



4.3.6 Subsurface Asset Management (U)

4.3.6.1 Subsurface Asset Management Summary Process Description

The overall process starts with: Nominate a tract(s) of Trust land for mineral leasing or presentation of a negotiated Indian Mineral Development Agreement (IMDA) for Tribal Trust land mineral leasing. Additionally, the process may start with the approval of a DOI budget line item for Trust mineral needs assessment grants.

It ends with: Accept the reclamation effort and Final On-Site Inspection Report by the BIA Agency Superintendent and release of associated bond(s) if they are lease specific.

Subsurface asset management includes management of all Trust minerals, fluid or solid, recoverable through drilling, underground mining or surface mining. The primary Trust fluid minerals are oil and gas, while the primary Trust solid minerals are coal, sand and gravel. A complete list of Trust mineral commodities ranges from building stone to uranium and from platinum to mud. Not included in the list of Trust minerals are tailings, chat and mine spoils, i.e., materials separated from the mineral and left behind or relocated.

Sub-processes in the subsurface asset management process include activities necessary for establishment of mineral leases, monitoring approved leases, approving and maintaining operations, directing rents and royalties to the proper beneficiaries, and reclamation of leased tracts. Also included in the process are activities associated with the BIA Division of Energy and Mineral Resources (DEMR) mineral needs assessment grants program for Trust lands. The overall process begins with four Trust Mineral Lease Initiation sub-processes. Once a lease has been approved, the path through the overall process depends on whether the mineral is a solid or fluid. The fluid minerals lease sub-process is further divided into Fluid Minerals Lease Management and Fluid Minerals Revenue Management. Similarly, the solid minerals lease sub-process is divided into Solid Minerals Lease Management and Solid Minerals Revenue Management. Regardless of whether the mineral is fluid or solid the final two sub-processes of the overall process are Cessation of Mineral Lease and Bond Management. These last two sub-processes address the orderly close of a Trust mineral lease. The Fluid Minerals Lease Management, Fluid Minerals Revenue Management, Solid Minerals Lease Management, and Solid Minerals Revenue Management sub-processes are further broken down into a total of 15 sub-processes. Each of these sub-processes is described in this section and their corresponding IDEF (0) diagram is also presented.

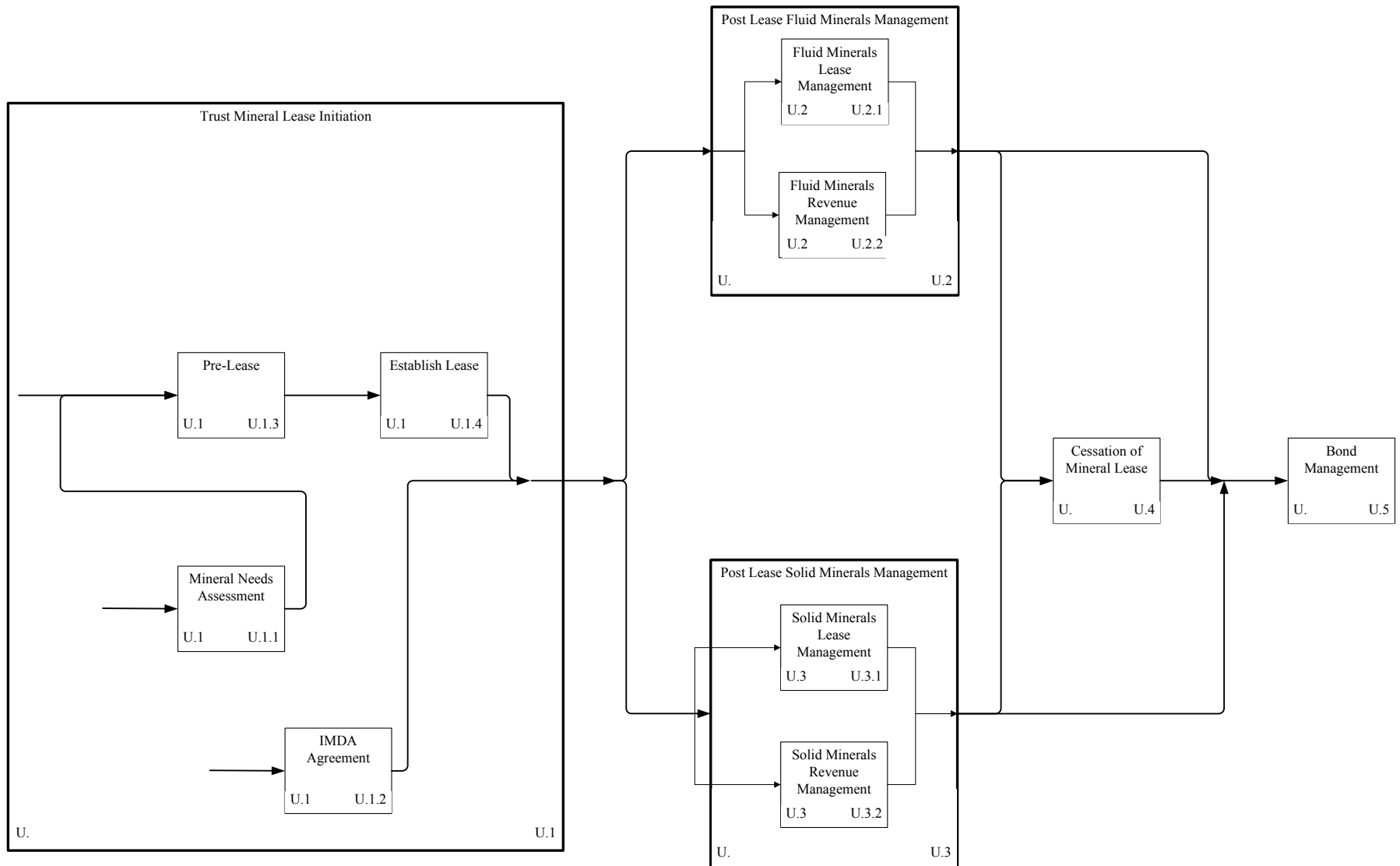


Figure 4.3.6- 1 Subsurface Asset Management Diagram



Subsurface Asset Management Objectives

Trust beneficiaries are entitled, by law, to establish revenue generating leases and permits for their Trust mineral assets. The objective of the subsurface asset management process is to provide the Trust beneficiaries with equitable and legitimate mineral leases that maximize revenue, protect the Indian Mineral Owner's (IMOs) assets, and conform to all applicable statutes, regulations, and case law. To achieve this objective the subsurface asset management activities span several Department of the Interior bureaus; interfaces with other federal departments, state agencies and commissions, and Tribal entities; and includes consultations with allottees and Tribes.

As noted in Chapter 1, the specific Trust Strategic Goals and Objectives that relate to subsurface asset management are as follows:

a) **Strategic Goal 1 - Beneficiary Services**

Enhance and maintain a beneficiary focus of providing service to and maintaining communications with beneficiaries.

Objective 1.1 Beneficiary Statements

Routinely provide timely, accurate, understandable, and comprehensive statements to beneficiaries.

b) **Strategic Goal 2 - Ownership Information**

Verify, track, and maintain the land, natural resource, and fund asset ownership information required to manage assets effectively and to provide beneficiary services.

Objective 2.3 Title, Realty, and Administrative Information

Develop, maintain, and make readily available accurate and current asset ownership and administrative information that is managed to professional fiduciary standards.

c) **Strategic Goal 3 - Land and Natural Resource Assets**

Provide stewardship and management of land and natural resource assets in the best interests of the beneficiaries, while fulfilling fiduciary and legal responsibilities.

Objective 3.1 Land and Natural Resource Asset Plans and Stewardship Strategies

Develop land and natural resource asset plans and stewardship strategies.

Objective 3.2 Preservation and Protection of Land and Natural Resource Assets

Preserve and protect the long-term viability of land and natural resource assets consistent with fiduciary duties and with the beneficiary's intended use of the assets.

Objective 3.3 Land and Natural Resource Asset Business Management

Manage land and natural resource assets effectively and proactively to obtain fair market value for beneficiaries, as required, and to incorporate beneficiary requirements.

Objective 3.4 Appraisals

Obtain appraisal information, as necessary, on Trust and restricted lands for Tribal and individual Indian owners, using methods and techniques that meet professional standards.

d) **Strategic Goal 4 - Trust Fund Assets**



Manage Trust fund assets consistently with legal and fiduciary responsibilities ensuring timely and productive use of the assets.

Objective 4.2 Collection, Disbursement, and Accounting of Funds

Manage and invest fund assets to provide prudent rates of return, while considering the best interests of individual beneficiaries and Tribes.

e) Strategic Goal 5 - Indian Self-Governance and Self-Determination

Encourage and support compact and contract opportunities associated with Trust management to promote Indian self-governance and self-determination.

Objective 5.3 Cooperative Audit Agreements

Increase the number of Tribes that participate in cooperative audit programs for oil and gas leases.

f) Strategic Goal 6 - Administrative Services

Develop, maintain, and coordinate administrative services to support the effective and efficient fulfillment of DOI Trust management responsibilities.

Objective 6.2 Accounting

Develop and maintain accounting activities that are user friendly, integrated, provide necessary functionality, and contain appropriate interfaces to support effective and efficient Trust management.

Objective 6.6 Business Practices

Develop and maintain business processes and practices that are based on professional standards that are complete, consistent, and reliable.

Objective 6.7 Performance Measures

Develop, maintain, and use clear performance measures to manage Trust operations and to assess performance.



4.3.6.2 Trust Mineral Lease Initiation (U.1)

Starts with: Nominate a tract(s) of Trust land for mineral leasing or presentation of a negotiated IMDA Agreement for Tribal Trust land mineral leasing. Additionally, the process may start with the approval of a DOI budget line item for Trust mineral needs assessment grants.

Ends with: Approve a lease or termination of the leasing effort.

The four Trust Mineral Lease Initiation sub-processes are Mineral Needs Assessment, Indian Mineral Development Act (IMDA) Agreements, Pre-Lease, and Establish Lease. These initiating sub-processes contain all the various activities through which a mineral lease can be setup and approved.

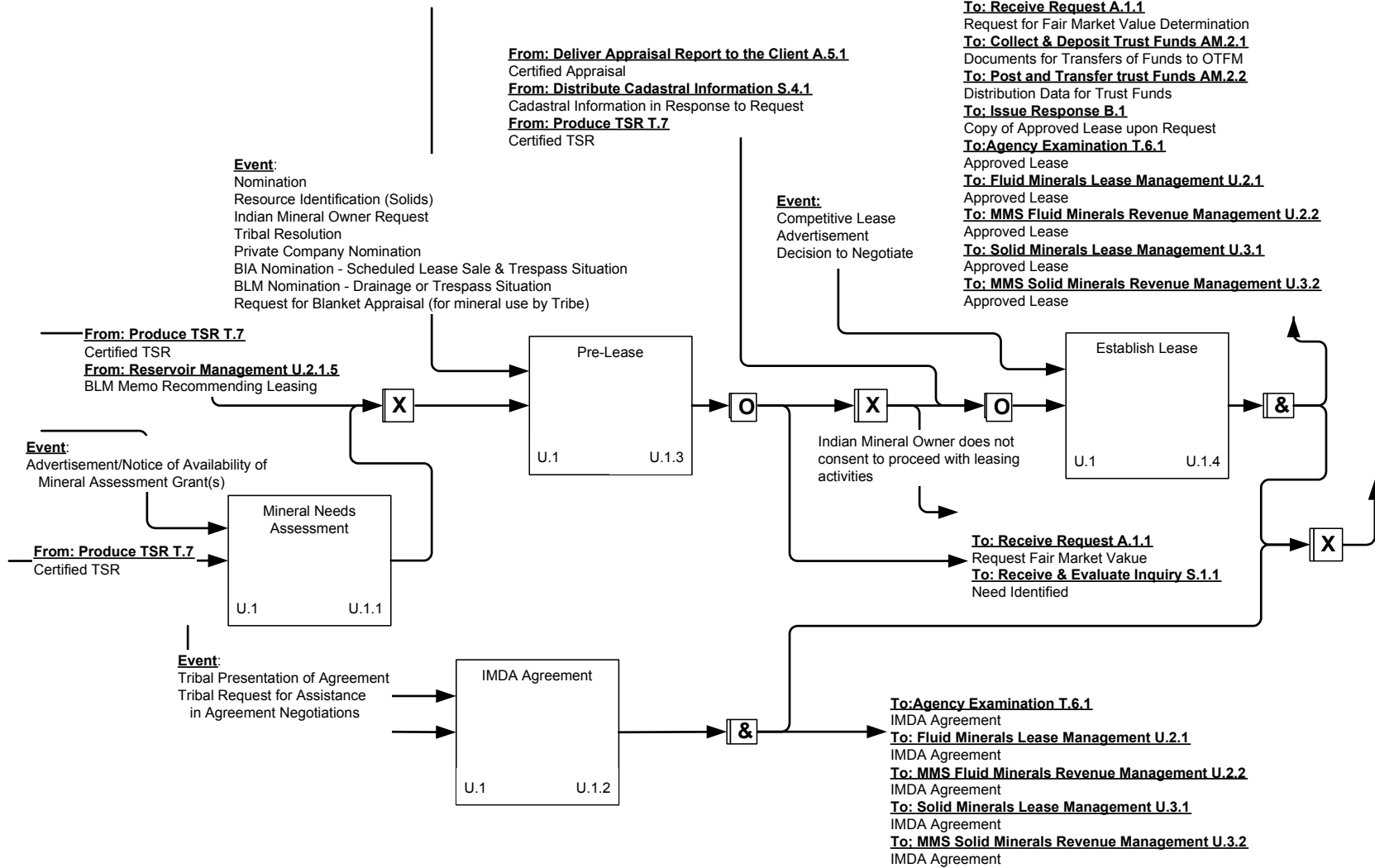


Figure 4.3.6- 2 Trust Mineral Lease Initiation IDEF (3)



Beneficiary Involvement for Trust Mineral Lease Initiation

Every Tribe has an annual opportunity to apply for a DEMR Mineral Needs Assessment grant to conduct an evaluation of potential Trust mineral assets. Also, under the terms of the Indian Minerals Development Act (IMDA) of 1982 Tribes may negotiate an IMDA Agreement without DOI involvement but are required to present the Agreement to the BIA for approval. IMDA Agreements may be structured to include the Tribe as a partner in a joint venture or as an Agreement with a Tribal company. Tribes may also request that specific tract(s) be included in lease sale advertisements and must consent to lease sale advertisements of Tribal tracts nominated by others. In all cases of Tribal tract mineral leases the Tribe must approve the final lease document.

Allottees participate in the lease initiation process through the lease sale and/or negotiation process and may be included in an IMDA Agreement if the Tribe approves of their participation. In all cases of allotted tract mineral leases the allottee must consent to or sign the final lease document.

Trust Mineral Lease Initiation Significant Notes

- a) There are instances where individual Tribes have taken the position that they have the ability (right) to lease and manage their own sand and gravel surface mining operations without involving BIA or BLM. They do this through Tribally owned businesses, joint ventures, or leasing to non-Indian organizations. Consequently, and contrary to regulations and BIA policy, there is:
 1. no BIA approval of the lease
 2. no appraisal
 3. no Trust accounting
 4. no BLM production and verification
 5. there may or may not be adequate site reclamation
 6. environmental and cultural Acts may be bypassed
 7. no recordation of the encumbrance on the title
- b) During the last Congressional session legislation was introduced that would have effectively negated the Stigler Act of 1947 Section 11, related to the Five Civilized Tribes of Oklahoma. The legislation passed the House (HR2880) and would have placed the Five Civilized Tribes of Oklahoma under the same legislation that applies to the majority of Indian allotments. The House passed version of the legislation was not retroactive. The legislation was not acted on by the Senate.
- c) There is a point of discussion between BIA Agencies and BLM Field Offices related to when NEPA documents are developed, to what extent they are developed, and by whom they are to be developed. However, if development of NEPA documentation is postponed until after lease award, then the entire NEPA document development and review, if appropriate, must be completed prior to approval of the lease and commencement of production. The later the NEPA documents are completed, the greater the risk for both the allottee and lessee that mitigation requirements that change the economic value of the lease may not be enforceable. Also, the timing of NEPA document development has budgetary impacts on both BIA and BLM since Pre-Lease NEPA activities are the responsibility of BIA and Post-Lease NEPA activities are the responsibility of BLM.



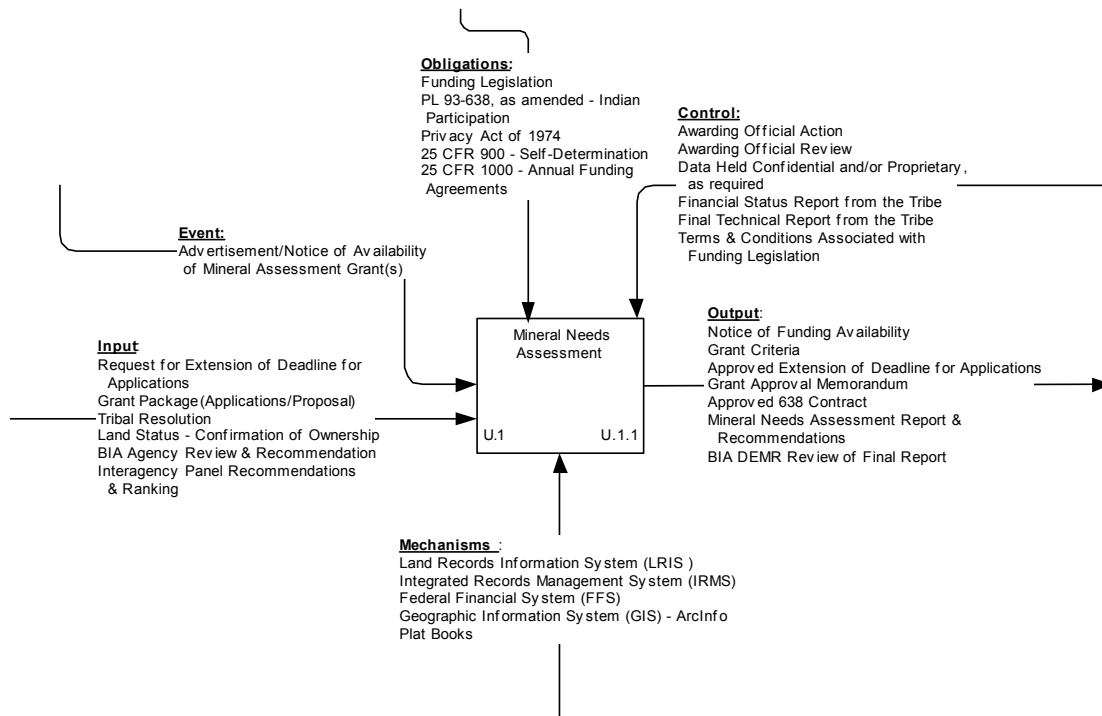
Trust Mineral Lease Initiation Detail Description

Mineral Needs Assessment (U.1.1)

Starts with: Approve a DOI budget line item for funding by Congress and DOI Executive.
Ends with: Submit final grant report regarding the Trust mineral assets.

The mineral needs assessment process is a separately funded activity that starts with Congressional and Executive approval of a DOI budget line item for funding and concludes with final grant reports regarding the Trust mineral assets. The process involves a competitive grant offered by the BIA Division of Energy and Mineral Resources (DEMR) and is limited by the level of funding available for a single fiscal year.

Upon confirmation of budget availability DEMR sends a notice to every Tribe and BIA Region announcing the availability of grants and the due date for proposals. As proposals are developed they are forwarded through the BIA from the Agency to the Region and then to DEMR for review, evaluation, and final action. As part of the evaluation DEMR empanels a committee of DOI staff (not all from BIA) who review and rank the proposals. Based on its own economic analysis and the committee review comments and ranking, DEMR awards grants to the limit of their available funds.



**Figure 4.3.6- 3 Mineral Needs Assessment IDEF (0)
(BIA Division of Energy and Mineral Resources Grant Program)**



IMDA Agreement (U.1.2)

Starts with: Present a negotiated agreement for Tribal lands to BIA for approval or a Tribe requesting BIA assistance in the negotiation of an agreement under the IMDA of 1982.

Ends with: Approve or reject the agreement.

The Indian Mineral Development Act (IMDA) agreement process starts with a Tribe bringing a negotiated agreement for Tribal lands to BIA for approval or a Tribe requesting BIA assistance in the negotiation of an agreement under the IMDA of 1982. The process ends with the approval or rejection of the agreement. The IMDA permits inclusion of allotted lands with Tribal approval.

There are no proscribed rules or regulations regarding the form of negotiations a Tribe must adhere to and no limitations on the types of agreements that may be proposed. However, each proposed IMDA Agreement must be submitted to BIA for approval. The proposed Agreement is reviewed by the BIA Agency and/or BIA Regional Office, BLM, MMS and the Solicitor's Field Office. If, as part of the Agreement, any waivers of regulations are included, the proposal must be forwarded only to the Secretary or Assistant Secretary - Indian Affairs for review and action. Otherwise the Agreement can be approved at the BIA Agency or BIA Regional authorized officer level. Should the authorized officer have reason not to approve an agreement it must be forwarded to the Secretary (designee) for further consideration. Only the Secretary (designee) may disapprove a proposed IMDA Agreement.

IMDA Agreements provide an alternate path to leasing of Tribal mineral assets under the conditions of the Tribal Lands Mineral Leasing Act of 1938. Because of the flexibility afforded by the IMDA of 1982 and its furtherance of Self-Determination the IMDA Agreements have become the preferred leasing mechanism for Tribes.

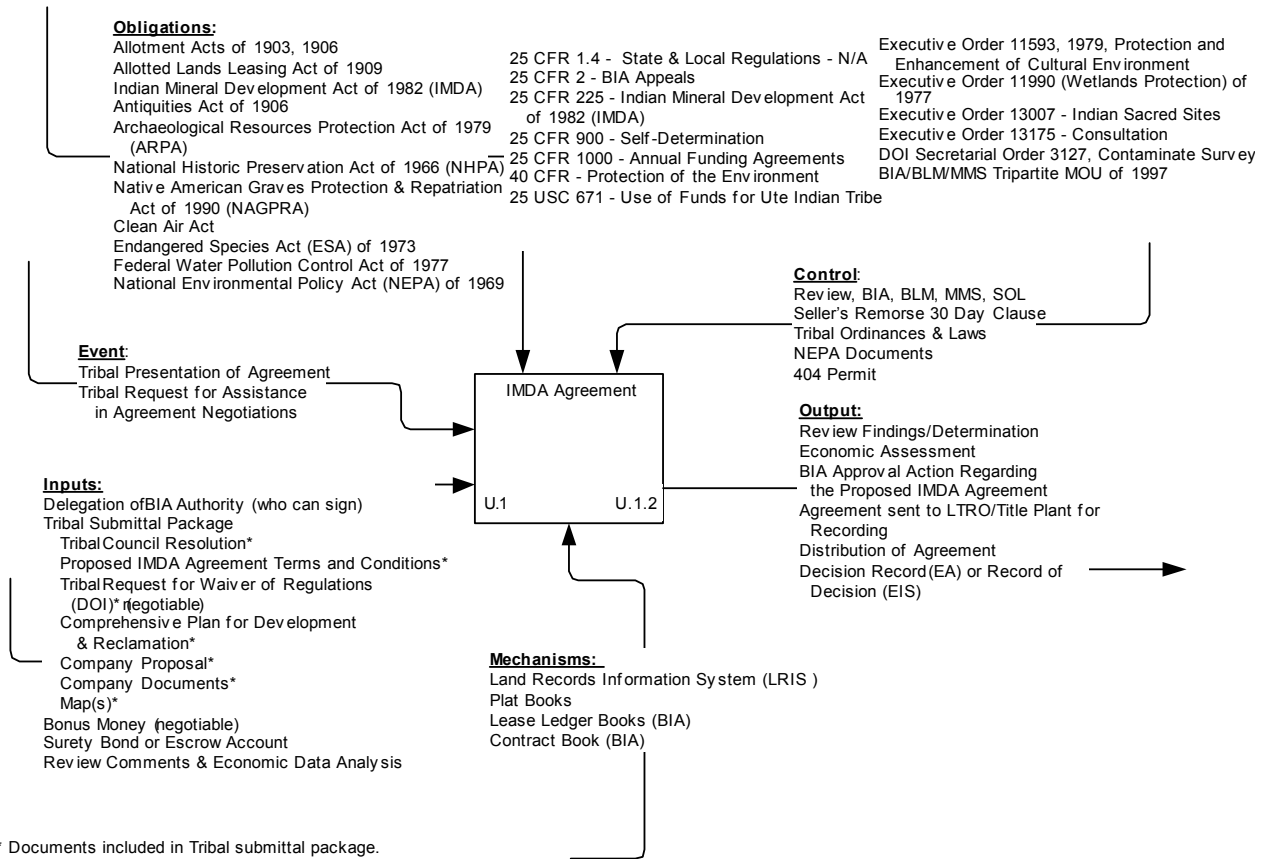


Figure 4.3.6- 4 IMDA Agreement IDEF (0)



Pre-Lease (U.1.3)

Starts with: Nominate a tract(s) for lease.

Ends with: Advertise a competitive lease sale or a decision to negotiate a lease.

The pre-lease process includes all activities leading to the negotiation of a 1909 (allotted lands) or 1938 (Tribal lands) Act mineral lease, starting with nomination and ending with either an advertisement of a competitive lease sale or a decision to negotiate a lease.

Nomination of a tract for leasing can come from one of many sources and in several forms. A Tribe or individual allottee may request (formally or informally) that a tract they have an interest in be advertised for a competitive lease sale. A private company may request that a tract be made available for lease. BIA may include a tract in a preplanned lease sale advertisement based on idle land reviews or BLM may recommend leasing a tract based on a potential drainage situation. Also, a nomination may arise out of the results of a Mineral Needs Assessment. Regardless of the source of a nomination the pre-lease process includes a common set of data gathering and dissemination activities.

The Tribal Lands Mineral Leasing Act of 1938 requires that Tribal lands be advertised prior to leasing. However, the Indian Mineral Development Act (IMDA) of 1982 allows direct negotiations for Tribal leases without BIA involvement or advertising. Consequently, the IMDA Agreement path is the preferred path for Tribal mineral leases. Whether Tribal land leasing is pursued under the 1909 or 1982 Act, BIA approval of the resulting lease is required. Leasing of allotted lands is not restricted by the same advertising requirements and BIA may elect to forego advertising and immediately initiate negotiations. This is frequently done when past experiences have demonstrated that a competitive lease bid effort would be non-productive.

Data gathered during the pre-lease process is related to ownership, valuation, and legal description of the tract(s) to be advertised for lease sale or for which negotiations may be initiated. At this point in the overall process, certified Title Status Reports (TSRs) are not generally requested because of the time and expenses associated with their generation. Since every advertised tract does not result in a lease most BIA Agencies wait until they have an acceptable lease package before requesting a certified TSR. For pre-lease purposes, reliance is generally placed on the ownership and tract description data contained in the Land Record Information System (LRIS) or locally maintained systems.

Other data gathered during the pre-lease process include an archaeologist's cursory review of allotted lands, the results of a joint technical evaluation of the proposed site and a Tribal Resolution for activities involving Tribal lands. A cursory archaeological review of Allotted Lands may be done based on visual inspection, photographic evidence, or personal knowledge. The joint BIA & BLM technical evaluation of the potential lease site is done per 25 CFR 216.4. This evaluation includes an economic feasibility study, per acre rate for minimum bonus bid, recommendations for royalty rate, and lease term for Solids.

During the pre-lease process, requests may be made for BLM survey assistance when boundaries are in doubt and/or for a fair market value determination for fluid or solid mineral assets.

Pre-lease ends with a public announcement of land for lease, including legal description, due date and time, lease details (stipulations), a mutual (BIA and Indian Mineral Owner) agreement to



enter into a lease sale negotiation, or a BIA explanation to involved parties of why a lease will not be pursued.

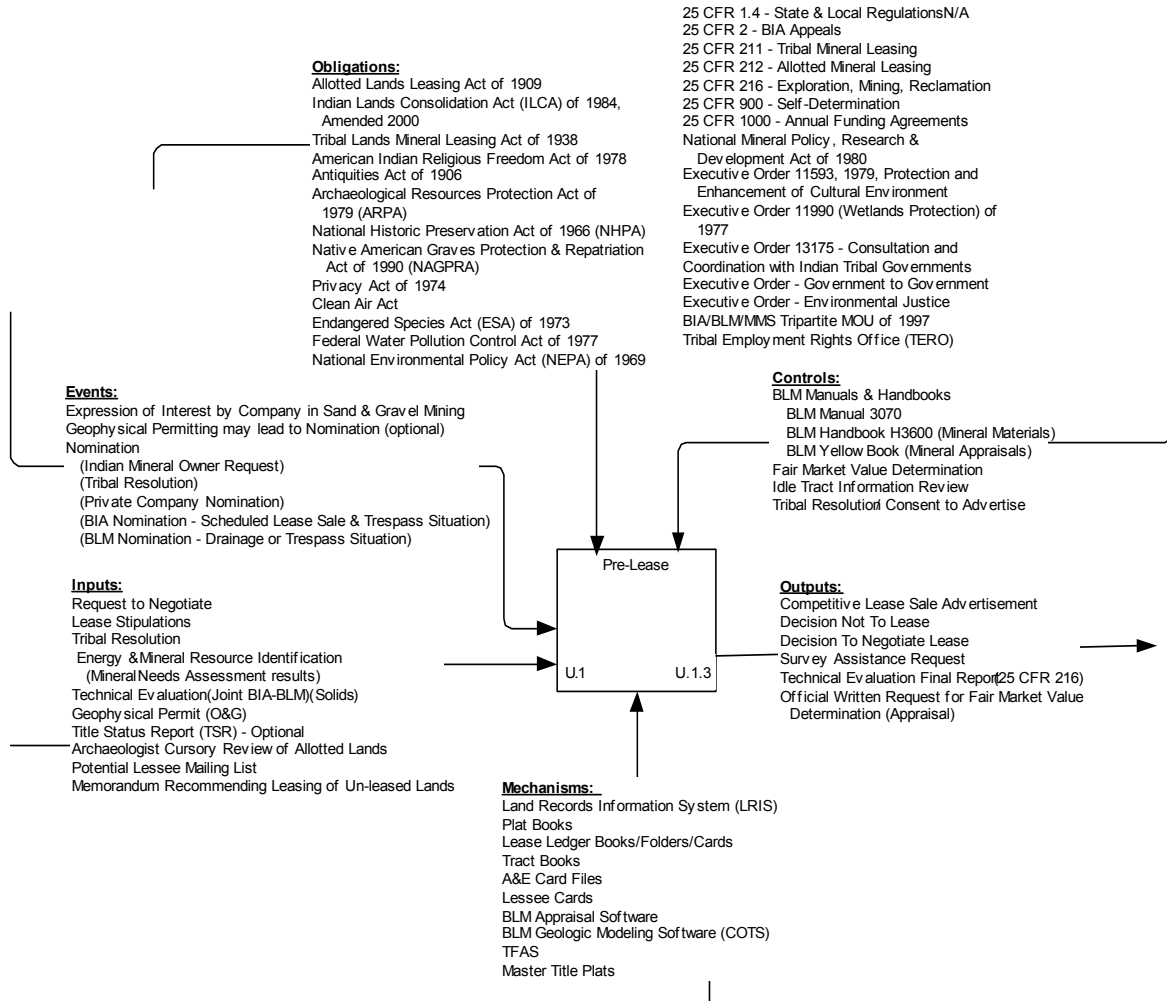


Figure 4.3.6- 5 Pre-Lease IDEF (0)



Establish Lease by Sale or Negotiation (U.1.4)

Starts with: Advertise a competitive lease sale or a decision to negotiate a lease.

Ends with: Approve a lease or termination of the leasing effort.

The establish lease by sale (competitive bid) or negotiation process includes all activities associated with establishing a lease related to Indian Trust minerals; starting after either the lease sale advertisement or a decision to negotiate a lease and ending with lease approval. Permits may be used for low volume operations. For more than 5,000 cubic yards (in place) per year of sand and gravel, a lease must be used.

For advertised lease sales, the high bidder is determined at the bid openings. When the decision has been made to forego a competitive lease sale in favor of a negotiated lease, the potential lessee is known at the start of the Establish Lease Process. From the point at which either the high bidder or potential lessee is known, the Establish Lease Process becomes a negotiation process.

Two general categories of inputs are associated with the negotiation process, one is supporting information and the other is required documents and financial instruments. In the supporting information category are responses to requests for survey consultation, fair market value determination and a Title Status Report. Before a lease is approved, documentation is required to establish financial responsibility and viability of the Company (potential lessee). In addition to this documentation the potential lessee must submit a number of financial instruments or cash, depending on whether the lease will be for fluid or solid mineral mining. A partial list of financial instruments includes:

- a) Earnest Money Deposit (O&G)
- b) Initial Annual Rental Payment
- c) Filing Fees and Prorated Share of Advertising Costs
- d) Bonus Money
- e) Advance Royalty (Coal leases)
- f) Bond, Regulator's Minimum Bond
- g) Insurance Policy for Off-Site Damage

Bonds are posted after completion of negotiations, within 30 days of authorization to obtain allottee consent, and prior to lease approval. In addition to the Regulator's (Bureau or Department) Minimum Bond, other bonds may be required, such as Royalty Bonds, Collective Bonds, Reclamation Bonds, and Specific Reclamation Activity Bonds. Also, when nationwide, statewide, or reservation wide bonds are already in place the minimum bond may not be required. 25 CFR 211 and 212 contain a listing of the acceptable forms of bonds, i.e., surety, letters of credit (L/C), escrow accounts, and cash.

Following completion of negotiations, BIA authorizes the Company to proceed with obtaining Indian Mineral Owner consent to the agreed lease. Also, upon notification of successful bid, the Company has 30 days to submit the balance of the bid bonus, corporate documents and the bond. The Company may request an extension of the 30 days for submittal of corporate documents and bond but may not receive an extension of the 30-day time period for submittal of the balance of the bid bonus. At the conclusion of negotiations, a package of all relevant BIA forms is sent to the Company.

One of the following NEPA (environmental and cultural) documents must be approved by the time a lease is approved:



- a) Categorical Exclusion (CX)
- b) Finding of No Significant Impact (FONSI) & Environmental Assessment (EA)
- c) EIS Record of Decision (ROD)

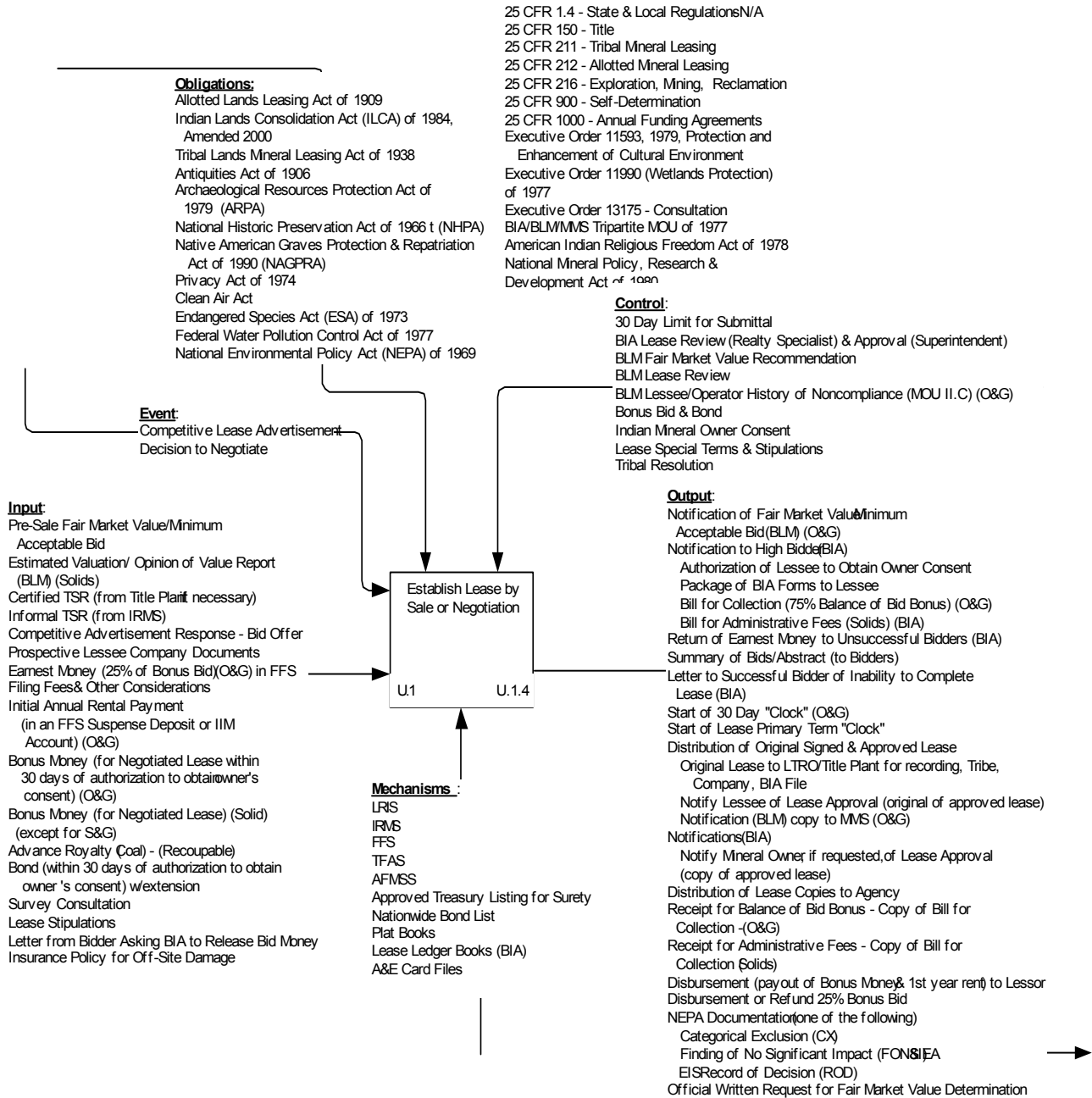


Figure 4.3.6- 6 Establish Lease by Sale or Negotiation IDEF (0)



4.3.6.3 Post Lease Fluid Minerals Management (U.2)

Starts with: Approve a fluid minerals lease.

Ends with: Approve reclamation efforts, by BIA Agency Superintendent; distribution of the Financial Distribution Report (FDR) and complete audits or the beneficiary receives the final royalty check.

Post lease fluid minerals management is composed of two parallel sub-processes; fluid minerals lease management and fluid minerals revenue management. Each of these sub-processes is decomposed as described below.

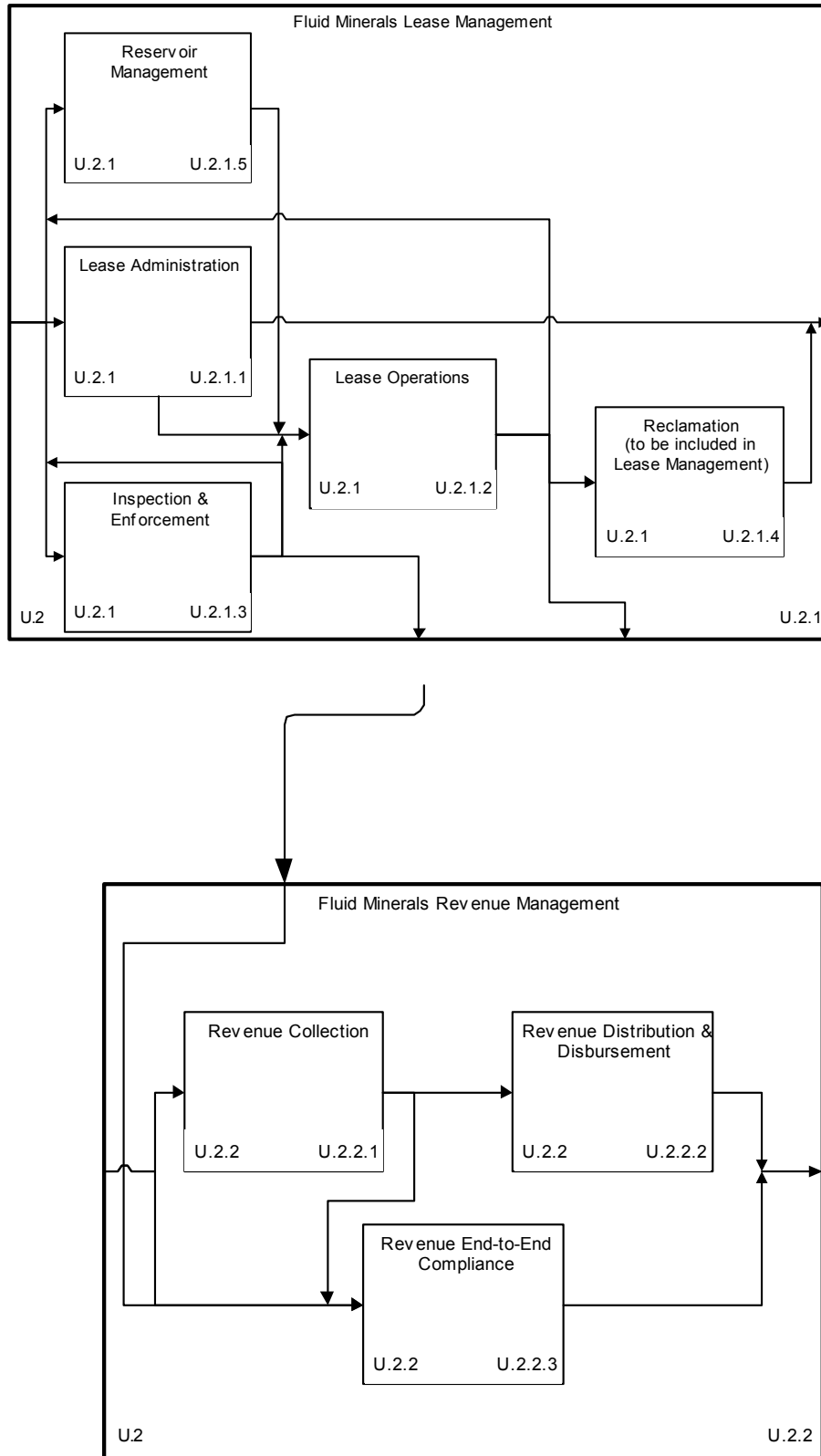


Figure 4.3.6- 7 Post Lease Fluids Mineral Management IDEF (3)



Beneficiary Involvement for Post Lease Fluid Minerals Management

As a part of the post lease fluid minerals management process, Tribes are involved in joint inspections, independent inspections, decision regarding the resolution of drainage situations, and reclamation on Tribal lands. As the beneficiary for Tribal mineral land activities, the Tribe receives royalty checks, rental checks and explanation of payment documents. Tribes may also request audits of their mineral lease accounts.

For allotted tract(s) leases the allottee, and the surface owner, if a split estate, participate in joint site inspections. As the beneficiary for allotted mineral land activities the allottee receives royalty checks, rental checks and explanation of payment documents. Allottees may also request audits of their mineral lease accounts.

Post Lease Fluid Minerals Management Significant Notes

- a) MMS had set up the 2014 Monthly Report of Sales and Royalty Remittance for Internet access and stopped mailing out hard copies to the BIA Agencies just prior to the December 5, 2001 Federal District Court Temporary Restraining Order (TRO) restricting Internet access. Consequently there has been a disruption in the process for identifying what royalty monies have been received and determining the exact amount of royalties that each beneficiary should be receiving. This has necessitated the development of estimated payments. Explanation of Payments (EOP)/Financial Distribution Reports (FDR) have also been based on estimates.
- b) Lease bond amounts can be set too low resulting in a lack of economic incentive for lessees or operators to comply with the requirements of the reclamation plan. When the cost associated with maintenance of a bond is exceeded by the cost of reclamation it is in the Operator's financial interest to forfeit the bond if credit rating damage is not relevant to the Operator.
- c) Orphan wells are draining BLM resources. When an Operator of an abandoned lease cannot be located and no bond exists, the responsibility for the plugging and reclamation defaults to the government. Plugging of the well(s) and reclaiming the site are costly endeavors and, as noted above, inadequate bonding does not cover the expenses. Consequently the funds needed to make up the difference between the available bond amounts and the actual costs are drawn from the BLM budget. In addition, states tax oil and gas production, including federal and Indian production that occurs within their state. A portion of the taxes often goes into a well plugging fund. BLM works with state lands or oil and gas commissions to use some of the state funds to plug wells on federal and Indian lands.



Post Lease Fluid Minerals Management Detail Description

4.3.6.3.1 Fluid Minerals Lease Management (U.2.1)

Starts with: Approve a fluid minerals lease.

Ends with: Approve reclamation efforts, by BIA Agency Superintendent or designated Line Official.

Fluid minerals lease management includes five sub-processes;

- a) fluid minerals lease administration
- b) fluid minerals lease operation
- c) fluid minerals inspection and enforcement
- d) fluid minerals reclamation
- e) fluid minerals reservoir management

A description of each of these five sub-processes follows.

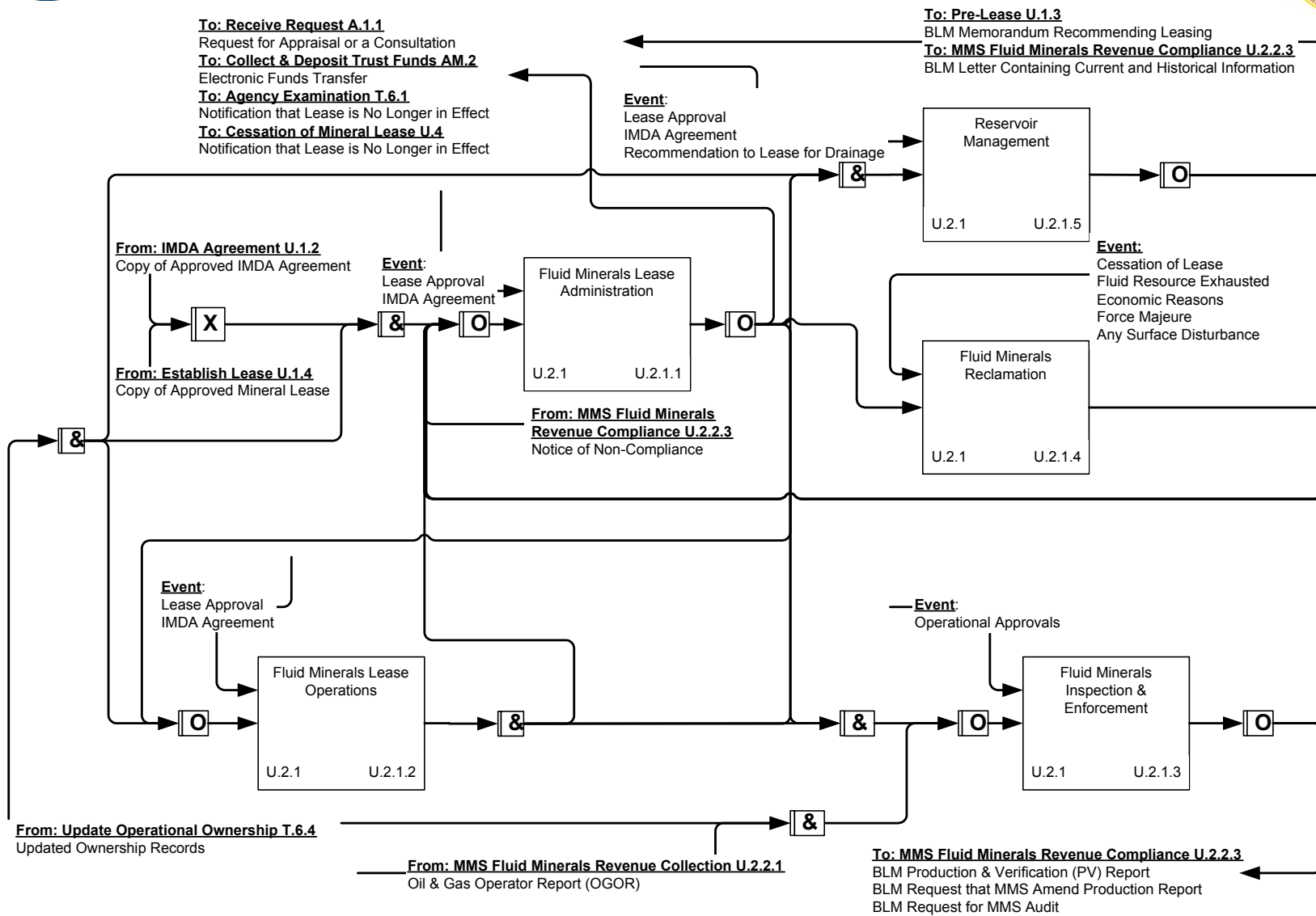


Figure 4.3.6- 8 Fluid Minerals Lease Management IDEF (3)



Fluid Minerals Lease Administration (U.2.1.1)

Starts with: Approve a lease.

Ends with: Surrender, expiration, or cancellation of the lease.

The objective of the fluid minerals lease administration process is to ensure lessee/operator compliance with lease terms, applicable regulations and Orders, and approvals/modifications throughout the life of the lease. The fluid minerals lease administration process incorporates the administrative, non-technical aspects of lease management and starts after lease approval. The process is ongoing until the lease expires, is surrendered, or is cancelled and reclamation is complete. Lease administration is primarily a BIA function.

BIA manages all administrative activities during the life of the lease. This includes all title changes (e.g., approval of assignments), lease modifications, approval of agreements (unit, CA), receipt of annual rental payments and general BIA correspondence. BIA collects administrative fees such as assignment fees, environmental fees, cancellation fees, etc. which are deposited in the General Treasury. BIA conducts inspections as per 25 CFR 211.46, 212.46 or 225.35 and takes enforcement actions for noncompliance as per 25 CFR 211.54, 212.54, or 225.36. This function or portions of this function may have been Compacted/Contracted by a Tribe(s). Lease data is encoded into the IRMS database by the BIA Agency.



Figure 4.3.6- 9 Fluid Minerals Lease Administration IDEF (0)



Fluid Minerals Lease Operations (U.2.1.2)

Starts with: Approval of lease and receipt of an Application for Permit to Drill (APD).
Ends with: Surrender, expiration, or cancellation of the lease and with completion of required reclamation.

The objective of the fluid minerals lease operations process is to ensure orderly and diligent development of the mineral resources by ensuring lessee/operator compliance with lease terms, applicable regulations and Orders, and provide reviews, approvals, modifications and other operation actions throughout the life of the lease. Fluid minerals lease operations starts with an Application for Permit to Drill (APD). It ends with completion of the required reclamation. The fluid minerals lease operations process is a mineral development management process and is primarily a BLM activity.

The Operator's Application for Permit to Drill (APD), including H₂S Contingency Plan, is the proposed plan for development of fluid mineral assets on a per well basis. The APD is reviewed as part of the lease operations and must be approved prior to the commencement of any drilling activity under the lease. In conjunction with the APD review are activities related to identification and confirmation of sensitive habitat (ESA), cultural resources (ARPA, NAGPRA, NHPA) and environmental (Clean Air Act, Federal Water Pollution Control Act, etc.) compliance. Also, as part of the lease operations process location well spacing requirements may be set by either the BLM or a State Oil & Gas Commission with the concurrence of the other. The Tribe may also have input into spacing decisions.

An Incident of Non-Compliance (INC) and/or letter from the BLM Authorized Officer related to the Operator's failure to comply with the terms of the lease and/or permit may be issued as part of the lease operations process. Notifications that an Orphan Well exists are generated as part of the lease operation process and forwarded to the Superintendent.

Requests made during the lease administration process are responded to during the lease operation process, such as:

- a) an appraisal or a consultation
- b) an economic determination regarding the viability of an ongoing operation
- c) a review of Lessee/ Operator's Suspension Application for IMDA Agreement

Notices of the first oil or gas production from the first producing well on a lease and memoranda noting that the last producing well on a lease has stopped production are generated as part of the lease operation process. Also, production of the Lessee/Operator's monthly Oil & Gas Operational Report (OGOR) is a lease operations activity.

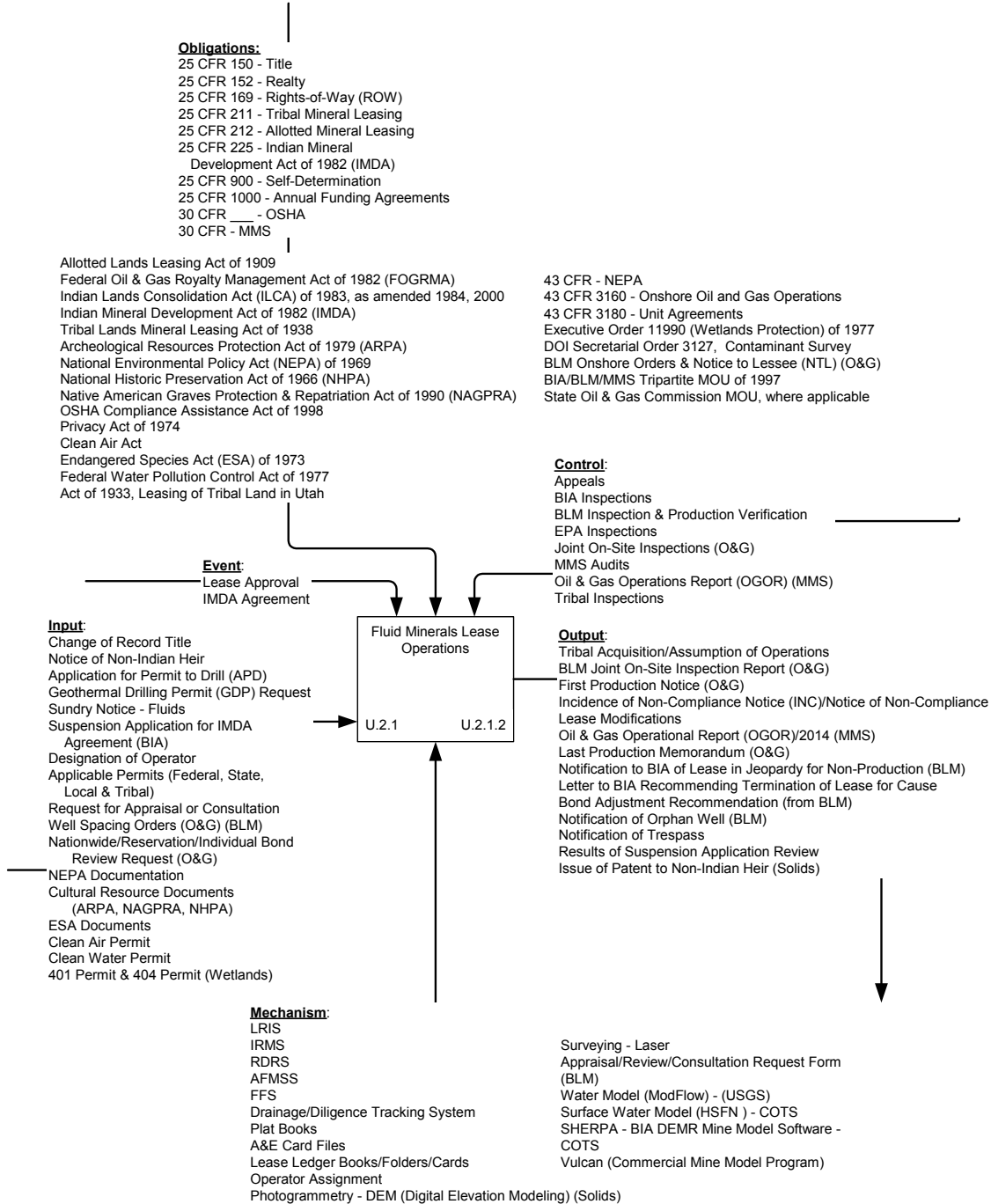


Figure 4.3.6- 10 Fluid Minerals Lease Operations IDEF (0)



Fluid Minerals Inspection & Enforcement (U.2.1.3)

Starts with: Approve operations.

Ends with: Release of bond(s) or the final reclamation inspection report approval if the associated bond is a nationwide or reservation-wide bond.

The objective of the fluid minerals inspection & enforcement process is to ensure lessee/operator compliance with lease terms, applicable regulations and Orders, and approvals/modifications throughout the life of the lease. The fluid minerals inspection and enforcement process starts with APD approval and ends with release of lease bond or the final reclamation inspection report approval if the associated bond is a nationwide or reservation-wide bond.

BLM conducts drilling, production verification, measurement, and other types of inspections on Indian Trust oil and gas leases according to its annual inspection strategy. BLM issues Incidences of Non-compliance (INC), assessments and penalties for non-compliance with regulations, notices, orders, etc. as specified in 43 CFR 3163. BLM conducts oil theft investigations and makes recommendations to BIA when mineral trespass situations are discovered. BLM conducts on-site or records inspections as requested by MMS. BLM has Section 202 cooperative agreements with several Tribes where Tribal employees conduct I&E on the reservation.

Also, as part of the inspection and enforcement process MMS transfers production data to BLM's Denver Service Center bi-weekly. This includes MMS accepted documents and on-hold pending correction which BLM uses for production accountability and verification. In addition to basic reporting, the following documents and actions may result from inspection and enforcement activities.

- a) Notification to the BIA Line Official that a Trust mineral site has been abandoned by the Lessee/Operator
- b) recommendation that BIA terminate a lease for cause
- c) an official BIA or BLM notice to a trespassing Operator to cease and desist
- d) a request that MMS amend production reports
- e) Shut-down/Shut-in Notice for Non-Compliance sent to the Lessee
- f) recommendation that a bond be attached for non-compliance
- g) levy of fine for abandonment
- h) levy of assessment for non-compliance
- i) levy of civil penalties for continued non-compliance.

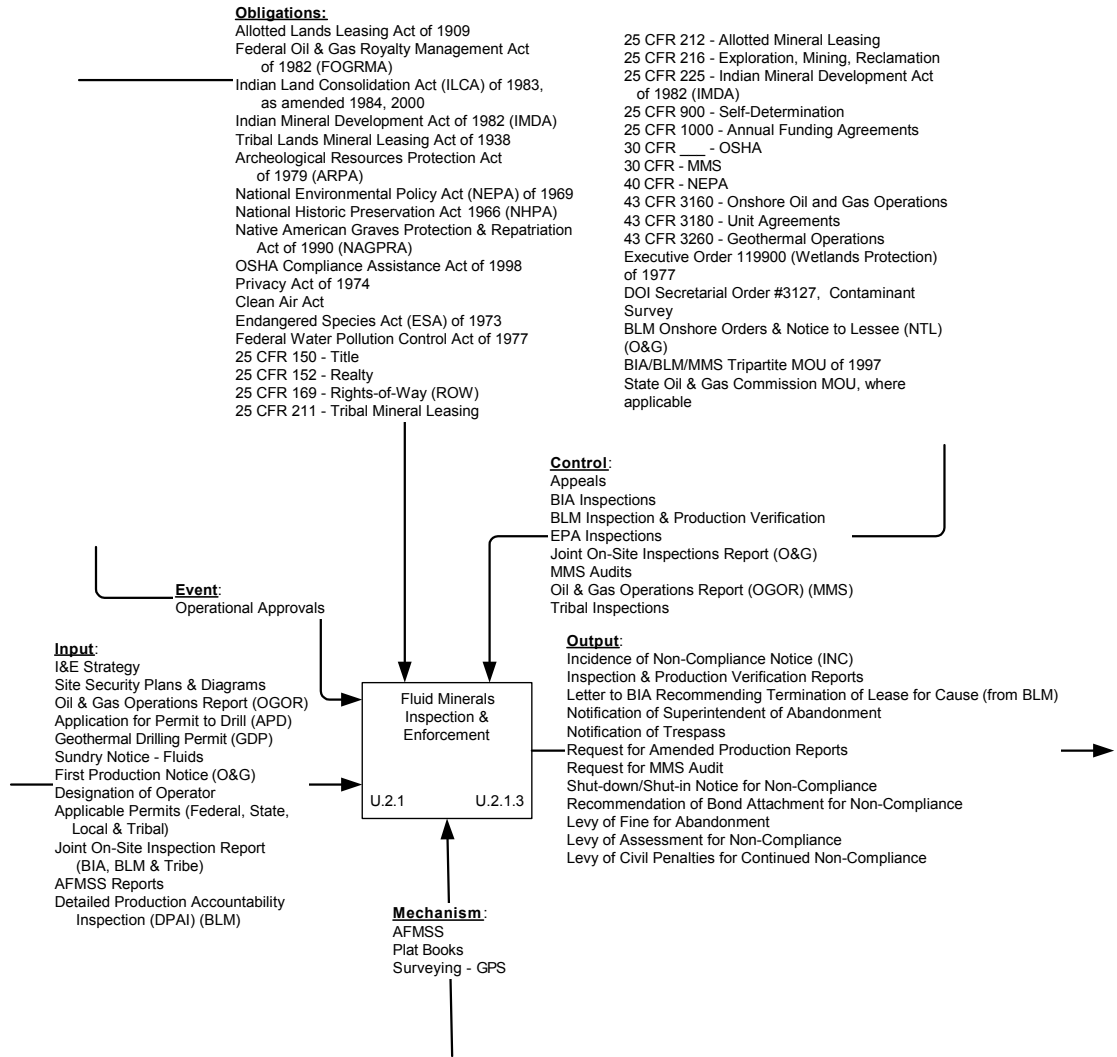


Figure 4.3.6- 11 Fluid Minerals Inspection & Enforcement IDEF (0)



Fluid Minerals Reclamation (U.2.1.4)

Starts with: Commence drilling operations.
Ends with: Complete final lease reclamation.

The fluid minerals reclamation process is the restoration of the leased/permitted tract consistent with the approved APD Reclamation Plan and lease terms. The objective is to ensure that oil and gas operations are reclaimed in accordance with lease terms, regulations and approvals. Reclamation starts with commencement of drilling operations and ends with final lease reclamation acceptance.

BIA provides stipulations for reclamation and participates in final reclamation inspections. BLM is responsible for approval of the technical aspects of plugging and abandonment of individual oil and gas wells on Trust lands, approving Sundry Notices for plugging & abandonment of wells, and sending out approved Final Abandonment Notices (FAN). BLM may recommend that a bond be attached for non-compliance with reclamation requirements.

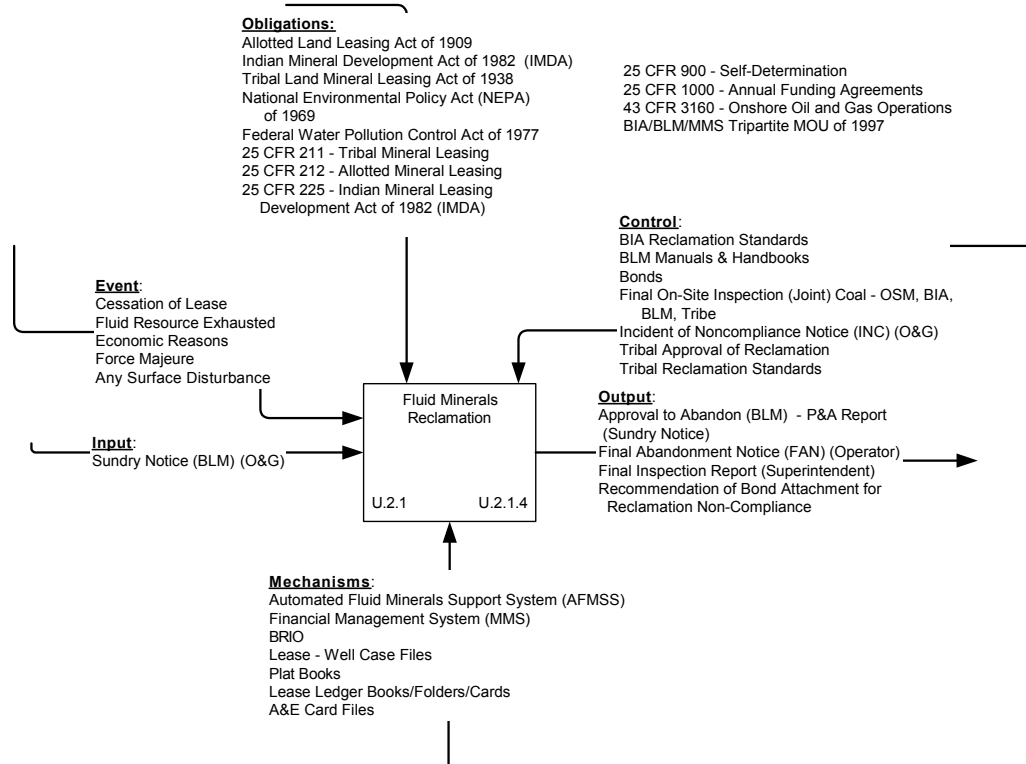


Figure 4.3.6- 12 Fluid Minerals Reclamation IDEF (0)



Fluid Minerals Reservoir Management (U.2.1.5)

Starts with: Issue a lease or drainage situation.

Ends with: Lease cessation or resolution of drainage situation.

Fluid minerals reservoir management consists primarily of BLM conducting drainage, diligent development and spacing reviews on Indian lands. Drainage reviews are conducted to ensure that the Indian lands are not being drained of oil and gas resources by wells on adjacent lands. Diligence reviews are conducted to ensure that once an Operator has begun producing from a lease the Operator continues to develop all economically producible formations to provide maximum income to the beneficiary. Spacing is established to conserve the resource. The BLM drainage and spacing review programs are ongoing. The diligence program begins once production is established on an Indian lease and ends when the lease ends.

Drainage or diligence demand letters are sent to Operators of Indian leases and in the case of drainage of unleased Indian lands, BLM advises BIA of the drainage situation so that BIA can lease the lands. BLM generally sends a copy of all Operator demand letters to the Tribe for concurrence prior to sending them to the Operator. The responsibility for approval of Operator drilling according to an acceptable well-spacing plan (as per 43 CFR 3162.3) is exercised as part of the lease operations process. Also, unit paying well determinations are conducted as part of this process.

Spacing Orders establish the surface acreage per well in a given area for a specific formation or zone. Depending on location, well spacing requirements may be set by either BLM or a State Oil & Gas Commission with the concurrence of the other. The Tribe may also have input to spacing decisions. The entire subject of spacing is a reservoir management topic.

Review and approval or disapproval of Communitization Agreements and Unit Agreements are also lease operations processes.

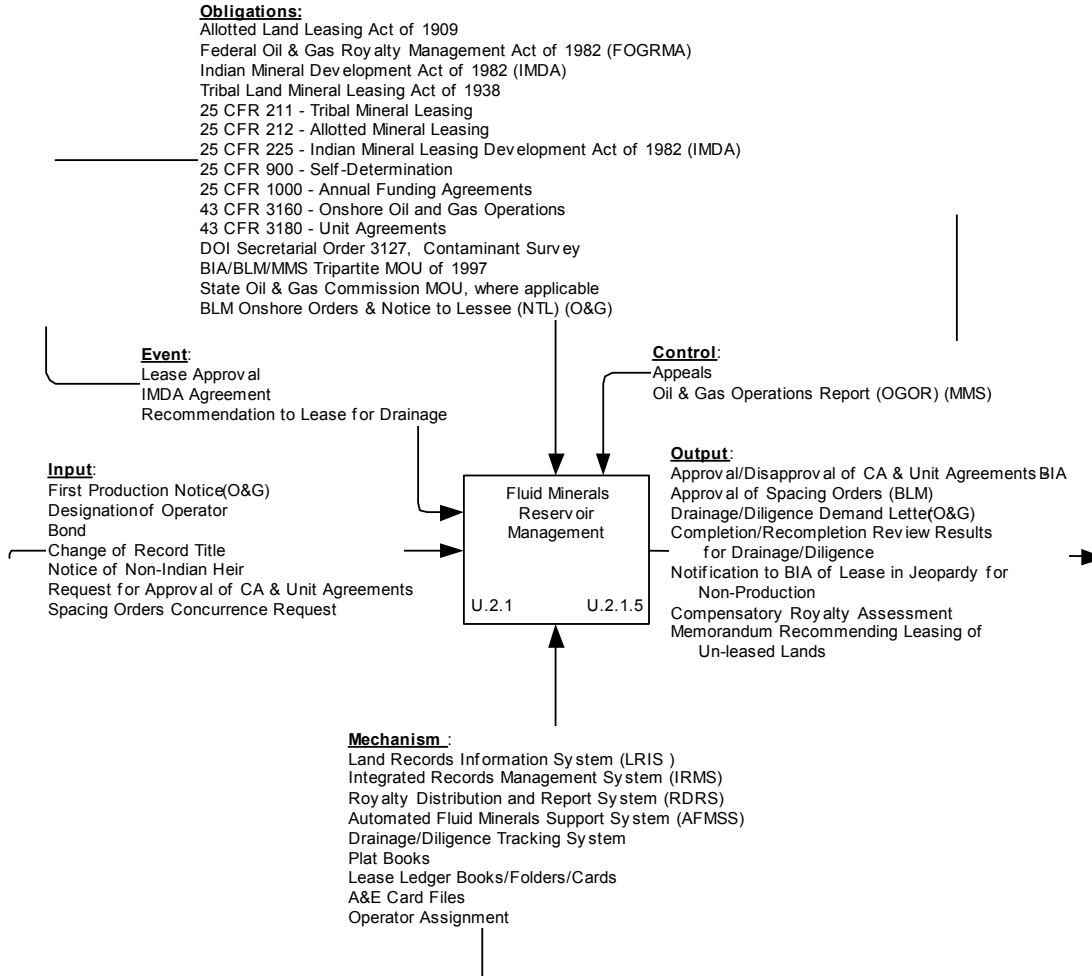


Figure 4.3.6- 13 Fluid Minerals Reservoir Management IDEF (0)



4.3.6.3.2 MMS Fluid Minerals Revenue Management (U.2.2)

Starts with: Receipt of a Notice of First Production.

Ends with: Distribute the Financial Distribution Report (FDR) and complete audits or the beneficiary receives the final royalty check.

The Notice of First Production alerts MMS that revenue is due and owing. The MMS fluid minerals revenue management sub-process is further broken down into three sub-processes;

- a) MMS fluid minerals revenue collection
- b) MMS fluid minerals revenue distribution and disbursement
- c) MMS fluid minerals revenue compliance

The collection, distribution, and disbursement activities are done in series while the compliance activities are concurrent and parallel with the collection, distribution and disbursement sub-processes. A description of each of these three sub-processes follows.

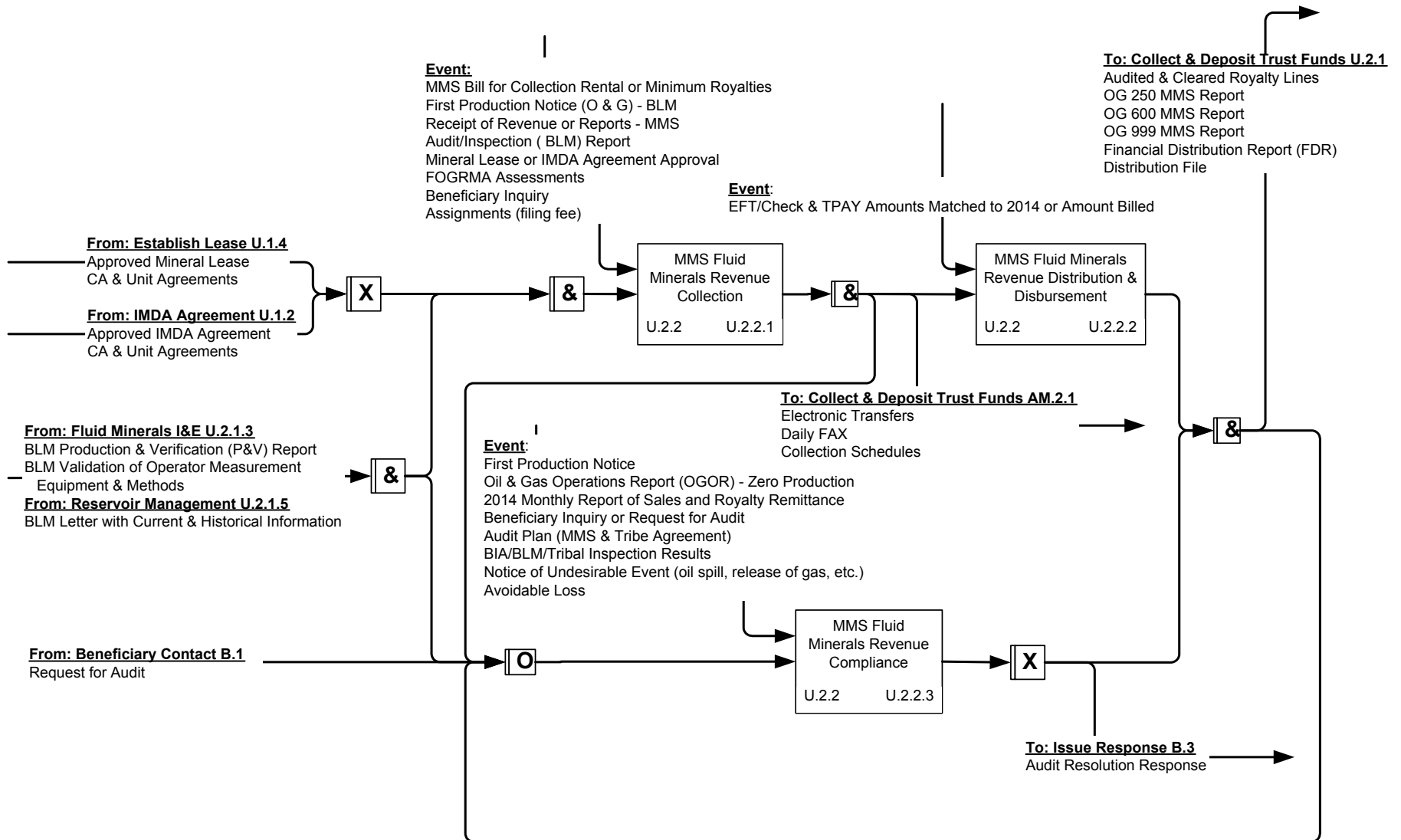


Figure 4.3.6- 14 Fluid Minerals Revenue Management IDEF (3)



MMS Fluid Minerals Revenue Collection (U.2.2.1)

Starts with: Beginning with receipt of a Notice of First Production.
Ends with: Transfer mineral revenues to the accounting process.

The objective of the fluid minerals collection process is to collect royalty, rental and interest payments in a timely manner and in the correct amount to the correct beneficiaries and to provide an adequate explanation of the payments. The fluid minerals collection process involves the collection, deposit, investment, and accounting for mineral revenues from Trust lands. The process begins with recognition of a revenue stream through any one of several events and ends with transfer of mineral revenues to the accounting process.

In the fluid minerals revenue collection process MMS identifies daily receipts as allotted, Tribal or Alaskan Native; deposit/post allotted monies into a pooled holding account; Datafax daily receipt information to OST/OTFM; splits Tribal and Alaskan Native monies into individual Tribal and Alaskan Native accounts; and prepares SF1081 and FedEx to OST/OTFM. In conjunction with these MMS activities BIA pulls ownership information per lease from IRMS; calculates interest as appropriate; pro-rates interest to owners; generates print files for checks and EOPs; and transmits print files to OST/OTFM.

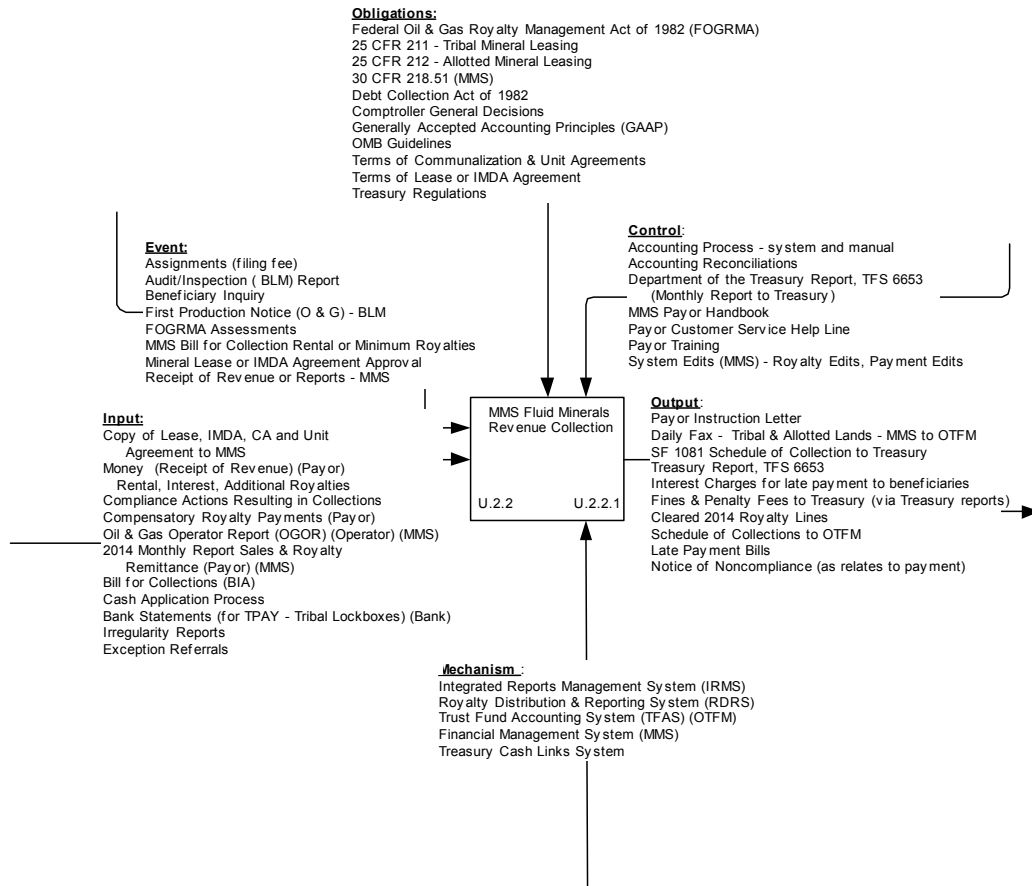


Figure 4.3.6- 15 MMS Fluid Minerals Revenue Collection IDEF (0)



MMS Fluid Minerals Revenue Distribution & Disbursement (U.2.2.2)

Starts with: Receive revenues or a notice of revenue receipt.

Ends with: Distribute the Financial Distribution Report (FDR).

The objective of the fluid minerals revenue distribution & disbursement process is to transfer royalty, rental and interest payments in a timely manner and in the correct amount to the correct beneficiaries and to provide an adequate explanation of the payments. MMS prepares the Financial Distribution Report (FDR), which is an explanation of payment and is available on CD ROM.

MMS receives royalties and post-production rentals for oil and gas operations on Trust lands from the payor. MMS receives the following reports (not inclusive):

- a) MMS 4025, Payor Information Form, used to tracks payors
- b) MMS-4054, Oil and Gas Operations Report (OGOR) from operator

The MMS Financial Management Module (PeopleSoft) matches payments with reports and carries out royalty edits. Financial Distribution Reports (FDR) are sent to Tribes, BIA, and OST/OTFM. Disbursement and EOP to Indian Mineral Owners occurs thru OST/OTFM (goes through BIA in Reston, Va., first). In order to keep the Financial Accounting System up-to-date, BLM sends Well Reference Data updates (via AFMSS) to MMS on a weekly basis. Once the updates pass edits, they are made available to the operator via the Internet as Well Confirmation Reports.

MMS transmits an electronic file containing payment data on a lease basis to the BIA National Business Center in Denver along with print and data files and sends MMS-3160 information to BLM. The BIA National Business Center receives files from MMS and sends a data file to BIA in Reston. The data is input into RDRS. The five major steps in RDRS are: update interest factor file; convert, remove and split files; prepare and submit Autostart run sheets; generate checks and statements; and, run oil and gas interface.

OST/OTFM distributes royalty checks and EOPs using BIA generated print files. OST/OTFM also updates information in TFAS and sends Quarterly Statements to Indian Mineral Owners relating to status of IIM accounts.

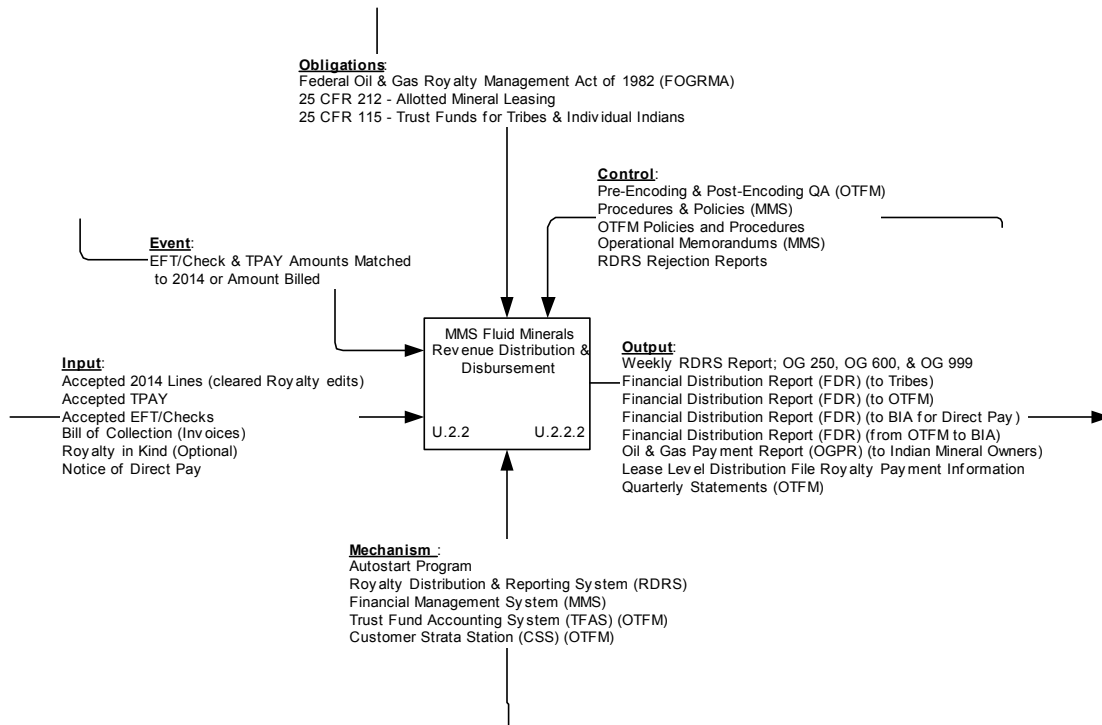


Figure 4.3.6- 16 MMS Fluid Minerals Revenue Distribution & Disbursement IDEF (0)



MMS Fluid Minerals Revenue Compliance (U.2.2.3)

Starts with: Receive notice of first production.

Ends with: Complete audits or the beneficiary receives the final royalty check.

The MMS fluid minerals revenue compliance process is an ongoing MMS process, throughout the duration of revenue generation and payment. MMS receives royalty and rental payments, Oil and Gas Operations Reports (2014) and reports from other Agencies to enable their compliance activities. The objective of the MMS fluid minerals revenue compliance process is to ensure royalty, rental and interest payments in a timely manner and in the correct amount to the correct beneficiaries.

Using the following sources MMS performs audits in accordance with an audit strategy and upon special request from other DOI organizational units and beneficiaries.

- a) MMS Compliance System targeting information
- b) BLM Production & Verification (PV) reports
- c) MMS calculated Index and Major Portion (MP) prices
- d) Operator prepared MMS standard 2014 Monthly Report of Sales and Royalty Remittance
- e) BLM validation of Operator measurement equipment and methods
- f) Reports of MMS observed irregularities
- g) BLM letter detailing current and historical information

Based on audit results MMS issues:

- a) letters, Orders & assessments
- b) noncompliance notice related to non-payments and associated penalties
- c) bills for interest, over-recoupment, royalty, or rentals
- d) bills for late payments
- e) audit resolution responses, sent to a beneficiary as a result of a request for audit.

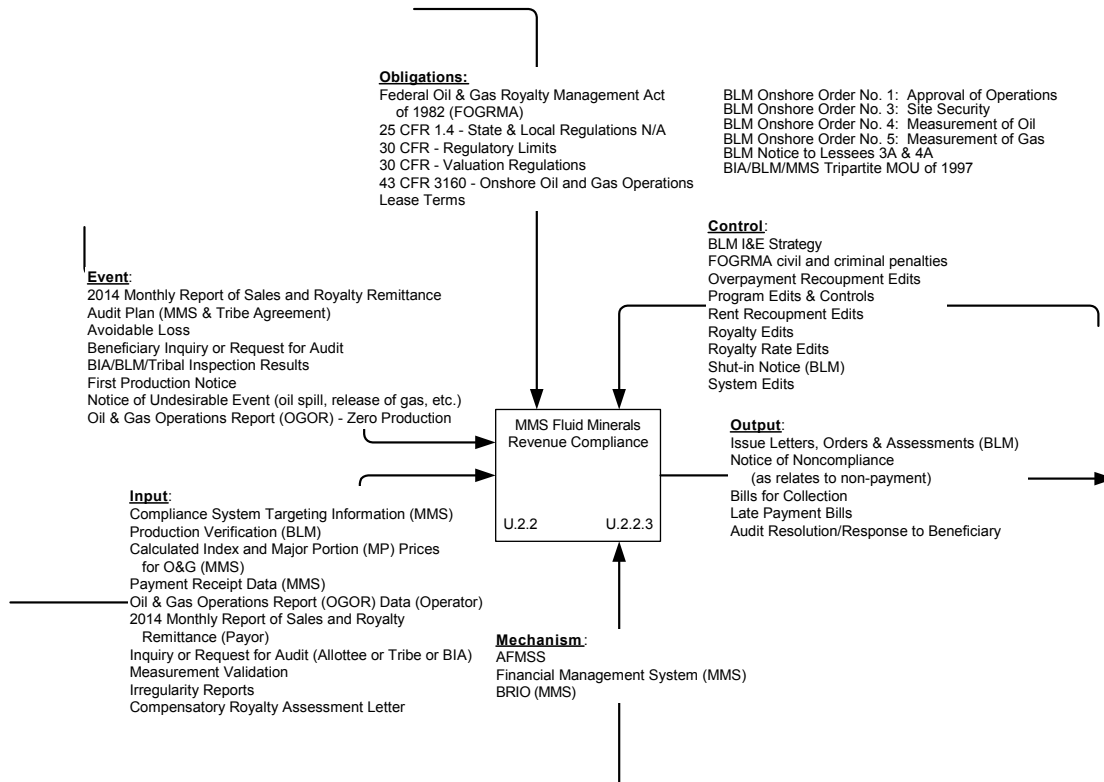


Figure 4.3.6- 17 MMS Fluid Minerals Revenue Compliance IDEF (0)



4.3.6.4 Post Lease Solid Minerals Management (U.3)

Starts with: Approve a solid minerals lease.

Ends with: BIA Agency Superintendent approval of the reclamation efforts; distribution of the Financial Distribution Report (FDR) and complete audits or the beneficiary receives the final royalty check.

Post lease solid minerals management is composed of two parallel sub-processes; solid minerals lease management and solid minerals revenue management. Each of these sub-processes is decomposed as described below.

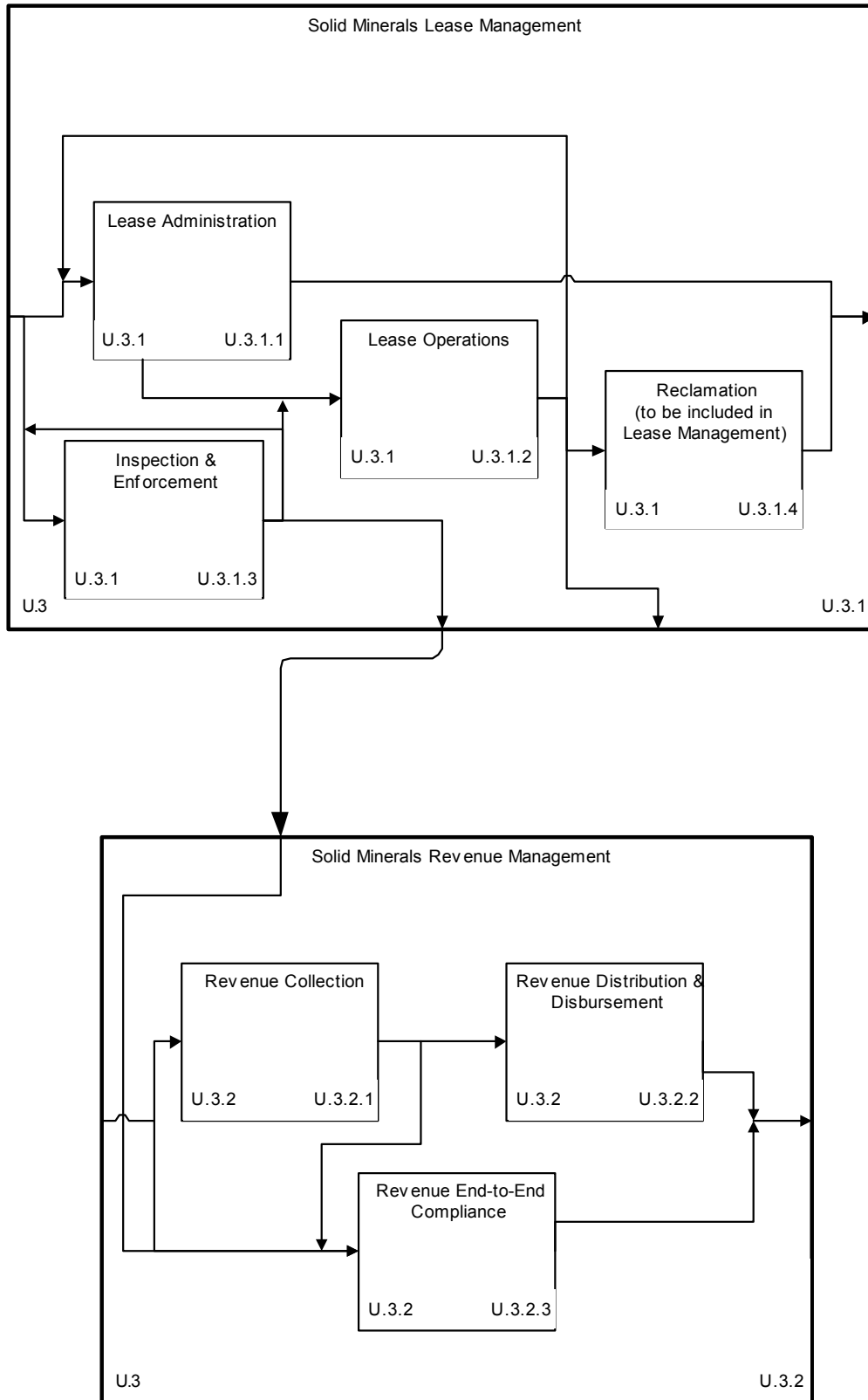


Figure 4.3.6- 18 Post Lease Solids Mineral Management IDEF (3)



Beneficiary Involvement for Post Lease Solid Minerals Management

As a part of the post lease solid minerals management process, Tribes are involved in joint inspections, independent inspections, and reclamation on Tribal lands. As the mineral owner, the Tribe receives royalty checks, rental checks and explanation of payment documents. Tribes may also request audits of their mineral lease accounts.

For allotted tract(s) leases, the allottee participates in joint site inspections. As the Indian Mineral Owner for allotments, the allottee receives royalty checks, rental checks and explanation of payment documents. Allottees may also request audits of their mineral lease accounts.

Post Lease Solid Minerals Management Significant Notes

- a) There is a conflict between the standard lease terms regarding owner rights, Operator union contract terms and the charter of the Tribal Employment Rights Office (TERO). The conflict involves priority for employment at a mining site.



Post Lease Solid Minerals Management Detail Description

4.3.6.4.1 Solid Minerals Lease Management (U.3.1)

Starts with: Approve a solid minerals lease.

Ends with: Approve reclamation effort, by a BIA Line Official.

Solid minerals lease management includes four sub-processes;

- a) solid minerals lease administration
- b) solid minerals lease operation
- c) solid minerals inspection and enforcement
- d) solid minerals reclamation

A description of each of these four sub-processes follows.

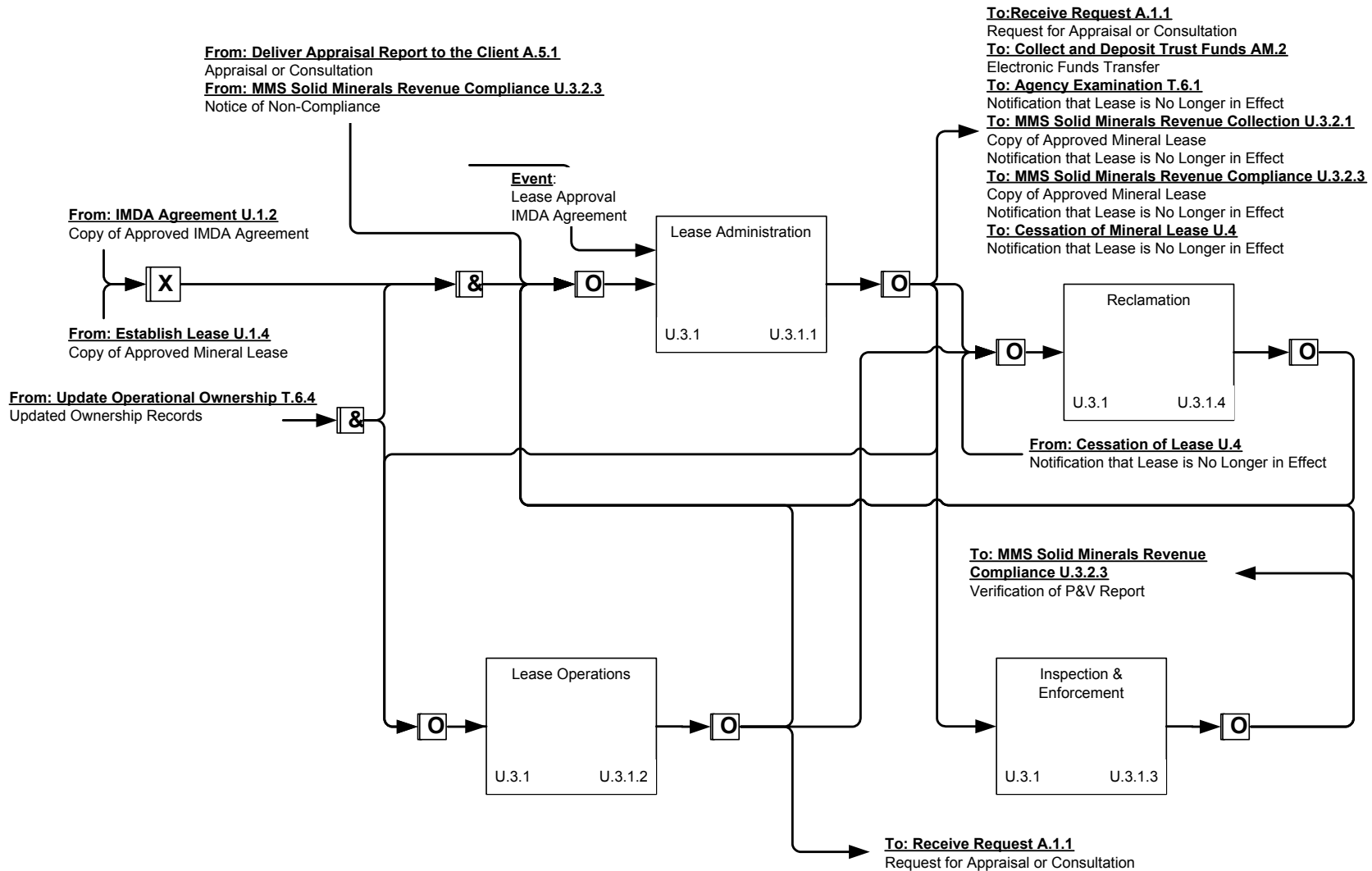


Figure 4.3.6- 19 Solid Minerals Lease Management IDEF (3)



Solid Minerals Lease Administration (U.3.1.1)

Starts with: Approve a lease.

Ends with: Surrender, expiration, or cancellation of the lease.

The objective of the solid minerals lease administration process is to ensure lessee/operator compliance with lease terms, applicable regulations and Orders, and approvals/modifications throughout the life of the lease. The solid minerals lease administration process incorporates the administrative, non-technical aspects of lease management and starts after lease approval. The process is ongoing until the lease expires, is surrendered, or is cancelled. Lease administration is primarily a BIA function.

BIA manages all administrative activities during the life of the lease. This includes all title changes and maintenance of ownership records. BIA collects administrative fees such as assignment fees, environmental fees, cancellation fees, etc. which are deposited in the General Treasury and are not Trust funds. BIA holds lease performance bonds, conducts inspections as per 25 CFR 211.46, 212.46 or 225.35 and takes enforcement actions for noncompliance as per 25 CFR 211.54, 212.54, or 225.36. This function or portions of this function may have been Compacted/Contracted by a Tribe(s).

Solid minerals lease administration includes approval actions regarding:

- a) Lessee assignment of operating rights - Designation of Operator (DO)
- b) Approval actions regarding lease modification
- c) Suspension Application.

Lease Status Reports, Lease Land Owner Reports, 10-Day Show Cause Letters, and official notices to a trespassing Operator to cease and desist are lease administration functions. Also, Lease Cessation Notices to the Lessee that the lease is no longer in force due to Termination, Expiration, Cancellation, or Relinquishment are a lease administration responsibility.

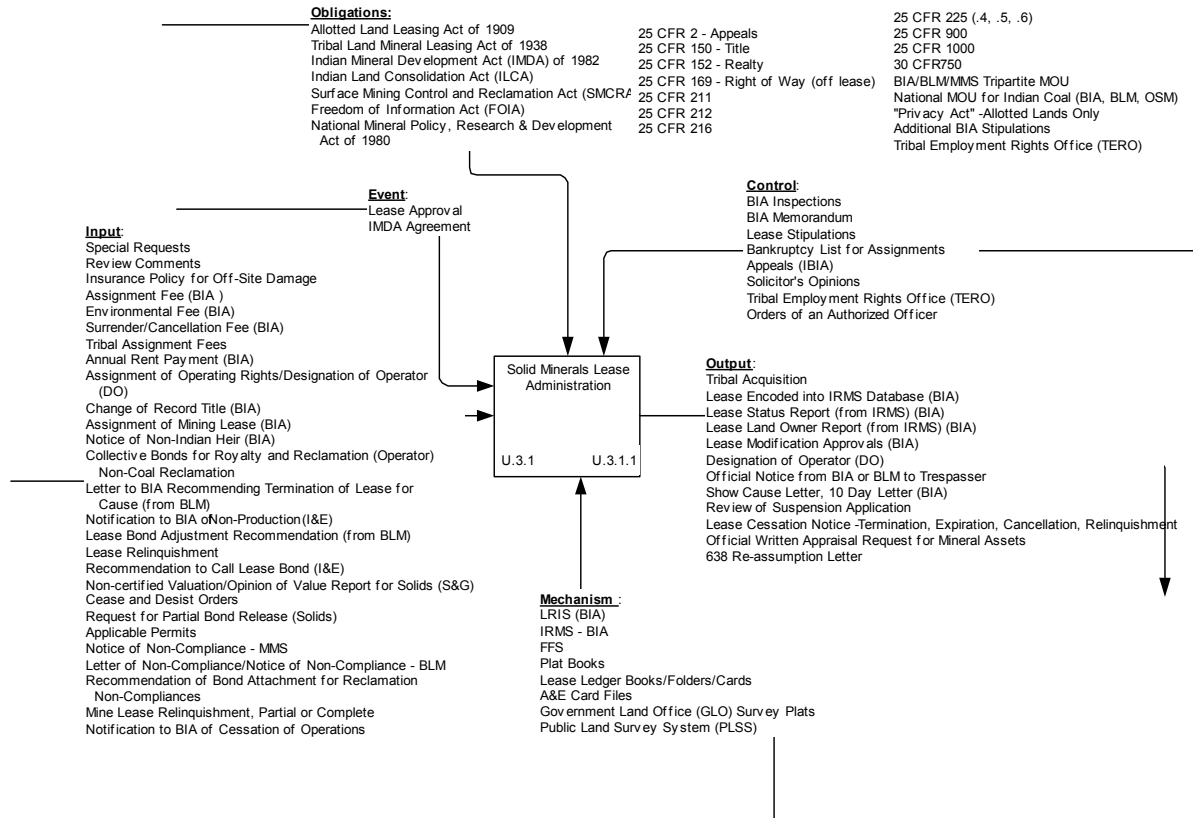


Figure 4.3.6- 20 Solid Minerals Lease Administration IDEF (0)



Solid Minerals Lease Operations (U.3.1.2)

Starts with: Submit a proposal, Exploration Plan, Permits (SMCRA, sand and gravel, building stone, etc.), Mine and Reclamation Plan, or a Resource Recovery and Protection Plan (R2P2).

Ends with: Complete the required reclamation.

The solid minerals lease operations process is a mineral development management process and is primarily a BLM activity for solid minerals. The objective of the solid minerals lease operations process is the management of Trust mineral assets in an environmentally acceptable manner for maximum recovery and maximum income to the Indian Mineral Owner.

Outside the SMCRA permits for coal mining, BLM has the lead and is responsible for approvals for all operations on Indian mineral leases. For solid minerals this includes coal exploration and mining and operations under 43 CFR 3480 (except as noted) and exploration and mining operations for solid minerals, other than coal, as per 43 CFR 3590.

BLM is responsible for the approval of coal exploration plans and Resource Recovery and Protection Plan (R2P2) for coal operations. Requirements relating to the content of exploration plans and R2P2 are found in 43 CFR 3482. BLM consults with BIA prior to approving an exploration plan. BLM receives updated mine maps at least annually from the Operator (43 CFR 3482.3). As per 43 CFR 3590.2, BLM, after consultation with BIA, approves operating plans and plan modifications for non-coal solid minerals. BLM inspects operations at least quarterly to prevent waste and damage to mineral resources and non-mineral resources affected by the operations and to determine adequacy of water management, pollution and emission control measures. In carrying out inspections BLM coordinates with the Tribe and other involved agencies. BLM acts on trespass cases according to 43 CFR 9230, and on Indian lands, notifies BIA of the trespass and any planned enforcement action.

BLM makes recommendations to BIA concerning bond release or partial bond release for solid mineral operations.

Inside the SMCRA permits for coal mining, OSM has the lead. OSM conditionally approves, approves or disapproves applications for permits, permit renewals, or permit revisions for surface coal mining operations on Indian lands, and the applications for the transfer, sale or assignment of such permit rights on Indian lands as per 30 CFR 750.6 and 30 CFR Part 773. OSM conducts inspections and takes enforcement actions, consults with BIA concerning non-mineral impacts and with BLM concerning development, production and recovery of the resource. OSM approves operator environmental bonds and liability insurance for mining operations and reclamation and ensures compliance with NEPA requirements. (Environmental bonds are due after the decision is made by OSM to approve the permit but before the permit is issued as per 30 CFR 773.16.) OSM distributes copies of the permit application to Tribe, BIA, BLM, MMS, etc. as per 30 CFR 750.12 (b).

As per 30 CFR 773.6, upon receipt of an administratively complete permit package, OSM publishes a public announcement identifying the applicant, the description of the area to be mined, the location of the permit package and where comments should be sent. A copy of the notification goes to local, federal and state governmental agencies, as appropriate. Also, copies of the package are posted in public locations. Any persons with an interest, which may be adversely affected, may request an informal conference. The conference is held according to 30



CFR 773.6(c). A new permit or permit revision copies are provided to BIA, BLM, and Tribes with a request for comments.

OSM collects fees for administrative completeness review, technical review, and a per acre disturbance fee which are not Trust funds.

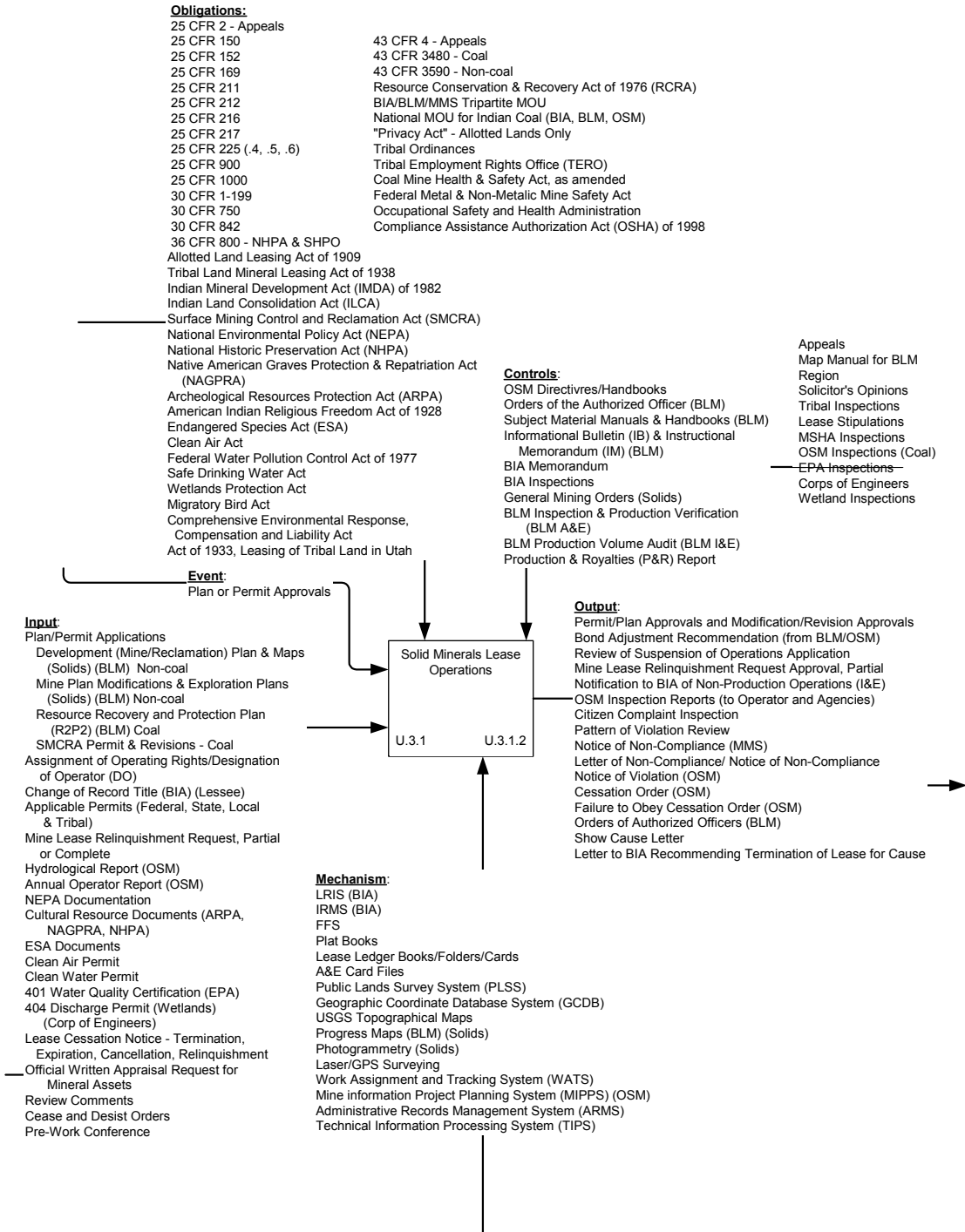


Figure 4.3.6- 21 Solid Minerals Lease Operations IDEF (0)



Solid Minerals Inspection & Enforcement (U.3.1.3)

Starts with: Approve operations.

Ends with: Release bond(s) or the final reclamation inspection report approval if the associated bond is a nationwide or reservation-wide bond.

The solid minerals inspection and enforcement process is intended to insure that operations are accomplished in an environmentally sound and safe manner, recovery of the resource is maximized and that there is an accurate accounting of production and royalties. The process is designed to enforce compliance with lease terms, approvals and applicable regulations. BLM conducts inspections as per 25 CFR 216, 43 CFR 3480.0-6, as needed, but at least quarterly, for product verification, resource recovery and protection, to ensure that degradation of other resources is avoided or minimized and for compliance with laws, rules, orders, terms and conditions of the lease and/or license and requirements of the approved exploration or resource recovery and protection plan. Additional requirements for inspections are found in 43 CFR Subpart 3486. BLM authorized officer carries out enforcement actions including notices of noncompliance and cessation of operation orders.

On non-coal mineral operations, BLM conducts compliance, environmental, production verification and records inspections and carries out enforcement actions as per 43 CFR 3598. Enforcement actions include notices of noncompliance or cessation of operations orders (verbal or written).

For coal operations, OSM conducts inspections and monitoring according to 30 CFR Part 842. OSM conducts inspections to determine if there are violations of SMCRA, the regulations, conditions of the approved permit or the existence of any condition, practice that is a public health and safety issue or a threat to the environment. OSM carries out enforcement actions as per 30 CFR Part 843, including: cessation orders, notices of violation, and suspensions or revocation of permits. OSM assesses civil penalties under 30 CFR Part 845 and individual civil penalties against corporate director, officer or agent of a corporate permittee under 30 CFR Part 846 for various violations of the act, regulations or conditions of the approved permit.

Mine Safety and Health Administration (MSHA) is responsible for enforcement of the Federal Coal Mine Safety and Health Act of 1969 and MSHA regulations. Also, on Indian land EPA has jurisdiction for clean drinking water, water quality and clean air and may conduct inspections in this regards as part of the lease operations process.

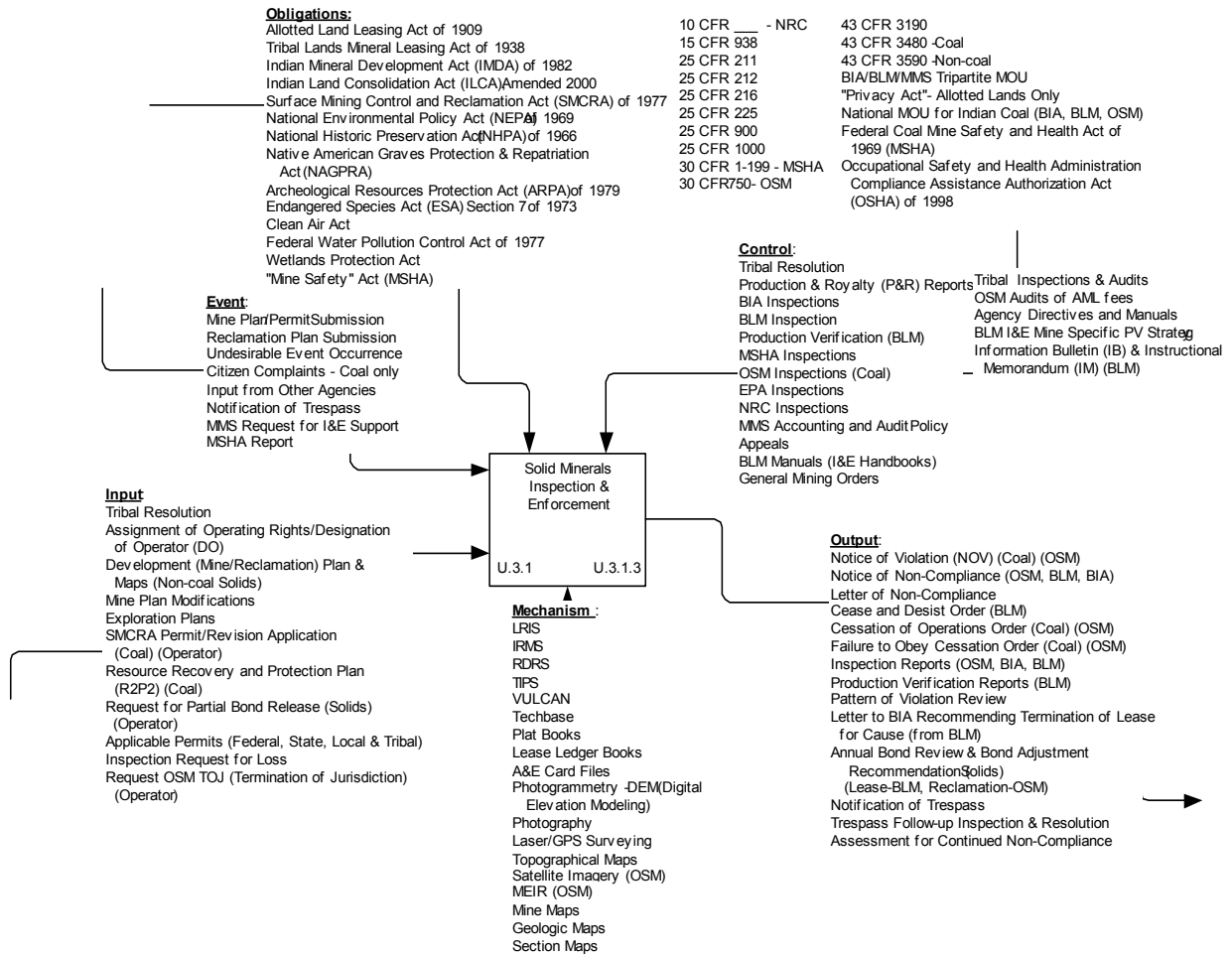


Figure 4.3.6- 22 Solid Minerals Inspection & Enforcement IDEF (0)



Solid Minerals Reclamation (U.3.1.4)

Starts with: Surface disturbance.

Ends with: Accept the reclamation efforts and Final On-Site Inspection Report for non-coal mining by the BIA Line Official. For coal mining, Phase 3 release and OSM Termination of Jurisdiction (TOJ).

The solid minerals reclamation process is the restoration of the leased/permitted tract consistent with the approved Reclamation Plan and lease/permit terms. For some commodities the process is ongoing throughout the life of the lease/permit and beyond. For coal mining the process ends with the Phase 3 release and OSM Termination of Jurisdiction (TOJ). For non-coal mining the day-to-day reclamation activities are part of the solid minerals lease operations process and ends with a Final On-Site Inspection Report and a BIA Line Official acceptance of the reclamation efforts.

The three coal mine reclamation phases are; grading, re-vegetation, and successful completion of the 10-year reclamation demonstration period. The OSM environmental responsibilities are for impacts within and outside of the permit area.

BLM is responsible for approval of the technical aspects of non-coal mining operations on Trust lands. BLM receives the Backfill and Grading Report from the Operator on a solid mineral lease and participates in a Joint On-Site Reclamation Inspection. A letter of recommendation is sent to the BIA Line Official regarding acceptance of the reclamation efforts. OSM approves the reclamation plan as part of the permit approval process before a permit to mine coal is issued. OSM conducts compliance inspections for coal reclamation on Indian Trust lands as per the approved reclamation plan.

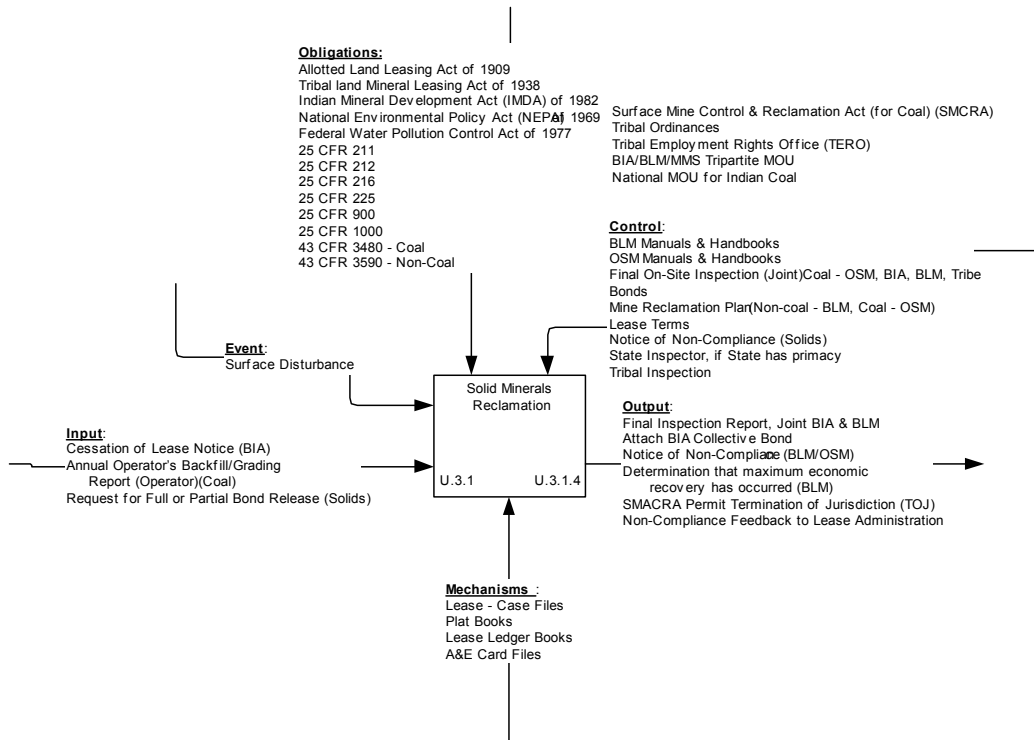


Figure 4.3.6- 23 Solid Minerals Reclamation IDEF (0)



4.4.6.4.2 MMS Solid Minerals Revenue Management (U.3.2)

Starts with: Beginning with a revenue stream through any one of several events.

Ends with: Distribute the Financial Distribution Report (FDR) and complete audits or the beneficiary receives the final royalty check.

The MMS solid minerals revenue management sub-process is further broken down into three sub-processes:

- a) MMS solid minerals revenue accounting
- b) MMS solid minerals revenue distribution and disbursement
- c) MMS solid minerals revenue compliance

The accounting and disbursement activities are done in series while the compliance activities are concurrent and parallel with the accounting and disbursement sub-processes. A description of each of these three sub-processes follows.

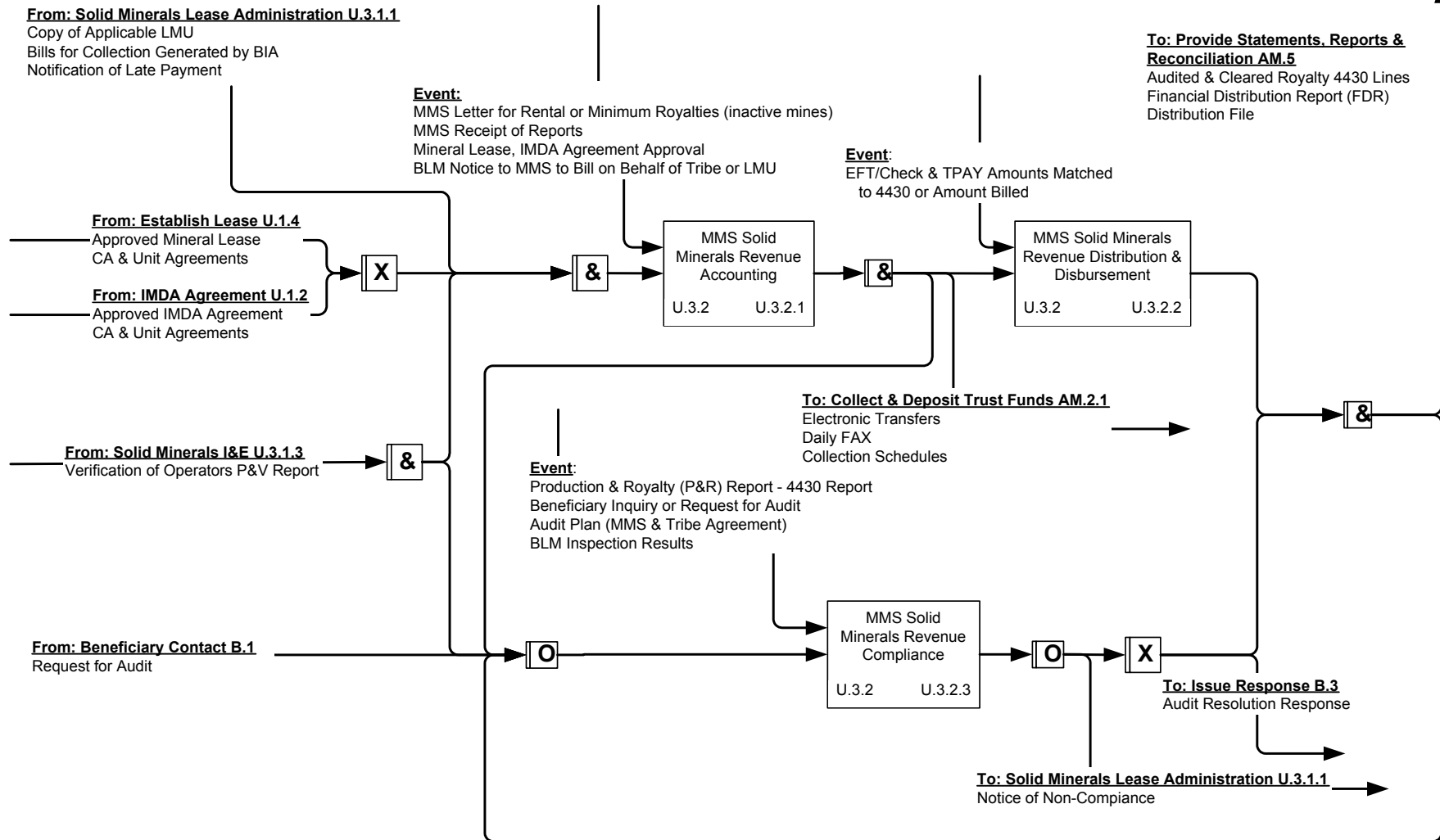


Figure 4.3.6- 24 Solid Minerals Revenue Management IDEF (3)



MMS Solid Minerals Revenue Accounting (U.3.2.1)

Starts with: Beginning with a revenue stream through any one of several events.
Ends with: Payment of the last royalties or final audit completion.

The MMS solid minerals revenue accounting process involves the recording and accounting for mineral revenues from Trust lands. Unlike fluid minerals payments, all solid mineral payments are direct pay and the Department does not handle the funds.

MMS does not collect royalties from solid minerals on Tribal Trust lands, but, does the accounting for solid minerals royalty payments. MMS receives Production and Royalty Reports from the Payor /Operator, sales summary, facility and processing data, and performs accounting services. MMS tracks Payor information on MMS-4030, Solid Minerals Payor Information Form. MMS-4059, Solid Minerals Operation Report for the production and disposition of raw materials (Part A) and for the report of sales from a facility beyond the mine site (Part B). Also, MMS may generate Orders or Bills for Collection on behalf of Tribes.

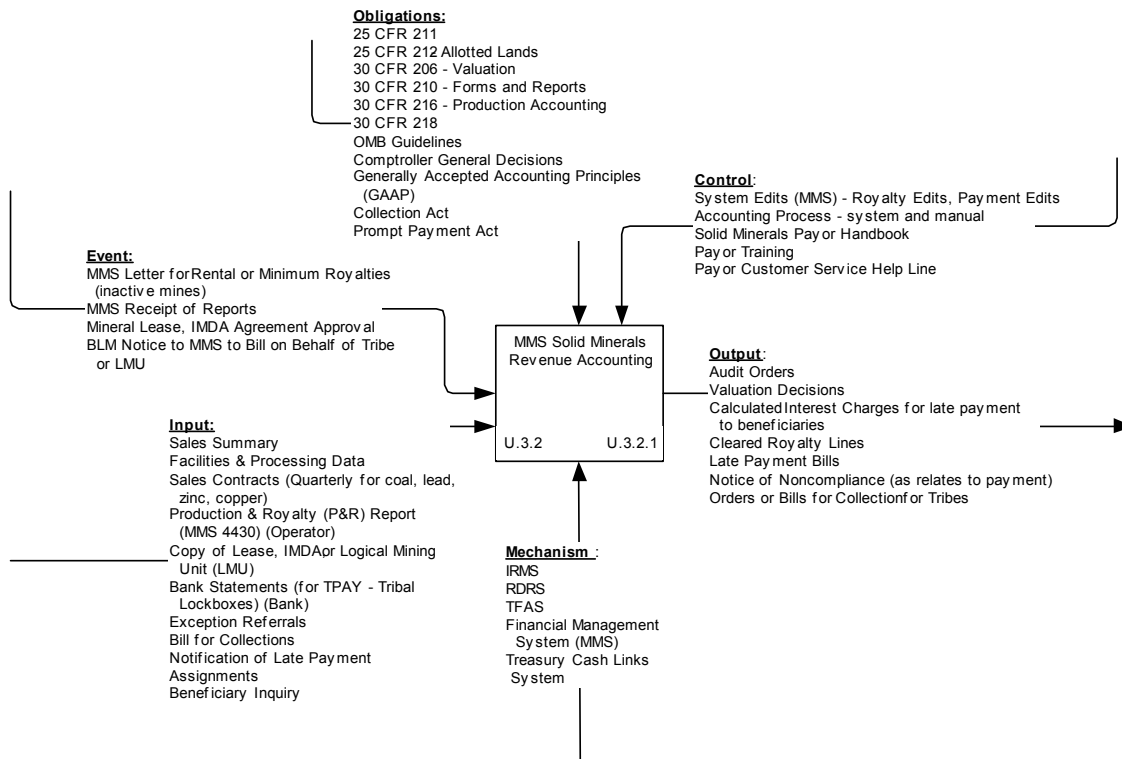


Figure 4.3.6- 25 MMS Solid Minerals Revenue Accounting IDEF (0)



MMS Solid Minerals Revenue Disbursement (U.3.2.2)

Starts with: Matching 4430 report lines to EFT/Check & TPAY amounts.
 Ends with: Issue the associated Financial Distribution Report (FDR) by MMS.

The MMS solid minerals revenue distribution & disbursements process is an auditing activity and starts with the matching of 4430 report lines to EFT/Check & TPAY amounts. MMS issuance of an associated Final Financial Distribution Report (FDR) signifies the end of the process.

MMS receives the following reports (not inclusive):

- a) MMS 4025, Payor Information Form, used to tracks payors
- b) MMS-4430, Production and Royalty (P&R) Report, provides production, royalty and payment information from the payor.

MMS Financial Management Module (PeopleSoft) matches known payments with reports and carries out royalty edits. MMS then sends Financial Distribution Report (FDR) to Tribes, BIA and OST/OTFM. When allotted lands are involved, disbursement and EOP transmittal to the Indian Mineral Owners occurs through OST/OTFM (goes through BIA in Reston, Va., first). MMS transmits an electronic file containing payment data on a lease basis to the National Business Center in Denver, Colorado along with print and data files.

The FDR is an explanation of the payment generated by MMS for direct pay and available on CD ROM media. Distribution of the data is on hold because of the Temporary Restraining Order prohibiting the use of the Internet. When allotted lands are involved, OST/OTFM distributes royalty checks and FDRs using BIA generated print files and updates information in TFAS.

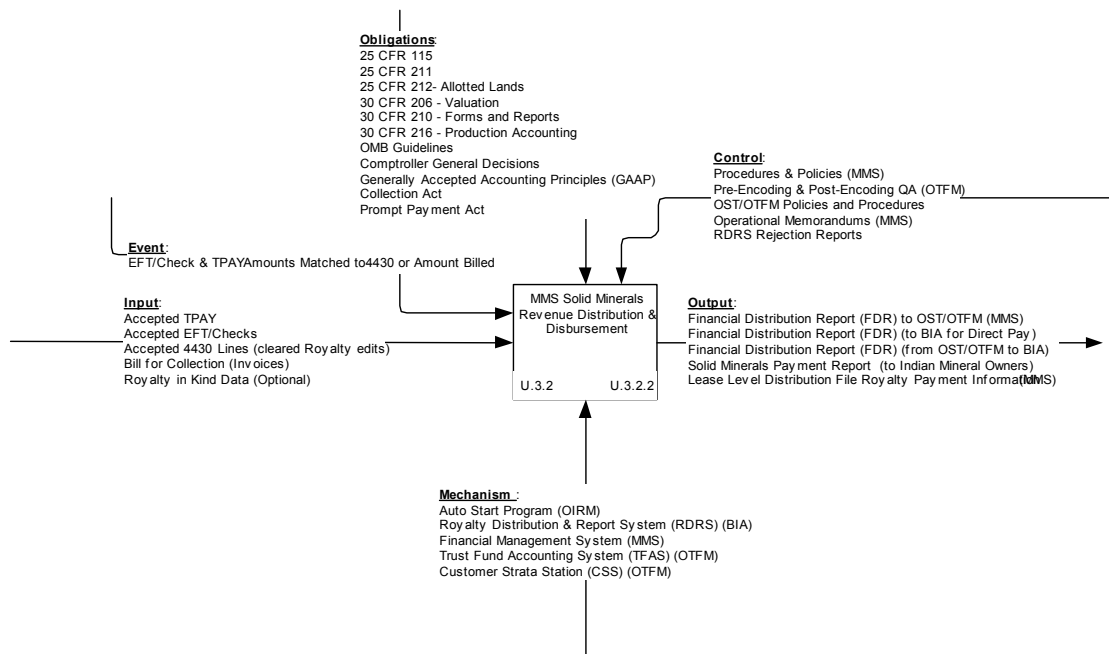


Figure 4.3.6- 26 MMS Solid Minerals Revenue Distribution & Disbursement IDEP (0)



MMS Solid Minerals Revenue Compliance (U.3.2.3)

Starts with: Request for audit or beneficiary inquiry, Production & Royalty (P&R) Report, audit plan, or BLM inspection results.

Ends with: Resolve audit request or response to beneficiary.

The objective of the MMS solid minerals revenue compliance process is to ensure and confirm that payments are being made in a timely manner and in the correct amount to the correct beneficiaries. Revenue compliance is an MMS ongoing process, throughout the duration of revenue generation and payment. Since MMS does not receive royalty or rental payments it's activities are based on Operator reports (4430) and reports from other Agencies.

MMS levies assessments for incorrect or late reports and for failure to report under 30 CFR 216.40 and 218.40. MMS issues bills for collection when Payor over-recoupment has occurred.

Also, MMS performs audits as requested and issues the following documents:

- a) letters, Orders & assessments
- b) bills for interest, over-recoupment, royalty, or rentals processed by MMS on behalf of the Tribe
- c) late payment bills processed by MMS on behalf of the Tribe
- d) MMS Notice of Noncompliance related to payments and associated penalties
- e) audit resolution responses sent to a beneficiaries as a result of a request for audit
- f) Reports of MMS observed irregularities.

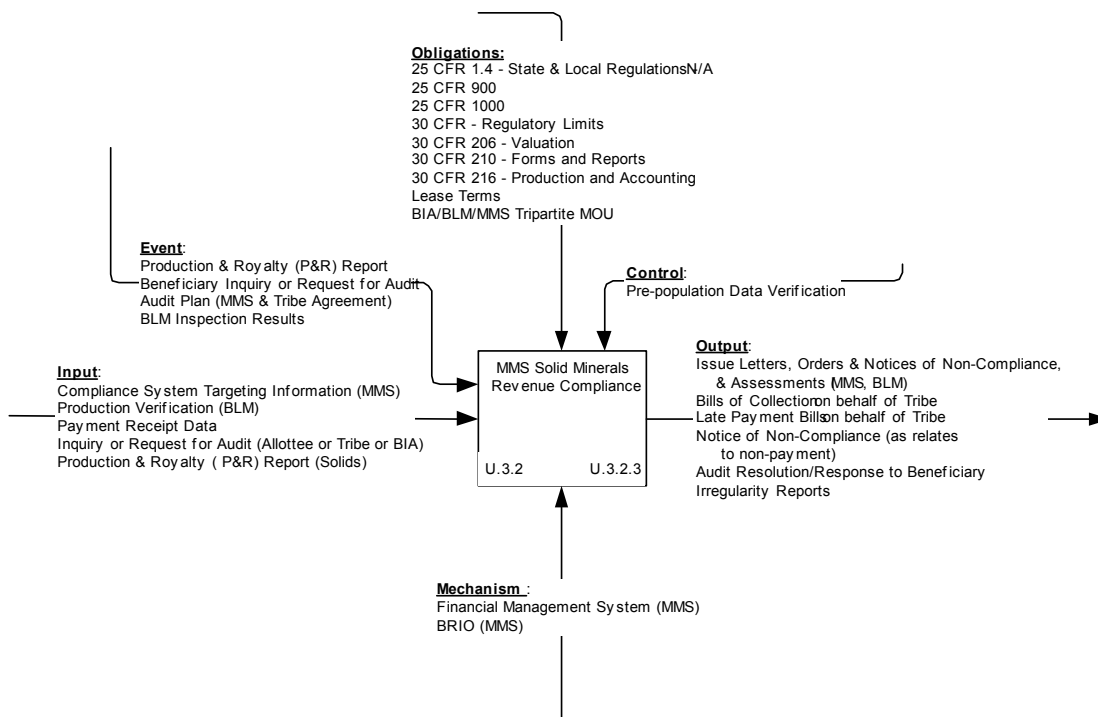


Figure 4.3.6- 27 MMS Solid Minerals Revenue Compliance IDEF (0)



4.3.6.5 Cessation of Mineral Lease (U.4)

Starts with: Recognize that a lease has expired on its own terms, a Notice of Surrender or Relinquishment from the lessee, a Corrective Action Notice resulting in cancellation, or production ceases for economic reasons.

Ends with: Notify the LTRO/TSO/TSC to remove the lease related encumbrances from the associated tract(s).

Lease cessation process starts with any one of the reasons noted above. A lessee appeal can extend the lease until resolved. Lease cessation does not relieve the lessee of obligations for royalty payments due from production during the period of the lease or reclamation. The objective of the cessation of lease process is to end the lease rights in an orderly and controlled manner.

BIA handles all activities associated with the cessation of lease rights whether from cancellation, surrender, termination or expiration of the lease. After the 30-day appeal period has expired, the BIA Agency advises the LTRO/TSO/TSC to remove the lease encumbrance from the title. In the case of a bankruptcy filing by the lessee or Operator, BIA files as a creditor with the bankruptcy court.

If there was mineral production on the lease, BLM conducts a final inspection prior to making recommendations to BIA concerning adequacy of reclamation and any additional outstanding obligations that the lessee/Operator might have. MMS advises BIA of outstanding financial obligations relating to rentals, royalties, interest, etc. After notification, the Tribe has an opportunity to re-negotiate and participates in the final inspection of Tribal lands.

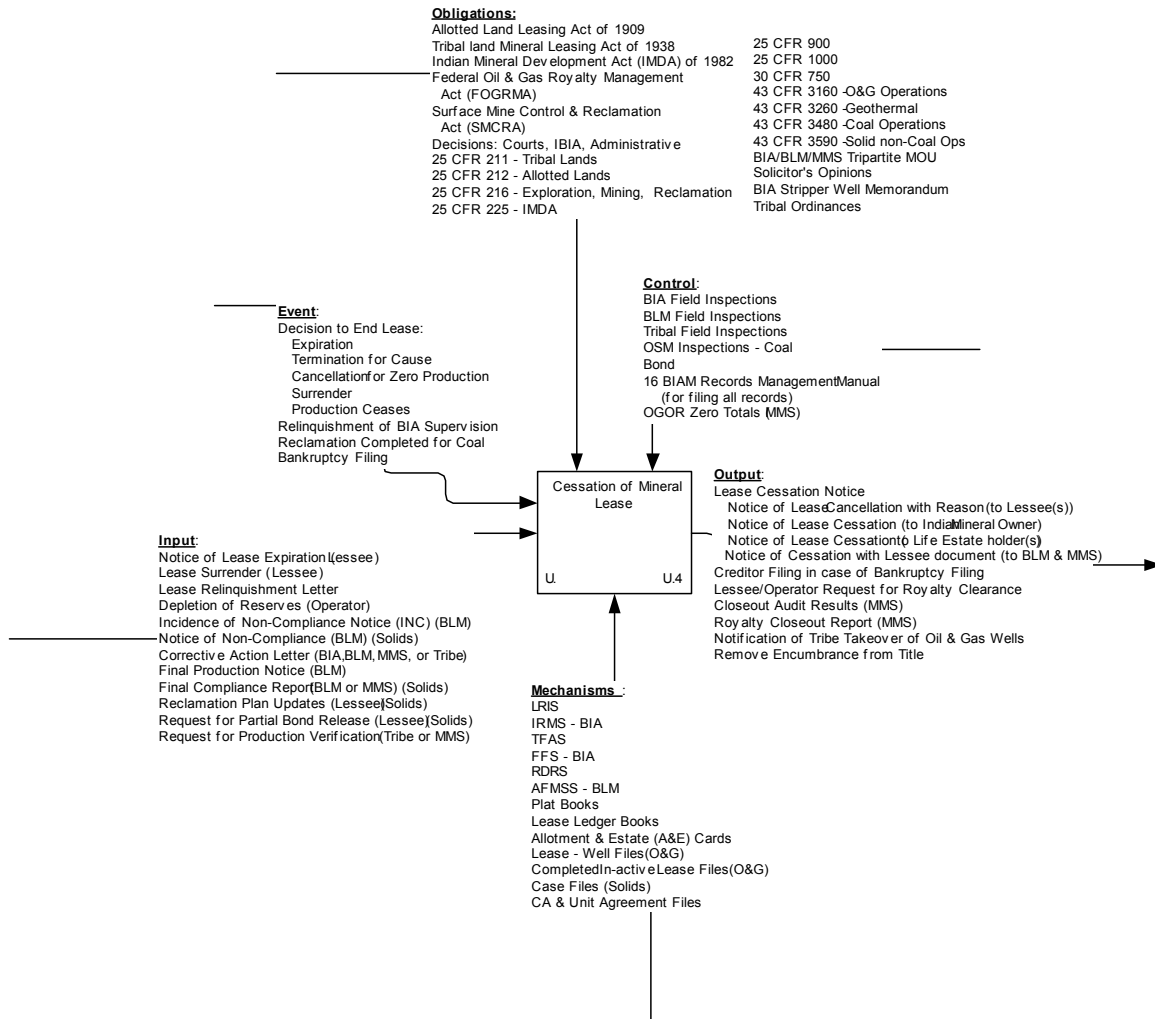


Figure 4.3.6- 28 Cessation of Mineral Lease IDEF (0)



Beneficiary Involvement for Cessation of Mineral Lease

The Tribe or allottee receives notice from BIA that the lease has ended and a notice from MMS of last royalty payment.

Cessation of Mineral Lease Significant Notes

- a) Responsibility for post-lease maintenance of water treatment facilities associated with oil and gas operations is not clear and requires funding.



4.3.6.6 Mineral Bond Management (U.5)

Starts with: Complete the Final Inspection Report, Royalty Clearance and Abandonment/Reclamation Approval Notice for oil and gas and non-coal solid minerals. For coal, establishment of grading and backfilling.

Ends with: Release lease bond or a lease bond call for oil and gas and non-coal solid minerals. For coal, completion of a 10-year observation period.

The minerals (lease) bond management process for oil and gas focuses primarily on the conditions necessary for the release of the bond, whether it is a lease bond or a reservation-wide or nationwide bond. It starts with a Final Inspection Report, Royalty Clearance and Abandonment/Reclamation Approval Notice and ends with either a lease bond release or a lease bond call depending on whether lease terms and obligations have or have not been satisfied.

The OSM minerals (reclamation) bond management process for surface coal mining takes a three phase path; establishes grading and backfilling, establish vegetation, and a 10-year observation period. Since reclamation activities can start soon after the initial production, the OSM reclamation bonds can be partially released upon the Operator's request and the Operator may establish a replacement bond during the course of the lease. The OSM reclamation bond release process ends at the conclusion of the 10-year observation period, OSM's release of the reclamation bond, and OSM termination of jurisdiction.

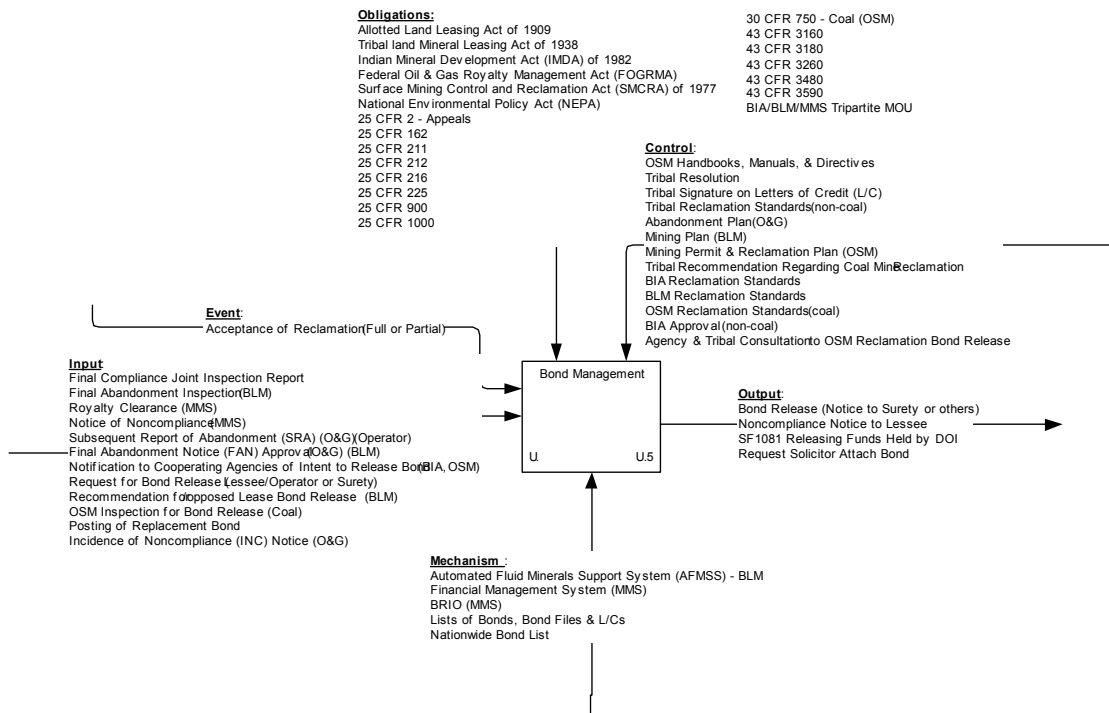


Figure 4.3.6- 29 Minerals Bond Management IDEF (0)



Beneficiary Involvement for Mineral Bond Management

Beneficiaries are not involved in the bond management process.

Mineral Bond Management Significant Notes

No significant notes for lease bond management.



4.3.6.7 Subsurface Asset Management Variance Tables by Region

The following variances are based upon the information provided by the participants at the work sessions. In many cases, participants did not represent all functional areas of the Indian Trust. Therefore, the variances are not necessarily all-inclusive and may represent the participants' perceptions of the functions being performed.

Table 4.3.6- 1 Great Plains Region Subsurface Asset Management Variances

Areas Affected by the Variance	Category	Variance Description	Reason for Variance	Business Impact	Degree of Business Impact	Difficulty of Change
Great Plains Region	Mechanism	The Management Accounting & Distribution System (MAD) is an information system maintaining ownership, lease status, rental information and payout, tract listings, and bonus bid payment information for non-producing leases. The MAD system is being used in lieu of the Integrated Reports Management System (IRMS).	Procedural	A local improvement on the Integrated Records Management System (IRMS) that is more efficient. MAD contains ownership, lease status, rental information and payout, tract listings, and bonus bid payment information for non-producing leases.	High	Medium
Great Plains Region	Mechanism	Allotment and Estate (A&E) Card information is being recorded in MS Excel spreadsheet files.	Procedural	Placing allotment and estate information in electronic media represents an enhancement of the record keeping and reduces the risk of lost data at the local level.	Medium	Minor



Table 4.3.6- 2 Midwest Region Subsurface Asset Management Variances

Areas Affected by the Variance	Category	Variance Description	Reason for Variance	Business Impact	Degree of Business Impact	Difficulty of Change
Midwest Region	Mechanism	The Management Accounting & Distribution System (MAD) is an information system maintaining ownership, lease status, rental information and payout, tract listings, and bonus bid payment information for non-producing leases. The MAD system is being used in lieu of the Integrated Reports Management System (IRMS).	Procedural	An improvement on the Integrated Records Management System (IRMS) that is more efficient. MAD contains ownership, lease status, rental information and payout, tract listings, and bonus bid payment information for non-producing leases.	High	Medium
Great Lakes Agency	Comments	BIA inspections are not being done for the three wells in their territory because of a lack of qualified personnel and the wells are in a remote location.	Staffing Location	There is a low level risk related to the Operator being in compliance.	Medium	Minor
Great Lakes Agency	Comments	The field office is unaware of any BLM or MMS compliance inspections, certified Petroleum Engineering Technician (PET) inspections, diligence, drainage & spacing inspections by a Geologist or Engineer, or production verifications for the three wells in their territory in the past 14 years.	Communications	There is a low level risk that the royalties have been under paid. BLM is conducting inspections of these wells, but reports have not been sent to BIA.	Medium	Minor
Midwest Region	Mechanism	Various commercial off the shelf (COTS) programs are being used to track name, address, ownership, majority age, inheritance and other	System Constraints	COTS programs are being used for local handling of information prior to inputting data into other	Medium	Medium



Areas Affected by the Variance	Category	Variance Description	Reason for Variance	Business Impact	Degree of Business Impact	Difficulty of Change
		changes.		systems. This facilitates local efforts and efficiency associated with the immediate task but creates some redundancy of data input and increases the long term potential for error.		
Great Lakes Agency	Location	The Great Lakes Agency does its own surveys using their own staffs or contractors, BLM markers and sub-division layout or road survey data.	Funding	The agency has difficulty obtaining timely BLM surveys. This is primarily a budget problem and may change with increase in BIA cadastral funding for FY03. The Department is at risk in terms of legal exposure associated with potential errors in boundary determinations. BLM is only official survey agency within the Department.	Medium	Medium
Great Lakes Agency	Control Input	The Great Lakes Agency is not receiving Oil & Gas Operations Report (OGOR).	Communications	Field office does not have appropriate production data on which to base royalty distribution.	High	Minor
Great Lakes Agency	Input Output Comments	The Great Lakes Agency has not received a Financial Distribution Report (FDR) since the 2014 Monthly Report has gone on-line and the issuance of the December 5, 2001 Cobell lawsuit related Temporary Restraining Order	System Constraints	Field office does not have appropriate royalty payment data on which to base royalty distribution.	High	Major



Areas Affected by the Variance	Category	Variance Description	Reason for Variance	Business Impact	Degree of Business Impact	Difficulty of Change
		(TRO) restricting internet access.				

Table 4.3.6- 3 Eastern Region Subsurface Asset Management Variances

Areas Affected by the Variance	Category	Variance Description	Reason for Variance	Business Impact	Degree of Business Impact	Difficulty of Change
None						

Table 4.3.6- 4 Alaska Region Subsurface Asset Management Variances

Areas Affected by the Variance	Category	Variance Description	Reason for Variance	Business Impact	Degree of Business Impact	Difficulty of Change
Anchorage Field Office Bethel Field Office Fairbanks Field Office	Location	The BIA Field Office rather than the BIA Agency Office performs review and preparation of recommendations and findings.	Staffing	As a consequence of an inability to staff the agencies with sufficiently qualified personnel it has been necessary to shift workload to the field offices in major population centers.	High	Major
Alaska Region	Mechanism	The Land Record Information System (LRIS) has not been used in Alaska. The Department is using the State of Alaska Title Services Office (TSO) in lieu of a LTRO/TSO.	Procedural	Title records had been maintained by the State of Alaska because of historical and local conditions of territorial size, dispersion of sites, and weather factors. Insufficient information	Medium	Major



Areas Affected by the Variance	Category	Variance Description	Reason for Variance	Business Impact	Degree of Business Impact	Difficulty of Change
				was provided to ascertain the business impact. Data is not available in BIA databases.		

Table 4.3.6- 5 Northwest Region Subsurface Asset Management Variances

Areas Affected by the Variance	Category	Variance Description	Reason for Variance	Business Impact	Degree of Business Impact	Difficulty of Change
Northwest Region	Control	Idle Tract Information Reviews are not performed.	Procedural	There is a possibility that potential revenue generating leases could be missed.	Medium	Minor
Northwest Region	Output	A Certified TSR is always requested in pre-lease process.	Procedural	Requesting a certified TSR in the pre-lease process minimizes risks associated with owner identification as the process proceeds to lease approval, but lengthens the pre-lease process.	Medium	Minor



Table 4.3.6- 6 Eastern Oklahoma Region Subsurface Asset Management Variances

Areas Affected by the Variance	Category	Variance Description	Reason for Variance	Business Impact	Degree of Business Impact	Difficulty of Change
Five Civilized Tribes of Oklahoma	Obligation	Act of May 27, 1908; Five Civilized Tribes. This act sets out the basic alienation scheme for allotted lands of the Five Civilized Tribes of Oklahoma including the District Court leasing of Indian lands instead of BIA. This scheme differs from the one in common use in other regions.	Federal Law	District Court leasing of Indian lands instead of BIA leasing. The District Court leases are contracts between the Indian mineral owner and the lessee. This scheme differs from the one in common use in other regions where the lease contract is between the federal government and the lessee.	High	Major
Five Civilized Tribes of Oklahoma	Obligation	Act of August 4, 1947, Section 11; Five Civilized Tribes of Oklahoma Land Act. Commonly referred to as the Stigler Act this confirms that the Oklahoma District Courts are vested with jurisdiction to approve all conveyances of restricted lands, including leases.	Federal Law	Five Civilized Tribe pre-lease activities, for inherited lands held by descendants with 50% or greater Indian blood, are the responsibility of the potential lessee and a commercial lease contract form is used. Each Indian Mineral Owner signs the commercial lease and the potential lessee files a partition for an Approval Hearing with a District Court. At the time of the filing there is a public notice and the potential	High	Major



Areas Affected by the Variance	Category	Variance Description	Reason for Variance	Business Impact	Degree of Business Impact	Difficulty of Change
				<p>lessee notifies the DOI Solicitor’s Office. The Solicitor has 10 days to prepare a position regarding the partition. There are 40 counties in which a partition may be filed. Original allottees still use the basic Departmental leasing processes for mineral leases. Legislation was proposed, HR2880, to cancel the variances caused by the Stigler Act of 1947, but did not pass the most recent Congress. The act also proposed that all restricted lands to the oil and gas conservation laws be subjected to the State of Oklahoma including orders of the Oklahoma Corporation Commission, if approved by the Secretary.</p>		
Five Civilized Tribes of Oklahoma	Obligation	25 CFR 116; Creation of Trusts for Restricted Property of Indians, Five Civilized Tribes of Oklahoma	Regulation	This CFR Part delineates unique regulations for establishing a trust for restricted lands.	Medium	Medium
Five Civilized Tribes of Oklahoma	Obligation	Act of May 10, 1928 (45 Stat. 495). Among other actions, this act applied Oklahoma’s gross	Federal Law	An additional cost associated with production from Indian leases and adds	Medium	Major



Areas Affected by the Variance	Category	Variance Description	Reason for Variance	Business Impact	Degree of Business Impact	Difficulty of Change
		production taxes to all minerals produced from restricted allotted Five Civilized Tribe lands.		an accounting complexity to the allocation of royalties.		
Five Civilized Tribes of Oklahoma	Obligation	State of Oklahoma Conservation Laws; Oklahoma conservation laws replace federal laws enabling the Oklahoma Corporation Commission (OCC) to manage leases with the Secretary's oversight.	Federal Law	This is a consequence of the Stigler Act. Working with a set of conservation laws that differ from the normally applicable federal laws requires extra training and reporting procedures.	High	Major
Five Civilized Tribes of Oklahoma	Event	Notification of Petition Filing in District Court. Five Civilized Tribe pre-lease activities, for restricted inherited lands held by descendents with 50% or greater Indian blood, are the responsibility of the potential lessee and a commercial lease contract form is used. Each Indian Mineral Owner signs the commercial lease and the potential lessee files a petition for an Approval Hearing with a District Court.	Federal Law	Petitions for an approval hearing are filed with District Courts. At the time of the filing there is a public notice and the potential lessee notifies the DOI Regional Solicitor's Office. There are approximately 100 petitions filed per year spread over roughly 40 county District Courts in Oklahoma. The DOI Regional Solicitor's Office has 10 days to prepare a position on each petition. This process shifts the workload for Five Civilized Tribe allotted mineral leases from BIA to the DOI Solicitor's Field Office.	High	Major



Areas Affected by the Variance	Category	Variance Description	Reason for Variance	Business Impact	Degree of Business Impact	Difficulty of Change
Five Civilized Tribes of Oklahoma	Event	Submission of Oklahoma Corporation Commission (OCC) Orders for Secretarial Approval.	Federal Law	BIA reviews OCC orders. This is an additional task not performed elsewhere in the country.	Medium	Major
Five Civilized Tribes of Oklahoma	Event	District Court Lease Issued	Federal Law	The leasing process is controlled and documented by the District Courts in Oklahoma for allotted land leases, not the BIA.	Medium	Major
Five Civilized Tribes of Oklahoma	Output	Ratification of District Court leases	Federal Law	This is an additional task not performed elsewhere in the country.	Medium	Major
Five Civilized Tribes of Oklahoma	Input	A Title Status Report (TSR) is not used for District Court Leases.	Procedural	Oklahoma District Courts do not request a certified TSR or an uncertified TSR. The Five Civilized Tribes maintain their own title records, not the BIA LTRO/TSO.	Medium	Medium
Five Civilized Tribes of Oklahoma	Input	For District Court leases the Indian Mineral Owner receives their bonus and 1 st year rental directly from the lessee.	Procedural	The Indian mineral owner (IMO) doesn't receive money upfront and if there is a default the IMO gets nothing. If there is earnest money the IMO gets to keep it if there is a default. Since the leases are established through the District Court the initial transactions are not within	Medium	Major



Areas Affected by the Variance	Category	Variance Description	Reason for Variance	Business Impact	Degree of Business Impact	Difficulty of Change
				the control of BIA or OST. This can result in a data void in Trust records.		
Five Civilized Tribes of Oklahoma	Input	Submission of District Court Orders to the BIA Regional Office for approval. Upon request BLM performs a technical review of geology and environment. Regional Solicitor's Office also reviews and may object at the hearing if there is insufficient time for BIA & BLM reviews.	Procedural	This step, 10-day review period with possible extensions, in the District Court procedure allows DOI an opportunity to assure the lease conforms to all applicable regulations.	Medium	Medium
Five Civilized Tribes of Oklahoma Osage Agency	Control	Osage and Five Civilized Tribes maintain their own surface compliance records.	Federal Law	The Osage and Five Civilized Tribes track their own operator surface compliance records. Consequently, their operator experience is not captured in BIA records.	Medium	Major
Five Civilized Tribes of Oklahoma	Control	The Oklahoma Corporation Commission (OCC) issues spacing orders that BLM reviews and concurs with before they are published.	Federal Law	The arrangement between OCC and BLM establishes a shared responsibility for spacing. Insufficient information was provided to ascertain the business impact.	Medium	Medium
Five Civilized Tribes of Oklahoma	Organization	BIA will "shop" the District Court leases prior to issuance to obtain a better deal for the Indian Mineral Owner. The District	Procedural	BIA will attempt to arrange a better deal for the Indian mineral owner. However, the window of opportunity	Medium	Minor



Areas Affected by the Variance	Category	Variance Description	Reason for Variance	Business Impact	Degree of Business Impact	Difficulty of Change
		Court can override any deal BIA sets up. District Court approval makes a lease binding.		for this activity is limited by the speed at which the District Court moves to issue a lease. This is an unfunded activity for BIA.		
Five Civilized Tribes of Oklahoma	Organization	Oklahoma Corporation Commission (OCC) is responsible for reclamation oversight. BIA does not have line item funding for reclamation on restricted allotted Five Civilized Tribes lands.	Federal Law	BIA does not now have funding for this activity on Trust allotted lands of the Five Civilized Tribes. Funding would be required for reclamation if this situation were changed.	Medium	Major
Osage Agency	Input	Osage use a local database in lieu of a Certified Title Status Report (TSR).	Procedural	The Osage Tribe maintains its own title records, not the BIA LTRO/TSO. Surveys have been done for the entire Osage Reservation and new surveys are not done for competitive lease sales. Insufficient information was provided to ascertain the business impact.	Medium	Medium
Osage Agency	Input	A programmatic NEPA documents, EIS, EA and FONSI, are used as a standard for all Osage leases.	Procedural	Use of a programmatic EIS, EA and FONSI saves time and cost in the leasing process.	Medium	Minor
Osage Agency	Input	A Fish & Wildlife finding regarding threatened and endangered species is used as the	Federal Law	Existence of threatened and endangered species requires additional efforts to review	Medium	Medium



Areas Affected by the Variance	Category	Variance Description	Reason for Variance	Business Impact	Degree of Business Impact	Difficulty of Change
		ESA Findings		and mitigate impacts.		
Osage Agency	Obligation	Act of June 28, 1906; Division of Lands and Funds of Osage Indians and for Other Purposes, 34 Stat. 539.	Federal Law	This is the basic act for the allotment of the surface to the members of the Osage Tribe and the reservation of the coal, oil, gas and other minerals to the Tribe. This has resulted in there being no allotted minerals activity on the Osage Reservation.	Medium	Major
Osage Agency	Mechanism	Local use database programs.	System Constraint	User-friendly COTS programs are being used for local handling of information. Compatibility with DOI systems is not known.	Medium	Major
Osage Agency	Mechanism Control	Osage Agency determines Fair Market Value by using a Monte Carlo statistical simulation modeling tools for evaluation/market value estimates.	Procedural	By using a simulation modeling tool, evaluations are completed quickly and there is a consistency in the process. Minimum bid levels have been set and evaluations are not done for each competitive lease sale, reducing time and effort.	Medium	Medium
Osage Agency	Output	The Osage Agency is the repository of record for all Osage land records.	Federal Law	The Osage Agency does not rely on the common DOI Trust management systems. Consequently, these land	High	Major



Areas Affected by the Variance	Category	Variance Description	Reason for Variance	Business Impact	Degree of Business Impact	Difficulty of Change
				records are not contained in DOI maintained systems.		
Chickasaw Agency Miami Agency Okmulgee Field Office Tahlequah Field Office Osage Agency	Output	Notifications to BLM and MMS of the lease and notification to the Company to contact MMS are not applicable.	Procedural	Neither BLM nor MMS service the Osage Nation.	High	Major
Osage Agency	Output	The Osage Agency issues a Superintendent's order to remedy problems rather than a Show Cause Order.	Procedural	The order to remedy is a lower level of escalation and produces the desired results.	Medium	Minor
Osage Agency	Control	The Osage Nation conducts its own Tribal audits.	Federal Law	The full audit burden is on the Osage Nation.	Medium	Major
Osage Agency	Input	The Osage Agency prepares an annual report of estimated production on a per well basis.	Procedural	This is an Osage unique report.	Medium	Low
Osage Agency	Input	Osage unique O&G reports from producers –: #133 – Oil – Individual #157 – Oil – Multiple #300 – Water Flood #101 – Gas #101a – Liquid Natural Gas	Procedural	Reports received from operators in lieu of the OGOR.	Medium	Low
Osage Agency	Mechanism Control	The Osage Agency has its own Lease Management System and Minerals Accounting System. The Osage Agency does not use the Land Record Information System (LRIS) or the Integrated Records Management System	System Constraint	The Osage have a unique system for tracking leases in their primary term and/or while producing. The system includes a primary lease term list and a producing lease list. The	High	Major



Areas Affected by the Variance	Category	Variance Description	Reason for Variance	Business Impact	Degree of Business Impact	Difficulty of Change
		(IRMS) for producing leases.		Osage Lease Management System is used for evaluation of calculated index & MP, payment receipt data, purchaser reports, and sales reports. The system is also used for recording the highest posted price for each day of the year. Compatibility with DOI systems is not known.		
Osage Agency	Event	Osage Quarterly Payment to Head Rights Owners.	Procedural	Part of the Osage Nation annuity distribution plan. Removed the entire distribution effort from the Department.	High	Major
Five Civilized Tribes of Oklahoma Osage Agency	Obligation	25 CFR 115; Trust Funds for Tribes and Individual Indians is not applicable to the Osage Nation and Five Civilized Tribes.	Regulation	The Osage Nation and Five Civilized Tribes manage their own rentals, royalties, and fees. This limits OST's ability to track and manage Trust funds to the data provided by the Osage Nation and Five Civilized Tribes.	High	Major
Osage Agency	Obligation	25 CFR 117; Deposit and Expenditure of Individual Funds of Members of the Osage Tribe of Indians Who Do Not Have Certificates of Competency	Regulation	This CFR Part delineates unique regulations for members of the Osage Tribe of Indians who do not have certificates of competency.	Medium	Major



Areas Affected by the Variance	Category	Variance Description	Reason for Variance	Business Impact	Degree of Business Impact	Difficulty of Change
				Insufficient information was provided to ascertain the business impact.		
Osage Agency	Mechanism	Osage Annuity System is used to distribute royalty.	Procedural	The Osage Annuity System is the Tribes plan for royalty distribution that they have established under the authority the Act of June 28, 1906. Removed the entire distribution effort from the Department.	High	Major
Osage Agency	Output	Gross Production Tax Report: Osage is subject to the Oklahoma Gross Production Tax.	Federal Law	Adds an accounting complexity to the allocation of royalties for the Osage Annuity distribution.	Medium	Major
Miami Field Office	Obligation	25 CFR 215; Lead and Zinc Mining Operations and Leases, Quapaw Agency	Regulation	This CFR Part delineates unique regulations for Quapaw mineral mining operations.	Medium	Major

Table 4.3.6- 7 Southern Plains Region Subsurface Asset Management Variances

Areas Affected by the Variance	Category	Variance Description	Reason for Variance	Business Impact	Degree of Business Impact	Difficulty of Change
Southern Plains Region	Obligation Event	Act of 7/1998; Three Affiliated Tribes of Western Oklahoma	Federal Law	Insufficient information was provided to ascertain the business impact.		Major
Southern Plains Region	Mechanism	Southern Plains agencies use their	Procedural	The region is using a	Medium	Medium



Areas Affected by the Variance	Category	Variance Description	Reason for Variance	Business Impact	Degree of Business Impact	Difficulty of Change
	Input	own Real Estate Management System for title data in lieu of a LTRO/TSO Certified Title Status Report (TSR).		locally implemented real estate software module that differs from the more generally used LTRO/TSO systems. Compatibility with DOI systems is not known.		
Southern Plains Region	Mechanism	The Trust Assets Accounting Management System (TAAMS) is being used in the region.	Procedural	Implementation of the latest DOI sponsored accounting software system. Insufficient information was provided to ascertain the business impact.	Medium	Medium
Southern Plains Region	Mechanism	Southern Plains agencies use a local database for tracking expired leases.	Procedural	Tracking of expired leases provides the region with additional management information.	Medium	Medium
Southern Plains Region	Output	Southern Plains does not use Allottee Consent forms.	Procedural	Allottee signature on the lease is sufficient for consent.	Medium	Minor
Southern Plains Region	Output	Southern Plains Region has established a minimum bond amount of \$2,500 for non-producing leases.	Procedural	Establishing a minimum bond amount insures that some level of bonding is in effect even for non-producing leases.	Medium	Minor
Southern Plains Region	Output	Start of the 30-day lease clock for submittal of Bond and Documents is the date of letter to the Company.	Procedural	Start date in other regions is the date of the BIA lease approval signature that may or may not be the date the letter is sent to the Company. The use of the	Medium	Minor



Areas Affected by the Variance	Category	Variance Description	Reason for Variance	Business Impact	Degree of Business Impact	Difficulty of Change
				letter date gives the Company maximum time to respond.		
Southern Plains Region	Output	Southern Plains BIA offices do not notify MMS of ILCA provision Tribal acquisitions.	Procedural	Beneficiary royalty share information is conveyed at the time distribution data is forwarded for payments. Only nine of the 24 Tribes in the Southern Plains Region are served by MMS.	Medium	Minor
Southern Plains Region	Control	Southern Plains Region has a uniquely developed Oil & Gas Handbook.	Procedural	The Handbook is specifically tailored to the needs of the Southern Plains Region.	Medium	Minor
Southern Plains Region	Mechanism	Lessee Cards, Inheritance Cards and Tract Books are used in the Southern Plains Region.	Procedural	Manual systems are used in lieu of and as supplement to automated systems.	Medium	Minor
Southern Plains Region	Obligations Output	Kauley Settlement – Southern Plains	Legal - Court Settlement	The Kauley Settlement requires specific statements be prepared and provided to Indian mineral owners. These statements are extracted from Royalty Distribution & Report System (RDRS). The Kauley Settlement added an extra step to the overall process.	High	Major
Southern Plains Region	Mechanism	Southern Plains still uses an older version of the Integrated Records	Procedural	Their database is out-of-sync with the rest of the	Medium	Medium



Areas Affected by the Variance	Category	Variance Description	Reason for Variance	Business Impact	Degree of Business Impact	Difficulty of Change
		Management System (IRMS).		IRMS users. Also, the RDRS is a module of IRMS. The region continues to use the older version because they believe it is less error prone than the new version.		
Southern Plains Region	Output	Southern Plains agencies use desk reviews.	Procedural	Desk reviews provide an additional level of quality assurance.	Medium	Low
Southern Plains Region	Role	The Southern Plains Regional Director is the approving officer for arbitrations involving Compacted/Contracted Tribes.	Procedural	All arbitration involving Compacted/Contracted Tribes are escalated to the Regional Director adding an extra duty.	Medium	Low
Southern Plains Region	Control	Land Use Inventory Plan	Procedural	The region has a land use plan to use as a guide in decision making saving time and effort.	High	Medium

Table 4.3.6- 8 Rocky Mountain Region Subsurface Asset Management Variances

Areas Affected by the Variance	Category	Variance Description	Reason for Variance	Business Impact	Degree of Business Impact	Difficulty of Change
Rocky Mountain Region	Mechanism	Trust Assets Accounting Management System (TAAMS) is used in the region.	Procedural	Implementation of the latest BIA sponsored accounting software system. The Rocky Mountain Region was the original test region	Medium	Medium



Areas Affected by the Variance	Category	Variance Description	Reason for Variance	Business Impact	Degree of Business Impact	Difficulty of Change
				for TAAMS. Insufficient information was provided to ascertain the business impact.		
Rocky Mountain Region	Organization Location Role Input	All BLM evaluations are certified evaluations in the Rocky Mountain Region including Pre-Sale mineral appraisals and Opinion of Value Reports.	Procedural	The agency staff is relieved of the evaluation task, there is higher confidence in the evaluation and there is higher cost in preparation and longer time periods. Timing of appraisal is not as critical as making sure that an evaluation of the mineral asset occurs.	Medium	Minor
Rocky Mountain Region	Mechanism	National Indian Energy & Minerals Repository (NIEMR) is used as a data source.	Procedural	NIEMR is an optional tool used as a reference data source for identification of potential mineral deposits and quality of the deposits. This additional information enhances decision making.	Medium	Minor
Rocky Mountain Region	Mechanism	National Indian Seismic Evaluation System (NISES) is used as a data source.	Procedural	NISES is an optional tool used as a reference data source for identification of potential oil and gas deposits and extent of the reservoir. This additional information enhances decision making.	Medium	Minor
Rocky Mountain Region	Organization	Not all counties in the Rocky	County	The agencies can't use their	Medium	Major



Areas Affected by the Variance	Category	Variance Description	Reason for Variance	Business Impact	Degree of Business Impact	Difficulty of Change
		Mountain Region will verify land ownership and it is necessary for the agencies to go to Title Companies for fee land title searches.	Regulation	own personnel to access public records but must retain a Title Company to obtain fee land title data.		
Fort Peck Agency	Mechanism Role	Fort Peck has an archaeological site database containing archaeological information on all sites in the Fort Peck Agency's area and does not need to perform a cursory review of the proposed lease sites.	Procedural	An investment had been made in an archaeological database and the benefits are a reduction in the number of field visits needed, saving time and money.	Medium	Minor
Rocky Mountain Region	Mechanism	Lease Record Information System (LRIS) is not in use in Rocky Mountain Region. The Trust Assets Accounting Management System (TAAMS) is used in the region.	Procedural	Implementation of the latest BIA sponsored accounting software system. The Rocky Mountain Region was the original test region for TAAMS. Insufficient information was provided to ascertain the business impact.	Medium	Medium
Rocky Mountain Region	Mechanism	Each agency in the Rocky Mountain Region maintains its own Integrated Records Management System (IRMS) data.	Procedural	Local information is maintained locally. Note that this is done in conjunction with the use of the BIA DEMR NIOGEMS tracking system. This additional information enhances decision making.	Medium	Minor



Areas Affected by the Variance	Category	Variance Description	Reason for Variance	Business Impact	Degree of Business Impact	Difficulty of Change
Rocky Mountain Region	Mechanism	The National Indian Oil & Gas Evaluation & Management System (NIOGEMS) is used instead of the Integrated Records Management System (IRMS).	Procedural	The National Indian Oil & Gas Evaluation & Management System (NIOGEMS) is a mineral resource tracking system developed by the BIA Division of Energy and Minerals Resources (DEMUR). The system imports data from LRIS, IRMS and other government databases and provides greater flexibility and a broader range of data displays than IRMS.	Medium	Minor
Fort Berthold Agency Blackfeet Agency Fort Peck Agency	Location	Fort Berthold, Blackfeet, and Fort Peck Agencies issue Paleontology Permits	Procedural	In addition to other environmental and cultural permits these three Tribes have instituted a paleontology permit. This additional information enhances decision making.	Medium	Minor
Wind River Agency	Mechanism	Digital Maps; ArcView digital maps of every lease, CA and Unit Agreement within the State of Wyoming.	Memorandum of Understanding	The Wind River Agency has worked with the State of Wyoming to digitize all map information using the State Commission's database. This MOU has resulted in easier access to more reliable data.	Medium	Medium
Crow Agency	Organization	The State of Montana Department	Memorandum	In the Crow Agency's area	Medium	Major



Areas Affected by the Variance	Category	Variance Description	Reason for Variance	Business Impact	Degree of Business Impact	Difficulty of Change
		of Environmental Quality (DEQ) has primacy for coal operations of the Crow Tribe and is applying OSM regulations.	of Understanding	most coal is located under land in split estates with private surface ownership. The Montana DEQ has primacy instead of OSM for oversight and reclamation of coal mining leases including approval of the mining and reclamation plans and is using OSM regulations.		
Wind River Agency	Output	Wind River Agency does not notify Indian Mineral Owner of Lease Cessation.	Procedural	Wind River Agency does not invest the time and effort needed to notify Indian Mineral Owner of Lease Cessation. This could result in unanticipated fall off of royalties or rental income to IMO and increased beneficiary inquiry levels.	High	Minor
Rocky Mountain Region	Mechanism	Bond Tracking System	Procedural	Local spreadsheets are used to track bond in the Rocky Mountain Region. This is an improved business practice, can keep track of existing bonds.	Medium	Minor
Wind River Agency	Process Description	Exploration permits are prior to lease signing.	Procedural	Frequently before signing a lease, operators request an exploration permit that is a two-page document that	Medium	Medium



Areas Affected by the Variance	Category	Variance Description	Reason for Variance	Business Impact	Degree of Business Impact	Difficulty of Change
				can be processed quickly. If the location is a new site, the operator takes the time to test holes and sample. A short-term permit can be in effect up to six months and a long term permit can be in effect from one to five years.		
Wind River Agency	Role	BIA hire 3 rd party contractors to do ESA clearance.	Procedural	Fish and Wildlife has directed BIA to hire 3 rd party contractors to do ESA clearance, this increases BIA costs.	Medium	Minor
Fort Peck Agency	Role	Ft. Peck Tribal appraisal office provides appraisals for sand and gravel.	Contracted	This is a contracted activity. Funds and responsibilities have been transferred to the Tribe.	Medium	Minor
Wind River Agency	Input	Does not notify Cooperating Agencies of Intent to Release Bond.	Procedural	The BIA Wind River Agency does not notify other agencies of intent to release a bond and these other agencies do not have an opportunity to object. All involved agencies should provide input on the bond release. It is generally the only way to collect from the lessee or operator.	High	Minor
Rocky Mountain Region	Output	BIA doesn't always let BLM	Procedural	If development occurs	Medium	Minor



Areas Affected by the Variance	Category	Variance Description	Reason for Variance	Business Impact	Degree of Business Impact	Difficulty of Change
		know when they issue a sand and gravel lease on one of the 17 Reservations.		without BLM's knowledge no inspection and enforcement is carried out by BLM.		
Wind River Agency	Organization	Wind River Agency keeps maps of leased and unleased lands.	Procedural	Saves both time and money.	Medium	Minor
Crow Agency	Organization	The Crow Tribe is responsible for oversight and reclamation of coal mining leases including approval of the mining and reclamation plans.	Self-Determination	Completed under a 638 contract with BLM. Funds and responsibilities have been transferred to the Tribe.	Medium	Major

Table 4.3.6- 9 Navajo Region Subsurface Asset Management Variances

Areas Affected by the Variance	Category	Variance Description	Reason for Variance	Business Impact	Degree of Business Impact	Difficulty of Change
Shiprock Agency Western Navajo Agency Eastern Navajo Agency Chinle Agency Fort Defiance Agency Navajo Nation	Obligation Process Objectives	Shi Shii Kayah Settlement. Allottee leases are handled by the Farmington Indian Minerals Office (FIMO). The Navajo Region does not follow the standard royalty collection and disbursement process. All leases are Tribal and all payments are directly to the Tribe.	Legal - Court Settlement	A court settlement related to communications between the Department and the Navajo. The settlement prompted establishment of the Farmington Indian Minerals Office (FIMO). FIMO is a pilot office for the co-location of BIA, BLM, MMS and OST/OTFM staff dealing with Indian Trust Minerals.	High	Major
Shiprock Agency	Obligation	Mescal Settlement	Legal - Court	A court settlement that gave	High	Major



Areas Affected by the Variance	Category	Variance Description	Reason for Variance	Business Impact	Degree of Business Impact	Difficulty of Change
Western Navajo Agency Eastern Navajo Agency Chinle Agency Fort Defiance Agency Navajo Nation			Settlement	coal rights back to the Navajo but retained the existing federal land leases with the mining companies. Consequently, the BIA Agencies and Navajo Nation must use the non-BIA federal lease terms and conditions to administer related leases rather than BIA terms and conditions.		
Navajo Regional Director	Mechanism	Tribal Accounting System	Tribal Ordinance	A Tribal Accounting System with Account Code Numbers is used in the Navajo Region. Insufficient information was provided to ascertain the business impact.	Medium	Major
Navajo Regional Director	Obligation	Act of 1933, Leasing of Tribal Lands in Utah	Federal Law	Insufficient details to document the impact.		Major
Navajo Regional Director	Mechanism	Lessee Cards/Lessee Lists: Navajo Region maintains a Lessee Listing	Procedural	The Navajo Region maintains a Lessee Listing as an additional manual process.	Medium	Medium
Navajo Regional Director	Role Control Location Output	All approvals are by the Regional Director for the Navajo Region.	Procedural	There are no Agency Superintendents in the Navajo Region. Therefore all approvals are Regional Director actions.	Medium	Medium
Navajo Regional Director	Mechanism	The National Indian Oil & Gas Evaluation & Management	Procedural	The National Indian Oil & Gas Evaluation &	Medium	Minor



Areas Affected by the Variance	Category	Variance Description	Reason for Variance	Business Impact	Degree of Business Impact	Difficulty of Change
		System (NIOGEMS) is used instead of the Integrated Records Management System (IRMS).		Management System (NIOGEMS) is a mineral resource tracking system developed by the BIA Division of Energy and Minerals Resources (DEMR). The system imports data from LRIS, IRMS and other government databases and provides greater flexibility and a broader range of data displays than IRMS.		
Navajo Regional Director	Organization	Responsibilities as noted in the Indian Coal Memorandum of Understanding (MOU) between BIA Navajo Region and OSM.	Memorandum of Understanding	The MOU determines roles and responsibilities for coal mining operations including Final On-Site Restoration Inspection Report, for pre-SMCRA coal leases. OSM has coal mine reclamation responsibility under SMCRA 1977 (Surface Mining Control & Reclamation Act of 1977).	Medium	Medium
Navajo Regional Director FIMO Manager	Organization Location	Memorandum of Understanding (MOU) between BIA Navajo Region and the Farmington Indian Minerals Office (FIMO).	Memorandum of Understanding	The MOU determines roles and responsibilities for oil and gas operations. The MOU represent a major organization change for the Navajo Region.	High	Medium
Navajo Regional Director	Organization	Responsibilities for inspections as	Memorandum	The MOU determines roles	Medium	Medium



Areas Affected by the Variance	Category	Variance Description	Reason for Variance	Business Impact	Degree of Business Impact	Difficulty of Change
	Location Obligation	noted in a Memorandum of Understanding (MOU) between BIA Navajo Region and EPA.	of Understanding	and responsibilities for environmental activities. Specifically, EPA inspects air and water quality and has primacy for UIC management and compliance.		
Shiprock Agency Eastern Navajo Agency	Organization	New Mexico State Division of Mines review of Coal Bed Methane.	Memorandum of Understanding	Insufficient information was provided to ascertain the business impact.	Medium	Medium
Navajo Regional Director Navajo Nation	Organization Obligation Control	Safety inspections in accordance with Tribal code under a co-op agreement with the BIA Navajo Region.	Co-op Agreement	The Navajo Nation has a co-op agreement with the BIA Navajo Region regarding safety inspections. Insufficient information was provided to ascertain the business impact.	Medium	Medium
Navajo Nation	Organization Obligation Control	FOGRMA Section 202 Co-op inspections agreement between the Navajo Nation and BLM.	Co-op Agreement	The Navajo Nation has a co-op agreement with BLM for inspection and enforcement. This agreement is funded at 100% resulting in income to the Tribe and Tribal employment.	Medium	Medium
Navajo Regional Director Navajo Nation	Obligation Location	BIA Navajo Region/BLM/OSM Southwest MOU for Indian Coal.	Memorandum of Understanding	The MOU is being used in lieu of the National Coal MOU on the Navajo Reservation. Insufficient information	Medium	Medium



Areas Affected by the Variance	Category	Variance Description	Reason for Variance	Business Impact	Degree of Business Impact	Difficulty of Change
				was provided to ascertain the business impact.		
Navajo Regional Director Navajo Nation	Obligation	BIA/BLM/EPA/Navajo Nation UIC Program MOU.	Memorandum of Understanding	There is a separate MOU in place covering UIC on the Navajo Reservation. Insufficient information was provided to ascertain the business impact.	Medium	Major
Navajo Nation	Mechanism	Techbase: Navajo Nation tool	Tribal Preference	The Navajo Nation has selected Techbase as their database tool. Insufficient information was provided to ascertain the business impact.	Medium	Medium
Navajo Nation	Beneficiary Involvement	The Navajo Nation and BLM have a co-op agreement related to oil & gas inspections.	Federal Law	The co-op agreement provides the Tribe with greater control of its Trust assets and promotes Tribal employment.	Medium	Major
Navajo Nation	Beneficiary Involvement	The Navajo Nation and MMS have a co-op agreement related to both solid mineral and oil & gas accounting.	Federal Law	The co-op agreement provides the Tribe with greater control of its Trust funds and promotes Tribal employment.	Medium	Major
Navajo Nation	Beneficiary Involvement	The Navajo Nation and OSM have a co-op agreement related to surface coal mine development and inspections.	Federal Law	The co-op agreement provides the Tribe with greater control of its Trust assets and promotes Tribal employment.	Medium	Major
Navajo Nation	Beneficiary Involvement	The Navajo Nation and MSHA have a co-op agreement related to	Co-op Agreement	The co-op agreement provides the Tribe with	Medium	Medium



Areas Affected by the Variance	Category	Variance Description	Reason for Variance	Business Impact	Degree of Business Impact	Difficulty of Change
		safety training and inspections.		greater control of its Trust assets and promotes Tribal employment.		
Navajo Regional Director	Mechanism	ONGARD: Data resource relevant to Navajo minerals.	Procedural	Use of the ONGARD system as a source of data relevant to Navajo minerals. This additional information enhances decision making.	Medium	Medium
Navajo Regional Director	Process Objectives	The Navajo Region does not follow the standard royalty collection and disbursement process. All leases are Tribal and all payments are directly to the Tribe. The Farmington Indian Minerals Office (FIMO) handles allottee leases.	Procedural	The Navajo Region does not follow the standard royalty collection and disbursement process. All leases are Tribal and all payments are directly to the Tribe. The Farmington Indian Minerals Office (FIMO) handles allottee leases.	High	High
Navajo Regional Director	Role	BIA Natural Resource Specialist review of reclamation efforts is not done in the Navajo Region.	Staffing	BIA Natural Resource Specialist review of reclamation efforts is not done in the Navajo Region. Insufficient information was provided to ascertain the business impact.	Medium	Medium



Table 4.3.6- 10 Southwest Region Subsurface Asset Management Variances

Areas Affected by the Variance	Category	Variance Description	Reason for Variance	Business Impact	Degree of Business Impact	Difficulty of Change
Southern Ute Agency	Organization	The Southern Ute Realty Office maintains records rather than the County Courthouse for Fee land surface ownership determination.	Procedural	The agency realty office has all relevant records available but also has the burden of maintaining these records.	Medium	Major
Southwest Region	Output	1901 Act Advertisement Waivers are no longer required, however, the Southwestern Region still documents them.	Procedural	Region policies to ensure all requirements have been met.	Medium	Minor
Southern Ute Agency Ute Mountain Ute Field Office	Mechanism	The National Indian Oil & Gas Evaluation & Management System (NIOGEMS) is used instead of the Integrated Records Management System (IRMS).	Procedural	The National Indian Oil & Gas Evaluation & Management System (NIOGEMS) is a mineral resource tracking system developed by the BIA Division of Energy and Minerals Resources (DEMR). The system imports data from LRIS, IRMS and other government databases and provides greater flexibility and a broader range of data displays than IRMS.	Medium	Minor
Southwest Region	Mechanism	The Southwestern Region is using the Legacy Re-host (LR2000) System.	Procedural	The LR200 System is a land and minerals record system that provides access to Case Recordation, Legal Land Description, and Mine	Medium	Major



Areas Affected by the Variance	Category	Variance Description	Reason for Variance	Business Impact	Degree of Business Impact	Difficulty of Change
				Claim Recordation information. LR2000 is a BLM internet based system.		
Jicarilla Agency	Role	The Archaeologist and the Surveyor make a joint visit at the time of staking, prior to submittal of the APD.	Procedural	Visiting the site at the time of staking provides an early archaeology cursory review and reduces the risk that an archaeological problem will be found after effort has been invested in an APD. In the rest of the Southwestern Region the archaeologist does not visit the site until the Joint On-Site Inspection visit.	Medium	Minor
Southern Ute Agency	Mechanism	Knowledgeman database program is being used.	Procedural	The Knowledgeman COTS program is being used for local handling of information. Compatibility with DOI systems is not known.	Medium	Medium
Jicarilla Agency	Mechanism	Dbase database program is being used.	Procedural	The Dbase COTS program is being used as a local information database. Compatibility with DOI systems is not known.	Medium	Medium



Table 4.3.6- 11 Western Region Subsurface Asset Management Variances

Areas Affected by the Variance	Category	Variance Description	Reason for Variance	Business Impact	Degree of Business Impact	Difficulty of Change
Uintah and Ouray Agency	Mechanism Output	The National Indian Oil & Gas Evaluation & Management System (NIOGEMS) is used instead of the Integrated Records Management System (IRMS).	Procedural	The National Indian Oil & Gas Evaluation & Management System (NIOGEMS) is a mineral resource tracking system developed by the BIA Division of Energy and Minerals Resources (DEMR). The system imports data from LRIS, IRMS and other government databases and provides greater flexibility and a broader range of data displays than IRMS.	Medium	Minor
Uintah and Ouray Agency	Input	Uintah & Ouray Agency only uses non-cancelable \$150,000 Reservation Bonds	Procedural	Simplifies the bonding process and gives the agency sole control of bonds rather than dealing with nationwide bonds.	Medium	Medium
Uintah and Ouray Agency Ute Indian Tribe of the Uintah and Ouray Reservations	Output	For Tribal Lands owned before 1956, a Tribal Lease requires approval of the Ute Distribution Corporation (UDC).	Federal Law	For Tribal Lands owned before 1956, a Tribal Lease requires approval of the Ute Distribution Corporation (UDC), therefore the agency must track ownership dates.	Medium	Medium
Ute Indian Tribe of the Uintah and Ouray Reservations	Obligation	The Northern Ute Tribe does not allow allottees to participate in IMDA Agreements with the	Tribal Practice	No impact noted for mineral leases.	Medium	Medium



Areas Affected by the Variance	Category	Variance Description	Reason for Variance	Business Impact	Degree of Business Impact	Difficulty of Change
		Tribe.				
<p>Uintah and Ouray Agency</p> <p>Ute Indian Tribe of the Uintah and Ouray Reservations</p>	Obligation	Ute Partition & Termination Act of 1954 and 25 CFR 217	Federal Law	Provides for Joint Management by the Ute Distribution Corporation (UDC) and the Tribal Business Committee of Ute Indian Tribe assets on the Uintah and Ouray Reservation. Simplifies leasing and all deals related to allotted lands on the reservation.	High	Major
Tohono O’odham Nation of AZ	Organization Role Event	The Tohono O’odham Nation of Arizona negotiates Tribal leases and then brings them to BIA for processing.	Procedural	Basically an IMDA procedure is applied for all Tribal leases of the Tohono O’odham Nation of Arizona. This reduces BIA work load and places the timing burden on the Nation.	Medium	Major
Tohono O’odham Nation of AZ	Role	Tohono O’odham Nation of Arizona has a Natural Resources Committee which functions as the Natural Resource Specialist.	Procedural	Rather than an individual, the Tohono O’odham Nation of Arizona has a committee to act on natural resource issues.	High	Medium
Tohono O’odham Nation of AZ	Role Event	In the Tohono O’odham Nation of Arizona allottees negotiate leases and then bring them to BIA for processing.	Procedural	Basically an IMDA procedure is applied for all allottee leases of the Tohono O’odham Nation of Arizona. This reduces BIA work load and places the	High	Medium



Areas Affected by the Variance	Category	Variance Description	Reason for Variance	Business Impact	Degree of Business Impact	Difficulty of Change
				timing burden on the allottee.		
Uintah and Ouray Agency Ute Indian Tribe of the Uintah and Ouray Reservations	Location	Tribally Chartered Corporation (Allottee Corporation)	Tribal Ordinance	A Ute Distribution Corporation (UDC), charter in the State of Utah, has been formed to overcome fractionation.	High	Major
Uintah and Ouray Agency Ute Indian Tribe of the Uintah and Ouray Reservations	Event	Nomination to lease Indian Trust mineral assets are triggered by: -Indian Mineral Owner Requests -Tribal Resolutions -Private Company Nomination -Trade Show Leads – U&O	Procedural	In addition to the process followed by other agencies, the Uintah & Ouray Agency attends industry trade show, hands out instructions and idle tract lists, accepts interest input from companies, advises Indian mineral owners of interest, and allows the Indian mineral owner decide if and how to negotiate lease(s) for Allotted Lands. This method of advertising has been both cost effective and produced better results than previous methods.	High	Medium
Uintah and Ouray Agency Ute Indian Tribe of the Uintah and Ouray Reservations	Event	Require a lease and ROW first or payment of the royalty for the full value of potential production.	Procedural	A lease and ROW or an advance royalty payment for the full value of the potential production must be paid before exploration. This maximizes return to	High	Medium



Areas Affected by the Variance	Category	Variance Description	Reason for Variance	Business Impact	Degree of Business Impact	Difficulty of Change
				the beneficiaries.		
Tohono O'odham Nation of AZ	Input	District Planning Dept. Review of Potential Leases: The Tohono O'odham Nation of Arizona District Planning Dept. screens potential lessees and gathers allottees.	Procedural	As an additional step in the leasing process the Tohono O'odham Nation of Arizona District Planning Dept. screens potential lessees and gathers allottees.	High	Major
Tohono O'odham Nation of AZ	Output	The Tohono O'odham Nation of Arizona hires private surveyors.	Procedural	The Tohono O'odham Nation of Arizona hires private surveyors to provide boundary determination because of the time it takes to get a survey through DOI.	Medium	Major
Tohono O'odham Nation of AZ	Output	The Tohono O'odham Nation of Arizona hires private appraisers.	Procedural	The Tohono O'odham Nation of Arizona hires private appraisers to provide estimates of lease values because of the time it takes to get an appraisal through DOI.	Medium	Major
Colorado River Indian Tribes	Input	The Colorado River Indian Tribes do not collect Bonus Money.	Procedural	The Colorado River Indian Tribes do not collect Bonus Money for mineral leases. This makes their tracts more attractive commercially and possibly results in an improved revenue stream.	High	Medium
Uintah & Ouray Agency	Input	Uintah & Ouray Agency has a	Procedural	This site specific	High	Medium



Areas Affected by the Variance	Category	Variance Description	Reason for Variance	Business Impact	Degree of Business Impact	Difficulty of Change
		site specific Environmental Analysis for each well.		Environmental Analysis for each well has an additional cost associated with it.		
Uintah & Ouray Agency	Input Output	BLM has a cooperative agreement with the State of Utah regarding spacing.	Memorandum of Understanding	Insufficient information was provided to ascertain the business impact.	Medium	Medium
Uintah & Ouray Agency	Input	The Uintah & Ouray Agency grants a ROW easement prior to the approval of an APD. This is a separate ROW from the lease and has an associated flat fee per year.	Procedural	This is a separate ROW from the lease and has an associated flat fee per year providing additional revenue.	Medium	Medium
Uintah & Ouray Agency	Mechanism	A&E Card Files; Allotment & Estate Cards: The Uintah & Ouray Agency has entered all A&E information into IRMS and no longer uses the cards.	Procedural	This has reduced the manual effort associated with the A&E Cards and complies with the mandate to eliminate the cards.	Medium	Medium
Colorado River Indian Tribes	Role	The Colorado River Indian Tribes signs off on assignments in accordance with a Tribal Ordinances for assignments.	Tribal Ordinance	Insufficient information was provided to ascertain the business impact.	Medium	Major
Colorado River Indian Tribes	Variance	The Colorado River Indian Tribes have Compacted all revenue functions and everything related to solid minerals revenue accounting is handled by the CRT.	638 Contract	The Colorado River Indian Tribes have Compacted all revenue functions and everything related to solid minerals revenue accounting is handled by the CRT. Done under a 638 contract with BIA. Funds and responsibilities have been	High	Major



Areas Affected by the Variance	Category	Variance Description	Reason for Variance	Business Impact	Degree of Business Impact	Difficulty of Change
				transferred to the Tribe.		

Table 4.3.6- 12 Pacific Region Subsurface Asset Management Variances

Areas Affected by the Variance	Category	Variance Description	Reason for Variance	Business Impact	Degree of Business Impact	Difficulty of Change
Pacific Region	Output Obligation	The California Coastal Commission reviews and concurs with leases in the coastal zone in accordance with the provisions of the Federal Coastal Zone Management Act	Federal Law	California Coastal Commission reviews and opinions must be included in planning and timing of the lease approval process. These reviews and opinions add to the time required to reach agreement on potential leases.	Medium	Major
Pacific Region	Mechanism	Inheritance & Interest (I&I) Cards used by Realty throughout the region.	Procedural	Manual systems are used in lieu of and as supplement to automated systems.	Medium	Minor
Pacific Region	Input	For Sand & Gravel the leasing NEPA documents address the Development Mine and Reclamation Plan. BIA is the lead agency for this effort and BLM is a cooperating agency.	Procedural	A clear delineation of responsibilities.	Medium	Medium
Pacific Region	Mechanism	In lieu of the Integrated Records Management System (IRMS), Pacific Region Agencies are using their own local databases for allotments.	Procedural	Because the majority of lease activity in the Pacific Region is Tribal the use of local databases is a convenience to the staff. The Palm Springs Agency	Medium	Medium



Areas Affected by the Variance	Category	Variance Description	Reason for Variance	Business Impact	Degree of Business Impact	Difficulty of Change
				is the only one in the region with significant numbers of allotments.		
Pacific Region	Obligation	CA Tribes have adopted the CA Surface Mining Reclamation Act (CSMRA).	Tribal Law	In addition to federal requirements the CSMRA requirements must be addressed.	Medium	Major