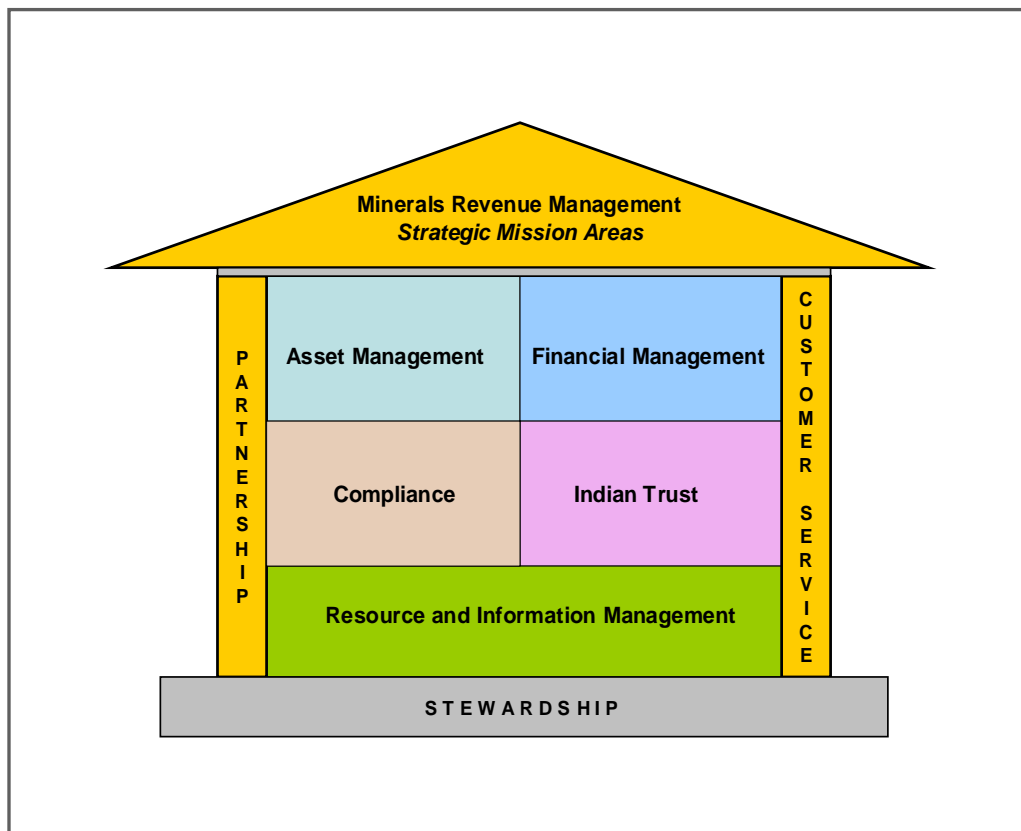




U. S. Department of the Interior Minerals Management Service Minerals Revenue Management

Strategic Business Plan 2007-2012



December 2005



Associate Director's Message

I am pleased to present this program-wide Minerals Revenue Management (MRM) Strategic Business Plan. This Plan is the outgrowth of an extensive strategic business planning initiative conducted by the MRM senior executive team in consultation with program operational managers, Headquarters and field employees, and our program partners. The Strategic Business Plan charts the course and direction of the future MRM through the end of FY 2012.

The MRM is entrusted with the collection and disbursement of billions of dollars in Federal and Indian mineral lease revenues. These revenues benefit all Americans. Increased fiduciary responsibilities for the Nation's royalty assets and an expanding role in national energy initiatives will challenge the future MRM on all operational fronts. Presidential management improvement goals impose high performance standards on Federal programs to deliver best value services with high quality and integrity.

This Strategic Business Plan will position MRM to meet 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. Strategic goals, business objectives, and operational strategies have been developed and aligned with five strategic mission areas. The mission areas form the strategic framework to assess operations, identify requirements, and design business blueprints that address future expectations and mission requirements.

Over the next two years comprehensive operational business plans will be prepared and issued for each strategic mission area. These business plans will emphasize efficient and effective use of human resources and information technology. Future business processes and systems will be improved, modernized, and fully integrated with effective performance measures and strong internal controls. Importantly, these mission area business plans will support and integrate with Department of the Interior strategic planning guidelines and respond to the Administration's performance and budget goals and objectives.

The MRM senior managers, employees, and program partners will be fully engaged in all phases of business plan development. Implementation teams will combine strategy with imagination, innovation, and individual performance excellence to produce the envisioned mission area business plans. This multi-year effort will place heavy demands on the MRM workforce. The MRM

employees and partners have always stepped forward to meet every program challenge and I know they will do so again. We are all stakeholders in the future. Working together, we will transform our future challenges into opportunities for improvement and realize our vision of “excellence in mineral revenue services.”

I strongly believe in the future of our program; I feel that our best years are ahead of us; and I look forward to implementing this MRM Strategic Business Plan alongside our valued employees and stakeholders.

Lucy Querques Denett
Associate Director
Minerals Revenue Management

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Minerals Management Service Minerals Revenue Management Strategic Business Plan

I. Executive Summary

This Minerals Revenue Management (MRM) Strategic Business Plan has been prepared to chart the course and direction of the future MRM program. Its publication marks the beginning of a new MRM strategic business planning cycle that emphasizes a continuous program improvement process to achieve mission excellence. Designed on a program-wide perspective, this Plan provides the strategic approach and guidance to be used in developing and issuing comprehensive business plans for all operational aspects of the MRM. The following five MRM strategic mission areas form the design framework for these future business plans.

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

These mission-area business plans will set forth operational strategies and improvement actions for the period 2007 through 2012. Implementation of this MRM program-wide Plan and the envisioned mission area business plans will prepare the MRM to meet its future challenges and deliver the best possible mineral revenue services.

Future Challenges

A challenging future has been charted in many respects by recently published Department of the Interior (DOI), Minerals Management Service (MMS), and Administration goals and performance expectations. The 2004 DOI-level strategic plan contains specific MRM outcome and performance goals in areas related to royalty disbursements, compliance coverage and timelines, and Indian trust services. The Government Performance and Results Act (GPRA) calls for the shaping and implementing of critical program performance expectations and measures closely integrated with future budgets. The President's Management Agenda and the Secretary of the Interior's vision for effective program performance impose high standards on Federal programs to provide best value services of the highest quality and integrity in consultation with others.

These important and aggressive ongoing improvement goals will challenge the MRM to find ways to provide even better services at less cost. The future MRM can expect to be further challenged with high performance expectations and demands in light of its fiduciary responsibilities for billions of dollars on behalf of the American public. Although future program budgets are expected to decline, customer service levels must continue to be improved. There are also many political, technical, and operational challenges that will need to be addressed in the future. New technological advances will drive mineral revenue process and system changes. Product valuation regulations and rulemaking processes will need to be dynamic and responsive to market changes. New energy legislation, royalty incentive programs, and increased demands for mineral royalty and production data will influence business models and necessitate further changes in business processes.

The recent enactment of the Energy Policy Act of 2005 imposed many additional near and long-term demands and expectations on the MRM operational resources and systems. The MRM will have a continuing role in all or a portion of 29 provisions of the Act. The implementation of these provisions will require new royalty reporting guidelines and new or modified MRM business processes and support systems. The MRM will be challenged to meet all expectations while continuing to provide excellence in its assigned mission fiduciary responsibilities.

Preparing MRM for the Future

For over a decade, MRM has been using strategic business planning to anticipate and prepare to meet the challenges of increasing mission requirements and higher performance expectations. Through a series of strategic planning initiatives, MRM has successfully implemented a continuous program improvement process. Strategic planning for a reengineering of MRM business processes and systems began in early 1995. Since that time, MRM has completed numerous program improvements through development and implementation of the following strategic business improvement plans.

- Reengineering Roadmap to the 21st Century -- November 1998
- RIK Roadmap to the Future -- January 2001
- Audit Quality Improvement Action Plan -- May 2004
- Five Year Royalty In Kind Business Plan -- May 2004

A renewed emphasis for continued MRM strategic planning was highlighted at a 2004 meeting of the MRM operational managers. The MRM managers reached consensus that long-range strategic business plans, similar to the RIK plan, were needed for all operational aspects of MRM and that developing such plans should be a high future program priority.

In January 2005, MRM senior executives commenced work on a new Strategic Business Planning Initiative to prepare to meet its future programmatic challenges. In July 2005, the senior executives provided MRM managers, employees, and partners with draft executive guidance for future business planning. This draft executive guidance set forth MRM's future mission and vision statements, corporate values, and guiding business principles for future MRM operations. It also advanced strategic goals and assumptions, business objectives, and operational strategies for the five MRM strategic mission areas. Following an extensive consultation and input process, the draft executive guidance was modified and finalized for use in preparing this program-wide MRM Strategic Business Plan.

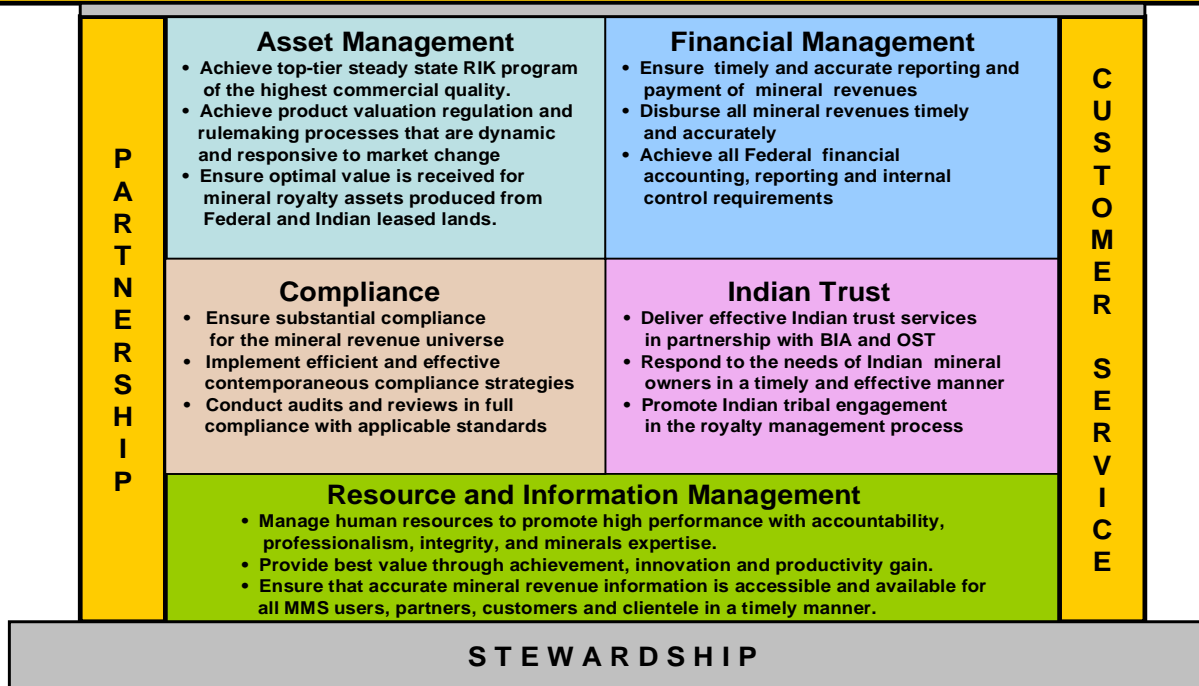
This Plan presents the strategic direction and phased approach to be used in preparing comprehensive business plans for each of the five MRM strategic mission areas. These mission-area business plans will emphasize market-based regulatory guidance, valuation certainty, improvement of operational business processes and systems, and delivery of best value mineral revenue services with high integrity and strong internal controls. The business plans will be fully aligned with DOI and MMS strategic plans, GPRA requirements, and the President's management improvement goals.

The strategic goals and performance objectives presented in this Plan can only be realized with the full and continuing engagement of MRM employees, partners, and customers. Proactive outreach will be conducted with States, Tribes, and the minerals industry. Other MMS program areas, DOI bureaus, and affected Federal agencies will also be involved in the MRM business planning process. Steps will be taken to ensure their participation in the business plan development and implementation phases. Building and maintaining effective business relationships and working partnerships with all interested and affected parties will be critical to MRM in successfully implementing this Plan, meeting its future challenges, and realizing its vision of "excellence in mineral revenue services."

The MRM Strategic Framework

The following MRM Strategic Framework ("House") has been prepared to illustrate and project the future MRM vision of excellence in mineral revenue services. Partnership, stewardship, and customer service are the cornerstones of its design and represent key drivers for the MRM strategic business planning process. The five strategic mission areas and their assigned performance mandates form the structure of the House and serve as the framework for future business planning improvements advanced in this Strategic Business Plan.

**Minerals Revenue Management
Strategic Mission Area Mandates**



Asset Management

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

Financial Management

- Ensure timely and accurate reporting and payment of mineral revenues
- Disburse all mineral revenues timely and accurately
- Achieve all Federal financial accounting, reporting and internal control requirements

Compliance

- Ensure substantial compliance for the mineral revenue universe
- Implement efficient and effective contemporaneous compliance strategies
- Conduct audits and reviews in full compliance with applicable standards

Indian Trust

- Deliver effective Indian trust services in partnership with BIA and OST
- Respond to the needs of Indian mineral owners in a timely and effective manner
- Promote Indian tribal engagement in the royalty management process

Resource and Information Management

- Manage human resources to promote high performance with accountability, professionalism, integrity, and minerals expertise.
- Provide best value through achievement, innovation and productivity gain.
- Ensure that accurate mineral revenue information is accessible and available for all MMS users, partners, customers and clientele in a timely manner.

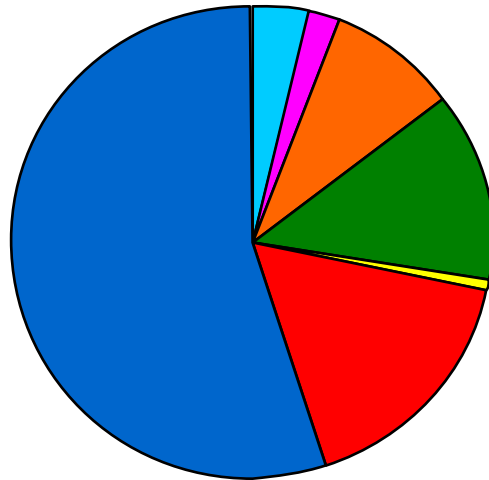
II. Managing the Nation's Mineral Revenues

The MMS manages the mineral resources on the Outer Continental Shelf (OCS) and Federal and Indian mineral revenues to enhance public and trust benefit, promote responsible use, and realize fair value. The MRM is the operational program within MMS, entrusted with the collection, accounting, and disbursement of the Nation's mineral revenues derived from over 2,100 producing OCS leases and some 25,000 producing onshore Federal and Indian leases. The MRM is also charged with ensuring that a fair and equitable value is received for the mineral assets removed from these leases.

Since inception in 1982, MRM has collected and disbursed \$152 billion in mineral revenues to recipients, including almost \$10 billion in Fiscal Year 2005. These revenues are a primary source of the Federal Government's non-tax revenue and a major source of funding to support National parks and recreational areas. These substantial revenues are disbursed to 38 States, 41 Indian Tribes, some 30,000 individual Indian mineral owners, and U. S. Treasury accounts. In Fiscal Year 2005, mineral revenue receipts were distributed to program beneficiaries, the U. S. Treasury, and other special fund accounts as follows:

American Indian Tribes and Allottees	\$ 419,793,226
Historic Preservation Fund	150,000,000
Land and Water Conservation Fund	898,869,789
Reclamation Fund	1,287,972,474
State Share – OCS 8(g)	72,323,328
State Share - Onshore	1,632,693,073
U. S. Treasury	<u>5,477,357,330</u>
Total	\$ 9,939,009,220

The following pie chart presents the Federal and Indian mineral revenue disbursements made by the MRM to program beneficiaries, the U. S. Treasury, and other special fund accounts as a percentage of total disbursements in Fiscal Year 2005.



	American Indian Tribes & Allottees	4.2%
	Historic Preservation Fund	1.5%
	Land & Water Conservation Fund	9.0%
	Reclamation Fund	13.0%
	State Share: Offshore 8(g)	0.7%
	State Share: Onshore	16.4%
	U. S. Treasury	55.1%
	Total	100.0%

The MRM headquarters is located in Washington D. C., with primary operations being conducted in Lakewood, Colorado, and at compliance and customer service offices located in Texas, Oklahoma, and New Mexico. At the core of operations is the MRM financial management program which receives, accounts for, and disburses mineral revenue payments and maintains information data bases to support overall MRM operations. Further, MRM's Royalty in Kind (RIK) program manages a large-scale oil and gas sales and disposition program to pursue those circumstances where taking royalties in-kind instead of in-value is advantageous to the Government. Through an extensive public process, MRM issues regulations to implement industry royalty reporting and establishes standards for fair market mineral valuation. The MRM also operates a national compliance program to ensure accurate royalty payments and receipt of fair market values.

The MRM places high priority on fulfilling its Indian Trust responsibilities. Special processes and procedures are used to ensure timely and correct payment of monies to Indian royalty recipients. The MRM also administers outreach and educational programs to respond to the specific needs of Indian mineral owners.

III. Overview of the MRM Strategic Planning Approach

This Strategic Business Plan has been designed to guide the MRM continuous improvement process through 2012. Implementation of the Plan will position MRM to meet future program challenges and achieve its vision of excellence in mineral revenue services. The strategic design is based on consensus-built planning guidance developed in the 2005 MRM Strategic Business Planning Initiative. This guidance served as the basis for the business planning design framework and strategic approach presented in this program-wide Plan.

This Plan advances future mission and vision statements for MRM and defines corporate values and guiding principles and standards for future program performance. These standards for excellence in public service will be embraced and practiced by managers and employees at all levels of MRM to achieve a best-in-class program profile. This strategic guidance is fundamental to the strategic planning design and approach and will strongly influence the future strategic planning process.

The strategic planning approach calls for the development and issuance of 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 planning design framework encompassing all of MRM's operations.¹ These mission area business plans will set forth operational strategies and improvement actions for the period 2007 through 2012.

As a part of the 2005 MRM Strategic Business Planning Initiative, program senior executives and key operational managers led a consultative process to develop comprehensive business planning elements for each mission area. The mission area business plan designs will be driven by these planning elements which include strategic goals, planning assumptions, business objectives, and operational strategies. Near-term performance goals and measures have also been assembled for each mission area. The strategic approach advanced in this Plan will accommodate the extension or modification of near-term goals and facilitate the development of new performance goals and measures for the period

¹ The mission areas do not necessarily represent organizational activities.

through 2012. Full consideration and integration of these strategic planning elements will yield future mission area business plans that feature:

- Operational business models premised on employee innovation and benchmarking with partners to identify, implement, and improve on best practices.
- Asset management and regulatory processes to promote valuation certainty and ensure that fair market value is received for minerals produced on Federal and Indian leased lands.
- Fully integrated asset management, financial management, and compliance operations to expedite mineral revenue disbursements and achieve timely and accurate royalty reporting and payment.
- Improved delivery of Indian mineral revenue services in partnership with the Bureau of Indian Affairs (BIA), the Bureau of Land Management (BLM), and Office of the Special Trustee (OST) partners.
- Human resource initiatives, enterprise-wide information technology solutions, and improved mineral revenue information access and reporting for internal and external customers.

The mission area business plans will be developed using a phased approach. Specific timelines have been established for each mission area. The MRM senior executives, operational managers, and employees will be fully engaged in all phases. States, Indian Tribes and industry will also be engaged in the business planning process. Project teams will be formed to assess current operations, identify future requirements, and prepare the business plan for each of the mission areas. The participation and support of MRM stakeholders is an essential part of the strategic approach and critical to successful development of the mission area business plans. The strategic planning approach includes proactive outreach and communications with MMS senior executives, other DOI bureaus, program partners, and other interested and affected parties.

To the extent possible, future MRM program challenges and implications of expanding mission requirements have been evaluated in the construct of the strategic planning approach. Subsequent sections of this Plan present and more fully describe the MRM strategic mission areas and the consensus-built MRM strategic guidance, business planning elements, and phased approach to be used in developing the mission area business plans.

V. Strategic Mission Areas

Five MRM strategic mission areas define the future program-wide business planning framework. These five mission areas, with associated key responsibilities, are described below.

Asset Management

This mission area encompasses MRM programmatic activities including the operation of the RIK Program; establishment and maintenance of regulatory requirements for valuation of all mineral commodities subject to a production royalty payment; formulation of criteria utilized in the establishment of future valuation agreements; and maintenance of regulatory reporting requirements and related guidelines to support the MRM business operation.

The MRM's RIK Program provides the permanent business capability, and systems support, to carry out a large-scale oil and gas production sales and disposition program to pursue those circumstances when the RIK option is advantageous to the Government. In Fiscal Year 2005, the RIK Program administered over \$3.75 billion in oil and gas production sales and other dispositions. Key activities performed by the RIK Program include identifying RIK opportunities, conducting competitive sales and marketing activities, and conducting billing, collection and volume reconciliation functions.

For royalty-in-value payments, the MRM Program maintains regulatory requirements and guidelines used by the minerals industry to properly value, report, and pay production royalties and other lease-related revenues. These requirements and guidelines are kept current and responsive to changing commodity markets to help assure that proper value is received consistent with statutory requirements. In certain circumstances, MRM enters into valuation agreements with lessees which define how production royalties will be calculated and paid. It is critical that these agreements yield fair value consistent with statutory and regulatory requirements.

Strategies to optimize mineral revenues and integrate RIK operations with other MRM business areas will be emphasized in the future business plans. Procedures and processes to ensure timely issuance of market-based valuation guidance will also be featured.

Financial Management

This mission area encompasses the mineral revenue collection, accounting and disbursement activity; providing reports and data to royalty recipients and customers; and preparing mineral revenue financial reports.

In Fiscal Year 2005, the MRM Financial Management activity collected and disbursed nearly \$10 billion in Federal and Indian mineral lease revenues.

Financial Management includes an end-to-end financial process which involves receiving revenues and related royalty reports; performing edits and other automated quality reviews; correcting data quickly; ensuring that the revenues received with correct information are made available to the proper recipients within the shortest possible time; and timely providing information describing the revenues to recipients. Additionally, Financial Management maintains a large-scale lease and agreement reference data base and financial general ledger to support the MRM program operation and meet government financial reporting requirements.

The growing public demand for improved efficiency and performance accountability will drive future business strategies that yield the best financial services at the least cost. Financial accountability and reporting for the Nation's multi-billion dollar mineral revenues will need to be fully compliant with and supportive of Federal financial accounting and internal control standards.

Compliance

This mission area encompasses audits and reviews of the mineral revenue universe; detection and collection of underpaid mineral revenues; administration of delegated and cooperative audit agreements with States and Indian Tribes; negotiated settlements of royalty disputes; and enforcement of mineral revenue reporting and payment requirements.

The MRM Compliance activity ensures that Federal and Indian mineral revenues are timely and correctly reported and paid by the minerals industry in compliance with applicable laws, regulations and lease terms. Compliance strategies and activities are carried out through a nation-wide MRM field audit structure and delegated and cooperative audit agreements with 11 State governments and 7 Indian tribes. These activities include targeted and random audits and special reviews of mineral lessees and payors to detect royalty underpayments; issuance of enforcement orders to collect royalty underpayments; and providing support to mineral revenue litigation and appeals processes. The MRM's compliance activities have yielded over \$2.5 billion in additional mineral revenues since program inception in 1982.

Future regulatory changes, expanded RIK asset management, and restructuring within the minerals industry will impact compliance strategies. The compliance business plan will need to address strategies to ensure the most efficient and effective compliance coverage for the future.

Indian Trust

This mission area encompasses trust management and mineral revenue services; communications and outreach with Indian mineral owners; administration of Intergovernmental Personnel Act (IPA) agreements; and integration with DOI trust management objectives.

The MRM places high priority on fulfilling Indian Trust responsibilities and serves as an advocate for the special interests of individual Indian mineral owners. Operational focus is on timely and accurate Indian lease revenue collection and disbursement. Special compliance procedures are used to ensure that tribes and individuals receive all monies they are due. The MRM operates special field offices that work closely with other Federal agencies to resolve Indian mineral issues and respond to the needs of individual Indian mineral owners. Further, MRM administers special outreach and cooperative programs, including IPA agreements, to educate and empower Indian mineral owners.

Future business strategies will promote increased participation of Indian beneficiaries in the mineral revenue management process. Another future high priority activity for MRM will be the continuing preservation and protection of Indian mineral records through proactive communications, training, and enforcement of Indian record-keeping requirements.

Resource and Information Management

This mission area encompasses human resource management; budget, performance and cost management; information technology management and security; mineral information management; risk management and internal control systems; and lease production data collection, verification, and dissemination.

The MRM utilizes a broad range of business and administrative activities to effectively support its infrastructure investments in human capital and information technology solutions. This includes cost and performance measurement processes and risk management and internal control systems to track program performance, support management decision-making, promote efficient operations, and ensure fiscal accountability. As well, mineral information support systems are installed and continue to evolve to meet the needs of internal and external users. The MRM receives and processes mineral production reports and maintains large-scale information databases utilized by MRM, BLM, and MMS Offshore Minerals Management to meet mission requirements. The MRM's records management program is continuing to expand and evolve to stay abreast of technology advances and user requirements, and meet retention, preservation, and security requirements.

In the next few years, many highly experienced MRM employees will retire placing more demands on a younger workforce. The future business plan will need to address and mitigate this management risk. Further, it will advance enterprise-wide information technology, internal management control systems, and performance-based budgeting.

V. Guidance for the Future

To guide the multi-year business planning effort, MRM senior executives and operational managers, in consultation with employees and partners, developed the following new MRM mission statement, vision statement, corporate values, and guiding principles.

MRM Mission Statement

“MRM accounts for, substantiates, and disburses Federal and Indian mineral revenues, managed in value and in kind, to enhance the public and trust benefit and realize fair market value.”

MRM Vision Statement

“Excellence in Mineral Revenue Services”

MRM Corporate Values

It is critically important to establish fundamental values that set the tone and expectations for how MRM conducts its operations. The same set of values applies to the manner in which MRM managers and employees represent the program and perform their work as individuals and in a team environment. The corporate values are:

- **Employees First** -- We believe the potential of MRM has no limit and is driven by our employees and their imagination and dedication to accomplishing our mission. We are committed to an environment that attracts, motivates, develops, and recognizes high performance and ensures that all employees are treated equally and fairly. We foster a workplace of which we are proud and enjoy our work, providing excellence in the public service.
- **Professionalism** -- We are committed to meeting the highest professional standards in all that we do. Individually and as an organization we focus on advancing our technical competencies and delivering services that are of the highest quality consistent with established standards and best practices.
- **Integrity** -- We are committed to personal and organizational integrity and operate with the highest standards of ethical conduct. Our employees adhere to the law and operate within their authority. Honesty and fairness are fundamental to our dealings with each other. We carefully evaluate our decisions for ethical implications and act responsibly.

- **Accountability** -- We take accountability for the program mission and resources entrusted to our care as a top priority. Individually and as an organization we conduct our business operation in a manner that meets or exceeds all legal, ethical, and public expectations.
- **Responsiveness** -- At MRM we strive to excel in our responsiveness to changing mission requirements and the needs and expectations of customers and stakeholders. The dynamic nature of the MRM program requires that we be flexible in our business processes and support systems, and be agile in our planning for and responding to changing markets and business objectives.
- **Innovation** -- We value and encourage employee innovation. We recognize that good ideas come from every member of the organization, and we seek to provide an environment in which those ideas can surface and be acted upon. As well, we constantly look externally for innovative solutions that will add value for the Nation and our customers. We are flexible in changing our processes and introducing advanced technology solutions to improve the efficiency and effectiveness of our program operation and deliver best value services. As a learning organization, we are constantly increasing our intellectual capital and improving our business practices and procedures through teamwork and a desire to excel.

MRM Guiding Principles

In a strategic planning construct, guiding principles are developed to describe the foundational tenets that guide long-range strategic thinking and formulation of future business objectives, strategies, and goals. Guiding principles project outward the program-wide performance, business concepts, approaches, standards, and expectations. These guiding principles are described below.

- **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 customers and 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 relationships 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.
- **Early Certainty** -- We have confirmed significant gains in the efficiency and effectiveness of our program by employing business models and regulatory approaches that are designed to provide both MRM and the minerals industry with certainty as early as possible after the royalty due date that royalty obligations have been fulfilled. We must continue to enhance our business approaches, processes, and regulatory requirements to encourage and promote accurate first-time reporting and payment of royalties and reduce MRM's business cycle time to confirm the accuracy of royalties paid.
- **Receipt of Fair Market Value** -- We are committed to meeting our statutory mandate of realizing fair market value for mineral commodities removed from Federal and Indian lands. To achieve this, we must employ a skilled and knowledgeable workforce; modern and efficient business processes and technology solutions with proper internal controls; current valuation regulations that are reflective of commodity markets; and benchmark metrics of value received to gauge successful performance.
- **Market Focus** -- We must maintain a clear, consistent, and timely focus on the Nation's mineral commodity markets to maximize the efficiency and effectiveness of the MRM program. Regardless of whether production royalties are collected in kind or in value, transactions in the marketplace are the primary determinant of value. We must maintain current knowledge of the commodity markets to accomplish timely changes to our valuation regulations and business processes to help assure the receipt of fair market value.
- **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.

MRM-wide Planning Assumptions

This section presents the strategic planning assumptions that apply to all aspects of the MRM program. These program-wide assumptions are of relative equal value for all aspects of MRM mission performance. These assumptions will be fully considered in all future strategic planning, including development of the mission area business plans.

- The MRM will deliver best value services to its customers.
- Operational costs must decline in order to meet reduced budgets.
- The President's Management Agenda and Administration initiatives will continue and change.
- New or modified laws, regulations, policies, and procedures will be initiated internally and externally.
- Mineral commodity markets will continue to be competitive, volatile, and dynamic.
- Future MRM policies, systems, and business processes will be flexible and based on employee innovation and best practices.
- Emphasis on financial, accounting, and auditing integrity and internal controls will intensify.
- The MRM demographic profile will drive a major turnover in the workforce.

VI. Future Strategic Business Planning Elements

The following strategic planning elements have been formulated to enable the design of the future mission area business plans.

- Strategic Goals
- Strategic Planning Assumptions
- Business Objectives
- Operational Strategies
- Key Performance Goals

The specific planning elements for each MRM mission area are presented in Exhibits 1 through 5. Collectively, these elements represent the vision of how MRM will meet the stated mission area performance mandates for the planning period 2007 through 2012. These strategic planning elements will be further refined and finalized in the future mission area business plans.

The MRM operational activities currently employ a broad inventory of performance goals and measures. These goals are the result of DOI and MMS strategic direction, GPRA requirements, and recent MRM strategic and business planning initiatives. Many of these goals will need to be addressed in developing the mission area business plans. Some goals already extend into the future planning period and others will require modification to align with future business models and processes. Accordingly, current goals as they apply to each mission area have been included as strategic planning elements in Exhibits 1 through 5. The business planning project teams will examine these near-term performance goals to determine their applicability for future use in MRM operations. Performance goals and measures carried forward in the MRM mission-area business plans will fully align with future DOI and MMS strategic plans and Administration performance guidelines.

VII. Developing the Mission Area Business Plans

There will be three distinct phases for the development of the mission-area business plans. These three phases are:

- Current Operations Assessment Phase (The “as-is”)
- Strategic Business Blueprint Development Phase (The “to-be”)
- Strategic Business Plan Development Phase (The “how-to”)

The key aspects of each phase are summarized below.

Current Operations Assessment Phase

The MRM key operational managers will lead the assessment effort with sponsorship by MRM senior executives. They will facilitate development of assessment work plans for each MRM strategic mission area consistent with this Strategic Plan. The designated lead managers will assemble MRM working teams to conduct assessments of current operations, identify operational constraints and issues, brainstorm improvement alternatives, consult with industry and government experts, and develop future needs and requirements. The lead managers will also direct the development of the final assessment reports for each mission area. Key areas to be addressed include:

- Major issues affecting program direction.
- Business strategies and operational approaches.
- Laws, regulations, policies, and procedures.
- Business models, processes, organizations, staffing.
- Information collection and use, customers and outputs, and internal and external reporting.
- Information technology and systems support.
- Performance measures and metrics, risk assessment, and internal control systems and procedures.

Strategic Business Blueprint Development Phase

Key program managers will again be called upon to lead the Blueprint Development Phase. For each mission area, working teams will be assembled to

develop and assess preferred alternative business strategies, conduct cost/benefit analyses, and formulate the future business constructs and designs consistent with the strategic guidance set forth in this program-level plan. Employee expertise and innovation will be encouraged and facilitated to support the future designs. Design emphasis will be on business models, best practices, best value business processes, organizational approaches, automated systems support and integration, internal and external reporting, and internal controls. The working teams will:

- Evaluate, test, and refine the planning guidelines.
- Formulate valuation requirements and procedures.
- Change/modify regulatory reporting requirements and procedures.
- Formulate policy and procedural changes to implement future business objectives and strategies.
- Conduct benchmarking with partners to identify and test best business practices.
- Define business model changes and extensions.
- Design and test new/modified operational business processes.
- Develop performance goals and measures.
- Provide future business process designs and infrastructures.
- Provide detailed construct, framework, and content for development of strategic mission-area business plans.

Strategic Business Plan Development Phase

This phase will be led by senior executive sponsors and designated team leaders. Individual teams will prepare the mission-area business plans based on the previously-described future business blueprints. Business plans are envisioned for five mission areas--Asset Management, Financial Management, Compliance, Indian Trust, and Resource and Information Management. The 2004 RIK Business Plan covers the period through FY 2008. Accordingly, RIK aspects will not be included in the initial Segment 1 Asset Management mission area business plan. It is envisioned that a supplemental Segment 2 Asset Management business plan will be issued in 2009 to include RIK strategies and actions for the period October 2009 through December 2012.

The future mission-area business plans will address:

- Business principles, goals, objectives, and strategies.
- Business models, processes, and organizations.
- Information technology and systems support.
- Performance goals, measures, and internal controls.
- Communications, outreach, and partnerships.
- Specific multi-year implementation actions and timelines.

The schedule presented on the following page highlights the phased approach for developing and issuing the mission area strategic business plans.

Schedule for MRM Business Plan Development

<u>Mission Area</u>	<u>Development Activity</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Executive Direction and Oversight	Provide Executive-level Project Oversight, Direction, Monitoring and Control	(10/05 -----To End of Timeline-----)				
Compliance Plan	Assessment Phase Blueprint Phase Business Plan Development Phase	(10/05 -- 3/06)	(3/06 ---- 11/06)	11/06 -- 4/1/07		
Financial Management Plan	Assessment Phase Blueprint Phase Business Plan Development Phase	(1/06 -- 6/06)	(6/06 ---- 2/07)	2/07 -- 7/1/07		
Indian Trust Plan	Assessment Phase Blueprint Phase Business Plan Development Phase	(4/06 -- 9/06)	(9/06 ---- 5/07)	(5/07 -- 10/1/07)		
Resource and Information Management Plan	Assessment Phase Blueprint Phase Business Plan Development Phase	(6/06 -- 11/06)	(11/06 ---- 7/07)	(7/07 -- 12/1/07)		
Asset Management Plan Segment 1	Assessment Phase Blueprint Phase Business Plan Development Phase	(7/06 -- 12/06)	(12/06 ---- 8/07)	(8/07 -- 1/1/08)		
Asset Management Plan Segment 2	Assessment Phase Blueprint Phase Business Plan Development Phase			(2/08 -- 7/08)	(7/08 ---- 3/09)	(3/09 -- 8/1/09)

Strategic Business Plan Implementation

For each strategic mission area, specific MRM managers will be assigned responsibility for implementing each of the business plans. These designated managers will be accountable for timely and complete implementation. These managers will:

- Develop specific implementation actions and timelines.
- Assign actions and specific accountability.
- Conduct outreach and internal and external communications.
- Implement improvement actions.
- Track and report on implementation status.
- Document and publish significant accomplishments.
- Provide status reports to employees, partners, customers, higher management, and other interested parties.

VIII. Outreach and Stakeholder Involvement

Outreach and stakeholder involvement will play a vital role in the successful implementation of this program-wide MRM Strategic Business Plan. The senior management of MRM is committed to communicating fully and openly with internal and external constituents to ensure that information is regularly and widely disseminated. This fundamental commitment to conduct outreach and communications with the MRM workforce, States, Tribes, Congress, government agencies, industry, and others is critical to the successful development of the mission-area business plans. Furthermore, program managers, employees, and partners will be involved in all phases of business plan development.

Many of the future business solutions can only be realized in partnership with others. Proactive outreach will be conducted to engage other MMS program areas, other DOI bureaus, and other affected Federal agencies. Steps will be taken to ensure their early and full participation in the design of future business strategies and processes. Building and maintaining effective business working relationships with others is critical to the successful implementation of this plan.

The outreach and communications strategy will include:

- Maximum use of electronic media to allow two-way communications with participant and interested parties.
- Scheduled internal and external outreach sessions with employees, customers, and stakeholders to address current issues, solicit dialogue, and identify issues that may represent impediments to future business planning.
- Employee forums to facilitate a free flow of communications and to help identify emerging issues.
- Senior management updates to provide status reports and seek decisions on key issues.
- Extensive senior management communications with employees.