
Minerals Management Service Financial Management Overview

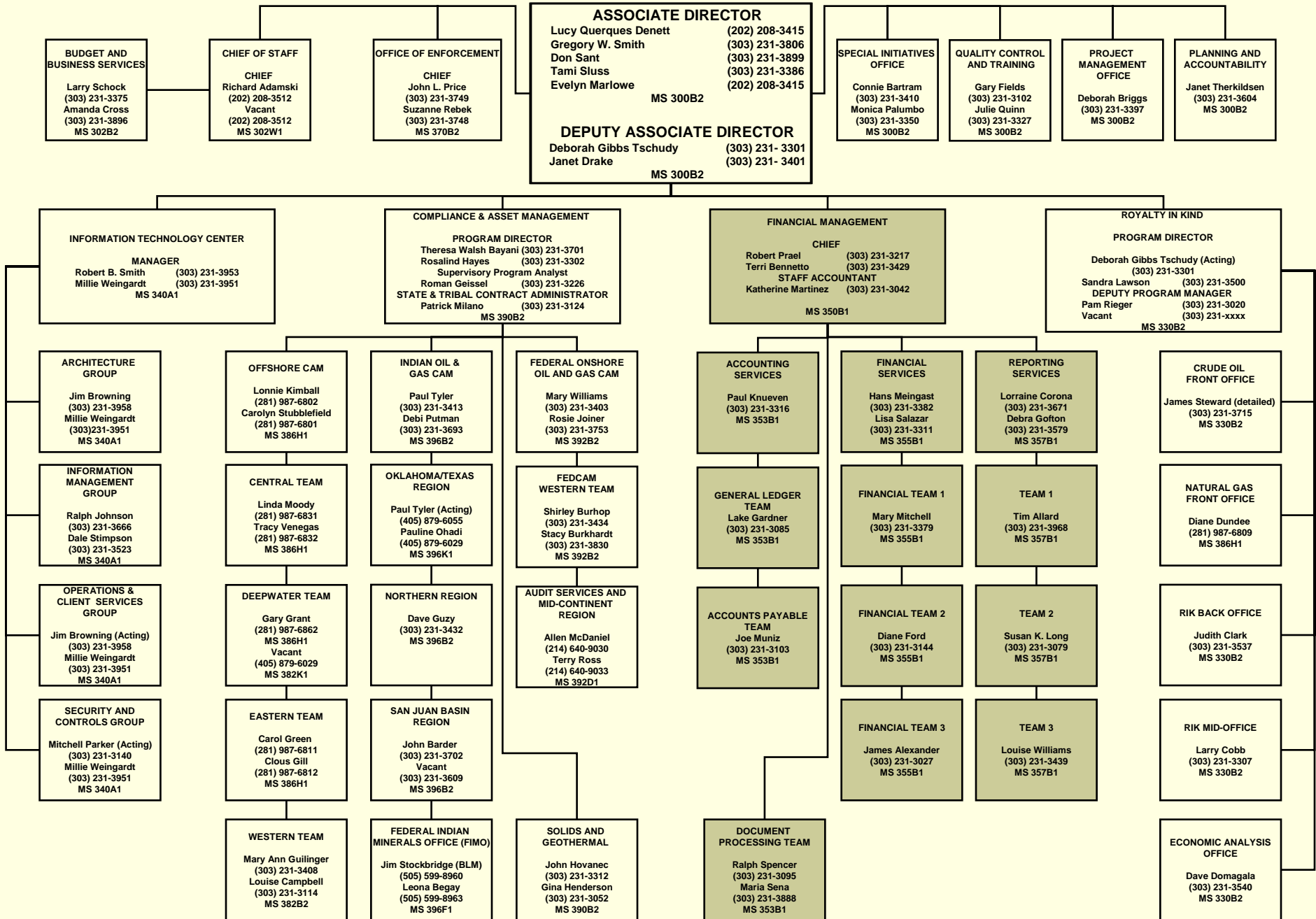
Presented by Bob Prael to the
Royalty Policy Committee
May 10, 2007

Financial Management

- Overview of Financial Management
- Revenue and Reporting flow
- Accomplishments
- Current initiatives

MINERALS MANAGEMENT SERVICE MINERALS REVENUE MANAGEMENT

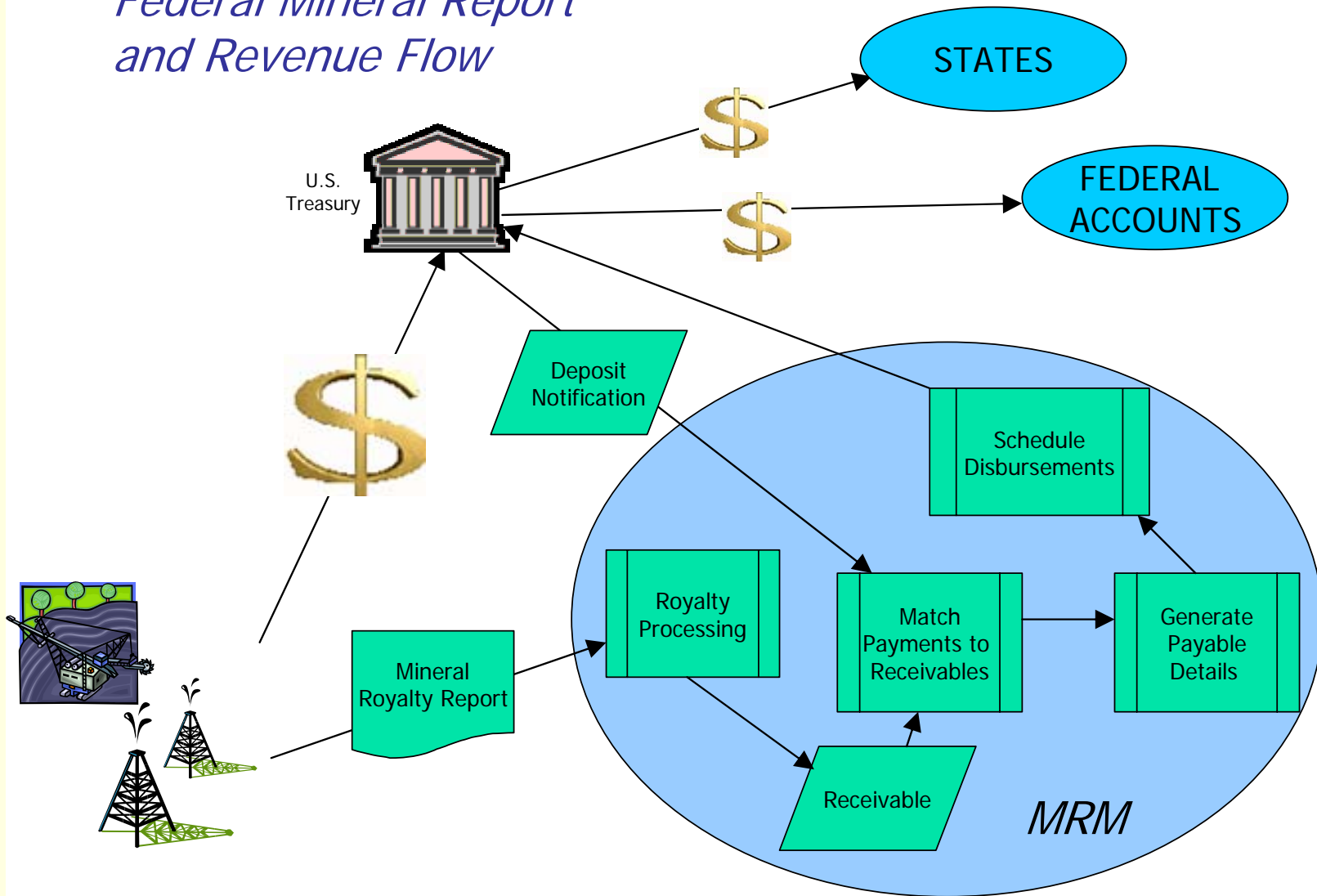
April 9, 2007



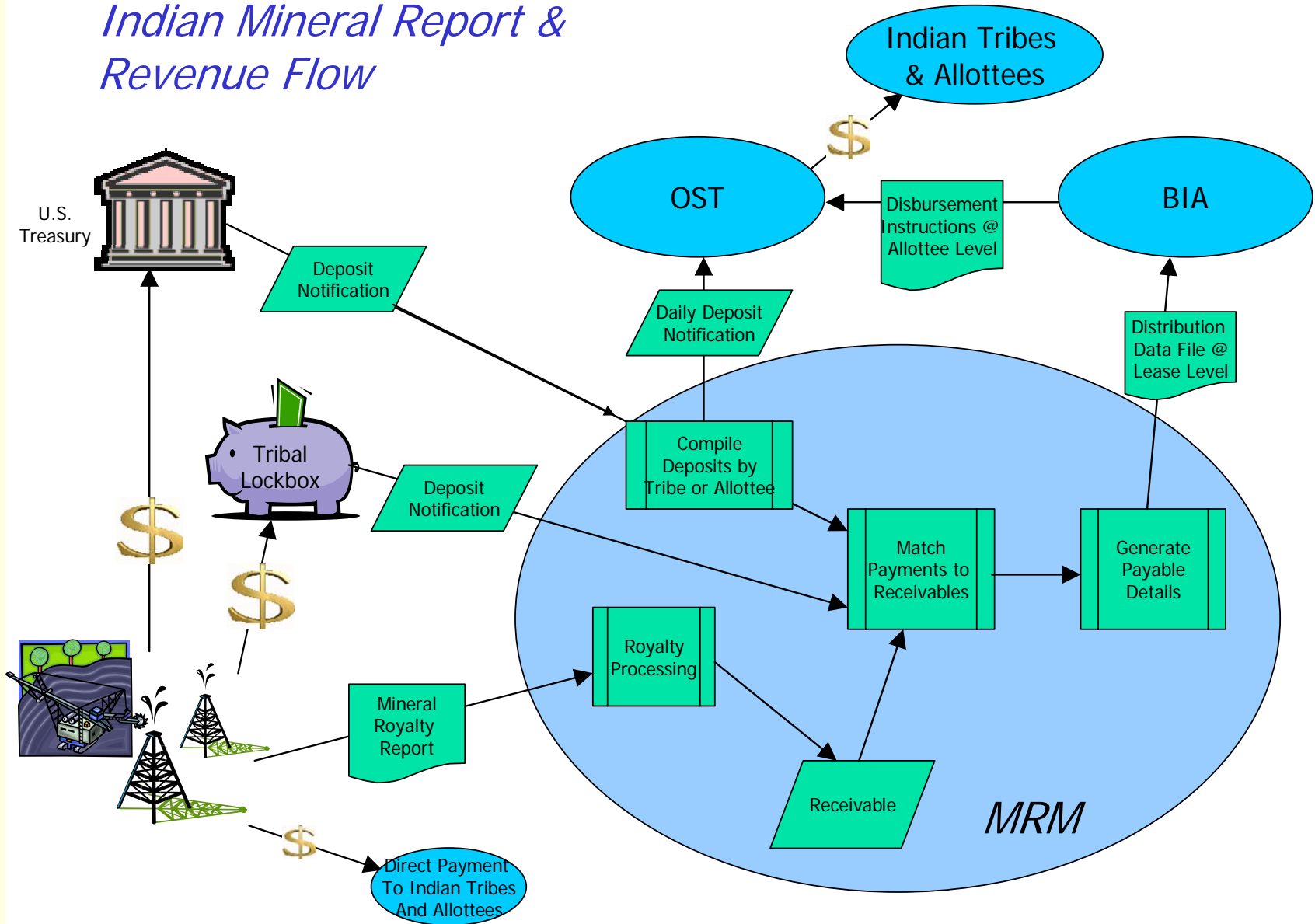
Financial Management

- Reference Data
- Royalty and Production reporting
- Accounts Receivable
- Billing and Debt Collection
- Distribution and Disbursement
- General Ledger

Federal Mineral Report and Revenue Flow



Indian Mineral Report & Revenue Flow



Financial Management

- Accomplishments
 - Unqualified Opinion on Financial Statements
 - A-123 implementation
 - On-time disbursements
 - Implementing provisions of Energy Policy Act
 - Current account balances

Financial Management Business Plan Development

- 100% timely disbursement
- Lease rentals
- System automation
- Lease Account Balance
- Interest and Indian Over-recoupment modules
- Communication and Training

100% timely disbursement

- Currently at 98%
- What keeps us from getting to 100%?
 - Rejected lines
 - Payments that do not match the report
 - Inefficient processing
 - Communication

100% timely disbursement

- Reduce or eliminate error correction.
 - More up-front edits. More responsibility on industry.
 - Increase the timeliness and accuracy of lease and agreement reference data.

100% timely disbursement

- Streamlining and improving AR applications
 - Industry reporting and payment responsibilities
 - Assess companies that do not provide matching information
- Solid mineral Production and Royalty report efficiencies
- Interfaces to work with PeopleSoft
- Eliminate Late Disbursement Interest

100% timely disbursement

- More meetings with industry
 - Individual companies
 - SAP issues and interaction with user groups

100 % Timely Disbursement Plus

■ Statements of Account

- All open receivables
- All open payments
- Provide online for real time access
 - If we are current, this benefits everyone

■ Debt Collection Act

- 180 day referral to Treasury

Lease Rentals

- Improvements
 - BRIO access
 - New report to show
 - Leases
 - Rental amount due
 - Due dates
 - Terminable/nonterminable
 - Acreage
 - Payment status

Lease Rentals

- Improvements

- Online payments

- Automated payment or credit card
 - Confirmation of payment
 - Automatic posting to MRM system

Lease Rentals

- Improvements

- Communication

- Denver Association of Lease and Title Analysts
 - National Association of Lease and Title Analysts
 - Newsletter articles
 - Workshops
 - Houston in 2006

Other initiatives

- System automation
 - Electronic payment reconciliation
 - Electronic invoices
- Interest invoices

Production Reporting

- Business Plan Development
 - Systems
 - Communication
 - Missing exceptions and backlogs
 - Operator outreach
 - Data availability

Financial Management

- Questions