of their corporate income tax payments. With the U.S. Securities and Exchange Commission still deliberating about the rules under Section 1504 of the Dodd-Frank Act, in 2015 the Tax Reporting Work Group opted to maintain the same approach to tax reporting and reconciliation for the 2016 USEITI Report as was used in 2015.

- **Potential legal obstacle 3:**

Rule 4.2(d) and (e) of the May 2013 EITI Standard requires Implementing Countries to report on subnational revenues from oil, gas, and mining. There are, however, significant practical barriers resulting from the size and complexity of the State extractive sector.

**Plan to address obstacle 3:**

USEITI reporting in the USEITI 2015 Report exceeded Rule 4.2(e)'s

	<p>requirements by reporting 100% of extractives-specific revenues that the Federal Government collects and transfers to States, as the law requires. In addition, USEITI reporting partially comply with Rule 4.2(d)'s requirement to disclose material extractive revenues that States directly collect through a two-phased approach: under Phase I of USEITI's implementation of Rule 4.2(d), publically-available information about State extractives revenue collection was included in the 2015 USEITI Report; Phase II of Rule 4.2(d) implementation involves encouraging States to fully participate in USEITI through a voluntary "opt-in" process for future reports.</p> <ul style="list-style-type: none"> <li> <b>Potential legal obstacle 4:</b>                      The U.S. has a unique legal and political relationship with Native American Tribes and Alaska Native entities, as provided by our Constitution, Indian treaties, court decisions, executive orders, and Federal statutes. As such, Tribes must independently decide whether and how to participate in USEITI.  <b>Plan to address obstacle 4:</b>                      The MSG intends to continue outreach with Tribal governments and communities and will seek their input on whether and how to design a process for Tribes to voluntarily participate and opt-in to reporting with Tribal data. In the interim, USEITI reporting regarding revenues from Tribal lands has been and will be limited to the unilateral and unreconciled disclosure of the aggregate revenues collected on behalf of the Tribes, which the U.S. Department of the Interior (DOI) publishes annually under existing authorities.                 </li> </ul>
<p>1.4d - The workplan must:                      d) Identify domestic and external sources of funding and technical assistance where appropriate in order to ensure timely implementation of the agreed workplan. ☐                      (2016 requirement 1.5d)</p>	<p>Per the USEITI Advisory Committee Charter, ONRR provides the financial support for the Committee. The committee charter specifies available funding of \$775,000 annually. This estimated amount includes funding for:</p> <ul style="list-style-type: none"> <li>MSG Committee meetings.</li> <li>Travel of MSG members to MSG meetings.</li> <li>Use of a process facilitator to support the collaborative nature of the international EITI requirements.</li> <li>Production of the USEITI report.</li> <li>The cost associated with the Independent Administrator, as the international EITI requirements mandate.</li> </ul> <p>The committee charter is available at:  <a href="https://www.doi.gov/sites/doi.gov/files/migrated/eiti/FACA/upload/2014-SIGNED-USEITI-Charter-8_13_14.pdf">https://www.doi.gov/sites/doi.gov/files/migrated/eiti/FACA/upload/2014-SIGNED-USEITI-Charter-8_13_14.pdf</a>.</p>
<p>1.4e - The workplan</p>	<p>Regularly-updated versions of the USEITI workplan are available at the U.S.</p>

<p>must: e) Be made widely available to the public, for example published on the national EITI website and/or other relevant ministry and agency websites, in print media or in places that are easily accessible to the public. ☐ (2016 requirement 1.5e)</p>	<p>government’s website for the USEITI process: <a href="http://www.doi.gov//EITI">http://www.doi.gov//EITI</a>.</p>
<p>1.4f - The workplan must: f) Be reviewed and updated annually. ☐ (2016 requirement 1.5f)</p>	<p>The workplan is updated by the Workplan Work Group, a subunit of the Implementation Subcommittee of the USEITI MSG, on a continual basis and at least as often as the holding of quarterly MSG meetings. At the 16th MSG meeting in December 2015, the MSG provisionally approved the 2016 Work Plan with approval of final changes to the Work Plan made by the Co-Chairs in January 2016.</p>
<p>1.4g - The workplan must: g) Include a timetable for implementation that is aligned with the reporting and Validation deadlines established by the EITI Board (see 1.6), and that takes into account administrative requirements such as procurement processes and funding. ☐ (2016 requirement 1.5g)</p>	<p>The timetable for implementation included in the workplan is consistent with the reporting and validation deadlines that the EITI board established. USEITI submitted its first report to the Board in December 2015 and will submit its second report to the Board in December 2016.</p>
<p>2.1 - Implementing countries are required to produce their first EITI Report within 18 months of being admitted as an EITI Candidate. Thereafter,</p>	<p>USEITI submitted its first report in December 2015 and will submit its second report in December 2016. The MSG and the Independent Administrator are on track with their 2016 workplan to submit the second USEITI report in December 2016.</p>

<p>implementing countries are expected to produce EITI Reports on an annual basis. <i>(2016 requirement 4.8a)</i></p>	
<p>2.2 - EITI Reports must cover data no older than the second to last complete accounting period. <i>(2016 requirement 4.8b)</i></p>	<p>The first USEITI Report, published in December 2015, covered calendar year 2013 data. The second USEITI Report, to be published in December 2016, will cover calendar years 2014-2015 data; only 2015 revenue data will be reconciled.</p>
<p>2.3 - The multi-stakeholder group is required to agree the accounting period covered by the EITI Report. <i>(2016 requirement 4.8c)</i></p>	<p>The MSG delegated the issue of determining the accounting period that the USEITI Report will cover to the Taxes and Accounting Period Workgroup of the Implementation Subcommittee. The workgroup recommended that the MSG adopt the calendar year as the accounting period for EITI reporting. The MSG formally adopted the calendar year as the accounting period for reporting at the September 2014 MSG meeting.</p>
<p>3.1 - The multi-stakeholder group should agree on the procedures and responsibilities for the preparation of the contextual information for the EITI Report. The information should be clearly sourced. <i>(Location of requirement not identified in 2016 Standard)</i></p>	<p>The Contextual Narrative Work Group of the Implementation Subcommittee developed an outline for the Contextual Narrative portion of the 2015 USEITI Report, and the MSG approved this outline, in 2014. The agreed-upon outline for the contextual narrative of the 2015 report is available at: <a href="http://www.doi.gov/eiti/FACA/upload/USEITIMSGContextual_Narrative_matrix_WG22Julyfinal.pdf">http://www.doi.gov/eiti/FACA/upload/USEITIMSGContextual_Narrative_matrix_WG22Julyfinal.pdf</a>.</p> <p>In addition, the Contextual Narrative Work Group worked throughout 2015 to flesh out the outline and reach agreement on recommendations to make to the MSG for the content of the 2015 Report.</p>
<p>3.2 - The EITI Report must describe the legal framework and fiscal regime governing the extractive industries. <i>(2016 requirement 2.1)</i></p>	<p>The 2015 USEITI Report provided a national overview of the legal framework (statute, regulation, policy) for the U.S. fiscal regime by commodity, including such items as fair market value determination for lease sales, royalty and tax rates, tax expenditures, and revenue policy provisions (royalty relief and other deferred revenues, such as the percentage depletion allowance).</p> <p>The 2015 USEITI Report also provided a national overview of the types of legal</p>

	<p>frameworks and fiscal regimes in the States that the MSG has identified as important for each commodity (including any exemptions for certain commodities). Relevant fiscal regulatory processes and pathfinders (links) to the States that have been identified as important for each commodity (including exemptions for certain commodities) were provided and focused on the States that the MSG prioritized.</p> <p>The 2015 USEITI Report also provided a general description of the Federal fiscal and legal regime in the Tribal context, including the flow and control of revenues, the approval process for extractive industry agreements on Tribal land, and the processes that the Federal Government uses to track production and track and manage revenues, Federal databases used to track production and revenues, and the kinds of information held in these databases. The report described the U.S. trust responsibility and confidentiality/proprietary constraints on Tribal data.</p> <p>Future USEITI reports will also provide details for any State or Tribes that opt into participation in USEITI.</p> <p>The 2015 USEITI report described the latest status of the rulemaking process under Section 1504 of the Dodd-Frank Act and other laws, as appropriate.</p>
<p>3.3 - The EITI Report should provide an overview of the extractive industries, including any significant exploration activities. (2016 requirement 3.1)</p>	<p>The 2015 USEITI Report provided an overview of exploration activities and emerging trends, each in-scope commodity, and each commodity at national and subnational scales.</p> <p>Sector summaries provided an explanation of terminology and an overview of reputable data sources in a way that is designed for ordinary citizens who lack knowledge about the extractives industries and about governance systems for the extractives industries.</p>
<p>3.4a - The EITI Report must disclose: a.) Size of the extractive industries in absolute terms and as a percentage of GDP, including an estimate of informal sector activity. (2016 requirement 6.3a)</p>	<p>The 2015 USEITI Report disclosed the size of the extractives industries in absolute terms and as a percentage of gross domestic product (GDP), by commodity, at each of the following scales: national, Federal, Tribal, and subnational (when publically available). The availability of data varies from State to State and county to county.</p> <p>For illustrative purposes, the report showed the two highest-grossing government revenue counties or county clusters (including all Federal, State, and county revenues) for each of oil, gas, coal, copper, iron ore, and gold (twelve counties or county clusters in total), as well as the revenue/production data in each of those counties over the last 10 years. These counties and county cluster profiles will be carried over to subsequent USEITI reports to illustrate</p>

	<p>trends.</p> <p>The 2015 USEITI report provided an estimate of informal sector activity.</p>
<p>3.4b - The EITI Report must disclose: b.) Total government revenues generated by the extractive industries in absolute terms and as a percentage of total government revenues. (2016 requirement 6.3b)</p>	<p>The 2015 USEITI Report disclosed the extractives industry’s public revenues by commodity, including royalties, bonuses, fees, and other payments. For the 2015 Report, it was not be feasible to disclose tax revenue by commodity, as this information is generally not publicly available. Where revenues are associated with more than one commodity or activity (such as corporate income taxes), revenues were reported at a more aggregate level. Extractives industry revenues were also reported as a percentage of total government revenues.</p>
<p>3.4c - The EITI Report must disclose: c.) Exports from the extractive industries in absolute terms and as a percentage of total exports. (2016 requirement 6.3c)</p>	<p>The 2015 USEITI Report disclosed exports from the extractives industry in absolute terms and as a percentage of national exports.</p>
<p>3.4d - The EITI Report must disclose: d.) Employment in the extractive industries in absolute terms and as a percentage of the total employment. (2016 requirement 6.3d)</p>	<p>The 2015 USEITI Report disclosed the following information about employment in the extractives industry:</p> <ul style="list-style-type: none"> <li>• Direct employment (job numbers) in the extractives industry in absolute terms at the national level, in States that the MSG prioritized, and in the twelve counties / county clusters identified by government revenues/commodities (see section 3.4a), and MSG-prioritized Tribal lands, to the extent that this data is available.</li> <li>• Direct employment (job numbers) in the extractives industry as a percentage of total employment at the national level, in States that the MSG prioritized, and in the twelve counties / county clusters identified by government revenues/commodities (see section 3.4a), and MSG-prioritized Tribal lands, to the extent that this data is available.</li> </ul> <p>Direct employment data, defined as per the description of key extractive industry job types/categories, are defined by U.S. government sources (U.S. Census and Bureau of Labor Statistics).</p>
<p>3.4e - The EITI Report</p>	<p>The 2015 USEITI Report provided a complete breakdown of energy production</p>

<p>must disclose: e.) Key regions/areas where production is concentrated. (2016 requirement 6.3e)</p>	<p>by State.</p>
<p>3.5 - The EITI Report must disclose production data for the fiscal year covered by the EITI Report, including: a) Total production volumes and the value of production by commodity, and, when relevant, by State/region. (3.2) b) Total export volumes and the value of exports by commodity, and, when relevant, by State/region of origin. (2016 requirement 3.3)</p>	<p>The 2015 USEITI Report disclosed production data for the calendar year 2013, the year covered by the EITI Report, including: a) Production volumes and revenues broken down by States/regions. b) Total export volumes and export revenues federally and by State.</p>
<p>3.6 - Where State participation in the extractive industries gives rise to material revenue payments, the EITI Report must include... (2016 requirement 6.2)</p>	<p>As described in the USEITI request for adapted implementation, State participation in USEITI reporting is encouraged through a voluntary “opt-in” process, and publicly available State-level extractive industry data are disclosed in USEITI reports.</p> <p>In May 2015, the USEITI MSG provided the EITI Secretariat with a document titled “USEITI Update to the International Secretariat: Subnational Payments” that provided a three-tier plan for the inclusion of subnational payments in USEITI (EITI Standard Requirement 4.2(d)). The USEITI MSG formed the State and Tribal Opt-in Subcommittee to investigate the question of how USEITI can most effectively treat complicated subnational revenue streams and, more specifically, to design an “opt-in” approach for the engagement of subnational entities (as described in the U.S. Candidacy Application)</p>
<p>3.7 - The EITI Report must describe the distribution of</p>	<p>The 2015 USEITI Report described the distribution of revenues from the extractives industry. The report included links to budget projections and structure, including contributions from the extractives industry and statistics on</p>

<p>revenues from the extractive industries. (2016 requirement 5.1)</p>	<p>oil and gas revenues and the effect on the overall economy. The report referenced national revenue classification systems and international standards, including those of the International Monetary Fund (IMF), the Organization for Economic Cooperation and Development (OECD), and the IRS.</p>
<p>3.8a - The MSG is encouraged to include further information on revenue management and expenditures in the EITI Report, including: a.) A description of any extractive revenues earmarked for specific programs or geographic regions. This should include a description of the methods for ensuring accountability and efficiency in their use. (2016 requirement 5.3a)</p>	<p>The 2015 USEITI Report provided information about how the U.S. Government Accountability Office and the Office of the Inspector General are responsible for ensuring accountability for responsible and efficient use of revenues from the extractives industry. In addition, a link to the budget of the U.S. government was included. Information was also provided pertaining to how oil and gas revenues are used for government programs/public services in the United States.</p> <p>The report includes an info-graphic of Federal revenue disbursements by fund. For natural resource revenues from Federal offshore locations, 27% of revenues from within 8(g) boundaries goes to the State from which the revenues originate; \$150 million goes to the Historic Preservation Fund; up to \$900 million goes to the Land and Water Conservation Fund; some goes to the Federal agency that manages the area; and the remainder goes to the U.S. Treasury. For natural resource revenues from onshore Federal lands, for most parts of the country, 49% goes to the State from which the revenues originate; 40% goes to the Reclamation Fund; some goes to the agency that manages the land; and 11% goes to the U.S. Treasury. For revenues from Alaska, 88.2% goes to the State. For revenues from Indian Country, 100% of revenues are returned to the Tribes or individual Indian mineral owners. The public, through this visualization, is able to understand each of the special funds, the amounts of disbursements, and specifics about projects funded.</p>
<p>3.8b - The MSG is encouraged to include further information on revenue management and expenditures in the EITI Report, including: b.) A description of the country's budget and audit processes and links to the publicly available information on budgeting, expenditures, and audit reports</p>	<p>The 2015 USEITI Report provided information that details the budgeting and auditing process for the United States government.</p>

<p>(2016 requirement 5.3b)</p>	
<p>3.8c - The MSG is encouraged to include further information on revenue management and expenditures in the EITI Report, including: b.) Timely information from the government that will further public understanding and debate around issues of revenue sustainability and resource dependence (2016 requirement 5.3c)</p>	<p>The MSG’s approach for the 2015 Report included looking at the Federal Government and MSG-prioritized States and counties for extractives revenue as a percentage of total government revenues and in terms of trends over 10 years. For MSG-selected counties, the report provided a factual description of revenue sustainability, including U.S. Geological Survey / Energy Information Administration “proven” reserves and fiscal impacts related to public services and infrastructure (for instance, transportation/roads, water, reclamation, emergency services, etc.). The report explained the definition and the limitations of “proven” reserve estimates.</p> <p>The report included information on resource management and natural reserve assessments in the United States.</p> <p>The report also included information about future forecasts, such as World Bank forecasts, EIA short-term energy outlooks, and forecasts for commodity prices.</p>
<p>3.9 - Register of licenses and allocation of licenses (2016 requirement 2.2/2.3)</p>	<p>For oil and gas development on Federal lands, the 2015 USEITI Report provided details about oil and gas leasing laws and regulations. The report links to the Bureau of Land Management’s onshore oil and gas leasing information at <a href="http://www.blm.gov/mt/st/en/prog/energy/oil_and_gas/leasing.html">http://www.blm.gov/mt/st/en/prog/energy/oil_and_gas/leasing.html</a> and the Bureau of Ocean Energy Management offshore oil and gas leasing information at <a href="http://www.boem.gov/Leasing/">http://www.boem.gov/Leasing/</a>.</p> <p>The USEITI Report documented and explained the legal and practical barriers that exist in the United States to comprehensively disclosing license information and included a gap analysis of publicly available information and efforts to improve these systems where registers do not exist or are incomplete.</p> <p>The USEITI Report also provided an overview of DOI efforts to improve disclosure and transparency around the extractives industry. For example, the report includes links to regulatory reform efforts as a result of the Deepwater Horizon oil spill (<a href="http://www.boem.gov/Regulatory-Reform/">http://www.boem.gov/Regulatory-Reform/</a> and <a href="http://www.boem.gov/Reforms-since-the-Deepwater-Horizon-Tragedy/">http://www.boem.gov/Reforms-since-the-Deepwater-Horizon-Tragedy/</a>) and the National Commission on the BP Deepwater Horizon Oil Spill and Offshore Drilling.</p>
<p>3.10 - Allocation of licenses (2016 requirement 2.2)</p>	<p>The 2015 USEITI Report includes links to information on leasing and licenses from Federal agencies. For example, the Bureau of Ocean Energy Management link provides offshore oil and gas lease sale information identifying the area, tract, company name, bid amounts and accepted bids</p>

	<a href="http://www.boem.gov/GOMR-Historical-Lease-Sale-Information/">(http://www.boem.gov/GOMR-Historical-Lease-Sale-Information/)</a> .
3.10 – Beneficial ownership (2016 requirement 2.5)	<p>The USEITI Report described applicable Federal and State laws that aim to prevent preferential treatment for private companies by Federal or subnational government entities regarding leasing, terms, etc. These include conflict-of-interest laws, financial disclosure laws, competitive tendering, etc. The report also described U.S. laws and regulations regarding disclosing ownership of privately held companies.</p> <p>In addition, in May 2016, the U.S. Government announced new rules to increase transparency and disclosure requirements that will enhance law enforcement’s ability to detect, deter, and disrupt money laundering, terrorist finance, and tax evasion. Final U.S. Treasury Department regulations on “Customer Due Diligence” will enhance transparency and protect the integrity of the financial system by requiring financial institutions to know and keep records on who actually owns the companies that use their services. In addition, the Obama Administration has released draft legislation that would increase transparency into the “beneficial ownership” of companies formed in the United States by requiring that companies know and report their true owners.</p>
3.11 – Contracts (2016 requirement 2.4)	<p>The 2015 USEITI Report disclosed publically available contracts and licenses that provide the terms attached to the exploitation of oil, gas, coal, other leasable minerals, non-fuel minerals (such as hard rock, sand, and gravel), geothermal, solar, and wind.</p> <p>In addition, the report documented the government’s policy on disclosure of contracts and licenses that govern the exploration and exploitation of oil, gas, and minerals. The report also discussed possible reforms in this policy.</p>
4.1 - Defining the taxes and revenues to be covered in the EITI Report (2016 requirement 4.1)	<p>Government and company disclosure and third-party reconciliation in the 2015 Report compared data from companies on their payments to government with data from government on revenues collected from companies. The report included a reconciliation of U.S. Department of the Interior revenues, such as rents, royalties, bonuses, and fees that Bureau of Land Management (BLM), Office of Natural Resources Revenue (ONRR), and Office of the Special Trustee for American Indians (OST) collect for in-scope commodities within a reporting materiality threshold.</p> <p>For the first USEITI report the MSG requested that companies report the sum of all corporate income tax payments/refunds made by or on behalf of all of the companies included in the annual consolidated Federal income tax income return. In addition, the MSG encouraged companies to participate in reconciliation of their corporate income tax payments.</p>

	<p>Revenues from the transportation of oil, gas, and minerals do not constitute one of the largest revenue streams in the extractive sector in the United States. As such, the USEITI report did not disclose the revenues received from transportation activity.</p>
<p>4.2 - Defining which companies and government entities are required to report (2016 requirement 4.1)</p>	<p>Payments to DOI for oil, gas, coal, other leasable minerals, and non-fuel minerals, where they met the materiality definition that the MSG agreed upon, were independently reconciled for the 2015 USEITI Report. DOI also unilaterally disclosed payments (or payment information) from all in-scope commodities.</p> <p>The materiality threshold that the MSG established balanced the scale of reconciliation and feasibility of compliance with the value of the collected data. The reconciliation process was intended to start at a level that would reconcile approximately 80% of ONRR-collected natural resources revenues, indicating a materiality threshold of \$50 million total annual revenues that a parent company (including its subsidiaries) reported to ONRR.</p> <p>Based on the materiality threshold that the MSG defined for reconciliation in the 2015 USEITI report, described in Section 3.3.4, ONRR identified 44 companies for inclusion in the reconciliation. Each of these companies met the minimum materiality threshold of \$50 million in total reported revenues to ONRR in calendar year 2013. In the 2015 USEITI Report, 31 out of 45 in-scope companies participated in reporting and reconciliation of \$8.5 billion in non-tax revenues paid the U.S. Federal Government, representing 81% of in-scope DOI revenue reported by DOI.</p> <p>Also in the 2015 USEITI Report, 12 out of a maximum of 41 applicable companies reported \$190 million in corporate income taxes. These include all federal corporate income tax payments made to the IRS by a C-corporation and any tax refunds paid out by the IRS to the company. Amounts reported reflect a net amount of actual tax payments and tax refunds made or received during CY 2013, regardless of the period of activity to which the taxes relate. Additionally, the amount reported reflects total tax payments based on all of a company's income activities, not just those activities on federal lands. For in-scope companies that are not C-corporations, this revenue stream is not applicable.</p> <p>The MSG determined that all DOI bureaus that receive extractive-related revenues from companies meeting the materiality threshold are in-scope, and their revenues were included for reporting and reconciliation. Based on these criteria, the MSG identified the following government entities as in-scope for the USEITI reconciliation:</p> <ul style="list-style-type: none"> <li>• DOI bureaus, including:</li> </ul>

	<ul style="list-style-type: none"> <li>○ Office of Natural Resources Revenue (ONRR)</li> <li>○ Bureau of Land Management (BLM)</li> <li>○ Office of Surface Mining Reclamation and Enforcement (OSMRE)</li> <li>○ Bureau of Safety and Environmental Enforcement (BSEE)</li> <li>○ Bureau of Ocean Energy Management (BOEM)</li> <li>● Treasury Department agencies, including:             <ul style="list-style-type: none"> <li>○ Internal Revenue Service (IRS)</li> </ul> </li> </ul> <p>These entities provided the data on the revenues collected from company payments for disclosure and reconciliation in the USEITI report. Even though the IRS is listed here, this agency cannot provide any data to USEITI for disclosure or reconciliation, due to Federal privacy laws. However, five companies did authorize the IRS to release data to the IA for reconciliation. The reconciliation yielded zero discrepancies.</p> <p>The MSG also determined that all payments that DOI received for in-scope commodities would be reported separately in a unilateral disclosure. ONRR published an initial online unilateral disclosure report in December 2014 as part of the release of a new online USEITI data portal and this unilateral disclosure was updated to include all DOI bureaus with the release of the 2015 USEITI Report.</p>
<p>5.1 - Appointment of the Independent Administrator (2016 requirement 4.9b)</p>	<p>In August 2014, Deloitte was selected to perform the work of the Independent Administrator (IA) for the USEITI program in a manner consistent with the Terms of Reference (TOR) adopted by the MSG.</p> <p>The MSG endorsed the appointment of Deloitte &amp; Touche, LLC, as the IA during the MSG meeting on September 9, 2014.</p>
<p>5.2 - Agreement of Independent Administrator’s Terms of Reference (2016 requirement 4.9b)</p>	<p>At the December 2014 MSG Advisory Committee Meeting, both the IA and the MSG agreed upon the Independent Administrator’s TOR. The IA also documented their agreement in the Inception Report. At the 13th MSG meeting, February 24-24, 2015, the MSG accepted the Independent Administrator’s Inception Report.</p>
<p>5.3 - Assessment and recommendations from the Independent Administrator (Location of requirement not identified in 2016)</p>	<p>The Independent Administrator has assessed the performance of USEITI and provided feedback and recommendations on two separate occasions: with the publication of the IA’s Inception Report in December 2014 and with the publication of the USEITI 2015 Report, in December 2015.</p> <p>In response to both of these occasions, the USEITI MSG has diligently considered the IA’s feedback and recommendations and has taken steps to</p>

<p>Standard)</p>	<p>respond and improve its process and outcomes. A detailed account of these recommendations and resulting MSG actions is provided under question #4 “Overview of the multi-stakeholder group’s responses to the recommendations from reconciliation and Validation,” below.</p>
<p>5.4 - The multi-stakeholder group should endorse the EITI Report prior to its publication. (2016 requirement 1.4)</p>	<p>The MSG endorsed the 2015 USEITI Report at the December 2015 MSG meeting.</p>
<p>6.1 - The multi-stakeholder group must ensure that the EITI Report is comprehensible, actively promoted, publicly accessible and contributes to public debate. (2016 requirement 7.1) ?</p>	<p>As part of its communications and outreach efforts, the MSG implemented a communications plan for the release of the 2015 USEITI Report.</p> <p>Key audiences for communications efforts included:</p> <ul style="list-style-type: none"> <li>• Reporting companies</li> <li>• Payor companies</li> <li>• Congress</li> <li>• News media/trade press</li> <li>• The general public</li> <li>• Non-profit organizations</li> <li>• Academics</li> <li>• State governments</li> <li>• Local governments</li> <li>• Tribal governments and native groups</li> <li>• The extractive industry, in general</li> </ul> <p>As part of its communications around the publication of the 2015 USEITI Report, the MSG:</p> <ul style="list-style-type: none"> <li>• Distributed the report in hard copy and through the USEITI Data Portal.</li> <li>• Made sure that the EITI Report is comprehensible.</li> <li>• Conducted outreach events.</li> <li>• Disseminated letters and press releases to key stakeholders, including a communications package.</li> </ul> <p>The MSG also leveraged the release of the first USEITI report to encourage State governments and Tribes to opt into participating in USEITI.</p>
<p>6.2 - The multi-stakeholder group is encouraged to make EITI Reports machine</p>	<p>The MSG made the first USEITI report machine-readable and coded and tagged data files.</p> <p>In addition, the MSG:</p>

<p>readable, and to code or tag EITI Reports and data files so that the information can be compared with other publicly available data. (2016 requirement 7.2)</p>	<ul style="list-style-type: none"> <li>• Produced brief summary reports.</li> <li>• Summarized and compared the share of each revenue stream to the total amount of revenue that accrues to each respective level of government.</li> <li>• Designed the online report to make relevant information publicly accessible and user-friendly.</li> </ul>
<p>7.1 - The multi-stakeholder group is required to take steps to act upon lessons learnt; to identify, investigate and address the causes of any discrepancies; and to consider recommendations for improvement from the Independent Administrator. (2016 requirement 7.3)</p>	<p>The Independent Administrator has assessed the performance of USEITI and provided feedback and recommendations on two separate occasions: with the publication of the IA’s Inception Report in December 2014 and with the publication of the USEITI 2015 Report, in December 2015.</p> <p>In response to both of these occasions, the USEITI MSG has diligently considered the IA’s feedback and recommendations and has taken steps to respond and improve its process and outcomes. A detailed account of these recommendations and resulting MSG actions is provided under question #4 “Overview of the multi-stakeholder group’s responses to the recommendations from reconciliation and Validation,” below.</p>
<p>7.2 - The multi-stakeholder group is required to review the outcomes and impact of EITI implementation on natural resource governance. (2016 requirement 7.4)</p>	<p>The MSG is committed to publishing annual activity reports, including this document.</p>

**4. Overview of the multi-stakeholder group’s responses to the recommendations from reconciliation and Validation, if applicable:**

*In accordance with requirement 7.2(a)(iii), provide an overview of the multi-stakeholder group’s responses to and progress made in addressing the recommendations from reconciliation and Validation in accordance with requirement 7.1. The multi-stakeholder group is encouraged to list each recommendation and the corresponding activities that have been undertaken to address the recommendations.*

*The multi-stakeholder group may also wish to identify how the workplan has been updated to incorporate the recommendations.*

Although the USEITI MSG has not yet submitted a report for validation, the MSG has begun soliciting input and feedback from the IA about the USEITI process and, specifically, about reconciliation and validation. For example, the IA began providing input to the MSG about the reporting and reconciliation process as early as the publication of the IA's Inception Report on December 31, 2014. In the Inception Report, the IA provided the following recommendations for USEITI's 2015 reporting and reconciliation process, which are provided along with the corresponding activities undertaken by USEITI in response to the recommendations.

**IA Recommendation:** Create an open informational session for all reporting companies to accompany the dissemination of reporting templates and accompanying reporting guidelines.

**USEITI Response:** The MSG tasked the IA with holding two webinars for reporting companies to introduce them to USEITI and the reporting process as well as respond to questions that they have. In addition, the IA made itself available to reporting companies throughout the reporting and reconciliation process to assist companies with the reporting process and response to questions and concerns.

**IA Recommendation:** Ensure a credible USEITI reporting process by emphasizing to companies the importance of the accuracy of their reporting and by securing written assurance from the DOI Chief Financial Officer and/or DOI's auditor as to the accuracy of government data.

**USEITI Response:** USEITI emphasized the importance of both participation in USEITI and of accuracy in reporting in all of its communications with in-scope companies in 2015, thereby yielding 31 out of 45 in-scope companies participating in reporting and reconciliation of \$8.5 billion in non-tax revenues paid the U.S. Federal Government, representing 81% of in-scope DOI revenue reported by DOI. The USEITI MSG also directed the IA to design the reporting template to require sign-off from authorized company representatives and to communicate to reporting companies the importance of accuracy in reporting via the Reporting Template Guidelines and through their direct communications with companies. On the government side, accuracy of reporting was guaranteed by annual third party audits performed by KPMG. DOI is required by the Chief Financial Officers Act of 1990 to have a completed audit 45 days after the completion of the fiscal year. Additionally, ONNR has an extensive audit and compliance review process to verify company reporting and payments. After the independent administrator compared and reconciled the government revenue streams with company payments, 17 material variances remained, all of which were explained through the reconciliation process, leaving zero unexplained variances.

**IA Recommendation:** Clearly define and communicate deadlines for the reporting process to reporting companies and government agencies.

**USEITI Response:** USEITI clearly communicated the timeline and deadlines for reporting to both companies and government agencies through diverse communications channels, including letters, webinars, and direct communication between the IA and reporting companies. Particularly since 2015 was the first year of EITI reporting in the United States, the MSG decided to grant a short extension of the reporting period for companies that needed extra time, but USEITI still published its first annual report on deadline in December 2015.

**IA Recommendation:** Reporting companies should be encouraged to attach detailed specifications on each reporting item specifying amounts and payment dates, to simplify the reconciliation process.

**USEITI Response:** The reporting template and accompanying reporting guidelines both encouraged companies to provide additional information to support the summary payment amounts to facilitate reconciliation. Participating companies provided this information in the form of payment or refund transaction codes (for those agencies that employ transaction codes for payments).

**IA Recommendation:** The MSG should develop and execute on an outreach plan to companies to encourage participation in USEITI reporting.

**USEITI Response:** The Communications Subcommittee met regularly throughout 2015 to develop, update, and implement the USEITI Communications and Outreach Plan. An integral part of the implementation process was outreach to encourage industry involvement in the EITI process, and USEITI undertook the following specific activities and types of outreach in 2015:

- March 4, 2015 – The IA distributed the reporting template and guidelines to in-scope companies.
- March 10, 2015 – The IA held the first of two webinars for reporting companies to introduce them to USEITI and the reporting process as well as respond to questions that they have. Webinar held in Houston to allow companies with Houston staff to attend in person.
- March 18, 2015 – The IA held the second of two webinars for reporting companies to introduce them to USEITI and the reporting process as well as respond to questions that they have. Webinar held in Denver to allow companies with Denver staff to attend in person.
- The IA published an instructional video to help companies learn more about the reporting and reconciliation process on the USEITI website.
- The IA engaged with companies individually to support them throughout the reporting and reconciliation process.

This outreach work yielded 31 out of 45 in-scope companies participating in reporting and reconciliation of \$8.5 billion in non-tax revenues paid the U.S. Federal Government, representing 81% of in-scope DOI revenue reported by DOI.

**IA Recommendation:** The MSG should clearly define and articulate its rationale when making scoping decisions.

**USEITI Response:** USEITI undertook a highly deliberate and thoroughly document process with regards to every scoping decision that it made in 2015. The Implementation Subcommittee has taken on the responsibility of tracking of all the decisions that the MSG has made since inception, as it relates to implementing EITI, in a decision matrix that is posted on the USEITI website. The matrix identifies decisions made that pertain to topics like revenue streams to include, commodities, accounting period, level of disaggregation, etc. The report further identifies how those topics will be included in the reconciliation report, the unilateral disclosure report, and/or the contextual narrative. Quarterly updates to the decision matrix aide in solidifying those decisions that the MSG has made but might not necessarily be well-documented. By using this matrix as a resource and agreeing to it at every MSG meeting, all MSG decisions are confirmed, well-documented, and more easily accessible. A recent version of the Decision Matrix is available at:

<https://www.doi.gov/sites/doi.gov/files/uploads/USEITI%20Reporting%20Decision%20Matrix%20Revised%2003092016.pdf>.

The MSG's decision about the margin of variance to use for the 2015 USEITI Report provides an example of the deliberate process undertaken by the MSG: after the IA presented an initial proposal and considerations around margin of variance to the MSG at the February 2015 meeting (presentation available at: <https://www.doi.gov/sites/doi.gov/files/migrated/eiti/FACA/upload/USEITI-February-MSG-Meeting-USEITI-Margin-of-Variance-20150224-Fin.pdf>), the MSG engaged in a discussion around margin of variance at that same MSG meeting (documented at: <https://www.doi.gov/sites/doi.gov/files/migrated/eiti/FACA/upload/USEITI-MSG-Feb-2015-Mtg-Summary-Sectors-IA-Comments-150422.pdf>). At the conclusion of that discussion, the MSG delegated the consideration of margin of variance to the Project-level Reporting and Template Work Group of the Implementation Subcommittee, which held five meetings focused on this issue. The work group meetings included at least two members from each sector and also members of the IA team. The work group reached agreement on a set of recommendations to make to the Implementation Subcommittee, which in turn agreed to forward those recommendations to the full MSG for consideration at the May 2015 MSG meeting (the work group's recommendations are available at: <https://www.doi.gov/sites/doi.gov/files/migrated/eiti/FACA/upload/P-T-WG-Variance-Recommendation-Presentation-042715-1.pdf>). At the May 2015 MSG meeting, MSG members engaged in further discussion about the work group's and subcommittee's margin of variance recommendation before endorsing the recommendation for use in the 2015 USEITI reconciliation process (the MSG's May 2015 discussion and decision is documented at: <https://www.doi.gov/sites/doi.opengov.ibmcloud.com/files/uploads/USEITI%20MSG%20-%20May%202015%20Mtg%20Summary%20 FINAL.pdf>).

At the December 2015 MSG meeting, the IA provided further recommendations to the MSG to strengthen the reporting and reconciliation process based on experience with the first USEITI report. The IA provided the following recommendations for USEITI to consider in 2016, which are provided along with the corresponding activities planned and undertaken by USEITI (in 2016) in response to the recommendations.

**IA Recommendation:** As part of defining scoping for the 2016 Report, the MSG should consider the following:

- Defining the timeframe for reporting as calendar year 2015 instead of 2014 revenue data.
- Whether to include additional revenue streams in the 2016 USEITI Report.
- The threshold of payments made to ONRR for determining in-scope companies for the 2016 USEITI Report.

**USEITI Response:** At the December 2015 MSG meeting, the MSG tasked the Reconciliation and Reporting Work Group of the Implementation Subcommittee with considering this recommendation from the IA and making a recommendation back to the MSG about how to proceed at the March 2016 MSG meeting. At the March meeting, the Reconciliation and Reporting Work Group and the Implementation Subcommittee recounted their considerations and discussions around scoping for the 2016 Report. The work group and the subcommittee recommended the following:

- USEITI should use Calendar Year (CY) 2015 data in the 2016 report in order to make it easier for companies to participate in reporting because older transactions become harder for them to track.

- USEITI should exclude BOEM, BSEE, and BLM Cost Recovery Fees; BLM Rights-of-Way; and BLM Helium revenue in the 2016 USEITI Report based upon the same reasons that they were excluded from the 2015 USEITI Report.
- USEITI should maintain the 2015 reporting and reconciliation threshold for the 2016 USEITI Report. An 80% threshold was used for the 2015 USEITI report; the workgroup decided that based on the company composition of 2015, the decisions of the MSG, and the outcomes of the 2015 report, that an 80% revenue threshold would be appropriate for the 2016 USEITI report, given that in any year the actual dollar threshold in absolute dollars will vary based on market conditions and other factors.

The MSG adopted these three recommendations of the Reconciliation and Reporting Work Group and the Implementation Subcommittee.

**IA Recommendation:** Lengthen the revenue reporting period and increase outreach to, and communication with, tax professionals in reporting companies in order to increase the likelihood of company participation in corporate income tax reporting.

**USEITI Response:** At the December 2015 MSG meeting, the MSG tasked the Tax Work Group of the Implementation Subcommittee with considering this recommendation from the IA and making a recommendation back to the MSG about how to proceed at the March 2016 MSG meeting. At the March meeting, the Tax Work Group and the Implementation Subcommittee recounted their considerations and discussions around how to increase company participation in tax reporting. The work group and the subcommittee recommended the following steps to increase the likelihood of company participation in corporate income tax reporting:

- U.S. Treasury Department and the IA hold meetings/webinars focused on in-scope firm's tax staff,
- Encourage peer-to-peer discussions around tax reporting among reporting companies,
- Enable not-in-scope companies to voluntarily opt into USEITI reporting, including of their corporate income tax payments.

The MSG adopted these three recommendations of the Tax Work Group and the Implementation Subcommittee.

**IA Recommendation:** Consider alternative options for reconciliation that could satisfy requirements of the EITI Standard with a lower investment of time and cost in the reconciliation process such as using a sample-based reconciliation approach or developing a portal in which reporting companies can confirm whether revenue reported as part of the unilateral disclosure match company records.

**USEITI Response:** At the December 2015 MSG meeting, the MSG tasked the Reconciliation and Reporting Work Group of the Implementation Subcommittee with considering this recommendation from the IA and making a recommendation back to the MSG about how to proceed at the March 2016 MSG meeting. At the March meeting, the Reconciliation and Reporting Work Group and the Implementation Subcommittee recounted their considerations and discussions around how to lower investment of time and cost in the reconciliation process while still satisfying requirements of the EITI Standard. The work group and the subcommittee recommended the following:

- While the work group explored possible paths to streamline the burden associated with reporting and reconciling revenue streams, particularly the "ONRR Other Revenues" revenue stream, the work group could not determine whether any changes that it would recommend would lower the reporting and

reconciling burden without reducing the quality of these activities. As such, for the 2016 USEITI Report, the work group and subcommittee recommended that no content changes be made to the reporting template and guidelines as compared to 2015.

- Based on its exploration of the possibility of using a sampling-based approach in order to reduce some amount of effort from the reconciliation process, the work group and the Implementation Subcommittee recommended that sampling not be used as the basis for reconciliation in the 2016 report but that the Independent Administrator use 2016 data to explore the benefits and methodology of sampling that may be used in subsequent USEITI Reports and share those results with the MSG.
- While the work group explored whether raising the margin of variance percentage or floor thresholds could lower investment of time and cost in the reconciliation process, through evaluation of actual 2015 USEITI Report reporting and reconciliation data the work group concluded that reconciliation volume is not very sensitive to changes in the margin of variance percentage or floor thresholds and that order of magnitude adjustments would need to be imposed to have a material effect. As a result, the work group and Implementation Subcommittee recommended that no changes be made to margin of variance percentage or floor thresholds for the 2016 USEITI Report.

The MSG adopted these three recommendations of the Reconciliation and Reporting Work Group and the Implementation Subcommittee.

#### 5. Any specific strengths or weaknesses identified in the EITI process:

*Provide a narrative account of efforts to strengthen EITI implementation, including any actions to extend the detail and scope of EITI reporting or to increase engagement with stakeholders (requirement 7.2(a)(v)).*

*The multi-stakeholder group may wish to include information about*

- *how the scope of EITI reporting has been expanded to meet the objectives set out in the workplan;*
- *efforts to ensure that the EITI Report contributes to increased public awareness in particular regarding the fiscal contribution of the extractives industry and how those revenues are allocated and spent ;*
- *efforts to build awareness and support, and to build capacity of the stakeholders; and*
- *any weaknesses identified in the EITI process and any actions to address these.*

USEITI Multi-Stakeholder Group (MSG) members identified the following strengths of the USEITI process in 2015:

- The MSG Co-Chairs worked very well together and exercised leadership in providing clear direction for the work groups and for the MSG and in their general approach and tone towards USEITI.
- The work groups were a strength in terms of their collaboration, hard work, and problem-solving orientation and facilitated decision making by the MSG by providing consensus-based recommendations to the larger body.
- Different sectors of the USEITI MSG were willing to revisit their assumptions about the intended scope of the USEITI report in response to requests for broader scope.

- Many members of the MSG took on responsibility for USEITI's work and put in a great deal of effort and time.
- The MSG employed evidence-based decision making and evidenced a pragmatic orientation.
- The Office of Natural Resources Revenue (ONRR) provided data early for companies to review, which facilitated the reconciliation process.
- The USEITI Secretariat's hard work and organization was critical for the success of the process.
- Staff members of organizations with representatives on the MSG provided strong support.
- The Independent Administrator team from Deloitte worked diligently and contributed effectively.
- The neutral facilitation firm, the Consensus Building Institute, kept the USEITI process moving forward and helped the sectors reach agreement on contentious issues.

MSG members identified the following key successes of the USEITI 2015 Report:

- The Department of the Interior completed unilateral disclosure of 2013 revenue data a year in advance of the publication of the 2015 Report. In addition, the revenue reconciliation process demonstrated that the data included in the government's unilateral disclosure is accurate.
- The information included in the contextual narrative about the robustness of revenue collection and auditing mechanisms in the United States articulates why the U.S. Report achieved 100% reconciliation.
- The County Narratives could be very useful for stakeholders in resource-intensive communities and add an interesting dimension to the report.
- The USEITI Report unites Federal oil and gas production data, and other minerals, in one place for the very first time.
- The USEITI Report presents data about the economic impact of the extractives industries in 18 key States.
- With the exception of corporate income taxes, the 2015 Report come very close to meeting the requirements of the 2013 EITI Standard, which is almost unprecedented in a country's first report.
- The USEITI Report uses infographics to help illustrate complex information.
- USEITI's rich, interactive web-based report sets a gold standard for other countries.

With the publication of its 2015 Report, USEITI has taken important steps forward in information about the extractives industries from disparate publicly available data and contextual information sources, modernizing the presentation of this data, and making it all easily available to the public in a user-friendly, interactive format. Furthermore, by creating an inviting entry point to learning about the extractive industries, the USEITI Report provides an easy and welcoming pathway for users to access additional data that is available through diverse government websites.

USEITI has expanded the scope of EITI reporting through the use of unilateral disclosure. Under this mechanism, the MSG has determined that the U.S. Department of the Interior (DOI) will report all payments that it receives for in-scope commodities as a complement to company reporting and reconciliation. As part of the release of the 2015 USEITI Report, DOI included calendar year 2013 revenue data, which published revenue data disaggregated by company.

USEITI also expanded the scope of EITI reporting in its 2015 Report by including information about the two highest-grossing government revenue counties or county clusters (including all Federal, State, and county revenues) for each of oil, gas, coal, copper, iron ore, and gold (twelve counties or county clusters in total), as well as the revenue/production data in each of those counties over the last 10 years. These counties and county cluster profiles will be carried over to subsequent USEITI reports to illustrate trends.

Pursuant to the U.S. commitment to the principles underlying EITI and the Open Government Partnership, USEITI released the 2015 USEITI Report, available at: <https://useiti.doi.gov/>, in December 2015. The report provides a valuable resource for data and contextual information about extractives industry in the U.S. In addition to the reporting, reconciliation, and contextual aspects of the report, the U.S. government unilaterally disclosed calendar year 2013 revenues paid to and collected by U.S. Department of the Interior bureaus by company, revenue type, and commodity. The online report's user-friendly, interactive design allows members of the public to easily navigate and access information and data. The report website is also a premier resource for credible data and information – all published under an open license – on extractive resources published by other Federal agencies, such as the Energy Information Administration (EIA) and the U.S. Census Bureau. The report's data sets and visualizations can also be reused for strategic reporting, re-posting, and sending through social media, thus further informing the debate on the extractives industry.

The MSG's communications focus for December 2015, when it released the first USEITI report, was to achieve a concrete demonstration of a new level of transparency in the United States regarding the extractives industry's revenues that is credible, substantive, easily understood, engages the public, increases collaboration across sectors, enhances international credibility, and furthers understanding of the extractives industry in the United States. In support of the publication of its first report in December 2015, the USEITI MSG has conducted and will continue conducting the following types of outreach activities:

- Distribute the report in hard copy and online.
- Ensure that the EITI Report is comprehensible.
- Conduct outreach events.
- Disseminate letters and press releases to key stakeholders, including a communications package.

USEITI has engaged in a number of activities to build awareness and support about USEITI. Target audiences include:

- Reporting companies
- Payor companies
- Congress
- News media/trade press
- The general public
- Non-profit organizations
- Academics
- State governments
- Local governments
- Tribal governments and native groups
- The extractives industry, in general

In 2015, the MSG used the following methods of communication to build awareness and support of USEITI:

- Letters to key constituencies, including reporting companies, Tribes, and State governors
- Fact sheets containing both general information and tailored information for specific audiences
- Press releases, for example, around the release of the USEITI 2015 Report
- Press conferences, for example, around the release of the USEITI 2015 Report
- Notices in the Federal Register
- Briefings, for example, to Members of Congress and their staff
- Personal outreach, for example, to Tribes
- Meetings with key stakeholder groups
- Presentations at meetings or conferences; four conferences, targeting both States and Tribes
- Websites, including the USEITI website, to post materials to keep stakeholders abreast of the MSG's work and other developments, and the USEITI 2015 Report website

**6. Total costs of implementation:**

*The multi-stakeholder group may wish to include information about costs of implementation. This could include a comparison of outturn costs with the workplan costs, broken down by contributor and budget lines. It could also include information about the number of staff in the national secretariat.*

The table below presents the anticipated budgets for various items related to the implementation of USEITI in 2015, as well as information about how actual expenses have compared to the budgeted amounts for each line item.

	<u>FUNDING 2015</u>	<u>OVER / UNDER / WITHIN</u>
COMMUNICATION, OUTREACH AND ENGAGEMENT:		
Regular MSG Meeting	\$90K-\$120K	UNDER
Facilitator Support	\$120K-\$150K	WITHIN
State and Tribal Outreach Meetings	\$90K-\$120K	UNDER
Conduct Public Outreach	\$40K-\$110K	UNDER
Conduct Subnational and Tribal Outreach	\$40K-\$110K	UNDER
PRODUCE INTIAL USEITI REPORT: INCREASE GOVT TRANSPARENCY, ENHANCE PUBLIC ACCESS TO INFORMATION		
Independent Administrator	\$400K-\$750K	WITHIN

<b>Total</b>	<b>\$780K-\$1.36mil</b>	<b>WITHIN</b>

In addition to the direct costs indicated above, the U.S. Government has dedicated four equivalent full-time employees to the USEITI Secretariat for supporting the MSG and the implementation of USEITI. In addition, representatives from multiple government agencies are supporting the USEITI initiative as MSG members, advisors, and subject matter experts.

**7. Any additional comments:**

None at this time.

**8. Has this activity report been discussed beyond the MSG?:**

*In accordance with requirement 7.2.b, all stakeholders should be able to participate in the production of the annual activity report and reviewing the impact of EITI implementation. Civil society groups and industry involved in EITI, particularly, but not only those serving on the multi-stakeholder group, should be able to provide feedback on the process and have their views reflected in the annual activity report.*

*This is an opportunity for MSGs to improve ownership of their process and to ensure that the EITI becomes more firmly rooted in broader country reform processes. Countries may wish to outline any broader exercises involving other stakeholders including civil society and companies, and how they were invited to feedback on the process and ensure that their views were reflected in the review.*

All three sectors represented on the USEITI MSG had an opportunity to review and provide input for this annual report. In particular, the USEITI Co-Chairs and the members of the Implementation Subcommittee of the MSG reviewed drafts of the report.

Other stakeholders, including companies, civil society organizations, and members of the public not represented on the MSG, were invited to review a draft of the report after we posted it on the USEITI website in advance of the June 2016 MSG meeting.

**9. Details of membership of the MSG during the period (including details of the number of meetings held and attendance record):**

Many professionals representing the MSG have made valuable contributions to the United States in supporting the implementation of USEITI. We would like to acknowledge their hard work and dedication. The following list provides a full account of membership in the USEITI MSG in 2015, including those who joined and departed the MSG during the year, as well as their attendance at 2015 MSG meetings:

Civil Society Sector			Feb 2015	May 2015	Sept 2015	Dec 2015
Danielle Brian	Primary Co-Chair	Project on Government Oversight	x	x	x	x
Rebecca Adamson	Primary	First Peoples Worldwide		x		
Paul Bugala	Primary	American University	x	x	x	x
Deborah Lawrence (Resigned in 2015)	Primary	Energy Policy Forum				
Michael LeVine	Primary	Oceana	x		x	
Keith Romig, Jr.	Primary	United Steelworkers	x	x	x	x
Michael Ross	Primary	Revenue Watch Institute	x			x
Veronica Slajer	Primary	North Star Group	x	x	x	x
Neil Brown	Alternate	The Lugar Center		x	x	x
Richard Fineberg	Alternate	Research Associates				
David Goldwyn (Resigned in 2015)	Alternate	Goldwyn Global Strategies LLC		x	x	x
Jennifer Krill	Alternate	Earthworks			x	
Brian Sanson	Alternate	United Mine Workers of America				
Laura Sherman (Resigned in 2015)	Alternate	Transparency International - USA	x			
Betsy Taylor	Alternate	Virginia Polytechnic Institute and State University	x	x	x	
Zorka Milin (Appointed in 2015)	Alternate	Global Witness			x	x

Industry Sector			Feb 2015	May 2015	Sept 2015	Dec 2015
Veronika Kohler	Primary Co-Chair	National Mining Association	x	x	x	x
Phil Denning	Primary	Shell Oil Company	x	x		x
Michael Flannigan	Primary	Peabody Energy		x	x	
Michael Gardner (Appointed in 2015)	Primary	Rio Tinto			x	x
Susan Ginsberg	Primary	Independent Petroleum Association of America	x	x	x	x
John Harrington (Re-appointed to Primary from Alternate in 2015)	Primary	Exxon Mobil Corporation		x	x	x
Johanna Nesseth Tuttle	Primary	Chevron	x	x	x	x
Bob Reynolds (Resigned in 2015)	Primary	BP America				
Jim Roman (Resigned in 2015)	Primary	ConocoPhillips	x		x	
Brent Roper (Resigned in 2015)	Primary	Rio Tinto				
Cartan Sumner (Appointed in 2015)	Primary	Peabody Energy				
Chris Chambers	Alternate	Freeport-McMoRan Copper & Gold Inc.	x			x
Stella Alvarado (Appointed in 2015)	Alternate	Anadarko Petroleum				x
Nicholas Cotts	Alternate	Newmont Mining		x	x	x
John Harrington (Re-appointed to Primary from Alternate in 2015)	Alternate	Exxon Mobil Corporation	x			
Amanda Lawson (Resigned in 2015)	Alternate	Walter Energy Inc.				
Edwin Mongan (Appointed in 2015)	Alternate	BHP Billiton				
Aaron Padilla	Alternate	American Petroleum Institute		x	x	x

David Romig	Alternate	Freeport-McMoRan Oil & Gas	x			x
John Sardar (Resigned in 2015)	Alternate	Noble Energy Inc.				
Mark Smith (Resigned in 2015)	Alternate	Ultra Petroleum Corp.				
Bob Wilkinson	Alternate	Conoco Phillips				
Nicholas Welch (Appointed in 2015)	Alternate	Noble Energy, Inc.				x

<b>Government Sector</b>			Feb 2015	May 2015	Sept 2015	Dec 2015
Sally Jewell	Senior Responsible Government Official	Secretary of the Interior				
Kris Sarri	Chair/ National Coordinator	Department of the Interior				X
Paul Mussenden	Alternate Chair/ Deputy National Coordinator	Department of the Interior	X	X	X	X
Greg Gould	Primary Co-Chair	Department of the Interior	x	x	x	x
Mitch Baer	Primary	Department of Energy				
Curtis Carlson	Primary	Department of the Treasury	x	x	x	x
Mike Matthews	Primary	State of Wyoming - Department of Audit	x	x	x	x
Mike Smith	Primary	Interstate Oil and Gas Compact Commission	x		x	x
Claire Ware (Appointed in 2015)	Primary	Shoshone and Arapaho Tribes Minerals	x		x	

		Compliance Office				
Bruce Barnett (Appointed in 2015)	Alternate	Choctaw Nation				
Greg Conrad (Resigned in 2015)	Alternate	Interstate Mining Compact Commission	x		x	
Julie Lenoir (Appointed in 2015)	Alternate	Blackfeet Tribe				
Mike McDonald	Alternate	Department of the Treasury				
Blair Pasalic (Resigned in 2015)	Alternate	Department of Energy	x			
Jim Steward (Appointed in 2015)	Alternate	Department of the Interior		x	x	x
Debbie Tschudy (Resigned in 2015)	Alternate	Department of the Interior	x			
Marina Voskanian	Alternate	California State Lands Commission		x		

In addition to the USEITI MSG members, many other individuals made valuable contributions to USEITI. Listed below are the individuals who made presentations or led discussions at MSG meetings in 2014 as well as individuals who made public comments.

**Presentations and Significant Contributions Made by Non-MSG members:**

February 2015 MSG Meeting	May 2015 MSG Meeting	September 2015 MSG Meeting	December 2015 MSG Meeting
Paul Mussenden, DOI	Paul Mussenden, DOI	Paul Mussenden, DOI	Kris Sarri, DOI
Judy Wilson, DOI	Judy Wilson, DOI	Judy Wilson, DOI	Paul Mussenden, DOI
Haley Rice, U.S. Deptment of State	Ryan Ellis, IMCC	Isabelle Brantley, Deloitte	Judy Wilson, DOI
Kelly Alderson & Nima Sallah, World Bank	Tom Crafford, Alaska Governor's Office	Michelle Hertzfeld, GSA 18F	Ambassador Mary Warlick, U.S. Department of State
John Mennel, Deloitte	Isabelle Brantley, Deloitte	AJ Maxwell, Deloitte	Chris Mentasti, DOI
Alex Klepacz, Deloitte	Michelle Hertzfeld, GSA 18F	John Mennel, Deloitte	Isabelle Brantley, Deloitte
Isabelle Brantley, Deloitte	John Mennel, Deloitte	Ryan Ellis, IMCC	John Mennel, Deloitte
Ryan Ellis, IMCC	John Cassidy, Deloitte	Chris Mentasti, Office	Michelle Hertzfeld, Eric

		of Natural Resource Revenue	Ronne, GSA 18F
Jerry Gidner, DOI			Jerry Gidner, DOI
			John Cassidy, Deloitte
			Alex Klepacz, Deloitte

**Public Comments Made:**

February 2015	May 2015	September 2015	December 2015
Stephen Winstanley	Betsy Taylor (MSG Civil Society Alternate)	Mary Hufford	

Approved by MSG:

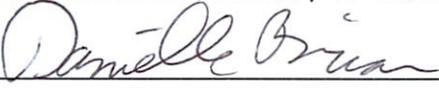
Date: 6/28/2016

  
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 Greg Gould, Government Co-Chair

6/28/16  
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 Date

  
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 Veronika Kohler, Industry Co-Chair

6/28/16  
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 Date

  
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 Danielle Brian, Civil Society Co-Chair

6/28/16  
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 Date