



# Five-Year Indian Trust Business Plan



September 2008



**MMS** U.S. Department of the Interior  
Minerals Management Service

# Minerals Management Service

## Five-Year Indian Trust Business Plan

September 2008



**MMS** U.S. Department of the Interior  
Minerals Management Service



## Associate Director's Message

The Minerals Revenue Management (MRM) Program is entrusted with the collection and disbursement of billions of dollars in Federal and Indian mineral lease revenues. These revenues benefit all Americans. The MRM's fiduciary responsibilities for the Nation's royalty assets have increased as a result of initiatives contained in the Energy Policy Act of 2005 and the Gulf of Mexico Energy Security Act of 2006. This expanded role in national energy initiatives will impact MRM on all operational fronts. The MRM is constantly challenged to improve our processes and procedures and to perform at the highest standard of quality and integrity.

In December 2005, MRM issued the *Strategic Business Plan 2007-2012* to position the Program to meet current and future program challenges and performance expectations. Designed on a foundation of partnership, stewardship, and customer service, the Plan outlines corporate values, guiding principles, and a strategic approach for continuous program improvement. The Plan includes strategic goals, business objectives, and operational strategies for six mission areas - Asset Management, Financial Management, Compliance, Indian Trust, Resource and Information Management, and Production Reporting. The mission areas form the strategic framework for assessment of operations, identification of requirements, and design of business blueprints designed to achieve our strategic vision of excellence in mineral revenue services.

I am pleased and excited to issue this *Five Year Indian Trust Business Plan*. It arrays a formidable suite of program objectives and management actions. I am confident that working together, the MRM staff and our stakeholders in royalty management - Congress, State and Tribal governments, the minerals industry, contractors, and partnering Federal agencies, we can meet these challenging expectations and continue to be a top tier royalty management program of which all Americans can be proud.

---

Gregory J. Gould  
Associate Director  
Minerals Revenue Management

## Table of Contents

Executive Summary .....	1
A. Indian Trust .....	5
1. Description and Background .....	5
2. Principles .....	7
3. Strategies.....	8
4. Goals and Objectives .....	8
5. Focus Areas.....	9
B. Indian Mineral Revenue Services .....	9
1. Improve the Department’s Delivery of Mineral Revenue Services to Indian Beneficiaries .....	10
2. Increase Number of Department-Sponsored Indian Outreach Sessions and Expand the Content.....	14
3. Centrally Manage and Monitor Indian Trust Settlement Agreements.....	17
C. Empowerment of Indian Tribal Governments .....	19
1. Promote Indian Tribal Government Control over Tribal Trust Assets.....	19
2. Centralize the Approach to Managing 202 Cooperative Agreements .....	22
D. Administration of Indian Trust Records .....	25
E. Management of the Business Plan – Focus Area Responsibility .....	26
F. Organization and Human Resources.....	26
G. Regulatory Impacts .....	28
H. Information Management and Systems Support.....	28
I. Communication Strategy Implementation .....	29
J. Overall Business Plan Timeline.....	31
Appendix 1 – White Paper—Indian Trust Coordinator .....	32
Appendix 2 – Recommendations from the Royalty Policy Committee, Subcommittee on Royalty Management.....	35
Appendix 3 – Glossary of Acronyms.....	37

## Executive Summary

The Minerals Management Service (MMS), Minerals Revenue Management (MRM) has developed a Five-Year Indian Trust Business Plan (ITBP) that outlines business principles, objectives, and specific action items to guide and evolve the Indian Trust Mission Area from Fiscal Years (FY) 2008 through 2012. Key areas addressed in this report include the business model; business processes; focus areas; organization and human resources; regulatory impacts; information management and systems support; and, the communication strategy. It also contains an overall timeline for implementing the ITBP objectives.

In December 2005, MRM published the *MRM Strategic Business Plan* (Plan) charting the future course and direction of the MRM program operations through FY 2012. The Plan advances the strategic approach and guidance for developing and issuing comprehensive business plans for the following five MRM strategic mission areas:

- Asset Management
- Financial Management
- Compliance
- Indian Trust
- Resource and Information Management

These mission areas form the future business plan framework encompassing all of MRM's operations. Mission area business plan development is being performed in three distinct phases. These phases are:

- Current Operations Assessment
- Strategic Business Blueprint
- Strategic Business Plan Development

The MRM's overall Indian Trust Business Model is comprised of five major operational areas that align with the MRM strategic mission areas. The business plans for each of these mission areas include strategies and actions to improve Indian trust-related services. The scope of this business plan for the Indian Trust mission area addresses those special operational activities and services that MRM provides for the benefit of Indian beneficiaries. These activities and services have been grouped under the following business process areas:

- Indian Mineral Revenue Services
- Empowerment of Indian tribal governments
- Administration of Indian Trust Records

For each of these areas, MRM documented the current processes for delivering services to Indian beneficiaries, assessed the efficiency and effectiveness of these processes, and evaluated the potential for the processes to meet future MRM strategic business goals and objectives. The MRM further assessed the adequacy of information and reports, automated systems, performance measures, and internal controls that support each business process area.

The MRM has concluded that the current business model and processes used in delivering special Indian trust mineral revenue services are working effectively. The MRM has been highly successful in delivering services and responding to the needs of Indian beneficiaries. However, MRM has also identified the following focus areas with potential for improving delivery of such services:

- Work with the Bureau of Indian Affairs (BIA), the Bureau of Land Management (BLM), and the Office of Special Trustee for American Indians (OST) to deliver improved Department of the Interior (Department) mineral revenue services to Indian beneficiaries.
- Expand the number and scope of Department-sponsored Indian outreach and training sessions.
- Develop a centralized approach for managing and monitoring compliance with Indian trust settlement agreements.
- Evaluate strategies to promote increased tribal government participation in the mineral revenue management process.
- Develop a centralized approach to manage 202 Cooperative Agreements and improve the consistency of MRM's coordination with participating tribes.
- Ensure uniform policies and procedures are in place for administering Indian trust records.
- Initiate a Department-level effort to update the Department records management manual requirements for Indian trust records.

These focus areas serve to advance the strategic goal and all four key business objectives described in the MRM December 2005 *Plan*. Additionally, these focus areas align with the July 2004 Fiduciary Trust Model that outlines the Department's future integrated trust operations including service delivered by BIA, BLM, OST, MMS, and other Department offices. Any alteration of the MRM business model and processes as related to delivery of special Indian mineral revenue services will be fully aligned with the Fiduciary Trust Model.

**The Indian Trust Strategic Business Goal is:**

1. *Provide effective trust management services responsive to the needs of American Indian Tribes and individual Indian mineral owners (IIMOs).*

**Business Objectives:**

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

Indian trust processes cross all divisions of MRM’s organization; however, the number of individuals involved varies based on the ongoing needs of MRM’s trust operations. To meet the objectives of the ITBP, enhancements to the organizational and human resource capabilities will be necessary. These enhancements include organizational structure improvements and targeting specific skill sets and expertise for certain functions.

The major action items and timelines for the ITBP are outlined below. Specific action items are grouped into five focus areas. Each focus area has specific action items with a timeline for completion and assignments of primary responsibility. Specific goals and objectives are designed for completion by the end of the 5-year business cycle.

Focus Area	Implementation Steps	Year 1				Year 2				Year 3				Year 4				Year 5				
		1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	
<b>Improve the Department’s delivery of mineral revenue services to Indian beneficiaries</b>	Improve existing policies and procedures																					
	Update the MOU																					
	Explore feasibility of sharing Bureaus’ systems																					
<b>Increase number of Department-sponsored Indian outreach sessions and expand the content</b>	Include solid minerals in the outreach process																					
	Implement Department Trust Mineral Training																					
	Provide training to Department employees																					
<b>Centrally manage and monitor Indian trust settlement agreements</b>	Inventory existing Indian Trust settlements																					
	Establish procedures & controls																					
	Determine organizational alignment																					
<b>Promote Indian tribal government control over tribal trust assets</b>	Staff Tribal opportunities promotion team																					
	Evaluate opportunities to promote control																					
	Develop & implement on-going strategy																					
<b>Centralize the approach to managing 202 Cooperative Agreements</b>	Identify common business processes																					
	Approve proposed organizational alignment																					
	Implement organizational realignment																					

Coordination, protection and effective management of Indian trust records is being addressed by the Records Management Improvement Project (RMIP) and is on-going. Therefore, the focus areas related to administration of Indian trust records were removed from development and implementation under this ITBP.

The information systems capability to support improved trust services is in place. However, some enhancements will be needed to support the business objectives and actions items of the ITBP.

The MRM did not identify any specific regulatory impacts related to implementing the ITBP.

In addition to the focus areas, MRM identified the need for a coordinated effort to assure that its trust responsibility implementation is effective and responsive. While virtually all MRM employees have a role in fulfilling the Secretary's trust responsibility, no single organizational entity or person within MRM is tasked with assuring the various trust duties are accomplished. Upon receiving the ITBP blueprint presentation, the MRM Executive Team (X-Team) determined that this concept warranted further review and directed the planning team to explore the possibility of establishing an Indian trust coordination entity. As described in Appendix 1, the planning team concluded that a Trust Coordinator position should be established to assure that MRM trust responsibilities are well documented and coordinated across its organizational boundaries, and to provide a single point of contact for other organizations similarly tasked with trust responsibilities. This recommendation is consistent first with our need for internal controls in this area, and second, with the direction that proposed legislation (H.R. 5608) may require.



## **A. Indian Trust**

### **1. Description and Background**

The United States has a unique legal relationship with Indian tribal governments as set forth in the Constitution of the United States, treaties, statutes, executive orders, and court decisions. Fulfillment of the Indian trust responsibility is one of the Department's highest priorities and most important legal obligations. The MRM, BIA, BLM, and OST serve key roles in fulfilling the Secretary's trust responsibility to Indian beneficiaries. The MRM's responsibilities under the Indian Fiduciary Trust<sup>1</sup> Model are focused on ensuring that all revenues from Indian mineral leases are accurately collected, accounted for, and disbursed to appropriate recipients in a timely manner. To promote coordination and cooperation within the Department, a tripartite Memorandum of Understanding (MOU) exists between BIA, BLM, and MMS that establishes responsibilities of services to the Indian Community.

Eight years ago, the Secretary of the Interior established 13 principles as guidance for discharging the Department's trust responsibility.<sup>2</sup> The intent was to further define organizations' operating environment and shape their culture. The MRM's Indian trust services are guided by the Department's trust principles, which are to:

- Protect and preserve Indian trust assets from loss, damage, unlawful alienation, waste, and depletion;
- Assure that any management of Indian trust assets that the Secretary has an obligation to undertake promotes the interest of the beneficial owner and supports, to the extent it is consistent with the Secretary's trust responsibility, the beneficial owner's intended use of the assets;
- Enforce the terms of all leases or other agreements that provide for the use of trust assets, and take appropriate steps to remedy trespass on trust or restricted lands;
- Promote tribal control and self-determination over tribal lands and resources;
- Select and oversee persons who manage Indian trust assets;
- Confirm that tribes that manage Indian trust assets pursuant to contracts and compacts authorized by the Indian Self-Determination and Education Assistance Act, 25 U.S.C 450, et seq., protect and prudently manage Indian trust assets;
- Provide oversight and review of the performance of the Secretary's trust responsibility, including Indian trust asset and investment management programs, operational systems, and information systems;

---

<sup>1</sup> The term fiduciary trust refers to the trust created by virtue of the United States holding title or control over assets belonging to an American Indian individual or tribe. This is to be distinguished from the general trust responsibility of the United States for Indians, in particular, dealing with appropriated program funds.

<sup>2</sup> Secretarial Order 3215, "Principles for the Discharge of the Secretary's Trust Responsibility"

- Account for and timely identify, collect, deposit, invest, and distribute income due or held on behalf of tribal and individual Indian account holders;
- Maintain a verifiable system of records that is capable, at a minimum, of identifying: (1) the location, the beneficial owners, any legal encumbrances (i.e., leases, permits, etc.), the user of the resource, the rents and monies paid, if any, and the value of trust or restricted lands and resources; (2) dates of collections, deposits, transfers, disbursements, third-party obligations (i.e., court-ordered child support, judgments, etc.), amount of earnings, investment instruments, and closing of all trust fund accounts; (3) documents pertaining to actions taken to prevent or compensate for any diminishment of the Indian trust assets; and (4) documents that evidence Secretary's actions regarding the management and disposition of Indian trust assets;
- Establish and maintain a system of records that permits beneficial owners to obtain information regarding their Indian trust assets in a timely manner and protect the privacy of such information in accordance with applicable statutes;
- Invest tribal and individual Indian trust funds to make the trust account reasonably productive for the beneficial owner consistent with market conditions existing at the time the investment is made;
- Communicate with beneficial owners regarding the management and administration of Indian trust assets; and,
- Protect treaty-based fishing, hunting, gathering, and similar rights of access and resource use on traditional tribal lands.

The MRM provides a broad range of services in managing mineral revenues produced from Indian lands. Effective delivery of these services is accomplished through close coordination with the OST, BIA, and BLM. In FY 2007, MRM collected, accounted for, verified, and disbursed nearly \$465 million in Indian mineral revenues associated with about 4,100 tribal and IIMO leases. Twenty-nine Indian tribes and over 30,000 IIMOs are the principal beneficiaries of MRM Indian services. The MRM conducts an aggressive outreach program that focuses on providing mineral revenue education, communication, and problem resolution services for the Indian community. The MRM actively encourages the involvement of Indian tribes in the mineral revenue management process through cooperative audit agreements and Intergovernmental Personnel Act (IPA) agreements. The MRM has cooperative audit agreements with seven Indian tribes. Under these agreements, which are authorized by Section 202 of the Federal Oil and Gas Royalty Management Act of 1982, as amended, (FOGRMA), Indian tribes perform audit and compliance activities for mineral revenues derived from leases located on their respective tribal lands. Further, MRM utilizes IPA agreements to provide technical orientation and training for tribal employees prior to a tribe entering into a cooperative audit agreement.

To meet the needs of the Indian community, MRM's Indian Trust Business Model is focused on providing the most efficient and effective mineral services, promoting tribal empowerment, and

managing trust records with the highest level of integrity. The Indian Trust Business Model is comprised of five major operational areas that align with the aforementioned MRM Strategic Business Plan mission areas. These operational areas include:

- Revenue reporting, financial accounting, and disbursement operations addressed in the Financial Management Mission Area;
- Audits and compliance reviews of Indian mineral revenues addressed in the Compliance Mission Area;
- Indian mineral production valuation addressed in the Asset Management Mission Area;
- Indian mineral production reporting addressed in the Resource and Information Management Mission Area; and,
- Special Indian operational activities and services addressed in the Indian Trust Mission Area.

The MRM operational business plans for each of the mission areas include strategies and actions to improve the respective Indian mineral revenue operational areas. Consistent with the business planning approach, the scope of the Indian Trust Mission Area Business Planning Effort is limited to addressing the following:

- Indian Mineral Revenue Services;
- Empowerment of Indian Tribal Governments; and,
- Administration of Indian Trust Records.

## **2. Principles**

Certain fundamental values and guiding principles set the tone and expectations for how MRM conducts its operations. In delivering trust services, MRM is guided by the Secretary's trust principles and the following MRM business values and principles:

- Meet the highest professional standards;
- Meet the highest standards of ethical conduct;
- Remain flexible and adapt to the changing environment;
- Effectively manage and safeguard resources;
- Partner with Indian tribes and other Department bureaus to assure common goals are met;

- Provide excellent customer service; and
- Aggressively pursue a best-practices approach to evaluate and improve the efficiency and effectiveness of trust management.

### **3. Strategies**

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

### **4. Goals and Objectives**

#### Strategic Business Goal

Provide effective trust management services responsive to the needs of American Indian Tribes and IIMOs.

#### Business Objectives

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

## 5. Focus Areas

Overall, the current business model and processes used in delivering special Indian trust mineral revenue services are working effectively. However, MRM has identified areas with potential to improve delivery of trust services. The following focus areas will serve to advance all four key business objectives described in the MRM December 2005 *Plan* and are fully aligned with the Fiduciary Trust Model.

- Deliver improved mineral revenue services to Indian beneficiaries.
- Increase number of Department-sponsored Indian outreach sessions and expand the content.
- Centralize management of Indian trust settlement agreements.
- Promote Indian tribal government control over tribal trust assets.
- Centralize the approach to managing 202 Cooperative Agreements.
- Evaluate MRM's processes for the administration of Indian trust records to ensure that uniform policies and procedures are in place.
- Initiate an effort at the Department level to update the Department records management manual requirements for Indian trust records.

Although not established as a focus area, the MRM also identified a need to evaluate the option of an Indian Trust Coordination function to more effectively manage its responsibilities in these areas.

## B. Indian Mineral Revenue Services

The MRM provides a variety of services to Indian mineral owners for revenues derived from mineral production on Indian lands. The MRM, through Indian outreach, education, and problem resolution efforts, reaches out to tribal officials and over 30,000 IIMOs on a regular and continuous basis to:

- Serve as an advocate for Indian mineral interest owners ensuring fulfillment of the MRM trust responsibility;
- Identify and resolve mineral revenue-related problems in partnership with BIA, BLM, and OST;
- Inform and educate Indian mineral owners about mineral issues which includes meeting with Indian allottee associations;

- Provide production and financial reporting training to tribal, BIA, OST, and BLM personnel;
- Listen to Indian mineral owners' suggestions for improvement; and,
- Conduct and coordinate field trips with BIA, OST, BLM, and company officials for IIMOs.

The quality of MRM's Indian outreach, education, and problem resolution efforts is recognized by many Indian tribes, industry representatives, and other Department bureaus. By request, MRM has conducted a number of additional outreach sessions focused on specific topics. On February 2, 2005, MRM Indian outreach personnel received the prestigious Secretary's "Four C's Award" for their outreach efforts supporting the Department in its management and accountability for Indian mineral resources. Additionally, the award noted their outstanding contributions to Indian mineral owners in establishing long-term partnerships designed to conserve natural energy resources and strengthen infrastructures and economics for future generations. These personnel continue this outreach program with enthusiasm.

## **1. Improve the Department's Delivery of Mineral Revenue Services to Indian Beneficiaries**

### **a. Description**

One of the integral parts of MRM's Indian trust responsibility is the resolution of problems identified through IIMO inquiries. The MRM views this process as one of its highest priorities. The MRM employs a customer service-based approach and during FY 2007, MRM resolved 4,136 royalty-related inquiries.

An inquiry is a question or issue raised at meetings, forums, or during other communications concerning specific information about individual Indian leasehold or mineral interests and royalties. The objective is to ensure that Indian-related problems and issues resulting from inquiries are addressed and resolved accurately and timely.

The MRM resolves specific issues such as an individual not receiving an expected payment, explaining why a payment is reduced from historical amounts, and what amount is expected this month. MRM also resolves broader issues by performing lease reviews and referring cases for audit.

Resolution activities may include researching information reported to MRM or coordinating with other Department bureaus, industry, or other organizations, as necessary. The MRM shares the Department's trust responsibility with BIA, BLM, and OST. Effective working relationships between these organizations are necessary to perform certain mineral revenue functions for Indian trust assets.

The primary risk associated with resolving Indian mineral revenue issues is that they will not be addressed accurately and timely. The MRM's use of the Office Workload Management System

(OWMS) mitigates this risk by allowing management to monitor work-in-progress. The MRM usually resolves most problems within 30 days of identification.

The assessment of the current business model and processes for delivery of special Indian trust services affirmed the inherent complexities of providing timely and effective responses to Indian beneficiaries' issues and questions, particularly those requiring communications and coordination within and among multiple Department bureaus. While MRM diligently responds to IIMOs, delays in service delivery occur when issues are initially presented to a non-MRM office. Such cases require one or more referral actions.

This ITBP will advance inter-bureau business process changes that will improve the Department's delivery of mineral revenue services to Indian beneficiaries. Improvements include collaboration with the other bureaus to examine potential alternatives for improving the integration of bureau oversight roles in managing Indian mineral leases, expanding and improving outreach and training sessions, and promoting better coordination and information sharing within and among the bureaus.

The MRM will work with the BIA, BLM, and OST to improve processes for referral and follow-up to more efficiently address and resolve issues raised by Indian mineral owners that involve multiple bureaus and offices. In the short term, MRM will assess existing policies, procedures and systems to coordinate information sharing and referring non-MRM issues. In addition, MRM will ensure processes are in place to respond to issues from mineral owners regarding solid mineral issues. For the long term, MRM will pursue acquiring access to Indian information contained in each bureau's systems. The MRM will work to update the MOU between the bureaus to better define coordination of responsibilities between bureaus in the Department.

(1) Principles

Guiding principles are developed to describe the foundational tenets that guide long-range strategic thinking and formulation of the business objectives, strategies, and goals. Guiding principles project outward the program-wide performance, business concepts, approaches, standards, and expectations. These guiding principles apply to all focus areas and are described below. They will not be repeated within each focus area.

- *Stewardship* -- The MRM is committed to its stewardship responsibilities of efficiently and effectively managing and safeguarding the government's resources, successfully accomplishing our assigned mission of managing the Nation's mineral revenue receipts, and faithfully meeting all budgetary and financial accounting and reporting requirements.
- *Partnerships* -- The MRM actively seeks to establish and maintain enduring relationships with our stakeholders through regular and open communication and collaboration. The MRM is committed to the principles of open partnering in the achievement of common goals. Partnering with states and tribes assures open communications and coordination of program mission work. Professional relationships with industry partners are critical in keeping us attuned to market

opportunities, trends, and issues. These associations also provide MRM with benchmarking opportunities to identify best practices and relevant performance measures to improve our business processes.

- *Customer Service* -- The MRM is committed to excellence in our customer service and considers it to be foundational to MRM in accomplishing our strategic business objectives. We actively solicit input and feedback from our customers regarding program performance, focus on their needs, and strive to meet or exceed their expectations. We rely on both individual and team contributions to meet our customers' needs and encourage a relationship of mutual trust and respect.
- *Best Practices* -- The MRM will aggressively pursue a best-practices approach to evaluating and improving the efficiency and effectiveness of our program. In future best practices benchmarking, MRM will give a renewed focus to identifying, understanding, and adapting outstanding practices from successful organizations in industry and government to improve our future performance.

(2) Operational Strategies

- Align MRM's Indian trust services with Department trust programs and strategies.
- Assess and improve Indian operational business processes.
- Partner with BIA, BLM and OST to provide timely and accurate responses to the issues and concerns of individual royalty recipients.

(3) Goals and Objectives

Strategic Goals:

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

Business Objectives:

- Achieve most effective business model for delivery of Indian mineral revenue trust services in partnership with BIA, BLM and OST.
- Provide trust management and mineral revenue services to Indian mineral interest owners in a timely and effective manner.

(4) Processes Employed

- The focus area will be integrated into the existing inquiry and problem resolution process performed by Indian Compliance and Asset Management (CAM).



**b. Action Plan**

This section outlines the specific actions necessary to achieve the principles and objectives outlined above. Each action is accompanied by timing considerations and management accountability.

**Improve the Department’s delivery of mineral revenue services to Indian beneficiaries**

Action Item	Responsibility	Year 1				Year 2				Year 3				Year 4				Year 5			
		1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
Analyze policies & procedures to ensure effective responses to Indian mineral owners	Manager, Indian CAM																				
Obtain feedback from Department bureaus to improve processes	Manager, Indian CAM																				
Conduct consultations with Indian mineral owners to improve processes	Manager, Indian CAM																				
Make process improvements, as necessary	Manager, Indian CAM																				
Continue MRM participation in Indian Energy & Minerals Steering Committee (IEMSC)	Program Director, CAM Manager, Indian CAM																				
Update the MOU to clearly establish the roles of the various Department bureaus	Program Director, CAM Manager, Indian CAM																				
Reassess policies, procedures & systems to ensure support of the updated MOU	Program Director, CAM Manager, Indian CAM																				
Explore feasibility of sharing access to systems between bureaus	Manager, Indian CAM																				

**c. Performance Measures**

- Report responses to requests (Number, type, and timeliness of response for Indian inquiries).
- Report timeliness for resolution of Indian mineral revenue issues (internal).

**d. Internal controls**

- Limited edit and update access to OWMS to ensure data integrity is preserved throughout the system.
- Evaluate and manage inquiry workload using statistical reports from OWMS.
- Create files documenting inquiries and resolution. Obtain supervisory review.
- Negotiate and sign MOUs that contain duties and responsibilities of each bureau.
- Conduct Alternative Internal Control Reviews on processes. Serves as a self-assessment to ensure organizational objectives are met. This is a management-directed program making it more responsive and proactive to MRM needs.

## **2. Increase Number of Department-Sponsored Indian Outreach Sessions and Expand the Content**

### **a. Description**

Essential to MRM's Indian trust responsibility is the performance of outreach sessions with IIMOs and tribal governments. Outreach sessions may be either formal or informal. Formal outreach sessions, or consultations, are governed by Department policy and Executive Order 13175. Informal sessions follow Department policy. During FY 2007, MRM held 81 outreach sessions and plans to continue these efforts in FY 2008 and beyond.

Within MRM, Indian CAM employees are responsible for planning, conducting, documenting, and publicizing all outreach sessions. An outreach session is any meeting or forum where Indian CAM employees discuss and/or present information of general interest to Indian mineral owners. The objective is to create a forum for identifying, addressing, and resolving Indian mineral owner's issues. Additionally, there is an opportunity to educate Indian mineral owners about royalty issues and agency responsibilities. During the outreach sessions, Indian CAM personnel engage mineral owners by both soliciting input and providing or participating in various listening sessions. Outreach includes standard or required settlement meetings (per the Kauley Settlement and Shi Shii Keya Settlement), Chapter House meetings, tribal fairs, conferences where Indian CAM provides information, or any Department-related activities held jointly with other bureau participation (i.e., BIA, BLM, OST) or solely by Indian CAM. Indian CAM representatives also travel to Indian tribal government offices under 202 Cooperative Agreements to conduct outreach sessions regarding on-going compliance activities.

The MRM strives to formally consult with tribes and IIMOs when proposing regulations and developing policies affecting Indian lands. Executive Order 13175 of November 6, 2000, was issued to establish regular and meaningful consultation and collaboration with tribal officials in the development of Federal policies that have tribal implications, to strengthen the United States government-to-government relationships with Indian tribes, and to reduce the imposition of unfunded mandates upon Indian tribes. This Order supplemented Office of Management and Budget (OMB) Circular A-19 and the Executive Memo of April 29, 1994, on Government-to-Government Relations with Native American Tribal Governments. As a matter of practice, the MRM coordinates with IIMOs through various IIMO organizations and through outreach sessions.

The MRM routinely communicates with tribes under Cooperative Agreements in teleconferences and scheduled meetings. The intent of this communication is to offer a forum for free-flowing discussion of issues impacting compliance activities.

The outreach and communications processes are administered from three MRM offices. Through a *Joint Statement of Purpose*, dated March 24, 1995, an office is located in Farmington, New Mexico which focuses on providing outreach and other services to Navajo allotted mineral owners. The Kauley Settlement Agreement, dated December 5, 1991, required the establishment of a local outreach sub-office in Oklahoma City, Oklahoma. The sub-office staff participates in numerous joint outreach meetings annually with BIA, BLM, and OST, in addition to the

regularly scheduled meetings required by the agreement. Outreach and communications for the remaining Indian mineral owners is handled by the Lakewood, Colorado office.

Indian CAM employees assigned to conduct outreach sessions create an outreach schedule at the beginning of each fiscal year. Indian CAM takes into consideration such guiding factors as the following to help make decisions on where, when, and how often an outreach session is provided in a particular area:

- Determine the highest concentrations of IIMOs (usually reservations), to reach the largest number of IIMOs during an outreach session;
- Reach the goals requiring meetings with each tribe and allottee group;
- Evaluate feedback from attendees for previous outreach sessions;
- Increase visits to support and provide new-owner training when appropriate; and,
- Address requests from owner associations/owner groups, elder associations, BIA, and OST with specific onsite visits.

The primary risk associated with the outreach and communications process is that MRM would not provide a forum for timely problem resolution of royalty issues. The MRM has several processes in place to mitigate this concern. Through yearly planning sessions, MRM establishes an outreach schedule covering the upcoming twelve-month period. The MRM has assigned personnel to perform this function. Tracking the outreach session in OWMS provides a documented approach to ensure proper follow-up. However, MRM identified a need to enhance the existing outreach and training strategy that will improve the overall quality of the sessions.

The scope and content of future outreach and training sessions for Indian beneficiaries will be expanded to cover oil, gas, solid minerals, and all aspects of trust management including land ownership, leasing, drilling, production verification, lease inspection, royalty reporting, compliance, royalty disbursement, and financial trust accounts. The sessions will include participation by subject matter experts from other Department bureaus.

The expanded outreach sessions will also be used to educate and increase the knowledge of MRM employees, as well as, other Department bureaus. The Department bureaus will better understand the trust processes in place and will be able to understand one another's processes to be able to provide trust management and mineral revenue services to Indian mineral owners in a timely and effective manner. Indian mineral owners will receive better trust management and mineral revenue services from all Department bureaus that are equipped with broader knowledge as a result of the expanded comprehensive training.

(1) Principles (Refer to report pages 11 and 12)

(2) Operational Strategies

- Promote consultation and continue outreach activities with Indian royalty recipients.

(3) Goals and Objectives

Strategic Goals:

- Provide effective trust management services responsive to the needs of American Indian tribes and IIMOs.

Business Objectives:

- Achieve most effective business model for delivery of Indian mineral revenue trust services in partnership with BIA, BLM and OST.
- Provide trust management and mineral revenue services to Indian mineral interest owners in a timely and effective manner.

(4) Processes Employed

- The focus area will be integrated into the existing outreach and communications process performed by Indian CAM.

**b. Action Plan**

This section outlines the specific actions necessary to achieve the principles and objectives outlines above. Each action is accompanied by timing considerations and management accountability.

**Increase number of Department-sponsored Indian outreach sessions and expand the content**

Action Item	Responsibility	Year 1				Year 2				Year 3				Year 4				Year 5			
		1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
Include solid minerals in the outreach and communications process	Manager, Indian CAM Manager, S & G CAM																				
Coordinate with other Department bureaus to develop Department Trust Mineral Training	Program Director, CAM Manager, Indian CAM																				
Implement a comprehensive Department outreach and training program	Manager, Indian CAM																				
Provide training to Department employees	Program Director, CAM Manager, Indian CAM																				
Develop a plan to provide training "just in time" to the Indian mineral owners	Manager, Indian CAM																				

**c. Performance Measures**

- Conduct X number of Indian outreach sessions per year (MMS goal).
- Report number of participants in outreach sessions (external inquires).

**d. Internal Controls**

- Establish annual MRM outreach schedules and forward to other Department bureaus.
- Obtain MRM management approval of outreach information and materials.
- Enter outreach trips into OWMS and create trip report along with all correspondence, advertising information, meeting notes and sign in sheets.
- Evaluations of outreach sessions are conducted.

**3. Centrally Manage and Monitor Indian Trust Settlement Agreements**

**a. Description**

Historically, various Indian tribes and allottee groups have filed lawsuits against the Federal Government concerning the Department's execution and fulfillment of Indian trust responsibilities. This litigation has resulted in several settlement agreements with terms and conditions that require action on the part of MRM staff. The terms and conditions of these settlement agreements have created a significant workload for staff in various MRM offices.

The MRM expects additional future settlement agreements from ongoing litigation. Monitoring adherence to the terms of existing and future settlement agreements currently is the responsibility of multiple offices within MRM. This decentralized approach has increased the challenges associated with maintaining consistent compliance with settlement agreement requirements.

A centralized monitoring approach will augment the management controls to assure that the terms of the settlement agreements are being met. Further, such an approach will provide the organizational focus to evaluate potential changes to existing business processes and procedures to continue to meet trust requirements in the future.

A centralized approach will reduce MRM's risk of non-compliance with settlement terms and avoid possible future litigation. It will also allow for a centralized focus to evaluate potential changes that are needed to existing business processes resulting from settlement items. A centralized approach will provide a central point of contact in MRM for settlement representatives as well as other Department bureaus and offices that have settlement terms with which to comply.

(1) Principles (Refer to report pages 11 and 12)

(2) Operational Strategies

- Align MRM's Indian trust services with Department Trust programs and strategies.
- Assess and improve Indian operational business processes.

(3) Goals and Objectives

Strategic Goals:

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

Business Objectives:

- Provide trust management and mineral revenue services to Indian mineral interest owners in a timely and effective manner.

(4) Processes employed

- The MRM's current business model does not centrally administer Indian trust settlements. Many different MRM divisions employ certain processes to address specific terms of the settlement agreements. The MRM will continue to use the existing processes to ensure proper adherence to the settlement terms.

**b. Action Plan**

This section outlines the specific actions necessary to achieve the principles and objectives outlined above. Each action is accompanied by timing considerations and management accountability.

**Centrally manage and monitor Indian trust settlement agreements**

Action Item	Responsibility	Year 1				Year 2				Year 3				Year 4				Year 5			
		1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
Inventory existing Indian Trust settlements and review terms	Manager, Indian CAM																				
Establish procedures for the Indian Trust Settlement Coordination function	Manager, Indian CAM																				
Develop controls related to the Indian Trust Settlement Coordination	Manager, Indian CAM																				
Determine organizational alignment of Indian Trust Settlement coordination function	Program Director, CAM																				
Establish functionality under appropriate organization	Program Director, CAM																				

**c. Performance Measures**

- Report number of tribal settlements (existing and new).
- Report percent of settlement terms satisfied.

**d. Internal Controls**

- An action item is in place within the ITBP to identify controls for ensuring MRM's adherence to settlement terms. The proper controls will decrease the risk of non-compliance with settlement terms.

## **C. Empowerment of Indian Tribal Governments**

Over time, the Indian community has emphasized their desire to regain authority and control over their own affairs and to carry out their tribal governmental responsibilities -- economically, socially, politically, and culturally. Today, through the actions of Congress and the courts, many opportunities exist for tribal governments to exercise their sovereignty with minimal Federal intrusion and involvement. However, at the same time, the importance of the government-to-government relationship between the tribal governments and the U.S. Government has been reaffirmed. The U.S. Government responsibilities are to work with tribal groups and governments to improve and protect their land and natural resource assets, manage Indian trust accounts, fulfill treaties and the mandates of Federal law, and help create educational opportunities and improve the quality of life.

### **1. Promote Indian Tribal Government Control over Tribal Trust Assets**

Placing more control of trust lands and resources with Indian tribal governments, or Indian Empowerment, supports the Department's Indian Trust Principles to "promote tribal self-control and self-determination over tribal trust lands and resources." Empowering the Indian communities promotes sovereignty and allows cultural values to be a part of the decision-making process. The following programs are used by MRM to promote Indian Empowerment:

- 202 Cooperative Agreements with Indian tribes

FOGRMA provides the authorization for Indian tribes to petition the Secretary of the Interior for Cooperative Agreements for oil and gas. Further, 30 U.S.C. Section 196 authorizes the Secretary of the Interior to enter into Cooperative Agreements with tribes with respect to coal and any other solid mineral, or geothermal steam. Under a Cooperative Agreement, an Indian tribe is permitted to conduct inspections, audits, and investigations of activities on Indian lands.

- Intergovernmental Personnel Act

The IPA provides for Indian tribal governments and other eligible organizations to facilitate cooperation between the Federal Government and the non-Federal entity through the temporary assignment of skilled personnel. The purpose and goals of the MRM IPA program are to:

- Improve the knowledge, skills, and audit and compliance abilities of participants from the tribes.
- Learn about each other's functions and processes to improve understanding, communication, and cooperation between the parties.
- Obtain minerals management assistance from tribes or to provide assistance to tribes.

- Nonstandard Indian Leasing

Nonstandard Indian leases are agreements containing unique terms and provisions that a tribe or an individual Indian has negotiated to develop its mineral resources. Indian tribes and IIMOs negotiate agreements that govern the development and disposition of their mineral resources pursuant to authority granted by: (1) specific tribal constitution or charter; (2) Indian Reorganization Act of 1934; and (3) Indian Mineral Development Act of 1982 (IMDA). Most nonstandard Indian leases have been issued pursuant to the authority granted by the IMDA. The IMDA authorizes Indian tribes to enter into agreements for the development and disposition of tribal mineral resources.

- Self Determination & Education Assistance Act

The purpose of self-determination and self-governance is to allow Federally-recognized tribal organizations to undertake Federally-funded projects to foster community, economic, and business development in Native American communities. Each year the Department issues a *Federal Register Notice* specifying the functions available to self-governance tribes. The MRM functions available to self-governance tribes are:

- Audit of Tribal Royalty Payments
- Verification of Tribal Royalty Payments
- Tribal Royalty Reporting, Accounting, and Data Management
- Tribal Royalty Valuation (Preliminary Analysis)

- Tribal Energy Resource Agreements (TERA)

Title V, Section 503 of the Energy Policy Act of 2005 requires the Secretary of the Interior to promulgate regulations that implement new provisions concerning development of energy resources on tribal lands. Specifically, this Act authorizes the creation of TERA. The purpose of these agreements is to promote tribal oversight and management of energy and mineral resource development on tribal lands and further the goal of Indian self-determination.



Advancing Indian empowerment concepts will require additional use of Cooperative Agreements, IPAs, and nonstandard Indian leases. Additionally, the MRM needs to be prepared to pursue future opportunities related to tribal compacting and TERAs. The MRM will coordinate with BIA, OST, BLM and tribal governments to develop a strategy to increasing awareness of empowerment avenues, as well, as encouraging tribal governments to expand existing control over their trust assets.

(1) Principles (Refer to report pages 11 and 12)

(2) Operational Strategies

- Promote consultation and continue outreach activities with Indian royalty recipients.
- Assess and improve Indian operational business processes.
- Use IPA agreements to engage Indian tribes in the royalty management process.

(3) Goals and Objectives

Strategic Goals:

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

Business Objectives:

- Promote American Indian tribal engagement in the royalty management process.

(4) Processes Employed

- The MRM will foster relationships with tribal officials through the existing 202 Cooperative Agreement contacts to better understand the needs of tribal governments. In addition, the MRM will expand the existing IPA program to include an education of the existing empowerment options available to tribal governments.

## **b. Action Plan**

This section outlines the specific actions necessary to achieve the principles and objectives outlines above. Each action is accompanied by timing considerations and management accountability.

**Promote Indian Tribal government control over Tribal Trust Assets**

Action Item	Responsibility	Year 1				Year 2				Year 3				Year 4				Year 5			
		1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
Staff Tribal promotional opportunities team under appropriate organization.	MRM/AD																				
Coordinate with other Department bureaus to define empowerment avenues.	Program Director, CAM Manager, Indian CAM																				
Evaluate opportunities to promote tribal control of Trust assets	Manager, Indian CAM																				
Develop and implement an on-going strategy to promote empowerment avenues.	Manager, Indian CAM																				

**c. Performance Measures**

- Report percent of tribal mineral royalties managed by Indian tribes under Cooperative Agreements (Department goal).
- Report number of outreach sessions focusing on empowerment issues.
- Monitor interest expressed by tribal governments.

**d. Internal Controls**

- Establish annual MRM outreach schedules and forward to other Department bureaus.
- Obtain MRM management approval of outreach information and materials.
- Enter outreach trips into OWMS and create trip report along with all correspondence, advertising information, meeting notes and sign in sheets.
- Evaluations of outreach sessions are conducted.

**2. Centralize the Approach to Managing 202 Cooperative Agreements**

**a. Description**

The FOGRMA provides the authorization for Indian tribes to petition the Secretary of the Interior for Cooperative Agreements for oil and gas. Further, 30 U.S.C. Section 196 authorizes the Secretary of the Interior to enter into Cooperative Agreements with tribes with respect to coal, any other solid minerals, or geothermal steam. Through consultation with the Indian tribes, standards are established for carrying-out the activities. These standards are incorporated into the Cooperative Agreement.

Under a Cooperative Agreement, an Indian tribe is permitted to conduct inspections, audits, and investigations of activities on Indian lands. Tribes under Cooperative Agreements are required to submit an annual statement of work to MRM detailing the specific activities they plan to accomplish in the upcoming fiscal year. The MRM is responsible for ensuring that tribes

perform quality audits and satisfy the terms of the Cooperative Agreement. The Federal Government has a trust responsibility to ensure the collection and payment of royalties even when tribes take greater control of royalty management activities. The MRM currently has Cooperative Agreements with seven Indian tribes.

Currently, business processes involve four different MRM divisions responsible for administration and compliance support. Onshore CAM staff perform administration support; Indian CAM and Solids CAM staff provide compliance support, and the Quality Control and Training Team (QCT) conducts internal reviews. Decentralization of the administration and compliance support functions has led to multiple issues regarding accountability, as well as difficulty managing a single function across multiple divisions.

Expanded tribal government control of trust assets requires clearly defined processes. The MRM will pursue centralizing certain functions and better defining roles and responsibilities to improve current processes. Centralizing functions could improve consistency and establish clear communication channels for the tribes. Additionally, centralization could enhance MRM's ability to provide timely support to Indian tribes under Cooperative Agreements and assess the tribe's adherence to the terms of their Cooperative Agreement.

(1) Principles (Refer to report pages 11 and 12)

(2) Operational Strategies

- Assess and improve Indian operational business processes.

(3) Goals and Objectives

Strategic Goals:

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

Business Objectives:

- Promote Indian tribal engagement in the royalty management process.

(4) Processes Employed

- The CAM State and Tribal Contract Administrator is responsible for administering the 202 Cooperative Agreements. This function includes approving the annual work plans and budgets. The Indian CAM and Solids CAM are responsible for providing compliance and audit support to assist Indian tribes in performing compliance functions. This function includes reviewing work and other activities to determine compliance with standards and accomplishment of work plan goals. The QCT performs internal reviews. The MRM will combine the common business processes used to manage 202 cooperative agreements under a single organization.

Consideration will be given to the potential implications of future compacting and related empowerment programs.

**b. Action Plan**

This section outlines the specific actions necessary to achieve the principles and objectives outlined herein. Each action is accompanied by timing considerations and management accountability.

**Centralize the approach to managing 202 Cooperative Agreements**

Action Item	Responsibility	Year 1				Year 2				Year 3				Year 4				Year 5			
		1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
Identify common business processes used to manage 202 Cooperative Agreements	Manager, Indian CAM Contract Administrator																				
Develop proposed organizational alignment	Manager, Indian CAM Contract Administrator																				
Develop/approve personnel staffing strategy	Program Director, CAM Manager, Indian CAM																				
Obtain approval on proposed organization alignment	AD MRM Program Director, CAM																				
Implement organizational realignment	AD MRM Program Director, CAM																				
Develop policies and procedures	Program Director, CAM Contract Administrator																				

**c. Performance Measures**

Performance measures enable MRM to provide timely and adequate assistance to support Indian tribes under Cooperative Agreements. This assistance is critical to MRM assuring the tribe’s success in meeting the terms of their agreement.

- Report percent of completion for annual performance goals for tribes with 202 Cooperative Agreements.
- Report benefit-cost ratio for each Cooperative Agreement.
- Track timeliness of MRM responses to tribal questions or issues.
- Track timeliness of a tribe meeting administrative deadlines for submitting annual work plans and budgets, quarterly progress reports and vouchers, and completing work plan assignments.
- Track number and type of issues identified through the internal and external review processes.

**d. Internal Controls**

- Work plan progress is monitored quarterly through submission of progress reports and maintained in the Compliance Information Management (CIM) System.
- The Performance Tracking Tool (PTT) is updated for tracking goals completion.
- All incoming correspondence is documented in the Mail Log.
- Contract reviews are performed of the Cooperative Agreement costs and adherence to work plan commitments.
- Internal Quality Control Reviews are performed of Cooperative Agreements to ensure adherence to Generally Accepted Government Auditing Standards (GAGAS) requirements and MRM policies and procedures.
- Peer Reviews are performed of Cooperative Agreements to ensure adherence to Generally Accepted Government Auditing Standards (GAGAS) requirements and MRM policies and procedures.
- Other government agencies, such as the Office of Inspector General and Government Accountability Office, perform reviews or audits at Congress' request.

**D. Administration of Indian Trust Records**

The Trust Management Reform Act of 1994 requires the Department provide a historical accounting to Indian beneficiaries. The Department is obligated to administer Indian trust lands and funds and to maintain existing records, recover missing records where possible, and develop plans and procedures sufficient to ensure that all aspects of the accounting process are well documented within the records. The MRM is tasked with ensuring that Indian trust records created by the program offices are well maintained. This section of the report focuses specifically on Indian trust records administration. The business processes that are important in the administering Indian trust records include records preservation, security, storage, and transfer.

The current business model and processes work well. However, there are two areas MRM identified for improvement:

1. Ensure uniform policies and procedures for administering Indian trust records; and,
2. Update Department records management manual requirements for Indian trust records.

The completion of these focus areas will be achieved under the RMIP. The objective of the RMIP is to increase the efficiency and effectiveness of MRM operations by completing the following:

- Goal 1: Updating the disposition and retention schedules in the MMS Records Management Handbook. This goal includes conducting an inventory, identifying categories of records that require new or revised schedules and separately identifying schedules for Federal, Indian, and combined Federal/Indian records in accordance with Department guidance.
- Goal 2: Continue recordkeeping practices throughout MRM that comply with MMS, Department, and National Archive and Records Administration (NARA) regulations. This goal is comprised of evaluating existing recordkeeping practices to determine level of effectiveness by organization, categorizing and labeling scheduled records in accordance with schedules and guidance from the MMS Records Management Handbook, categorizing and labeling unscheduled records with appropriate subject and date, transferring inactive paper records and electronic recordkeeping systems to NARA as appropriate for storage, and ensuring proper recordkeeping practices are applied to active records.
- Goal 3: Identifying the optimum use of technological and contractual resources to support the MRM records program. This goal consists of determining the cost effectiveness of digitizing active records that are frequently accessed by multiple users and conducting an evaluation of the MRM file room contents and contractor support to determine the optimum use of the space and the contractor resources.

## **E. Management of the Business Plan – Focus Area Responsibility**

MMS senior leadership for the ITBP's implementation will be provided by the Associate Director for MRM (AD/MRM), in close consultation with the MRM Executive Committee. The Indian CAM Office will provide the management and coordination of the ITBP implementation. Additionally, the Program Manager, Indian CAM will provide operational assessments and periodic progress reporting on the Plan's implementation. Critical to MRM fully realizing the most efficient and effective Indian Trust Business Model is the communication and coordination between MRM managers in CAM, the Information Technology Center, and FM.

## **F. Organization and Human Resources**

Human resources encompass the management of staffing, classification, employee relations, grievances, pay, retirements, and employee benefits, etc. The MRM continues to implement the strategies outlined in MMS's Workforce Plan which was officially published September 30, 2003. This plan serves as a road map for integrating human capital initiatives with program performance goals and objectives and captures the Bureau's analysis of workforce supply, demand, and gaps based on historical trends, future projections, and expected work demands. In response to the challenges facing the Bureau, a multi-pronged approach is on-going to look at new and wider use of existing activities in the areas of recruitment, employee development, and alignment of human capital initiatives with the MRM strategic plan and budget. Other activities that support the recruitment, retention, and development of human capital within the MRM will

continue (e.g., use of awards to distinguish high performance, innovative quality of work life programs, and participation in training and employee development opportunities, etc).

Indian trust processes cross all divisions of MRM's organization. Litigation, change in policy, and the overall increase in awareness of the government's trust responsibilities impact resource commitments. The number of individuals involved varies based on the ongoing needs of MRM's trust operations. While there is not a single organizational structure responsible for all trust activities, there is one primary division that provides coordination and leadership. The Indian CAM personnel are dedicated to performing trust functions including compliance, outreach and communications, resolution of Indian mineral revenue issues, and compliance support of Cooperative Agreements. These positions include minerals revenue specialists, auditors, petroleum engineers, geologists, program assistants, and secretaries.

To meet the objectives of the ITBP, enhancements to the organizational and human resource capabilities will be necessary. These enhancements include establishing an organizational entity, or Trust Coordinator to assure that MRM trust responsibilities are well documented and coordinated across its organizational boundaries and to provide a single point of contact for other organizations bureaus similarly tasked with trust responsibility. Refer to Appendix 1 for a detailed discussion of the Indian Trust Coordinator position. If MRM accepts the Indian Trust Coordinator proposal, then additional FTE for the position and support functions will be required. The MRM will also need to make corresponding changes to its organizational alignment. The following describes the organizational and human resource impacts independent of the Trust Coordinator concept:

**1. Improve the Department's Delivery of Mineral Revenue Services to Indian Beneficiaries**

No specific organizational or human resource impacts are identified for this focus area.

**2. Increase Number of Department-Sponsored Indian Outreach Sessions and Expand the Content**

This focus area will be absorbed under the existing organizational structure. However, additional personnel may be required to conduct increased and expanded outreach sessions; however, no organizational changes are necessary.

**3. Centralize Management of Indian Trust Settlement Agreements**

The management of trust settlement agreements will be absorbed under the existing organizational structure.

**4. Promote Indian Tribal Government Control over Tribal Trust Assets**

The MRM will establish the functional responsibility related to promoting Indian tribal empowerment under the appropriate organization. The proper level of authority is required to effectively coordinate with other Department agencies and tribal governments.

## **5. Centralize the Approach to Managing 202 Cooperative Agreements**

Centralizing the administration and compliance support of 202 Cooperative Agreements requires an organizational realignment. Under the current business process, four different MRM divisions are responsible for administration and compliance support. Administration is performed by Onshore CAM staff, compliance support is with Indian CAM and Solids CAM, and performance of the internal review is conducted by the QCT.

The proper management structure also must be defined. Management of the 202 Cooperative Agreements may be established as a separate entity or under the existing CAM structure. It is also critical that the proper skill set and number of staff be established. The administrative and support functions include work plan development and advice, audit supervision, audit review, assistance creating work papers, training, etc.

## **G. Regulatory Impacts**

No regulatory impacts are identified with the implementation of the ITBP.

## **H. Information Management and Systems Support**

The Department requires that a verifiable system of records be maintained to document the actions regarding the management and disposition of Indian trust assets. Because of the large amount of electronic information collected, MRM maintains many systems that include Indian trust information. There is no single system that exclusively contains Indian trust information.

The MRM's Indian trust processes rely on information reported to MRM by operators, royalty payors, other bureaus, and data input by MRM employees. Operators and royalty payors use various forms to submit information related to production, sales, and royalty payments. The MRM obtains information from other Department bureaus through hardcopy and electronic data transfers. The MRM uses a combination of automated systems and offline tools to manage Indian trust responsibilities. The MRM also obtains information from systems maintained by other Department bureaus.

### **1. Improve the Department's Delivery of Mineral Revenue Services to Indian Beneficiaries**

The MRM does not have direct access to BIA or OST systems. Direct access to BIA and OST systems would eliminate potential hand-off problems, as well as provide more timely responses to mineral owners. The MRM needs to work with BIA and OST to evaluate access to the data in their systems. There may be some implications regarding security and system access.



## **2. Increase Number of Department-Sponsored Indian Outreach Sessions and Expand the Content**

The OWMS may require enhancements to record all formal and informal outreach and training sessions, including solid minerals and geothermal participation.

## **3. Centralize Compliance Management of Indian Trust Settlement Agreements**

Settlement agreements impacting MRM's current workload include the (1) Mescal Settlement Agreement, (2) Shi Shii Keyah Settlement Agreement, and (3) Kauley Agreement. The MRM expects additional trust settlement agreements from ongoing litigation. To efficiently manage MRM's compliance with the terms of each settlement agreement, a tracking tool will be developed to monitor MRM's adherence with settlement terms.

In addition, it is possible information technology support will be required to meet or streamline fulfillment of certain settlement terms.

## **4. Promote Indian Tribal Government Control over Tribal Trust Assets**

The future strategy used to promote Indian tribal government empowerment may require start-up and maintenance costs.

## **5. Centralize the approach to managing 202 Cooperative Agreements**

Managing 202 Cooperative Agreements will require enhancement of existing tracking systems and reports.

# **I. Communication Strategy Implementation**

Outreach and stakeholder involvement has played a vital role in successful planning and implementation for the MRM 2007-2012 Strategic Business Plans. The MRM developed an Outreach and Communications Plan to promote full and open communications with internal and external stakeholders. Communication Goals include: increasing understanding to build support for Plan implementation, soliciting interest and input from business partners, states and tribes that participate in various aspects of the business plan implementation, and providing periodic briefings and updates regarding the status of Plan implementation.

The MRM has informed managers, employees, and constituents throughout the planning and implementation processes of the Plan. Additionally, MRM managers, employees, and business partners have been fully engaged in all aspects of the operational business planning and will continue to be strong participants through implementation.

The MRM has held several outreach sessions involving each of the operational plans. For example, during FY 2007, MRM held formal consultation sessions with Indian tribes and individual Indian mineral owners in Oklahoma City, Oklahoma; Denver, Colorado; Billings,

Montana; and Albuquerque, New Mexico, in addition to in-reach sessions for MRM employees. The purpose of these sessions was to provide status updates and to solicit concerns and feedback on the focus areas identified during the “Assessment” and “Blueprint” Phases.

Below is a summary of communication sessions related to the ITBP, which were held with managers, employees, business partners, and other constituents throughout the business planning process.

<b>Date</b>	<b>Title of Communication, Meeting or Workshop</b>	<b>Constituents Represented</b>	<b>Purpose and/or Topics Covered</b>
September - October 2005	MRM Staff Comments Solicited	MRM Managers and Employees	Draft Executive Guidance Document (prior to publishing MRM Strategic Business Plan in December 2005)
December 7, 2005	MRM Activities Forum	MRM Employees	Update on Strategic Business Planning efforts and obtain comments
May 3, 2006	MMS/STRAC Meeting Strategic Business Plan Briefing	Tribes under 202 Cooperative Agreements States under 205 Delegations	Update on Strategic Business Planning Efforts
January 9, 2007	MMS/STRAC Meeting Strategic Business Plan Briefing	Tribes under 202 Cooperative Agreements States under 205 Delegations	Update on Strategic Business Planning Efforts
April 13, 2007	Assessment Phase Briefing	X-Team Briefing	Obtain X-Team approval of Assessment Phase Focus Areas
June 18, 2007	MRM Staff Comments Solicited	MRM Employees Oklahoma City, OK	Update employees on Strategic Business Planning efforts and obtain comments
June 19, 2007	Strategic Business Plan Briefing	Consultation Indian Community Oklahoma City, OK	Brief constituents on Strategic Business Planning Efforts and obtain comments
June 19, 2007	Strategic Business Plan Briefing	MRM Employees Tulsa, OK	Brief employees on Strategic Business Planning Efforts and obtain comments
June 21, 2007	Strategic Business Plan Briefing	Consultation Indian Community Albuquerque, NM Also, BLM, BIA	Brief constituents on Strategic Business Planning Efforts and obtain comments
June 26, 2007	Strategic Business Plan Briefing	Consultation Indian Community Billings, MT	Brief constituents on Strategic Business Planning Efforts and obtain comments
June 28, 2007	Strategic Business Plan Briefing	MRM Employees Denver, CO	Brief employees on Strategic Business Planning Efforts and obtain comments
June 28, 2007	Strategic Business Plan Briefing	Consultation Indian Community Denver, CO	Brief constituents on Strategic Business Planning Efforts and obtain comments
July 10, 2007	Strategic Business Plan Briefing	MRM Employees Houston, TX	Brief employees on Strategic Business Planning Efforts and obtain comments
July 11, 2007	Strategic Business Plan Briefing	MRM Employees Dallas, TX	Brief employees on Strategic Business Planning Efforts and obtain comments
September 12, 2007	MMS/STRAC Meeting Strategic Business Plan Briefing	Tribes under 202 Cooperative Agreements	Brief constituents on Strategic Business Planning Efforts and obtain comments
December 5, 2007	Indian Trust Business Plan X-Team Briefing	X-Team Briefing	Obtain X-Team approval of Blueprint results and Focus Areas to move forward into the Business Plan

The MRM plans to continue communication sessions related to the ITBP including meetings with MRM management and employees, Department bureaus, business partners, and other constituents. Additionally, MRM will adhere to the requirements of ensuring regular and meaningful consultation and collaboration with Indian tribes and IIMOs.

## J. Overall Business Plan Timeline

The MRM believes the focus areas identified in the ITBP will lead to improved trust management services to Indian beneficiaries. The MRM will closely coordinate with BIA, BLM, and OST and fully align with the Department Fiduciary Trust Model. The overall timeline of the ITBP is designed to allow MRM an opportunity to complete all the specific goals and objectives by the end of the five year business cycle.

Focus Area	Implementation Steps	Year 1				Year 2				Year 3				Year 4				Year 5			
		1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
<b>Improve the Department's delivery of mineral revenue services to Indian beneficiaries</b>	Improve existing policies and procedures																				
	Update the MOU																				
	Explore feasibility of sharing Bureaus' systems																				
<b>Increase number of Department-sponsored Indian outreach sessions and expand the content</b>	Include solid minerals in the outreach process																				
	Implement Department Trust Mineral Training																				
	Provide training to Department employees																				
<b>Centrally manage and monitor Indian trust settlement agreements</b>	Inventory existing Indian Trust settlements																				
	Establish procedures & controls																				
	Determine organizational alignment																				
<b>Promote Indian tribal government control over tribal trust assets</b>	Staff Tribal opportunities promotion team																				
	Evaluate opportunities to promote control																				
	Develop & implement on-going strategy																				
<b>Centralize the approach to managing 202 Cooperative Agreements</b>	Identify common business processes																				
	Approve proposed organizational alignment																				
	Implement organizational realignment																				

MINERALS MANAGEMENT SERVICE  
MINERALS REVENUE MANAGEMENT  
INDIAN TRUST BUSINESS PLAN  
WHITE PAPER – INDIAN TRUST COORDINATOR  
APRIL 30, 2008

**BACKGROUND**

The United States has a unique legal relationship with Indian tribal governments as set forth in the Constitution of the United States, treaties, statutes, executive orders, and court decisions. Fulfillment of the Federal Indian trust responsibility is one of the Department's highest priorities and most important legal obligations. The Minerals Management Service (MMS), along with the Bureau of Indian Affairs (BIA), Office of the Special Trustee of American Indians (OST), and the Bureau of Land Management (BLM) serve key roles in fulfilling the Secretary's trust responsibility to Indian mineral owners. To promote coordination and cooperation within the Department, several Memorandums of Understanding have been established in the discharge of the Secretary's trust responsibility.

By Secretarial Order No. 3215, signed April 28, 2000, the Secretary of the Interior established thirteen trust principles. These guiding principles were incorporated into the Departmental Manual. The principles helped define organizational operating environments and help shape organizational culture. The MRM trust services are guided by those principles as enumerated in the Secretarial Order.

Further, the Federal Oil and Gas Royalty Management Act of 1982 (FOGRMA) states in part, "...the Secretary [of the Interior] should aggressively carry out his trust responsibility in the administration of Indian oil and gas." One of FOGRMA's five stated purposes is "... to fulfill the trust responsibility of the United States for the administration of Indian oil and gas resources...."

The MRM plays a critical role in the administration of Indian mineral resources. This role is shared equally among the various MRM organizations including but not limited to Compliance and Asset Management, Financial Management, Information Technology Center, and the Office of Enforcement.

**ISSUES**

While virtually all MRM employees have some role in fulfilling the Secretary's trust responsibility, no single entity or person in MRM that centralizes the various trust functions. The following list provides examples of some of the major trust functions performed by MRM personnel that the Blueprint team identified:

- Collect, account for and distribute Indian mineral revenues (Financial Management);

- Monitor and assist tribal auditors as they audit their tribal revenues under FOGRMA Section 202 (State and Tribal Contract Administrator and Indian Oil and Gas Compliance and Asset Management (CAM) and Solids and Geothermal CAM):
- Assure Indian mineral revenues are reported and paid in accordance with lease terms, regulations and laws (all CAM offices including the Solids and Geothermal CAM, Indian oil and gas CAM, Federal Onshore CAM and Offshore CAM);
- Negotiate appealed orders and issue Notices of Non-Compliance (Office of Enforcement, Financial Management and the CAM offices);
- Respond to discovery requests from a variety of sources for MRM trust documents/federal records responsive to the many law suits filed (all MRM offices);
- Conduct outreach to Indian mineral owners and respond to their inquiries (Indian CAM);
- Monitor compliance with existing Settlement Agreements (Quality Control Team, FM, Indian CAM, Solids and Geothermal CAM); and
- Consult with Indian mineral owners (tribes and individuals) on issues affecting or even potentially affecting the administration of their revenues (all MRM offices).

As illustrated above there are many MRM organizations with some responsibility for fulfilling, in part, the Indian trust responsibility. However, there is no centralized approach to monitor the functions. For example, settlement agreements with Indian mineral owners include a number of actions that must be routinely performed to remain in compliance with the terms of the agreement. These actions cross organizational boundaries both internal and external to the MRM. The MMS must establish a process for identifying the various Indian functions in MRM and providing a single point of contact within MRM for sister agencies, Department of Justice, or other entities seeking responsive documents to Indian mineral owners.

The ITBP team envisions that the MRM Indian Trust Coordinator would assume the responsibility for, and ensure compliance with, the settlement agreements and Secretary's trust principles. The Indian Trust Coordinator would also perform the following additional duties:

1) Coordinate with other MRM functional entities:

- Compliance activities (CAM),
- Financial Trust Issues (FM),
- 202 and Interagency Personnel Agreements,
- Tribal Government Inquiries or Requests,
- Trust Training for MRM/Department Employees, and
- Trust Records Administration (Information Technology Center)

2) Administer Trust Settlements

3) Promote Tribal Government Empowerment

4) Participate in Inter-Agency Initiatives including MOU revisions, trust training, and outreach

5) Serve as an advocate for trust issues on the following committees

- Indian Energy Minerals Steering Committee
- State and Tribal Royalty Audit Committee
- Executive Team

- Quality Steering Committee (QSC)

## **OPTIONS**

1. Retain the current MRM organizational structure.
2. Establish a Memorandum of Understanding among MRM's various organizations which clearly delineates the responsibility of each organization and requires inter-agency coordination especially in the areas of consultation and compliance with existing settlement agreement terms .
3. Establish an accountable entity or identify a key person responsible for assuring MRM is complying with its trust responsibility in a comprehensive and coordinated effort.

## **RECOMMENDATION**

The Indian Trust Business Plan team recommends MRM assign an organizational entity, or Trust Coordinator, to assure that MRM trust responsibilities are well documented and coordinated across its organizational boundaries and to provide a single point of contact for sister agencies similarly tasked with trust.

The ITBP team believes the MRM Trust Organization/Coordinator should:

- Assure ongoing compliance with settlement agreements;
- Establish a comprehensive consultation strategy;
- Serve as a single point of contact for sister agencies also tasked with a trust responsibility to help assure a coordinated and cooperative effort;
- Represent the MRM on the Indian Energy Minerals Steering Committee (IEMSC);
- Serve as the MRM point of contact for:
  - updating the existing Tri-partite Memorandum of Understanding between the BIA, BLM and MMS; and
  - coordinating development of the IEMSC Cradle-to-Grave training module.
- Serve on the MRM QSC because of the cross-organizational nature of trust responsibility.

**Cross-Reference to Recommendations from the  
Report to the Royalty Policy Committee  
The Subcommittee on Royalty Management**

Focus Area	Related RPC Recommendation
<p><b>Improve the Department’s delivery of mineral revenue services to Indian beneficiaries</b></p>	<p><i>Recommendation 5-1:</i> BLM should collaborate with BIA, MMS, and the Office of Indian Energy and Economic Development to ensure there is an understanding on the issuance of “permits” and the role the respective agencies play, in order that Trust responsibilities are met. Additionally, a renewed agreement on joint inspections should be initiated.</p>
	<p><i>Recommendation 5-2:</i> MMS and BLM should secure appropriate access to the Indian lease system. This is necessary to prevent delays in approving lease activity and to ensure MMS has the correct information for managing revenue from Indian leases.</p>
	<p><i>Recommendation 5-3:</i> The Department should work to reconnect the systems containing Indian data after appropriate security measures are in place. The Indian Automated Fluid Mineral Support System (IAFMSS) and the Indian Well Information System (IWIS) should be restarted appropriate access to IAFMSS for MMS and Indian contract inspectors should be provided. In addition, once appropriate security measures are in place, MMS should provide BLM users with the ability to query these systems by any parameter (e.g., lease number). These systems are essential for BLM to efficiently meet its Trust responsibilities.</p>
	<p><i>Recommendation 5-5:</i> Until more integrated processes can be developed, BLM should issue guidance to field personnel, to address known coordination problems. One example is the errors introduced when BLM manually sends MRM “first production” notices.</p>
	<p><i>Recommendation 5-9:</i> By June 2008, the Department should establish a Coordinating Committee with representatives from the senior management level in MMS, BLM, and BIA. Bureau representatives should have the authority to ensure decisions and recommendations are implemented in their respective bureaus. The committee should be chaired by a Deputy Assistant Secretary for Land and Minerals. Subgroups, composed primarily of field representatives, would be charged with addressing the following issues:</p> <ul style="list-style-type: none"> <li>• Clarification of roles and responsibilities;</li> <li>• Defining and coordinating common processes;</li> <li>• Defining common data standards;</li> <li>• Developing solutions for technical issues of coordination and information sharing;</li> <li>• Developing consistent guidance and training as necessary; and</li> <li>• Propose changes in regulations or statute as necessary.</li> </ul> <p>The Coordinating Committee should establish a baseline for future work by conducting an integrated architecture analysis of the business of managing the Federal and Indian minerals resources and the revenue derived from those resources. The integrated architecture project should follow the Department’s established Enterprise Architecture (EA) blueprint process. Proposed information technology (IT) investments should follow the Department’s capital planning and investment control (CPIC) process. This effort should build on past efforts and address the full life cycle starting with the assessment and creation of potential lease parcels.</p> <p>This will ensure that the correct land status information is captured up front, including leasing, exploration, development, operations, production, reclamation, and lease termination information. Special focus should be placed on royalty management and compliance and any other areas requiring coordination and information sharing among MMS, BLM, and BIA. All three bureaus (including MMS’s MRM and OMM divisions) should participate in all phases to ensure full sharing of knowledge, lessons learned, and best practices.</p> <p>Specific tasks to be undertaken should include the following:</p> <ul style="list-style-type: none"> <li>• Identify applicable business processes and best practices.</li> <li>• Update guidance and training.</li> <li>• Develop common data standards across the bureaus. This should include standards for data that are used outside of minerals management. In addition, efforts should be made to establish authoritative data sources and to concentrate on data sharing. Many of these changes may require software application changes.</li> <li>• Review currently used software applications based on business process and data management improvements. Seek to use shared systems, as appropriate, and implement improvements</li> </ul>

Focus Area	Related RPC Recommendation
	<p>during application maintenance where possible.</p> <p><i>Recommendation 5-10:</i> To support the Departmental Coordinating Committee described in Recommendation 5-9, each Bureau should establish procedures for strengthening intra-Bureau coordination.</p>
<p><b>Increase number of Department-sponsored Indian outreach sessions and expand the content</b></p>	<p>None.</p>
<p><b>Centralize management of Indian trust settlement agreements</b></p>	<p>None.</p>
<p><b>Place more control of trust assets in the hands of Indian tribal governments</b></p>	<p>None.</p>
<p><b>Centralize the approach to managing 202 Cooperative Agreements</b></p>	<p>None.</p>



**Glossary of Acronyms**

AD/MRM	Associate Director for Minerals Revenue Management
BIA	Bureau of Indian Affairs
BLM	Bureau of Land Management
CAM	Compliance and Asset Management
CPIC	Capital Planning and Investment Control
CIM	Compliance Information Management
COTR	Contracting Officer's Technical Representative
Department	Department of the Interior
EA	Enterprise Architecture
FIMO	Federal Indian Minerals Office
FM	Financial Management
FOGRMA	Federal Oil and Gas Royalty Management Act of 1982, as amended
GAGAS	Generally Accepted Government Auditing Standards
IIMO	Individual Indian Mineral Owners
IEMSC	Indian Energy & Minerals Steering Committee
IMDA	Indian Mineral Development Act of 1982
IAFMSS	Indian Automated Fluid Mineral Support System
IPA	Intergovernmental Personnel Agreement
ITBP	Indian Trust Business Plan
IT	Information Technology

IWIS	Indian Well Information System
MMS	Minerals Management Service
MOU	Memorandums of Understanding
MRM	Minerals Management Service
NARA	National Archive and Records Administration
OIG	Office of the Inspector General
OMB	Office of Management and Budget
OST	Office of Special Trustee for American Indians
OWMS	Office Workload Management System
PTT	Performance Tracking Tool
QCT	Quality Control and Training Team
S & G	Solids and Geothermal
TERA	Tribal Energy Resource Agreement
X-Team	Executive Team (SES Management within MRM)