

**Strategic Planning Elements  
Asset Management Mission Area**

**Strategic Goal**

Manage Federal and Indian mineral assets to promote operational efficiency and effectiveness, optimize revenues, and ensure fair market value.

**Strategic Planning Assumptions**

- Participation in national energy assistance will increase.
- Federal RIK volumes will increase.
- Gulf of Mexico will continue to be the RIK emphasis area.
- RIK operations should be fully integrated with other MRM operational areas.
- Valuation and reporting policies, procedures, regulations, and future valuation agreements will be responsive to market changes.
- RIK business model can be changed.
- RIK partnerships with Wyoming, Louisiana, and Texas will continue.
- Onshore properties with high RIK potential will be pursued only with the support of and in partnership with the affected State.
- The MRM will pursue RIK opportunities for Indian leases only when requested to do so by the owner Tribe.

## **Business Objectives**

- Achieve top-tier steady state RIK program of the highest commercial quality.
- Achieve product valuation regulations and rulemaking processes that are dynamic and responsive to market changes.
- Ensure optimal value is received for mineral royalty assets produced from Federal and Indian leased lands.

## **Optimal Strategies**

- Expand RIK portfolio through diversification, after enhancing internal controls, risk policy framework, and human resource skill sets.
- Implement an effective risk management and performance metrics program to support asset management decisionmaking for RIV/RIK conversions, prospective valuation agreements, and settlements.
- Build the capability to respond to national energy assistance programs.
- Optimize product valuation and regulatory information collection requirements to support the MRM business operation.
- Acquire and maintain intelligence on mineral commodity markets in partnership with government agencies and the minerals industry.
- Embrace early certainty concepts as foundational to future valuation agreements and regulations.
- Pursue legislative and regulatory solutions related to de minimus production.

## Key Performance Goals

- Enhance net return to the government by X dollars through RIK revenue uplift and cost avoidance (DOI non-key measure). New measure for 2006

2006	Enhance net return by \$11.5 million
2007	Enhance net return by \$11.5 million
2008	Enhance net return by \$11.5 million

- Provide X dollars positive time value of money by collecting RIK revenues within 25 days rather than 30 days for in-value royalties. (MMS Bureau goal)

2006	\$1.9 million
2007	\$2.0 million
2008	\$2.2 million

- Reduce time to balance RIK transactions to 180 days for X percent of facility measurement points. (MMS Bureau goal)

2006	83% within 180 days
2007	86% within 180 days
2008	89% within 180 days

- Collect X percent of RIK revenues within a 25-day collection period. (MMS Bureau goal)

2006	95%
2007	95%
2008	95%

- Achieve a 10 percent reduction in RIK administrative costs per barrel of oil equivalent (BOE) for FY 2007 through FY 2009. (Set RIK cost baseline in FY 2006)
- Increase RIK sales to utilities and industrials up to 20 percent of all gas sales. (Goals to be established beginning FY 2007)
- Increase non-seasonal RIK sales up to 35 percent of all gas sales. (Goals to be established beginning FY 2007)

## **Strategic Planning Elements Financial Management Mission Area**

### **Strategic Goal**

Collect, account for, and disburse Federal and Indian mineral lease revenues to the proper recipients in a timely and accurate manner per applicable laws, regulations, and lease terms.

### **Strategic Planning Assumptions**

- Departmental trust management requirements will necessitate changes in royalty systems and processes.
- Legislative and regulatory changes such as royalty relief, royalty credits, and energy impact assistance will require design and implementation of new accounting procedures and controls, and will increase workloads.
- Emphasis on financial and accounting integrity will intensify.
- Internal and external demands for financial accounting services will increase.

## **Business Objectives**

- Achieve top-tier mineral revenue financial management operation of the highest quality and integrity.
- Ensure timely and accurate disbursement of all (100 percent) mineral revenue receipts.
- Ensure timely and accurate mineral revenue reporting and payment by industry lessees/payors.
- Achieve Federal financial accounting and internal control requirements.
- Obtain unqualified audit opinion for mineral revenue custodial accounts.
- Provide timely and accurate reports to mineral revenue recipients and customers.
- Produce and publish reliable, timely, and complete mineral revenue financial reports.

## **Operational Strategies**

- Develop and implement the most efficient and effective mineral revenue accounting and disbursement model that aligns with, and is reflective of, commercial best practices.
- Ensure continuous compliance with Office of Management and Budget Circular A-123.
- Support CFO audits and fully implement improvement recommendations.
- Inventory and address legislative, policy, and procedural constraints that prevent efficient processing of revenue payments.
- Work in partnership with BLM to improve information exchange and more closely align MRM and BLM minerals-related processes (e.g., unitization approvals).
- Optimize alignment of MRM processes and systems interfaces with OMM through the OCS Connect Initiative.
- Enhance automated interfaces with company databases to reduce royalty reporting errors.

## Key Performance Goals

- X percent of revenues disbursed on a timely basis per statute. (DOI Strategic Plan end outcome measure)

2006	96.5 percent
2007	97.0 percent
2008	98.0 percent

- Provide lease data to BIA for X percent of royalties by first semi-monthly distribution. (DOI Strategic Plan end outcome measure)

2006	80.0 percent
2007	85.0 percent
2008	90.0 percent

- X percent of royalty information reported accurately the first time. (DOI non-key measure)

2006	97.5 percent
2007	98.0 percent
2008	98.0 percent

- Obtain unqualified audit opinion on MMS Annual Financial Statement for Custodial Accounts. (MMS Bureau goal)

2006-2008 Unqualified

- Reduce late disbursement interest by X percent over 5 years. (To be implemented for the 5-year period 2007-2012)

## **Strategic Planning Element Compliance Mission Area**

### **Strategic Goal**

Ensure that Federal and Indian mineral revenues are timely and correctly reported and paid by the minerals industry in compliance with applicable laws, regulations, and lease terms.

### **Strategic Planning Assumptions**

- The MRM will continue to perform both mineral revenue audits and compliance reviews.
- State and tribal delegated and cooperative agreements will continue to be an integral part of the MRM compliance program.
- Audit and compliance quality control review standards will continue to be a high priority.
- Legislative and regulatory changes such as royalty relief incentives, royalty credits, and energy impact assistance will require design and implementation of new compliance procedures, and will increase compliance workloads.
- External reviews and oversight will increase.
- Continued RIK expansion and use of future valuation agreements will reduce compliance workloads.
- Continued industry acquisitions and mergers may require organizational and staffing realignments.



## **Business Objectives**

- Ensure substantial compliance for the mineral revenue universe.
- Conduct mineral revenue audits and reviews in compliance with applicable standards utilizing best practices.
- Achieve contemporaneous compliance strategies at less cost to industry and the Federal Government.
- Ensure timely and correct industry production and royalty reporting and payment for the Federal and Indian mineral lease universe.
- Obtain unqualified opinion on the MRM audit peer review.

## **Operational Strategies**

- The 3-year compliance cycle will be continued during the planning period.
- New risk management compliance strategies will be implemented to scale the minerals revenue universe.
- Evaluate and implement alternative strategies to address different segments of the mineral revenue universe.
- Promote industry voluntary compliance with regulatory reporting and payment requirements through incentives and enforcement.
- Evaluate alternative models for delegated/cooperative audit and compliance agreements.
- Implement expedited compliance strategies for major consolidated oil and gas royalty payors.
- Pursue opportunities to more closely align MRM, BLM, and OMM compliance processes.

## Key Performance Goals

- Compliance work is completed within the 3-year compliance cycle for X percent of royalties for production year X. (DOI Strategic Plan end outcome measure)

2006	72% of 2003 royalties
2007	79% of 2004 royalties
2008	88% of 2005 royalties

- Complete compliance work through the order stage for X percent of Calendar Year 200X Indian gas properties for index zone/major portion pricing. (MMS Bureau goal)

2006	90% of CY 2004; 100% of CY 2003
2007	90% of CY 2005; 100% of CY 2004
2008	90% of CY 2006; 100% of CY 2005

- Reduce time to balance RIK transactions to 180 days for X percent of facility measurement points. (MMS Bureau goal – see Exhibit 1 Asset Management Goals)

2006	83% within 180 days
2007	86% within 180 days
2008	89% within 180 days

## **Strategic Planning Elements Indian Trust Mission Area**

### **Strategic Goal**

Provide effective trust management services responsive to the needs of American Indian Tribes and individual Indian mineral owners.

### **Strategic Planning Assumptions**

- The MRM will continue to perform the functions of Indian mineral revenue collection, distribution, reporting, and compliance.
- The DOI Indian fiduciary trust model will be implemented.
- The DOI trust enterprise-wide architecture will be implemented.
- Indian trust litigation will continue.
- Trust responsibility focus increases the standard of performance for MRM related to Indian mineral revenues as compared to fiduciary/stewardship responsibility for Federal land mineral revenues.
- The DOI will assess and rate the risks of MRM's Indian trust functions.

## **Business Objectives**

- Achieve most effective business model for delivery of Indian mineral revenue trust services in partnership with BIA, BLM, and OST.
- Provide trust management and mineral revenue services to Indian mineral interest owners in a timely and effective manner.
- Promote American Indian tribal engagement in the royalty management process.
- Fully and effectively manage and protect Indian trust records.

## **Operational Strategies**

- Align MRM's Indian trust services with DOI trust programs and strategies.
- Assess and improve Indian operational business processes.
- Partner with BIA, BLM, and OST to provide timely and accurate responses to the issues and concerns of individual royalty recipients.
- Promote consultation and continue outreach activities with Indian royalty recipients.
- Use IPA agreements to engage Indian Tribes in the royalty management process.
- Fully implement the MRM records management improvement project.
- Optimize utilization of Lenexa Indian records storage facility to protect Indian records and support MRM and DOI trust management operations.

## Key Performance Goals

- Conduct X Indian outreach sessions per year. (MMS Bureau goal)

2006	65
2007	65
2008	65

- Tribes manage audit activities for X percent of tribal mineral royalties. (MMS Bureau goal)

2006	88
2007	92
2008	92

- Establish at least X number of tribal internships per year. (MMS Bureau goal)

2006	1 (cum 12)
2007	1 (cum 13)
2008	2 (cum 14)(one additional IPA in 2007)

## **Strategic Planning Elements Resource and Information Management Mission Area**

### **Strategic Goal**

Manage available resources to promote fiscal accountability, performance excellence, and delivery of services at best value.

### **Strategic Planning Assumptions**

- Congressional, OMB, and GAO mandates for accountability and internal management control systems will expand:
  - Competitive sourcing
  - GPRA/ABC/PART requirements
  - Capital asset planning and investment control
  - AMCR and IQCR programs
- Continued and significant information technology changes will drive business systems and requirements:
  - Required system software upgrades
  - Enterprise-wide architecture
  - Security requirements and standards
  - E-government applications
  - Systems support contractor recompetition
- User and customer demands for timely and accurate mineral revenue and production data will increase.
- The MRM demographic profile will drive a major turnover in the workforce.

## **Business Objectives**

- Manage human resources to promote high performance with accountability, professionalism, integrity, and minerals expertise.
- Assure that the MRM information technology environment is aligned with and supportive of the Department's enterprise-wide architecture initiative.
- Ensure that accurate mineral revenue information is accessible and available for all MMS users, partners, customers, and clientele in a timely manner.
- Pursue the establishment of a national oil and gas production data clearing house for the minerals industry.
- Provide efficient and effective records management, retention, preservation, and security.

## **Operational Strategies**

- Develop workforce succession plans.
- Implement human resource training and career development initiatives.
- Evaluate optimal geographic alignment of resources and workloads.
- Advance and maximize the use of electronic commerce, interfaces, and information transfer.
- Develop and implement an integrated management information system to support operational and decisionmaking processes.
- Optimize business model and organizational approach for production data collection and reporting.
- Maintain and support business recovery plans and continuity of operations plans.
- Align future spending with strategic plans using financial data, activity-based costing, and performance measures.
- Pursue legislation to allow the use of receipts to fund MRM operations.
- Improve, expand, and institutionalize an effective program-wide performance metrics system.
- Establish and maintain a MRM program-wide risk assessment program that is integrated with planning, performance, and budget.
- Deliver information and statistics that are accurate, consistent, and responsive to internal and external needs and requests.
- Continue to fully and effectively manage the MRM records management and retention program.



## Key Performance Goals

- Ensure systems availability X percent of the time (Compliance, Financial, and RIK).

FY 2006 – FY 2008 99.5%

### DOI Management Excellence Goals

- Ensure X percent of SES executive and direct reports have performance agreements containing GPRA, President's Management Agenda, and Citizen-Centered Governance performance-based elements.

FY 2006 – FY 2008 100%

- Complete resolution of all internal and external audit recommendations targeted for completion during Fiscal Year.

FY 2006 85%  
FY 2007 – FY 2008 TBD

- X percent of audited financial statements and material weaknesses corrected on schedule.

FY 2006 – FY 2008 100%

- Ensure X percent of systems certified and accredited, and maintain accreditation on a 3-year recurring cycle.

FY 2006 90%  
FY 2007 – FY 2008 TBD

- Ensure that X percent of Information Technology (IT) investment expenditures are reviewed/approved through the Capital Planning and Investment Control process.

FY 2006 – FY 2008 100%

## Key Performance Goals

(Continued)

### DOI Management Excellence Goals (continued)

- Number of commercial-type FTE involved in competitive sourcing studies completed during Fiscal Year.

FY 2006	0 MRM FTE
FY 2007	22 Admin Support FTE
FY 2008	35 Onshore Federal Compliance FTE

- Complete A-76 Pre-Planning management Reviews for:

FY 2006	58 FM FTE
FY 2007	35 Indian Compliance FTE and 41 RIK FTE