



Working for America's Energy Future and a Quality Environment

MMS: Working for America's Energy Future and a Quality Environment

How we manage our energy resources now will determine how we live and work in the United States for decades to come.

The decisions we make in the 1990's will affect hundreds of aspects of our daily lives and those of our children—the availability of foods in the market, how we get to work, what goods are produced in our factories, and the quality of our environment.

As the Nation's designated steward of the mineral resources on the Outer Continental Shelf (OCS), which contains nearly one-third of our Nation's natural gas and oil resources, the Department of the Interior's Minerals Management Service (MMS) is committed to achieving the proper balance between providing energy for the American people and protecting unique and sensitive coastal and marine environments.

MMS's primary responsibilities are:

- Prudent leasing and safe management of Federal lands for exploration and development of natural gas and oil on the OCS; and the
- Collection and distribution of bonuses, rents, and royalties from companies that lease and produce minerals from onshore

MMS is committed to achieving the proper balance between providing energy for the American people and protecting unique



and offshore Federal and Indian lands.

Practically speaking, these tasks are complicated. MMS faces a multi-faceted challenge:

- To meet the Nation's present and future energy needs;
- To reduce our dependency on foreign energy sources;
- To protect the environment, the people, and the animals that inhabit our coasts and oceans; and
- To ensure the correct valuation of mineral resources on Federal and Indian lands and the prompt collection and disbursement of bonuses, rents, and royalties generated by those resources.

MMS responds to these challenges through a commitment to quality science, judicious leasing, and safe, clean operations. MMS works diligently to protect the environment and to achieve excellence in every aspect of our royalty management services.

Promising Quality Science

Quality science is fundamental to MMS's approach to identifying and assessing areas for potential resource development, determining potential environmental risks, and ensuring safe, clean offshore operations.

MMS conducts and/or funds and publishes the results of hundreds of scientific and technical projects and studies which enable us to balance environmental concerns with leasing decisions. These scientific findings may result in revised regulations, stipulations in lease agreements, or special orders to offshore operators.

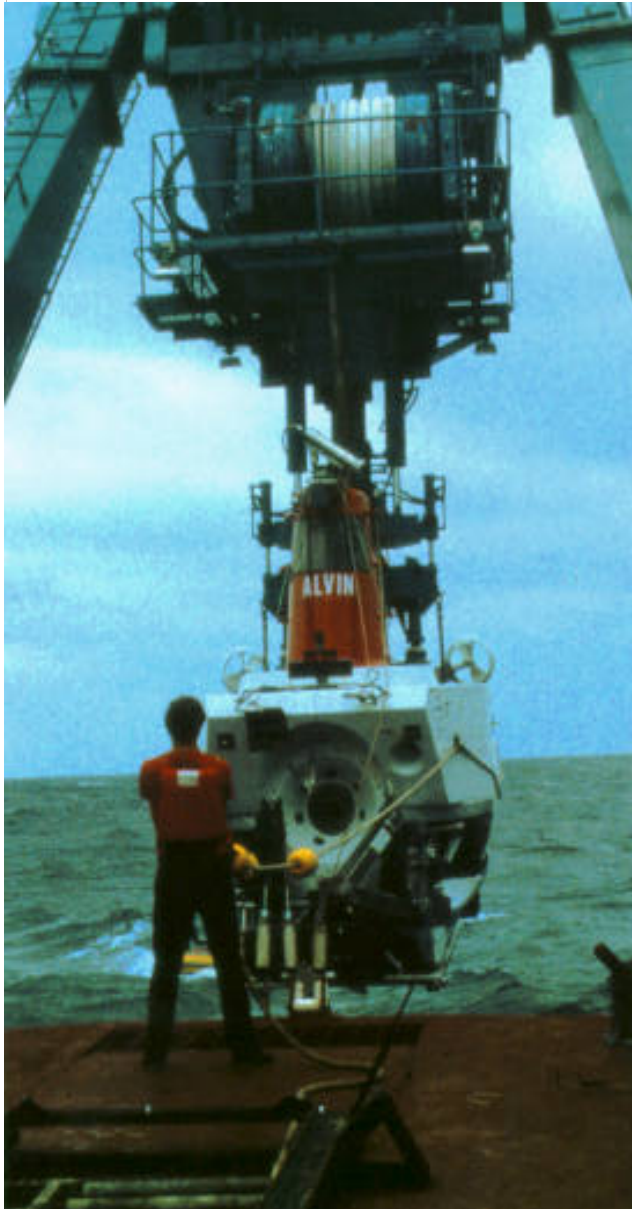
After analyzing the results of these findings, MMS often determines that leasing decisions are subject to additional wide-ranging oceanographic, environmental, marine life, socioeconomic, or ecological studies. MMS scientists and engineers work to determine ways of protecting environmentally sensitive areas or species, or mitigating potential harm from offshore activities.

MMS conducts rigorous engineering, geological, geophysical, and other scientific assessments on which we base decisions for approval of or modification to lessees' plans for OCS activity. These assessments also enable MMS to measure the long-term environmental and ecological effects of offshore natural gas and oil production.

MMS regards safety of personnel, of the environment, and of operations as top priorities.



Each year MMS spends millions of dollars to study and address the possible effect of oil and gas development on coastal and marine environments.



Upholding Judicious Leasing

MMS envisions leasing only a small percentage of the more than one billion offshore acres of the OCS. We base leasing decisions on a 5-Year Program schedule, which shows dates and locations of proposed lease sales and geographical, geological, and environmental studies.

In developing this 5-Year Comprehensive Natural Gas and Oil Resource Management Program, MMS balances environmental considerations, the potential for discovery of natural gas and oil, and the potential impact on coastal communities. Interested parties—including State and local governments and the general public—have several opportunities to participate in the decisionmaking process and to review and submit comments to MMS on the program.

The Comprehensive 5-Year Program is adopted only after MMS has reviewed the comments and balanced them with national interest considerations, and has obtained approval from the Secretary of the Interior after a review by the President and the Congress. Developing an approved, final 5-Year Program is a process which takes two to three years.

Ensuring Safe and Clean Operations

From the day a bidder is awarded a lease to operate on the OCS until drilling and production cease—often up to 30 years later—MMS devotes constant attention to safety through a combination of required plans, permits, training, inspections, and, if neces-

sary, penalties for noncompliance with the regulations.

Numerous Federal laws—some under the jurisdiction of MMS, others under the jurisdiction of agencies such as the Environmental Protection Agency or the U.S. Coast Guard—govern offshore activities. These are interpreted and explained in regulations which specify the procedures operators must follow to ensure safe offshore operations. Among the many issues addressed in these regulations are requirements for inspections, safety training and drills, and accident prevention procedures.

Aside from regulations and required inspections designed to ensure safe operations, MMS has two key activities to ensure personnel have access to and training in the safest, most current technologies available for working on the OCS:

- The MMS Technology Assessment and Research Program (TARP), a balanced, comprehensive approach to analyzing, developing, and improving workplace and environmental safeguards to protect OCS personnel who are working in increasingly deeper, rougher waters and at aging facilities; and
- Personnel training programs and MMS certification of privately operated training programs to ensure that OCS workers know how to recognize unsafe equipment and operational procedures.

Before and during OCS operations, operators and lessees must prepare and secure approval of detailed plans for exploration and development, as well as permits for drilling and for construction or modifications

to platform structures and pipelines. These plans and procedures must meet MMS's stringent regulations and operating procedures, which are based on the best available and safest technologies.

A crucial tool in maintaining safe operations is the inspection of offshore facilities. Federal law and regulations require a complete inspection of every offshore facility—more than 3,800 platforms in the Gulf of Mexico and off the California coast—at least annually. Petroleum engineering technicians conduct these inspections 365 days per year, weather permitting, evaluating the overall condition of a facility and its operations.

In the rare event that an accident does occur, MMS strives to minimize damage to individuals, the environment, and property as quickly as possible and to prevent future accidents through a program of investigations and accident reports. Based on these findings, MMS may revise regulations and operating orders for a particular facility.

MMS enforces its network of safety regulations and procedures through warnings and penalties. Penalties may include a component or facility shut in, or civil penalties of up to \$20,000 per day for failure to correct an offshore operations violation. Penalties may be as high as \$500,000 per day or 10 years in prison or both, for knowing and willful violation of OCS rules, regulations, leases, or permits.

Protecting the Environment

MMS conducts a multi-faceted Environmental Studies Program which generates the

scientific research essential to making sound leasing and operating decisions before exploration and development can begin on any particular OCS tract.

In addition, MMS conducts a special program designed to identify and protect valuable underwater prehistoric and historic sites on the OCS.

MMS's extensive, constantly evolving Environmental Studies Program supplies the scientific and technical information needed to determine which offshore areas are acceptable for leasing, as well as to predict, assess, and manage the impact of OCS natural gas and oil activities on the human, marine, and coastal environments.

The Studies Program provides information for the environmentally safe operation of natural gas and oil activities and for developing the 5-Year Program. MMS publishes draft and final Environmental Impact Statements for all proposed leasing areas, describing the existing environment, analyses of possible effects of offshore activities on the environment, oil-spill risk analyses and proposed mitigating measures, as well as thorough environmental assessments, conducted after leases are awarded but before OCS operations may begin.

MMS protects underwater archaeological sites by using remote sensing instruments that detect shipwrecks of whaling, fishing, and military vessels, allowing MMS to determine specific measures that are necessary to protect them.

Managing Royalties

Natural gas, oil, geothermal energy, coal, and other minerals constitute some of our Nation's most important natural resources. These resources belong to all Americans, and Congress has entrusted MMS with ensuring that the Nation receives a fair and appropriate return from interests that lease or develop them.

The Royalty Management Program (RMP) collects and distributes the bonuses, rents, and royalties from companies that lease and produce minerals from onshore and offshore Federal and Indian lands. These revenues are one of the largest non-tax sources of income to the U.S. Treasury, ranging from about \$3.4 billion to \$10 billion annually, depending on the volume of production, prices, and amounts of offshore leasing. Sources of these revenues include 26,000 Federal and Indian producing offshore and onshore leases in rental status.

RMP collects these funds from the mineral industry and distributes them to State governments, Indian tribes, individual Indian mineral owners, and the public at large through several U.S. Treasury funds.

Federal law requires that these funds be distributed to several types of recipients. The Federal Government, which receives the largest share, disburses the revenues among the General Fund of the U.S. Treasury; special Federal funds for acquisition of National and State Parks, conservation, and recreation areas; the Historic Preservation Fund; and coastal States, Indian tribes, and some 29,000 individual Indian recipients.

These funds are used to acquire and maintain recreational and conservation lands; they are used for State-sponsored education, roads, and other projects; for development of the National Park System; and for acquisition and management of historic properties.

To carry out the complex tasks of collecting, accounting for, and disbursing revenues from thousands of companies to thousands of recipients, the RMP has developed and implemented automated systems that provide accounting data and track production information, and account for bonuses and rentals from onshore Federal leases that are not yet producing.

Collection and distribution of royalties to Indian Tribes and individuals is an important part of the Federal Government's trust responsibility for the protection of Native Americans and their property. MMS accords high priority to ensuring that Indian revenues receive thorough, systematic audit coverage, and that specific problems are resolved as they are identified.

The RMP also conducts numerous outreach activities that offer royalty recipients, payors, and other interested parties an opportunity to discuss, face to face, their concerns about the program, and to offer suggestions for improving it.

Efforts such as the Initiative for Indian Tribes and Allottees, which resulted in an "Action Plan" of recommendations for improvements, and RMP's superior automated systems, signal MMS's contribution to a Departmentwide commitment to enhance all services to the Indian community.

The People of MMS

The MMS workforce consists of about 2,100 individuals in more than 100 occupations. About one-half of these individuals occupy positions officially classified as professional. Of this group, about half have specialized positions—they are biologists, oceanographers, petroleum engineers, geologists, geophysicists, paleontologists, economists, and automated data processing specialists, among others. Another 30 percent are accountants and auditors, some of whom are certified public accountants. More than 20 percent of MMS biologists and physical scientists hold doctoral degrees, while more than one-quarter of all professional personnel have their Master's degrees.

For More Information

MMS continues to work with Federal, State, and local government agencies, developing an offshore program that is responsive to local communities, mindful of America's energy future, and committed to protecting our children's environment. MMS aggressively seeks measures to ensure prompt, accurate collection and payment of royalties to the U.S. Treasury and to Indian Tribes and Allottees, with an underlying philosophy of responsible stewardship of America's offshore resources.

For more information on the Minerals Management Service, contact:

Minerals Management Service
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Washington, DC 20240
(202) 208-3985

Some offshore mineral revenues are used to acquire land for National Parks, National Wildlife Refuges, and for State Parks and recreation areas.



The MMS Mission

The Minerals Management Service's (MMS) primary responsibilities are to manage the mineral resources located on the Nation's Outer Continental Shelf (OCS), collect revenue from the Federal OCS and onshore Federal and Indian lands, and distribute those revenues.

Moreover, in working to meet its responsibilities, the Offshore Minerals Management Program administers the OCS competitive leasing program and oversees the safe and environmentally sound exploration and production of our Nation's offshore natural gas, oil, and other mineral resources. The MMS Royalty Management Program meets

its responsibilities by ensuring the efficient, timely and accurate collection and disbursement of revenue from mineral leasing and production due to Indian tribes and allottees, States and the U.S. Treasury.

The MMS strives to fulfill its responsibilities through the general guiding principles of: 1) being responsive to the public's concerns and interests by maintaining a dialogue with all potentially affected parties; and 2) carrying out its programs with an emphasis on working to enhance the quality of life for all Americans by lending MMS assistance and expertise to economic and environmental protection.