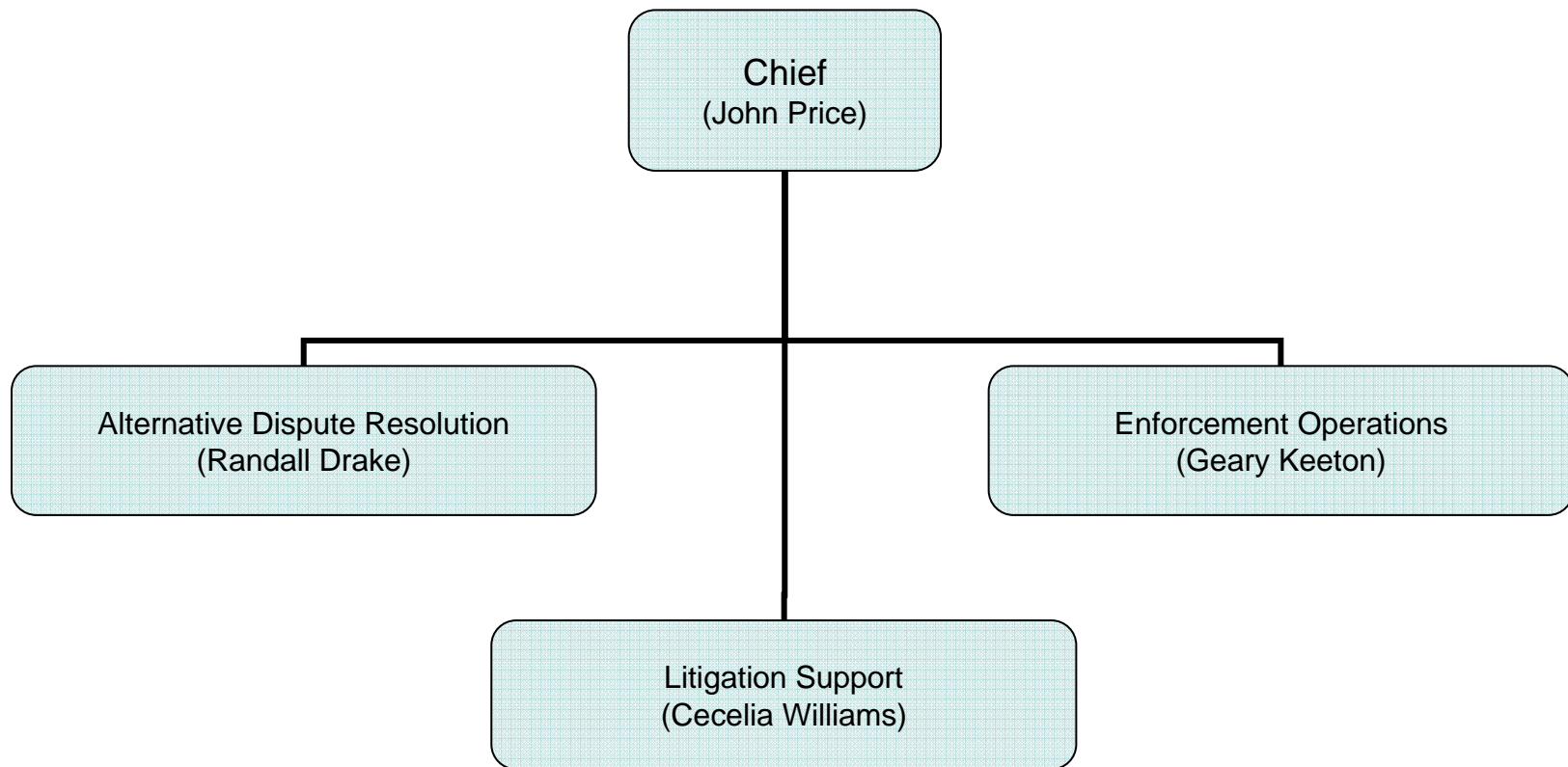


*Minerals Management
Service
Office of Enforcement*

Briefing for the
Royalty Policy Committee
May 2007

Office of Enforcement



May 2007

*Minerals Management
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Alternative Dispute
Resolution
(ADR)

May 2007

Office of Enforcement ADR

- Encouraged by the Alternative Dispute Resolution Act of 1990
- MMS Established Its ADR Program Within the Office of Enforcement in 1992
 - Backlog of 1,500 Appeals Cases
- The Federal Oil & Gas Royalty Management Act as amended in 1996 Mandates at Least One Consultation in any Appeal

Office of Enforcement ADR

- Facilitate Negotiations to Resolve Issues Referred for Settlement After Demand by Other MRM Offices
- Build a Team with MMS, State or Tribe, and Solicitor Representation
- Assess Risk of MMS Position
- Conduct Teleconferences and Meetings as Necessary Internally and with Industry

Office of Enforcement ADR

- **Results in:**
 - Mutually Acceptable Solutions to Disputes
 - Cooperative Relationships with Industry
 - Reduced Time, Cost, and Inefficiencies
 - Reduced Contentiousness Of Litigation
 - Sometimes, “Going-Forward” Agreement Saves Audit Work

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Enforcement Operations

May 2007

Office of Enforcement

Enforcement Operations

- Actions to compel current compliance with minerals revenue laws and regulations and deter future violations
- Distinguished from “compliance” efforts which identify reporting or payment gaps or inaccuracies, order company corrections, etc.
- Enforcement often begins when orders or verbal requests to make such corrections are not obeyed
- Cases arise from employee referrals, outside allegations, or OE’s own efforts



Office of Enforcement Enforcement Operations

LAWS AND REGULATIONS

- **30 U.S.C. § 1719 and FOGRMA § 109** (*Oil and Gas Civil Penalties*)
- **30 C.F.R. § 241** (*MMS Civil Penalties from FOGRMA*)
- **18 U.S.C. §§ 1001, 1341, 1343, 371, and 1516** (*Criminal Statutes*)
- **31 U.S.C. §§ 3729-3733** (*False Claims*)

Office of Enforcement Enforcement Operations

VIOLATION TYPES

- **Reporting failures** (*submit or correct monthly reports*)
- **Unresolved variances** (*reported volumes or values differ from expected amounts*)
- **Payment violations** (*failure to pay or repeated late payments*)
- **Information refusal**  (*refusal to adequately fulfill data requests for audit, compliance review, etc.*)
- **False information**  (*false information submitted in reports, letters, or documents*)

Black=Civil Penalties initially as much as \$500-\$5,000/violation/day (depending on duration of violation)

Red=Civil Penalties as much as \$10,000-\$25,000/violation/day (depending on type of violation)

 =5 years imprisonment/\$250K fine provided by 18 U.S.C.§§ 1516, 1001

Office of Enforcement Enforcement Operations

PROCESS SUMMARY

- Learn of violations from operating divisions, outside parties or own initiatives
- Investigate to confirm violations and determine why they occurred
- Informally resolve the case, if appropriate
- Issue curable Notice of Noncompliance or immediate liability civil penalty
- Follow-up with additional actions
- Resolve bona fide cases through verifying compliance, executing settlements, and/or referrals

Office of Enforcement Enforcement Operations

334 CASES OPENED SINCE FY 2000

**287 CASES CLOSED/206 CLOSED WITH
COMPLIANCE ACHIEVED**

**\$23.8 MILLION IN PENALTIES COLLECTED
Since FY 2000**

*Minerals Management
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Litigation Support

May 2007

Office of Enforcement Litigation Support

BRANCH FUNCTIONS

- Provide DOJ with Responses to Requests for Production of Documents
- Respond to Answers to Interrogatories and Prepare Privilege Log
- Coordinate Bankruptcies/File Proofs of Claim
- Refer MRM Debt to Department of Treasury
- Maintain Adequate Surety Instruments

Office of Enforcement Litigation Support

DISCOVERY PROCESS OVERVIEW

- DOJ Notifies OE of Request for Production of Documents/Data
- DOJ and OE Determine the Relevancy of Each Item Requested
- OE Coordinates the Search for Relevant Documents/Data
- OE Provides Relevant Documents to DOJ in Paper or Electronic Format

Office of Enforcement Litigation Support

FY 2007 WORKLOAD

- Litigation – 60 cases
- Bankruptcy Proofs of Claim – 1 filed
- Referral to Treasury – 266 debts
- Surety for Appeal Issues – 103