STATEMENT OF
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COMMITTEE ON NATURAL RESOURCES
SUBCOMMITTEE ON ENERGY AND MINERAL RESOURCES
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Mr. Chairman and Members of the Subcommittee, I appreciate the opportunity to testify today on the Fiscal Year (FY) 2008 budget request for the Minerals Management Service (MMS). We have looked closely at our ongoing operations and responsibilities and this request reflects our best assessment of the funds needed to carry out mission critical MMS activities during FY 2008.

MMS Background

The MMS, a federal agency within the Department of the Interior (DOI), is responsible for managing the Nation's oil, natural gas, and other energy and mineral resources on the Federal Outer Continental Shelf and the mineral revenues from the OCS and onshore Federal and Indian lands. To carry out this mission, the MMS manages two very important programs – the Offshore Minerals Management (OMM) Program and the Minerals Revenue Management (MRM) Program. Collectively, these programs manage activities that generate 30 percent of America's domestic oil production, 20 percent of domestic natural gas production and an average of over $7 billion in annual revenue for the Nation, States, and American Indians. Both of these functions are important to the nation's economic health and are key to meeting the nation's energy needs.

The Federal OCS covers 1.76 billion acres and is a major source of crude oil and natural gas for the domestic market. In fact, according to the Energy Information Administration, if the Federal OCS were treated as a separate country, it would rank among the top five nations in the world in terms of the amount of crude oil, and second in natural gas it supplies for annual U.S. consumption.[1]

Since 1982, MMS has overseen OCS production of 9.6 billion barrels of oil and more than 109 trillion cubic feet of natural gas.

Since 1982, OCS leasing has increased by 200 percent and oil production has increased by 185 percent. According to MMS's calculations, within the next 5 years, offshore production will likely account for more than 40 percent of oil and 20 percent of U.S. natural gas production, primarily due to deep water discoveries in the Gulf of Mexico.

Since its inception twenty-five years ago in 1982, the MMS has distributed approximately $164.9 billion to Federal, State, and Indian accounts and special funds, including approximately:

[1] EIA U.S. Imports by Country of Origin, 12-21-2006.

- $101.1 billion deposited to the General Fund of the U.S. Treasury;
- $20.4 billion disbursed to states;
- $13.2 billion credited to the Reclamation Fund;
- $21.7 billion transferred to the Land and Water Conservation Fund;
- $5.2 billion for American Indian Tribes and Allottees; and
- $3.3 billion for the Natural Historic Preservation Fund.

The receipts I have described above are derived from the accomplishment of the Bureau's two program missions. The FY 2008 MMS Request provides the resources necessary to meet the increasing demands and expanding responsibilities brought on by constantly changing external factors, such as technological and industry innovations on the OCS, litigation, and regulations that affect the collection and distribution of mineral revenues. I would now like to review a few of the MMS's recent achievements and what MMS sees as its challenges for the future.

FY 2008 President's Request

The FY 2008 request is $297.2 million in current appropriations and offsetting receipts.

With the enactment of the FY 2007 Joint Resolution, we now have a full year appropriation of $287.0 million, not including additional funds that will be provided for 50 percent of the January 2007 pay raise. Based on direction in the Joint Resolution we are preparing a detailed operating plan for FY 2007. We are not at liberty to disclose the details of the operating plans until they are approved and submitted to Congress on March 17. At that time we will be able to provide comparisons at the program level with the 2008 budget request.

The comparisons in our 2008 budget are with the third continuing resolution, which was in effect through February 15. Throughout this testimony the comparisons will be on that basis.

The 2008 Request for direct appropriations is $161.5 million, $3.2 million above the FY 2007 Continuing Resolution level. Offsetting receipts are estimated to be $135.7 million, an increase of $7.0 million over the FY 2007 Continuing Resolution.

Our budget request is based upon our accomplishments in successfully implementing programs that are vitally important and contribute significantly to the Nation's economic well being and energy security. It is also based upon the challenges confronting us during the next fiscal year and beyond, which are the reasons for the increases in budgetary requirements. The request includes funding to:

- Fulfill MMS's environmental and oversight responsibilities associated with the implementation of the Outer Continental Shelf (OCS) 5-Year Oil & Gas Leasing Program (covering 2007-2012) which is a critical component of our nation's overall energy strategy.
- Manage the regulatory and inspection requirements associated with expanding ultra-deepwater oil and gas exploration at depths between 5,000 and 10,000 feet. These

activities require more complicated environmental assessments, new scientific research, and an increasing level of operational complexity.

- Enhance compliance and enforcement efforts in the management of mineral revenues through MRM Support System modifications that will improve the MMS's robust audit and compliance program.

Strategic Petroleum Reserve

During the State of the Union Address, President Bush announced plans to double the Nation's Strategic Petroleum Reserve (SPR) to 1.5 billion barrels of oil. Also announced was a directive to fill the SPR to its current capacity of 727 million barrels. The MMS will provide royalty-in-kind oil starting in July 2007 to accomplish this mandate. This policy decision will provide an additional layer of protection for the Nation's energy security.

Deepwater OCS Production Royalty Rates

Deepwater OCS development has increased significantly in recent years as the technologies for accessing oil and gas deposits in deeper and deeper waters have progressed and become almost commonplace within the industry. In the meantime, oil and gas prices have risen dramatically, making OCS operations increasingly profitable. In order to ensure that American taxpayers are fairly compensated for the sale of Federal OCS minerals, the MMS recently announced that it will raise royalty rates from 12.5 percent to 16.67 percent for all new deepwater Gulf of Mexico (GOM) leases beginning in 2007. The MMS estimates that the increased royalty rate of 16.67 percent for new deepwater offshore GOM leases will increase OCS royalty revenues by $4.5 billion over the next twenty years.

Based on current leasing plans, the next lease sale to which such a rate will apply is scheduled for August 2007, and will be announced in the Proposed Notice of Sale in April 2007.

Deep Gas and Deep Water Incentives

The FY 2008 budget proposes to repeal Section 344 of the Energy Policy Act of 2005, which extended existing deep gas incentives in two ways. First, it mandated an increase in the royalty suspension volumes from 25 to 35 billion cubic feet of natural gas in a third drilling depth category (greater than 20,000 feet subsea). Second, it directed that incentives for all three drilling depth categories also be applied to leases in 200-400 meters of water. The FY 2008 budget also proposes to repeal Section 345 of the Energy Policy Act, which mandated additional royalty relief for certain deep water oil and gas production. Additional royalty relief for oil and gas exploration is unwarranted in today's price environment. A legislative proposal will be transmitted to the Congress to repeal Sections 344 and 345.

Net Receipts Sharing

The 2008 President's Budget proposes amending section 35 of the Minerals Leasing Act (MLA) to implement a form of "Net Receipts Sharing" (NRS), whereby two percent will be deducted from the states' share of receipts from Federal leasing activities under the MLA. The two percent defrays a portion of the administrative costs incurred by Federal agencies in the management of onshore leasing activities, and would be deposited into miscellaneous receipts (U.S. Treasury).

Offshore Minerals Management Program Achievements

Providing Energy for America

The Federal OCS is a major supplier of oil and natural gas for the domestic market, contributing more oil and natural gas for U.S. consumption than any single state or country in the world. The U.S. is now in its twelfth year of sustained expansion of domestic oil and gas development in the deep water area of the GOM. The OCS now accounts for almost 30 percent of domestic oil production and about 20 percent of U.S. natural gas production. According to MMS's calculations, within the next 5 years, OCS production will likely account for more than 40 percent of oil and 20 percent of U.S. natural gas production, primarily due to deep water discoveries in the Gulf of Mexico.

Lease Sale Implementation

Interior is continuing OCS oil and gas leasing and approval of exploration and development plans on predictable schedules. In 2005, four successful sales were held, three in the Gulf of Mexico and one in Alaska. In 2006, near record oil and gas prices led to robust bidding in the March 2006 Central GOM sale, where the MMS accepted $581.8 million in high bids on 392 tracts. The August 2006 Western GOM sale garnered $340.9 million in high bids from 62 companies. The one remaining sale in the current 5-year program is the April 2007 Beaufort Sea sale.

Two sales from the current 5-year program have been rescheduled. The Central Gulf of Mexico (CGOM) Sale 201 was scheduled for March 2007; however, the MMS has postponed the sale to August 2007, pursuant to settlement of litigation brought by the State of Louisiana. The Chukchi Sale 193 was scheduled for mid-2007 and has been rescheduled for early in the next OCS 5-Year Oil and Gas Leasing Program because additional presale environmental analysis is required for the area identified of interest.

Safety and Environmental Protection

The MMS regards the safety of personnel, the environment, and operations as top priorities. Prevention is our most important safety strategy. The continued movement of industry into deeper waters and the overall increased industry activity in the GOM have increased both the level and complexity of monitoring and ensuring safe OCS operations.

In addition to the complexities of the operational activities, we must plan and prepare for the severe storms that frequently threaten large areas of the GOM. Consistent with our strategy of prevention, the MMS and the oil and gas industry work together to make sure measures are in place to protect workers and minimize the possibility of pollution when storms occur.

The effectiveness of our preparations was demonstrated during the 2005 hurricane season. Hurricanes Katrina and Rita and the impacts they had on the people of the Gulf coast and on the oil and gas infrastructure both onshore and offshore were the most significant challenges for MMS in 2005. We are still working with industry to bring facilities back online. Of the 4,000 Gulf OCS facilities, more than 3,000 were subjected to hurricane force winds and 115 mostly older facilities were destroyed.

Despite being subjected to these severe conditions, which tested the outside limits of facility engineering, there were no casualties or significant environmental incidents associated with offshore oil and gas facilities. All facility shut-in precautions and subsurface well shut-off valves worked as designed. Spills from ruptured pipelines and other containers were limited and validated the MMS environmental and safety regulatory requirements.

In the aftermath of Hurricanes Katrina and Rita the MMS took a number of actions to facilitate the process of resuming operations to provide an uninterrupted supply of energy resources to America, consistent with the need for safety and environmental protection. These measures included expediting review of requests for temporary barging of oil or flaring of small amounts of natural gas and expediting the approval process for pipeline repairs. Industry repairs to the Gulf of Mexico's heavily-damaged oil and gas infrastructure began immediately and continue today.

- Energy production in the Gulf's Federal waters has steadily increased since the 2005 hurricane season. Gulf of Mexico oil and natural gas production have reached over 90 percent of pre-Katrina levels.

- 115 platforms were totally destroyed (less than 3 percent of the Gulf's platforms), 96 were significantly damaged, and 19 rigs were set adrift as a result of Hurricanes Katrina and Rita. The MMS has worked and will continue to work with industry to ensure that all destroyed wells are properly abandoned and platforms repaired or properly disposed of in order to protect the environment and ensure safety. This will be a long-term activity.

Offshore Minerals Management Program Challenges

Proposed 2007-2012 OCS Oil and Gas Leasing Program

The Proposed Program for 2007-2012 is under development through an extensive consultation process prescribed by the OCS Lands Act (OCSLA). The comment period for the Draft Proposed Program opened on February 10, 2006, and closed on April 11, 2006. On August 25, 2006, a second draft, the Proposed Program and the associated Draft Environmental Impact Statement (DEIS) were released to the public. The comment period for these two documents closed on November 24th and November 22nd, respectively. The remaining schedule is as follows:

- April 2007 Proposed Final Program and Final EIS (60 day waiting period)
- June 2007 Final Program Approval
- July 1, 2007 Current program ends; New Program begins

The Proposed Program includes consideration of 21 sales in seven of the 26 OCS planning areas - two areas in the Gulf of Mexico, one area in the Mid-Atlantic Planning Area, and four areas off Alaska. The total number of scheduled lease sales will be determined when the new OCS program is finalized in the spring of 2007. The MMS estimates the total undiscovered technically recoverable resources (UTRR) are 67.9 billion barrels of oil and

340.4 trillion cubic feet of natural gas from all planning areas where sales are under consideration in the 2007-2012 Proposed Program, though only a portion of some of the planning areas are included in the proposal.

In implementing the mandates of the Gulf of Mexico Energy Security Act, the MMS will offer deep-water acreage in the "181 South" area and in a portion of the Sale 181 area remaining in the Eastern Gulf of Mexico. We have recently begun the process of preparing environmental analyses for those areas.

The 2008 President's request includes $4.0 million to fulfill the MMS's environmental and oversight responsibilities under the 2007-2012 Five-Year Oil & Gas Leasing program. Specific components contained within this increase are: $2.5 million for environmental studies and required NEPA analysis in those areas previously included in the Proposed Five-Year Plan, where data either does not exist or is extremely outdated (primarily the North Aleutian Basin), and $1.5 million for workforce needs associated with the new and expanded leasing areas as well as for additional leasing and program support.

Ultra Deep Water: America's Expanding Frontier

The MMS is witnessing a surge in exploration activity and development in the ultra-deepwater area of the Gulf of Mexico at water depths between 5,000 feet and 10,000 feet. At the end of 2004, there were 2,300 active leases in ultra-deepwater, and in the five-year period 2001-2005, there were a total of 230 wells drilled in these water depths of which 149 were exploratory wells. This activity and the discoveries of oil and gas have now started to translate into development projects. Nine development projects began production in the ultra-deepwater area in 2003-2005. Several significant new ultra-deepwater discoveries also were announced in the GOM in the summer of 2006. The budget includes $1.3 million to acquire the required expertise and resources needed to regulate OCS ultra-deepwater development.

Ensuring the Safety of an Aging Infrastructure

The average age of all current OCS platforms is about 20 years. In order to have this infrastructure remain in safe and useful condition for years to come, it is important to properly protect and maintain wells, platforms, and pipelines through sound engineering standards and rigorous inspection. The MMS is working closely with industry to ensure the continued safety of OCS facilities, protecting workers and the environment.

The FY 2008 President's budget also requests $820,000 for a GOM hurricane recovery initiative to address well abandonment, pollution prevention, and to keep pace with structural modifications and repair permit requests. The MMS seeks the capability to address important outstanding issues from the devastation of recent hurricanes and future events.

Energy Policy Act Implementation – Alternative Energy Cost Sharing

The MMS requested $6.5 million in FY 2007 to fulfill requirements under Section 388 (Alternative Energy – Related Uses on the OCS) of the Energy Policy Act of 2005. For the 2008 request, MMS is proposing that parties submitting applications for non-competitive renewable energy projects fund the cost of independent environmental analyses, which would allow for a $3.0 million in savings in appropriated funds for this activity.

Coastal Impact Assistance Program (CIAP)
The Energy Policy Act of 2005 authorized disbursement of $250.0 million from OCS oil and gas revenues in each of the fiscal years 2007 through 2010 to producing States (Alabama, Alaska, California, Louisiana, Mississippi, and Texas) and coastal political subdivisions (counties, parishes, or boroughs) for approved coastal restoration and conservation purposes. The CIAP Plan guidelines were published in the Federal Register on September 29, 2006. Under the statute, States must submit plans no later than July 1, 2008. The 2007 President's budget included appropriations language authorizing the MMS to use a share of the receipts to administer the program. Operating under the terms of the three continuing resolutions that were in effect through February 15, 2007, MMS did not have authority to use these funds to administer the program. The 2007 Joint Resolution, which was enacted on February 15, 2007 provides MMS the authority to use CIAP funds for this purpose in 2007 and MMS is now proceeding with implementation of the program. The 2008 President's budget includes language to continue this authority.

Minerals Revenue Management Program Achievements

Financial Management – Clean Audit Opinion
In November 2005, an independent certified public accounting firm issued a clean audit opinion of the MMS's audit program with no material weaknesses, and no reportable conditions. In its opinion, the accounting firm stated:

"In our opinion, the system of quality control for the Federal Audit Function of the MMS in effect for the 2-year period ending December 31, 2004, has been designed to meet the requirements of the quality control standards established by the Comptroller General of the United States for a Federal Government audit organization and was complied with during the 2-year period ending December 31, 2004, to provide the MMS with reasonable assurance of conforming with applicable auditing standards, policies, and procedures."

Business Planning Initiative
The MRM Strategic Business Planning Initiative was completed in December 2005. This initiative charts the course and direction of the future MRM business through the year 2012. The new initiative focused on identifying and implementing best value services with high quality and integrity. This Plan provides a strategic approach for continuous program improvement through development and implementation of future operational business plans aligned with five MRM strategic mission areas: Compliance, Financial Management, Indian Trust, Resource and Information Management, and Asset Management. Importantly, the business planning initiative will be supportive of, and fully integrated with, Departmental and the MMS strategic planning guidelines and responsive to the Administration's management improvement goals and objectives. Key outcomes include an MRM program-wide strategic plan and business plans that emphasize market-based regulatory guidance, valuation certainty, and improved business processes and systems with effective performance measures and strong internal controls.

Royalty-in-Kind (RIK) Program

The RIK program has demonstrated that under certain circumstances, taking royalties in-kind has many advantages over taking royalties in-value (RIV). These advantages include: revenue enhancement, reduced administrative costs for the MMS and the industry, reduced incidence of reporting disagreements, and earlier receipt of royalty revenues. The Department of the Interior, Environment, and Related Agencies Appropriations Act, 2006, and the Energy Policy Act of 2005 granted the MMS permanent authority to fund transportation and administrative costs for the RIK program through RIK revenue receipts.

As MMS has made progress in optimizing RIK volumes and increasing Treasury revenues, it has examined its business practices and basic organizational structure. Although RIK volumes are expanding, the MMS anticipates that the administrative costs will remain relatively flat. The preliminary 2008 estimate for RIK administrative costs is $19.6 million, an increase of only $600,000 for fixed cost adjustments over the FY 2007 President's request. When compared to RIV, MMS estimates that RIK resulted in administrative cost avoidance of $3.7 million in 2005, primarily due to decreased audit, compliance, and litigation costs. The MMS anticipates similar cost avoidance in future years.

Federal and Indian Compliance Assurance

The MMS compliance assurance activities represent a large and critical part of the operational strategy, ensuring that the Government is realizing fair market value, and that companies are in compliance with applicable laws, regulations, and lease terms. Through the Compliance and Asset Management (CAM) process, the MMS ensures that the Nation's Federal and Indian mineral revenues, whether received through in-kind or in-value royalties, are accurately reported and paid in compliance with laws, regulations, and lease terms. This activity plans and conducts targeted and random audits and special reviews of mineral lessees and payors to detect and collect royalty underpayments. Primary CAM activities include enforcing industry compliance with lease terms and regulations, issuing enforcement orders, and supporting the mineral revenue litigation and appeals processes.

In FY 2006 the MMS reviewed and/or audited 72.5 percent of all 2003 Federal and Indian royalty revenues within three years from the date of receipt of payment, using a system that targets areas of greatest risk – the largest properties and payors.

As part of its compliance assurance activities, the MMS administers delegated and cooperative audit agreements with eleven States and seven Indian Tribes. The States and Tribes are working partners and an integral aspect of the overall onshore compliance efforts. Tribes are now self-empowered to perform audits on tribal mineral royalties within their reservation and the States perform audits on Federal leases within their boundaries. The MMS conducts compliance reviews and audits to provide compliance coverage over properties not covered by the States and Tribes.

Funding for States and Tribes in the Section 205 State Delegated Audit Program and Section 202 Tribal Cooperative Audit Program in FY 2006, was around $9.1 million. For FY 2007 funding for this program remains level. The MMS continues to explore how to best allocate available budget resources for the 202/205 Program. The MRM has analyzed cost, workload, and risk data to apply "best business case" criteria to the funding of this program. The mineral revenues at risk and number of producing leases are used to establish funding allocations among States and Tribes. Other factors, such as program effectiveness and anticipated increases and decreases in revenue activity, are also considered.

Indian Trust Responsibilities
The MMS places high emphasis on fulfilling its Indian Trust responsibilities. The MMS continues to provide the highest possible Indian trust service in collecting and disbursing royalties from Indian lands to 32 Tribes and more than 25,000 individual Indian mineral owners (IIMOs).

The MMS serves as an advocate for the interests of IIMOs. MRM operates in field offices that work closely with other Federal agencies to resolve Indian mineral issues and respond to the needs of IIMOs. These offices also administer special outreach and cooperative programs to educate and empower Indian mineral owners and engage them in the mineral revenue management process. During 2006, MMS held 74 outreach sessions with American Indian constituents and resolved 4,366 royalty related inquiries. The MMS plans to continue these efforts in 2007 and beyond.

Minerals Revenue Management Program Challenges

Compliance Strategy - Office of the Inspector General's (OIG) Report
The OIG conducted an audit at the request of the U.S. Senate Committee on Energy and Natural Resources. The audit, dated December 6, 2006 determined whether compliance reviews are an effective part of the CAM program and whether the MMS is effectively managing the compliance review process.

The OIG audit concluded that compliance reviews can be an effective part of the MMS CAM program, though the audit "disclosed some weaknesses that may prevent MMS from maximizing the benefits of the compliance reviews." In addition, the OIG audit found that while MMS had audited and or reviewed 72.5 percent of all revenues from Federal and Indian leases in FY 2006, this meant that the bureau examined only 9 percent of all properties and 20 percent of all companies. The OIG recommended that the MMS "consider modifying its CAM program strategy to ensure appropriate coverage of properties and companies within a reasonable timeframe even if this results in a reduction of the overall percentage of dollars covered."

In response, on December 28, 2006, MRM formally submitted an "Action Plan to Strengthen Minerals Management Service Compliance Program Operations." The Action Plan documents the improvement actions taken and planned to fully and effectively implement the OIG recommendations:

- MMS will provide reliable data for managing and reporting on CAM program operations; strengthen the compliance review process; and improve performance measures to better reflect CAM program operations.

- The Action Plan requires extensive oversight and frequent implementation status reporting by the MMS CAM managers and senior executives. Each improvement action has a target completion date and a designated MMS official with implementation responsibility.

- MMS will pursue a more dynamic, risk-based approach to compliance and is presently studying how to accomplish this goal most effectively. The number of properties and companies will increase, consistent with OIG recommendations.

MRM Support System Modifications

Since the MMS's formation in 1982, the energy industry has undergone significant changes. Over the years, the MMS has successfully adapted to industry changes and become more operationally efficient. The MRM's primary business of collecting, accounting, and assuring compliance for and disbursement of Federal and Indian mineral revenues is highly dependent on its information technology system, the MRM Support System (MRMSS). In FY 2008, the MMS is proposing $2.4 million in MRMSS system modifications, which will enhance compliance and enforcement efforts. The $940,000 adjustment line monitoring initiative would provide for systems improvements and staff support to ensure that required company adjustments are made only within allowable time frames. It is anticipated this capacity will provide a much larger return to the U.S. Treasury than the initiative will cost. With an increase of $1.5 million for the interactive payment reconciliation and billing initiative, the MMS will automate the interface with its customer base on numerous activities and enhance online reporting and verification capabilities. The funding will address an area of concern in the Bureau's 2006 financial audit, as well as provide a strong return on investment.

MMS's FY 2008 Budget Request

Budget Authority ($000)	**2006 Enacted 1/**	**2007 President's Request**	**2007 Continuing Resolution 2/**	**2008 President's Request**	**2008 Change from 2007 CR**
Offshore Minerals Management	148,771	159,365	148,771	159,956	+11,185
Minerals Revenue Management	77,882	79,158	77,882	82,371	+4,489
General Administration	47,468	46,858	47,468	48,451	+983
ROMM Subtotal	**274,121**	**285,381**	**274,121**	**290,778**	**+16,657**
OSR Appropriation	6,903	6,903	6,903	6,403	-500
Total MMS Funding	**281,024**	**292,284**	**281,024**	**297,181**	**+16,157**
Offsetting Collections	-122,730	-128,730	-122,730	-135,730	-13,000
Net Appropriated Funding	**158,294**	**163,554**	**158,294**	**161,451**	**+3,157**

1/ Does not include $31.1 million in supplemental funding for recovery from Hurricanes Katrina and Rita.
2/ Third FY 2007 Continuing resolution, effective through February 15, 2007.

The MMS receives funding for operations from three sources: the Royalty and Offshore Minerals Management (ROMM) appropriation, Oil Spill Research (OSR) appropriation and Offsetting Collections (primarily from rental rate receipts from offshore leases). In addition to appropriations for operations, MMS receives appropriations for distribution of the States' share of onshore mineral receipts. In FY 2008, the MMS estimates that the States' share of these onshore mineral receipts will be approximately $2.0 billion. This amount is slightly above our FY 2007 estimate of $1.9 billion.

FY 2008 Proposed Permanent Appropriations *(dollars in thousands)*	
Mineral Leasing Associated Payments *(MLAP)*	1,994,729
National Forest Fund Payments to States *(Forest Fund)*	6,803
Payments to States from Lands Acquired for Flood Control, Navigation, and Allied Purposes *(Flood Control)*	2,608
Subtotal, Payments to States [1]	**2,004,140**
Coastal Impact Assistance Program	250,000
Total, Permanent Appropriations	**$2,254,140**

1/ Total includes adjustment as included with the NRS legislative proposal.

Conclusion

As we move forward in the new century, efficient, safe, and productive management of the Nation's OCS lands and mineral revenue collection efforts will remain the MMS's top priority. The MMS will continue to strive for excellence and work for the responsible development of America's energy supplies.

Mr. Chairman that concludes my statement. Please allow me to express my sincere appreciation for the continued support that this committee has provided the MMS. It would be my pleasure to answer any questions you or other Members of the Subcommittee may have at this time.