



U.S. Department of the Interior
Minerals Management Service
Office of Public Affairs

For Release: February 19, 2004
Release #3020

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New Partnership Allows Alaska to Audit Federal Mineral Production

Alaska will now have the authority to audit and investigate mineral production on federal lands within its borders through an agreement signed with the Department of the Interior's Minerals Management Service.

Alaska joins 10 other states that have similar delegated audit agreements with MMS, giving those states authority to perform audits and investigations previously conducted by the agency. Other states with delegated agreements include California, Colorado, Louisiana, Montana, Oklahoma, Texas, North Dakota, New Mexico, Utah and Wyoming.

"This joint effort represents a true partnership between the Federal government and the state of Alaska," said MMS Director Johnnie Burton. "It provides Alaska with an active role in auditing Federal mineral production within its borders to protect Federal and State taxpayer interests."

Known as a delegated audit agreement under Section 205 of the Federal Oil and Gas Royalty Management Act of 1982, the pact provides Alaska with the authority to conduct audits, inspections and investigations for producing Federal oil and gas leases within the state and in the Outer Continental Shelf. The State of Alaska receives 90 percent of the bonuses, rents and royalties collected off federal lands.

Prior to finalizing the delegated audit agreement, the Minerals Management Service received written permission from Cook Inlet Regional Inc. (CIRI), an Alaskan Native corporation that shares joint ownership interest in numerous leases, that allows the Alaska Department of Natural Resources to audit the jointly owned leases.

MMS is the federal agency in the U.S. Department of the Interior that manages the nation's oil, natural gas, and other mineral resources on the Outer Continental Shelf in Federal offshore waters. The agency also collects, accounts for, and disburses mineral revenues from Federal and American Indian lands. Between

1982 and 2003, MMS distributed more than \$135 billion in revenues from onshore and offshore lands, an average of more than \$6 billion per year, to the Nation, States and American Indians. Nearly \$1 billion from those revenues go into the Land and Water Conservation Fund annually for the development of State and Federal park and recreation lands.

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