

**Strategic Planning Elements
Asset Management Mission Area**

Strategic Goal

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

Strategic Planning Assumptions

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

Business Objectives

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

Optimal Strategies

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

Key Performance Goals

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

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

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

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

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

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

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

2006	95%
2007	95%
2008	95%

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

Strategic Planning Elements Financial Management Mission Area

Strategic Goal

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

Strategic Planning Assumptions

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

Business Objectives

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

Operational Strategies

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

Key Performance Goals

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

2006	96.5 percent
2007	97.0 percent
2008	98.0 percent

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

2006	80.0 percent
2007	85.0 percent
2008	90.0 percent

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

2006	97.5 percent
2007	98.0 percent
2008	98.0 percent

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

2006-2008 Unqualified

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

Strategic Planning Element Compliance Mission Area

Strategic Goal

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

Strategic Planning Assumptions

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

Business Objectives

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

Operational Strategies

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

Key Performance Goals

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

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

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

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

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

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

Strategic Planning Elements Indian Trust Mission Area

Strategic Goal

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

Strategic Planning Assumptions

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

Business Objectives

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

Operational Strategies

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

Key Performance Goals

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

2006	65
2007	65
2008	65

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

2006	88
2007	92
2008	92

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

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

Strategic Planning Elements Resource and Information Management Mission Area

Strategic Goal

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

Strategic Planning Assumptions

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

Business Objectives

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

Operational Strategies

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

Key Performance Goals

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

FY 2006 – FY 2008 99.5%

DOI Management Excellence Goals

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

FY 2006 – FY 2008 100%

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

FY 2006 85%
FY 2007 – FY 2008 TBD

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

FY 2006 – FY 2008 100%

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

FY 2006 90%
FY 2007 – FY 2008 TBD

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

FY 2006 – FY 2008 100%

Key Performance Goals

(Continued)

DOI Management Excellence Goals (continued)

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

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

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

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