



BUDGET The United States
Department of the Interior
JUSTIFICATIONS

and Performance Information
Fiscal Year 2017

OFFICE OF THE SECRETARY
DEPARTMENT-WIDE
PROGRAMS

NOTICE: These budget justifications are prepared for the Interior, Environment and Related Agencies Appropriations Subcommittees.

Approval for release of the justifications prior to their printing in the public record of the Subcommittee hearings may be obtained through the Office of Budget of the Department of the Interior.



Printed on
Recycled Paper

**DEPARTMENT OF THE INTERIOR
OFFICE OF THE SECRETARY**

FISCAL YEAR 2017 BUDGET JUSTIFICATIONS

Table of Contents

Item	Page Number
<u>Office of the Secretary</u>	
Organization Chart	1
General Statement.....	3
Executive Summary of the 2017 Budget Request.....	9
Program Performance Summary.....	20
<u>Appropriation: Office of the Secretary - Departmental Operations</u>	
Appropriation Language Sheet.....	28
Justification of Proposed Language Changes.....	29
Appropriation Language Citations.....	30
Administrative Provisions and Citations.....	33
Budget at a Glance.....	35
Summary of Requirements.....	36
Justification of Fixed Costs and Internal Realignments.....	37
Programming and Financing Schedules.....	38
Object Classification Schedule and Personnel Summary.....	39
Employee Count by Grade.....	40
<u>Leadership and Administration</u>	
Executive Direction	
Secretary's Immediate Office.....	41
Executive Secretariat and Regulatory Affairs.....	44
Congressional and Legislative Affairs.....	48
Communications.....	50
A/S - Land and Minerals Management.....	52
A/S - Water and Science.....	55
A/S - Fish and Wildlife and Parks.....	57
A/S - Indian Affairs.....	59
A/S - Insular Areas.....	61
A/S - Policy, Management, and Budget.....	63
Policy Analysis and Compliance	
Environmental Policy and Compliance.....	69
Policy Analysis.....	76
International Affairs.....	83
Native Hawaiian Relations.....	86

FISCAL YEAR 2017 BUDGET JUSTIFICATIONS

Table of Contents

Budget, Finance, and Acquisition Management	
Budget.....	88
Financial Management.....	91
Acquisition and Property Management.....	97
Small and Disadvantaged Business Utilization.....	102
Planning and Performance Management.....	104
Human Capital and Strategic Development	
Human Resources.....	106
Civil Rights.....	112
Strategic Employee and Organization Development.....	118
Public Safety and Emergency Services	
Law Enforcement and Security.....	121
Aviation Services.....	124
Technology and Business Services	
Chief Information Office.....	127
Collaborative Action and Dispute Resolution.....	131
Central Services	
Central Administrative Services.....	134
Payments in Lieu of Taxes.....	136
<u>Management Services</u>	
Office of Hearings and Appeals.....	137
Office of Valuation Services.....	141
Indian Arts and Crafts Board.....	144
USBM Workers Compensation Costs.....	149
<u>Natural Resources Revenue</u>	
Office of Natural Resources Revenue Overview.....	150
<u>Mineral Leasing Receipts</u>	
Mineral Leasing Receipts.....	170

FISCAL YEAR 2017 BUDGET JUSTIFICATIONS

Table of Contents

DEPARTMENT-WIDE PROGRAMS

Other Appropriations

Trust Land Consolidation Fund.....	190
Take Pride in America, Gifts and Bequests.....	195
Land and Water Conservation Fund.....	196

Appropriation: Payments in Lieu of Taxes

Appropriation Language Information.....	198
Expiring Authorizations.....	199
Program Overview.....	200
PILT Payments by State and Territory.....	202
Program and Financing Schedule.....	203
Employment Summary.....	203

Appropriation: Central Hazardous Materials Fund

Appropriation Language Sheet.....	204
Appropriation Language Citations.....	205
Budget at a Glance.....	206
Summary of Requirements.....	207
Justification of Fixed Costs and Internal Realignments.....	208
Programming and Financing Schedules.....	215
Object Classification	216
Employee Summary.....	216

Appropriation: Working Capital Fund

Appropriation Language Sheet.....	217
Justification of Proposed Language Changes.....	218
Appropriation Language Citations.....	219
Administrative Provisions and Citations.....	221
Budget at a Glance.....	223
Summary of Requirements.....	224
Programming and Financing Schedules.....	225
Object Classification	227
Employment Summary.....	227
Business Integration Office (FBMS): Justification of Program and Performance.....	228
Service First: Justification of Program and Performance.....	231
Cultural and Scientific Collections: Justification of Program and Performance.....	234
Office Consolidation: Justification of Program and Performance.....	237
DATA Act Compliance: Justification of Program and Performance.....	239
FITARA Implementation: Justification of Program and Performance.....	241
Cybersecurity: Justification of Program and Performance.....	244

FISCAL YEAR 2017 BUDGET JUSTIFICATIONS

Table of Contents

Working Capital Fund - Reimbursable Activity	
Narrative Statement.....	246
FTE and Revenue by Activity.....	250
Revenue by Customer.....	263
OS Activities - Detail - Centralized Billing.....	264
OS Activities - Detail - Direct Billing.....	374
Interior Business Center (IBC) Activities - Detail - Direct Billing.....	394
Charge Card Rebates.....	425
<u>Appropriation: Interior Franchise Fund (IFF)</u>	
Narrative Statement.....	426
Use of IFF Reserves.....	428
IFF Revenue and Expense Summary.....	428
Program and Financing Schedule.....	431
Object Classification Schedule.....	432
Employment Summary.....	432
<u>General Provisions</u>	
General Provisions.....	433
<u>Legislative Proposals</u>	
Legislative Proposals.....	461
<u>Appendix</u>	
Authorizing Statues.....	A-1

Activity: Natural Resources Revenue

	2015 Actual	2016 Enacted	2017				Change from 2016 (+/-)
			Fixed Costs & Related Changes (+/-)	Internal Transfers (+/-)	Program Changes (+/-)	Budget Request	
Office of the Secretary, Departmental Operations							
2 Year	83,331	87,219	+589	0	+3,198	91,006	+3,787
No Year	38,300	38,300	0	0	0	38,300	0
Total							
(\$000)	121,631	125,519	+589	0	+3,198	129,306	+3,787
FTE	635	662	0	0	+7	669	0

Summary of 2017 Program Changes

The 2017 budget request for the Office of Natural Resources Revenue (ONRR) is \$129.3 million, which is \$3.8 million above the 2016 enacted level. The 2017 budget requests the additional resources necessary to fully fund the Osage Trust Accounting initiative. This initiative reduces redundancy and fragmentation, leverages ONRR's systems and processes to provide Trust Accounting services to the Osage Nation consistent with the services ONRR effectively provides to other Tribes receiving mineral revenue, and mitigates Department-level risk. The 2017 budget also requests \$1.0 million to pursue a valuable investment in Geospatial Information Systems (GIS), and \$1.2 million to strengthen audit and compliance mission funding.

Request Component	(\$000)	FTE
Osage Trust Accounting	+ 968	+4
Geospatial Information Systems	+1,000	+3
Strengthen Audit & Compliance Funding	+1,230	+0

Justification of 2017 Program Changes

Osage Trust Accounting (+\$968,000 / +4 FTE): ONRR received \$2.6 million in partial funding for this initiative in FY 2016 and is requesting an additional \$968,000 in FY 2017 in order to implement this effort. Without additional funding, ONRR will be unable to fully assume the oil and gas revenue and production reporting and verification program on Osage lands, and the Department will be unable to comply with the settlement agreement with the Osage Tribe. These Trust services can only be provided in full. The partial funding received in 2016 does not allow ONRR to implement the full suite of tools required to fulfill the Department's Trust responsibilities for the Osage Tribe.

After the Osage Tribe obtained two judgments against the United States, the Department reached a negotiated settlement with the Tribe in 2011. The United States paid the Osage Tribe \$380 million to compensate the Tribe for historical losses to its trust funds and interest income

resulting from the government's management of trust assets. As part of the settlement, the Department and the Tribe agreed to rewrite the applicable regulations at 25 CFR 226. The regulations envision a transition of selected authorities to ONRR via a delegation of authority from the Agency Superintendent, the Bureau of Indian Affairs (BIA).

As required by legislation, the BIA currently administers the oil and gas revenue and production reporting and verification program on Osage lands in Oklahoma. However, BIA does not currently provide these services or have the systems, processes and procedures needed to fulfill the 2011 settlement agreement. To leverage existing resources, this budget request allows BIA to draw from ONRR's expertise and existing system functionality to provide enhanced trust services at Osage through a delegation of authority to ONRR.

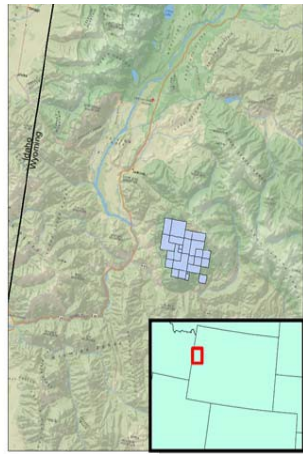
With the additional funding requested in FY 2017, ONRR will fully assume the oil and gas revenue and production reporting and verification program on Osage lands. In total, this work will add 5,000 leases, 30,000 producing wells, and 800 operators to ONRR's systems. This will increase ONRR's Indian lease administration workload by 82 percent. In addition, ONRR will conduct functions for managing reference data, royalty reporting and payments, collections, financial processes, production reporting, compliance, and enforcement.

Geospatial Information Systems (+\$1,000,000 / +3 FTE): The expansion of ONRR's Geospatial Information Systems (GIS) capabilities will dramatically improve the effectiveness of ONRR's compliance, auditing, and enforcement functions by providing ready access to location and configuration of leases, transportation lines, and relevant data needed to accurately determine the value of the resources produced. Enhanced GIS capabilities will provide the added benefit of providing support for U.S. EITI's implementation efforts, and fostering stronger partnerships with Bureau of Land Management (BLM), BIA, Bureau of Ocean Energy Management (BOEM), Bureau of Safety and Environmental Enforcement (BSEE), and other agencies. An expanded GIS effort will enable ONRR to meet many of the strategic goals within the DOI Geospatial Advisory Committee's Geospatial Services Strategic Plan (GSSP), including ensuring geospatial information is available and accessible to employees and stakeholders, ensuring accountability and development of geospatial resources, strengthening collaborative partnerships, and sustaining a technology environment that allows for geospatial information to be easily and effectively used.

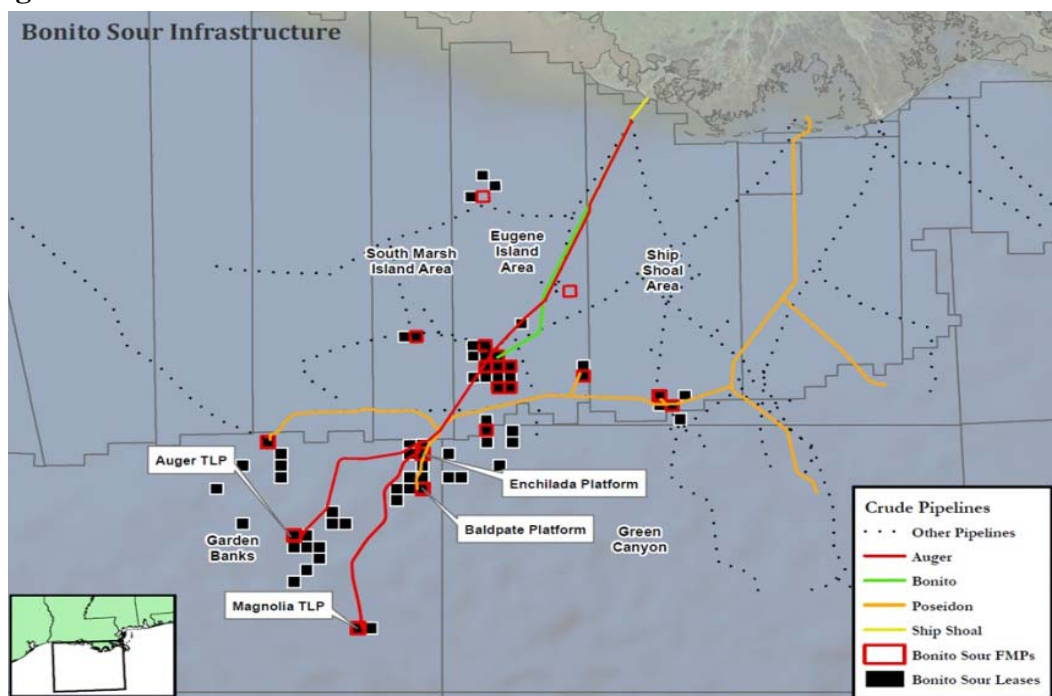
GIS is a powerful tool that will allow ONRR to use the visual benefits of mapped data to understand better the relationships between properties, such as leases and transportation lines. As an organization whose work relies on the location of a property to determine accurately the value of the resources produced, effectively depicting where royalties and production occur will instantly add a dimension to data that will allow ready access to information previously hidden. For example, without access to an accurate GIS, ONRR employees have had limited, manually intensive ways of determining that a sample of leases are adjacent and should share similar economics and market dynamics. In an instant, a GIS map (Figure 1) quickly reveals that leases are adjacent to each other.

Figure 1: Wyoming Leases

- 0490204390
- 0490204720
- 0490205550
- 0490211370
- 0490268770
- 0490309840
- 0490319900
- 0490389320
- 0490402450
- 0490402470
- 0490402500
- 0490452660
- 0490452670
- 0490524180
- 0490560330



By integrating current data with a GIS, ONRR can more readily identify the paths to market from a pool of leases, rather than starting with information on individual leases in isolation. This capability will enable auditors to identify accurately specific leases to use when calculating weighted average sales prices for use in audits and compliance reviews. This process will be much more accurate than the current method of grouping all properties within a county or area. Figure 2 illustrates how this tool can be valuable using an example in the Gulf of Mexico. Currently, a weighted average price would be calculated for numerous leases in the Garden Banks area in the Gulf of Mexico. By mapping the leases and the pipeline infrastructure, it is clear that Magnolia TLP production travels on a different leg of the Auger pipeline than the Auger TLP production. By using this type of information, leases that should be grouped when calculating weighted average prices can be quickly identified.

Figure 2: Offshore Gulf of Mexico GIS Data

Strengthen Audit & Compliance Funding (+\$1,230,000 / +0 FTE): In FY 2016, ONRR did not receive \$1.23 million to cover fixed cost increases, and had to absorb those costs. However, since ONRR's first priority is to continue to ensure the stability and integrity of its core financial collection and disbursement functions, the audit and compliance function is the area where ONRR has discretion to reduce activity.

Without the additional funding requested, this ongoing \$1.23 million reduction to audit and compliance activities degrades the Department's revenue management function and will likely cost more in lost compliance collections than is saved in budgetary resources. Based on historical averages, an ongoing \$1.23 million reduction in audit and compliance functions reduces compliance revenues by \$3.2 million each year. This reduction to audit and compliance functions also negatively impacts ONRR's ability to provide reasonable assurance that the Department is collecting the Government's share of revenue from oil and gas produced on Federal lands.

Program Overview

The Office of Natural Resources Revenue (ONRR) is responsible for collecting, disbursing, and verifying Federal and Indian energy and other natural resource revenues on behalf of all Americans. In FY 2015, ONRR disbursed over \$9.87 billion to the U.S. Treasury, various State and American Indian accounts, and special use accounts, such as the Reclamation Fund.

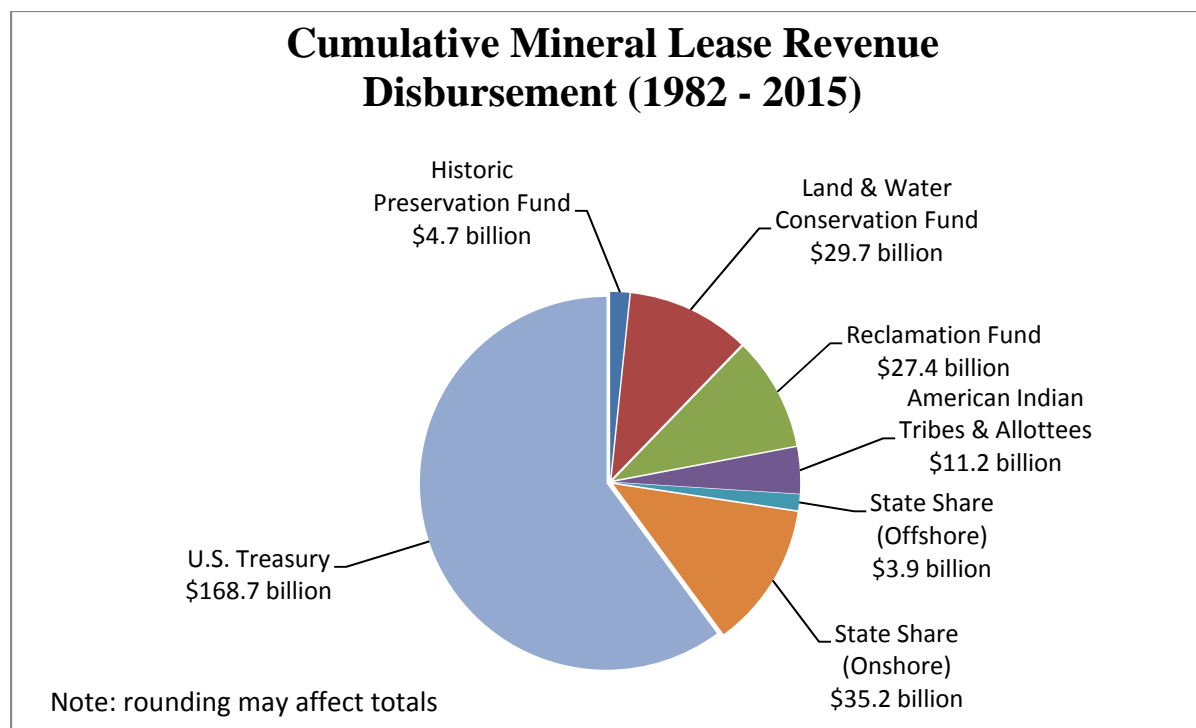
Every American benefits from the revenues generated from mineral resources, either directly through payments to Tribes and Individual Indian Mineral Owners (IIMOs) or indirectly through payments to the Historic Preservation Fund, the Land and Water Conservation Fund, the Reclamation Fund, States, and the General Fund of the U.S. Treasury.

The beneficiaries of disbursements in FY 2015 included:

- ***U.S. Taxpayers — \$4.75 Billion***
Mineral leasing revenues are one of the Federal Government's greatest sources of non-tax receipts, funding various government functions and programs through the General Fund of the U.S. Treasury.
- ***States — \$1.84 Billion***
Mineral revenues disbursed to States can be a significant element of a State's financial resource picture, providing funding for local schools, roads, libraries, public buildings, and general operations, as the States deem necessary.
- ***Western Water Users — \$1.39 Billion***
Mineral revenue receipts fund a significant portion of the U.S. Bureau of Reclamation's water resource development and maintenance work in the western United States. Spending from the account is subject to appropriation.
- ***Conservation and Recreation Programs — \$889 Million***
ONRR transfers nearly \$900 million annually to the Land and Water Conservation Fund (LWCF) to be used as a resource for Federal, State, and local governments to help acquire, develop, and improve outdoor recreation areas. Most spending from the account is currently subject to annual appropriation.
- ***American Indian Tribes and Indian Mineral Owners — \$853 Million***
Monies collected from mineral leases on Indian lands are distributed regularly to Tribal governments or IIMOs. These funds provide direct and tangible benefits to thousands within the American Indian community, often as a major source of primary income.
- ***Preservation — \$150 Million***
ONRR annually transfers \$150 million to the National Historic Preservation Fund (HPF) as "seed money" to preserve and protect our Nation's irreplaceable heritage for current and future generations. This fund is administered to help save the historic buildings, neighborhoods, and landscapes that form our communities and enrich our lives.

The Federal government has been collecting revenues from mineral production on Federal onshore lands since 1920; on American Indian lands since 1925; and on Federal offshore lands since 1953. In 1982, the Federal Oil and Gas Royalty Management Act called upon the Department to establish a comprehensive, consolidated system for the collection, accounting, and disbursement of these revenues. Since that time, Interior has provided over \$280 billion to Federal, State, and American Indian recipients through this program. Approximately 60 percent of all annual collections have gone to the General Fund of the U.S. Treasury, 22 percent to special purpose funds, 14 percent to States, and almost 4 percent to the American Indian community.

Special purpose funds, including the LWCF, the HPF, and the Reclamation Fund, have received \$61.8 billion in ONRR-collected mineral revenues since 1982.



ONRR conducts work in three key areas to support its mission to “collect, disburse, and verify Federal and Indian energy and other natural resource revenues on behalf of all Americans” including:

- Financial and Production Management.** These activities ensure that all revenues from Federal and Indian leases are efficiently, effectively, and accurately collected, accounted for, and disbursed in a timely manner. This program also supports efforts to ensure accurate reporting of production volumes and to enhance production measurement verification.
- Audit and Compliance Management.** These activities ensure that the Nation’s Federal and Indian mineral revenues are reported and paid accurately. Federal and Indian compliance assurance activities represent a large and critical part of the operational strategy, ensuring that companies comply with applicable laws, regulations, and lease terms.
- Coordination, Enforcement, Valuation, and Appeals.** These activities ensure consistency and oversight in valuation regulations and determinations, market research and information gathering, and enforcement actions and appeals. This program’s activities also include outreach sessions with American Indian constituents, resolution of their royalty-related inquiries, and administration of cooperative agreements with States and Tribes.

ONRR exists in a dynamic environment, and its activities continuously evolve in response to Congressional mandates and industry changes. Since ONRR’s formation, energy legislation and the energy industry have undergone significant changes. Yet, ONRR has consistently adapted to

these changes, while also looking for innovative improvements and operational efficiencies to best pursue its mission and to serve the American people.

In order to ensure effective controls over program operations and financial management systems that meet the objectives of the Federal Managers' Financial Integrity Act (FMFIA), ONRR's assessments of internal controls are conducted consistent with applicable laws and regulations as the Office of Management and Budget (OMB) Circular A-123, *Management's Responsibility for Internal Controls*, requires. The objectives of these assessments are to ensure that ONRR programs achieve their intended results; resources are used consistent with agency mission; resources are protected from waste, fraud, and mismanagement; laws and regulations are followed; and reliable and timely information is maintained, reported, and used for decision-making.

ONRR Strategic Goals

ONRR's internal strategic review and reviews conducted by external organizations served as the impetus behind the creation of ONRR's Strategic Goals. These goals include:

- **Overarching Revenue Management Policy:** Strengthening Department-wide management and accountability of natural resource revenue collection by developing policies and holistic strategies for risk mitigation and more efficient and accurate exchange of resource revenue data across the Department.
- **Diversity and Inclusion:** Enhancing diversity and inclusiveness through effective employee recruitment, retention, engagement, and training.
- **Revenue Collection:** Continuing to expand ONRR's role in revenue collection across the department, and developing strategies to efficiently and effectively align DOI's revenue collection, disbursement, and verification efforts.
- **Data Coordination and Access:** Increasing the efficiency and effectiveness of collaboration with other DOI Bureaus and Offices by enhancing inter-agency data coordination and access.
- **Royalty Reform:** Improving return to taxpayers by finalizing key reforms, including clarification and simplification of regulations governing valuation of oil and gas on Federal land and coal on Federal and Indian lands, and other strategic initiatives.
- **Production Measurement Verification:** Leveraging ONRR's expertise to improve DOI's production measurement inspection program to ensure accurate measurement of production volumes and assure that DOI is collecting every dollar due.
- **Revenue Transparency:** Increased focus on making DOI's data more accessible to the general public, including ONRR's lead role in supporting DOI implementation of the Extractive Industries Transparency Initiatives (EITI) in consultation with other key stakeholders.

ONRR is engaged in several initiatives to support the accomplishment of these strategic goals, such as the following:

ONRR-Wide Compliance Measures: In 2015, ONRR developed two new Government Performance and Results Act supporting measures intended to capture compliance work performed by all of its program areas. The first measure captures the value of ONRR's

compliance activities by measuring the additional annual collections that result from compliance work performed across the organization. The second measure captures the 3-year average return on investment (additional collections vs. costs) from audits, compliance reviews, and data mining activities. These two new supporting measures will provide ONRR with a consolidated view of our success in ensuring industry compliance, allowing a high standard for accountability to be set for the organization.

Diversity and Inclusion: In 2015, ONRR continued dedicating numerous resources to implement Executive Order 13583: Establishing a Coordinated Government-wide Initiative to Promote Diversity and Inclusion in the Federal Workforce by:

- Creating a pilot Diversity and Inclusion Leadership Council (DILC) charged with planning and coordinating diversity and inclusion related strategies and programs at ONRR, as well as, guiding the work of all ONRR Diversity Change Agents (DCAs) by providing a forum to share ideas and assisting with strategies.
- Completing the work of three Implementation Work Groups (IWG): Leveraging Diversity in Recruitment and Hiring; Education and Exposure; and Maximizing Employee Potential. The three groups had an enormous impact on the organization from providing numerous marketing tools to implement the “30 Tips of Dignity and Respect” campaign, to creating resources for managers and supervisors in the recruitment and retention of a diverse mix of employees.
- Dedicating an additional 18 employees to the DCA program and certifying seven employees to teach Franklin Covey’s Championing Diversity and Speed of Trust courses. ONRR created a two-day version of the courses called “Leading Diversity and Trust”, and approximately 75 percent of the organization completed the class at the end of FY 2015.

In 2016, ONRR will continue to facilitate the improvement of inclusion within the workplace and our ability to further the Department’s initiative related to diversity by publishing our first Diversity and Inclusion 5-year Strategic Plan. This plan will help sustain the valuable work completed by the IWGs, and will guide the 71 DCAs in their duties and other inclusion efforts moving forward.

Information Technology (IT): Information systems play a key role in ONRR’s collection and disbursement of the Nation’s mineral revenues. The Minerals Revenue Management Support System (MRMSS) is critical to ONRR’s ability to account for and disburse mineral revenues in a timely fashion to the U.S. Treasury, States, and American Indians.

During 2014 and 2015, ONRR was engaged in creating a new component in MRMSS, the Operations Management Tool (OMT), which allows ONRR to automate planning, execution, monitoring, measurement, and reporting of all of ONRR’s compliance processes. This tool consolidates current offline compliance tracking systems with an upgrade to the existing Compliance Information Management (CIM) within the MRMSS. During 2015, ONRR designed OMT to create a single integrated solution to seamlessly manage and track compliance work assignments, allow for the use of electronic media in order to reduce the dependency on

hard copy documentation, and automate and conduct risk analysis via an online system. OMT will integrate data mining, valuation, enforcement, appeals, compliance reviews, and audits.

Collaboration with Partners: ONRR continues to strengthen its longstanding relationships with other bureaus due to the interdependent nature of our missions. ONRR works in partnership with BIA, BLM, and the Office of the Special Trustee for American Indians (OST), to fulfill Interior's trust and fiduciary responsibilities to Indian beneficiaries. ONRR is also committed to ensuring an effective, ongoing relationship with the other two entities that were established from the former Minerals Management Service: BOEM and BSEE. Additionally, ONRR has strengthened holistic management of oil, gas, and other natural resources by implementing standard operating procedures applicable to guide all DOI bureaus and offices in the management of Federal and Indian mineral resources.

U.S. Extractive Industries Transparency Initiative

Implementing the Extractive Industries Transparency Initiative (EITI) is a featured commitment under the U.S. Open Government Partnership National Action Plan. In announcing the U.S. intent to implement EITI in September 2011, the President designated the Secretary of the Interior as the senior U.S. official responsible for USEITI Implementation.

EITI offers a voluntary framework for governments to disclose revenues received from oil, gas, and mining assets belonging to the State, with parallel disclosure by companies of what they have paid the government in royalties, rents, bonuses, taxes, and other payments. The design of each EITI framework is country-specific and is developed through a collaborative process by a multi-stakeholder group comprised of government, industry, and civil society representatives.

USEITI provides additional oversight of the collection and disbursement of the revenues ONRR collects on behalf of the American people for the use of public resources. Supporting USEITI advances the revenue reform efforts underway in ONRR and strengthens the public's trust in ONRR's stewardship through enhanced public participation, transparency, and accountability.

The Department published the first USEITI Annual Report in December 2015. The report contains three main parts: (1) Department of the Interior unilateral disclosure of all reported revenues, disaggregated to the company level, by commodity and revenue stream; (2) contextual information on the extractive industries in the U.S. with easy access to authoritative, publicly available data; and (3) reconciliation of revenues paid to and received by the Federal Government.

Financial and Production Management

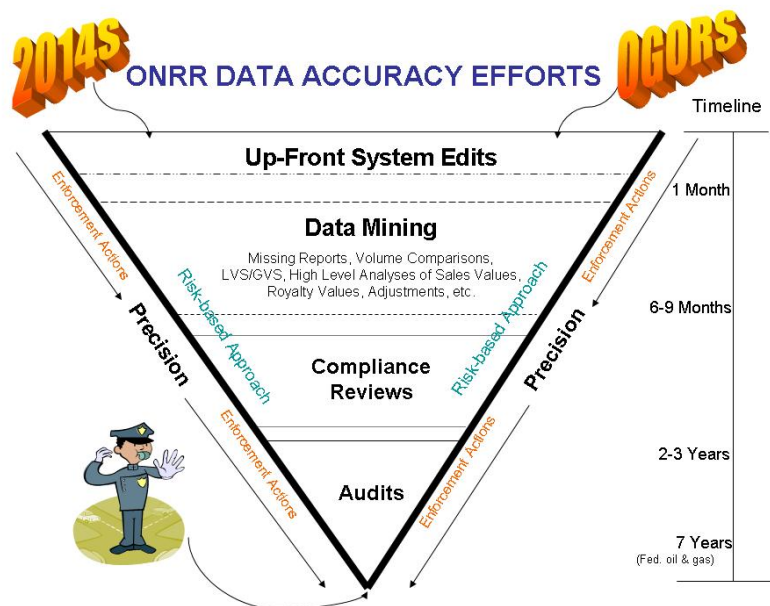
The Federal Oil and Gas Royalty Management Act of 1982 (FOGRMA), as amended, requires monthly distribution and disbursement of payments to States and Indians for their share of mineral leasing revenues. The distribution and disbursement function within ONRR is intended to ensure that collections from Federal and Indian mineral leases are properly disbursed to the appropriate recipients including the U.S. Treasury, Federal entities, 37 States, and 34 American Indian Tribes. In FY 2015, ONRR disbursed over \$9.8 billion to the U.S. Treasury, various State and American Indian accounts, and special-use accounts such as the Land and Water Conservation Fund. ONRR disbursed these amounts in accordance with legislated formulas.

As part of the revenue collection process, ONRR collects annual rental revenues and reporting information on more than 29,000 non-producing leases and monthly royalty revenue and sales reports on more than 32,000 producing onshore and offshore Federal leases.

Each month, ONRR receives and processes about 49,000 royalty and production reports, containing approximately 845,000 lines of data, from approximately 3,300 royalty payors and 1,500 production reporters. ONRR received approximately 99 percent of reporting electronically in 2015. Through this royalty and production reporting, ONRR collects and maintains several forms of primary data, including:

- Property data, such as information on mineral leases, mineral-producing or revenue-paying companies, and commodity purchasers.
- Mineral revenue and production data, consisting of monthly-required reports and payments.
- Data related to rents, mineral royalties, and mineral production volumes.
- Market and sales data required for verifying compliance.

To ensure that ONRR collects the proper revenues on the Federal and Indian royalty share, ONRR performs automated processing of royalty and production reports, coordinating reporting and payment matters with industry, State governments, American Indian Tribes, and other Federal agencies. Each Month, ONRR runs automated detection processes to ensure that industry follows Federal laws, regulations, and lease terms in their financial reporting.



Receiving proper payments includes ensuring that delinquent invoices are pursued in accordance with the Debt Collection Act. ONRR uses phone calls and demand letters to companies, notices to lessees/operating rights owners, demands to surety, referrals to the Justice Department for litigation or to the U.S. Treasury for collection, or if required, ONRR writes off uncollectable debt.

In addition to automated upfront system edits, ONRR performs data mining efforts as a second-level screening process in order to increase the accuracy of company-reported data before the data is subjected to compliance reviews and, ultimately, to audit.

Data mining efforts have resulted in collections of almost \$119 million in FYs 2010 through 2015, with approximately \$38 million in 2015.

Another component of ONRR's Financial and Production Management program relates to production reporting and verification. ONRR, in cooperation with BSEE and BLM, is focused on enhancing the Department's oversight of accurate measurement and reporting of production volumes. These efforts will 1) ensure that the Department accounts for all production from Federal offshore leases and Federal and Indian onshore leases, 2) provide greater assurance of data accuracy, 3) reduce the potential for data manipulation or fraud, and 4) mitigate the risk of production reporting errors.

Accomplishments & Future Goals

Timely Revenue Disbursement: ONRR ensures funds are disbursed to recipients by the end of the month following the month received, per statute. When disbursements are not timely, ONRR must pay late-disbursement interest to States. In 2015, timely disbursements were 99.3 percent against a target of 98 percent. ONRR exceeded its 2015 target due to a newly streamlined electronic reporting website for companies, which resulted in more efficient and accurate reports and payments from companies. During 2015, ONRR disbursed \$1.8 billion to States and more than \$850 million to American Indians as their cumulative share of revenues collected from oil, gas, and mineral production.

On December 4, 2015, the President signed the Fixing America's Surface Transportation (FAST) Act (Public Law 114-94). Section 32301 of the Act eliminates language in the Federal Oil and Gas Royalty Management Act of 1982 (30 U.S.C. 1721) requiring the Office of Natural Resources Revenue (ONRR) to pay interest to oil and gas companies when refunding companies for overpayments of actual royalties owed. This is consistent with the Administration's proposal in the President's budget for fiscal year 2016 to eliminate such interest accruals. Implementation of section 32301 of the FAST Act, which eliminates interest payments for overpayments to oil and gas companies, will take place in FY 2016.

Timely Service to American Indians: In 2015, ONRR transferred 100 percent of American Indian revenues received and identified to the Office of the Special Trustee for American Indians (OST) within one business day of receipt. To ensure prompt payment of mineral revenues to American Indian Tribes and individual Indian mineral owners (IIMOs), ONRR immediately deposits American Indian revenues into accounts that OST administers where they are invested and, from where BIA subsequently distributes to American Indian Tribes and IIMOs. BIA requires Financial Distribution Report information in order to distribute funds to IIMOs. ONRR

provides this lease distribution data to BIA twice each month. In 2015, ONRR provided lease distribution data to BIA for 99 percent of royalties by the first semi-monthly distribution, against a 98 percent target.

Financial Accountability: ONRR's financial system has automated internal controls and accounting processes to reconcile subsidiary and control accounts and to ensure proper recording and reporting of revenues. ONRR records financial transactions with an account structure consistent with the U.S. Government Standard General Ledger (USSGL). ONRR uses the USSGL accounts to prepare external reports to OMB and the U.S. Treasury and to provide financial information for inclusion in the annual consolidated Interior Agency Financial Report.

The Chief Financial Officer's (CFO) Act requires annual audits of the Department's financial statements that include a thorough review of ONRR's mineral revenue custodial accounts. These audits ensure that ONRR financial information fairly represents the transactions recorded within the ONRR financial system. To ensure accurate and timely compliance with all Federal requirements, ONRR has instituted monthly financial submissions to the Department and has accelerated end-of-year reporting to meet OMB requirements.

Unqualified Audit Opinion on Mineral Revenue Custodial Accounts: To provide greater assurance of the integrity of financial operations and the accuracy of financial data, ONRR undergoes annual financial audits, including a thorough review of mineral revenue custodial accounts. In November 2015, the Office of the Inspector General (OIG) released the Independent Auditors' Report on the Department of the Interior Financial Statements for 2014 and 2015, including ONRR's mineral revenue custodial accounts. The Department received an unqualified (clean) audit opinion for FYs 2014 and 2015. Additionally, this comprehensive external audit of ONRR's financial functions did not yield any audit findings in 2015.

Collection, Invoicing, and Data Mining: ONRR has several efforts underway to improve the accuracy of company-reported data used to collect and verify royalties. These efforts are in response to the Royalty Policy Committee (RPC) Subcommittee report and to a 2009 GAO report entitled *Mineral Revenues: ONRR Could Do More to Improve the Accuracy of Key Data Used to Collect and Verify Oil and Gas Royalties* (GAO-09-549).

ONRR continues to look for ways to improve the accuracy of company-reported data by implementing new automated upfront edits and data mining routines. ONRR subjects company-reported royalty data to more than 150 edit checks, and has incorporated up-front edits to prevent companies reporting royalties via the Internet from submitting erroneous data. In 2014, ONRR implemented new data mining processes to ensure that processed gas is reported with the associated natural gas liquids. ONRR also expanded its monitoring of reported adjustments that companies make to their previously filed royalty reports. ONRR is dedicating a significant amount of effort to a system upgrade project, developing new tools to automate and improve data mining processes.

Production Reporting for Onshore and Offshore Leases: ONRR oversees the timely reporting and processing of Oil and Gas Operations Reports (OGORs) for Federal and Indian onshore and Federal offshore leases. As with company-reported royalty data, ONRR subjects OGOR reports to numerous edit checks and has recently incorporated additional up-front edits. These edits, combined with ongoing efforts from the Production Reporting staff to train companies on proper

reporting have resulted in a continuous decline in error rates. For FY 2015, the cumulative error rate was 1.0 percent, with one month reaching an all-time low of 0.67 percent.

Additionally, ONRR has made tremendous progress in ensuring operators report production information in a timely manner. The Offshore Production Reporting staff ensures the accuracy of reported offshore production information through ONRR's automated Liquid Verification System (LVS) and Gas Verification System (GVS). The LVS/GVS systems compare company-reported OGOR production volumes to third party pipeline run tickets and third-party gas volume statements supplied by BSEE. Analysts resolve discrepancies between the OGOR and the third-party data sources to ensure companies accurately report production volumes, the cornerstone for downstream royalty collection efforts. Production Reporting staff routinely issue Orders to Report and work with the Enforcement Operations to issue Notices of Noncompliance to companies who fail to submit an OGOR or to report well-level production.

Production Inspection and Verification (PIV): ONRR, in cooperation with BSEE and BLM, is responsible for enhancing Federal and Indian oil and gas production accountability and has implemented a reimbursable support agreement with BSEE to perform production verification, meter inspections, and other production measurement oversight functions on offshore rigs, platforms, and production facilities. An offshore production verification team is operational in the Gulf of Mexico to inspect high-risk measurement facilities. To support the measurement inspection effort, ONRR Production Reporting and Verification (PRV) engineers provide in-depth analysis, verify the accuracy of OGORs, and coordinate work-plans with the BSEE offshore measurement inspectors to ensure inspections are prioritized based on high royalty value.

Since its inception in 2014, this offshore verification team has conducted inspections at 261 offshore facilities. These inspections resulted in 651 incidents of non-compliance (INCs) written. In addition, the team witnessed 82 oil meter provings and 45 gas meter calibrations. The INCs require companies to address deficiencies discovered by measurement inspectors and provide greater assurance the measured royalty volumes are reported correctly. The inspection efforts safeguard the integrity of the measurement process by requiring companies to measure accurately and in accordance with regulatory requirements, industry standards incorporated by reference, and BSEE measurement approvals.

ONRR has begun to build on the success of its offshore production verification program by replicating this model on onshore Federal and Indian lands. ONRR and BLM signed a Memorandum of Understanding in 2015 to support development of an agile inspection team to address onshore production hot spots and to develop measurement experts to assist with field-level inspections in BLM. Additional ONRR petroleum engineers will collaborate with BLM to ensure that complex measurement systems are reported correctly and in accordance with BLM approvals.

Feasibility Study and Production Measurement Risk: ONRR guided a technical team of ONRR, BLM and BSEE engineers in overseeing a research project to determine the feasibility of automated production meters to improve the accuracy of production measurements and to streamline reporting. ONRR plans to award a contract to pilot recommendations resulting from the 2015 feasibility study.

Audit and Compliance Management

ONRR's Federal and Indian compliance activities have yielded significant additional revenues to States, Tribes, Individual Indian Minerals Owners (IIMOs), and the U.S. Federal Treasury. Since 1982, the Department's additional collections of royalties and interest attributable to compliance activities total more than \$4.2 billion.

Together with its State and tribal partners, ONRR performs both audits and compliance reviews on specifically targeted and randomly selected companies and properties and focuses compliance efforts on gas plants, transportation systems, or other specific issues. These two compliance activities are described as follows:

- Audits are performed in accordance with Generally Accepted Government Auditing Standards (GAGAS). Audits have a high standard of verification in the form of evidence from company source documents and records, resulting in greater certainty of accurate payment and reporting.
- Compliance reviews supplement the audit program and provide reasonable assurance that all or part of the royalty equation is reported and paid correctly. Compliance Reviews focus on variations from expected norms. In some cases, compliance reviews result in resolution of open issues when companies provide requested additional documentation and/or make payment to remove a variance.

To develop the annual compliance work plan, ONRR incorporates data from its risk tool, including prior-year performance data, cost-per-audit and compliance review, current-year targets, and data available on audit and compliance resources in order to determine the appropriate mix of audits and compliance reviews. Royalty dollars remain a key component of the risk determination, resulting in a strong probability of high-revenue companies and properties being selected for audit or review.

Accomplishments & Future Goals

Audit and Compliance Reviews: During FY 2015, ONRR and its State and tribal audit partners closed 110 audits and completed 667 compliance reviews. State and tribal audit partners' compliance completion results are included in ONRR's performance results. The number of closed audits dropped slightly due to the delay in implementing the Operations Management Tool (OMT). This delay required auditors to remain as subject matter experts detailed to this initiative.

ONRR is implementing OMT across all business lines in the agency. New business processes have been instituted by the Audit and Compliance Management program to coordinate with all of ONRR in implementing OMT.

Indian Gas Lease Coverage: In FY 2015, ONRR ensured substantial compliance for 100 percent of Indian gas properties within three years for Indian-specific major portion/index pricing terms.

Peer Review of ONRR Audit Organization: GAGAS requires an independent peer review of its audit activities every three years. During FY 2014, ONRR engaged an independent auditing firm to conduct an external peer review of its audit organization. The peer review examined the

period of January 1, 2011, through December 31, 2013. The independent auditor issued a final report in 2014 with a rating of “Pass,” the highest possible rating. This is the fourth consecutive peer review rating indicating that ONRR’s audit functions are performed in accordance with professional standards. The independent auditor’s report concluded no material weaknesses or findings.

Coordination, Enforcement, Valuation, and Appeals

ONRR’s Coordination, Enforcement, Valuation, and Appeals program (CEVA) coordinates Federal and Indian (trust) management services, provides essential support to compliance efforts, and addresses industry appeals of ONRR orders.

Sections 202 and 205 of the Federal Oil and Gas Royalty Management Act of 1982 (FOGRMA), as amended, authorize the Secretary to develop cooperative and delegated agreements with States and Tribes to carry out certain inspection, auditing, investigation, and enforcement activities for leases in their respective jurisdictions. The States and Tribes are working partners and an integral aspect of the overall compliance efforts. Tribes are self-empowered to perform audits on Tribal mineral royalties within their reservations, and the States perform audits on Federal leases within their boundaries. ONRR conducts compliance reviews and audits to provide compliance coverage over properties not covered by the States and Tribes. For ONRR, cooperative agreements provide knowledgeable State and Tribal representatives who understand the systems and business processes for collecting, accounting for, and distributing mineral revenues. States and Tribes benefit by developing auditing skills, increasing knowledge of mineral revenue management, and gaining experience with ONRR’s systems, processes, and regulations. This experience is particularly beneficial for Tribes, as Tribal participants are then able to help their Tribal leaders make informed decisions. Through this face-to-face contact, ONRR and State and Tribal employees are able to identify and work through issues for mutual benefit.

In addition to the Section 202 Tribal Cooperative Agreement Program, ONRR also conducts Indian outreach activities. ONRR uses several outreach methods, such as Navajo radio broadcasts and attending pow-wows, to reach American Indian constituents, with the goal of fulfilling the Secretary of the Interior’s trust responsibility to American Indians. These outreach events enable ONRR to listen to concerns and suggestions for royalty accounting improvements, answer questions, and identify and resolve mineral-related problems in partnership with BLM, BIA, and OST. ONRR’s goal is to vigorously and effectively fulfill our trust responsibilities and to foster a positive working relationship with the Indian community.

Revenue Enforcement ensures industry compliance with laws, regulations, and ONRR orders by investigating violations and issuing notices of noncompliance and civil penalty notices. Debt Enforcement enforces financial obligations by filing proofs of claims in bankruptcy cases, collecting bankruptcy payments, and referring debts to Treasury for collection. Litigation Support prepares the administrative records for Director decisions appealed to the Interior Board of Land Appeals, supports administrative hearings requested on civil penalties assessed, and monitors tribal trust litigation and appeal bonds. Alternative Dispute Resolution is used to resolve disputes by facilitating compliance or negotiating the settlement of disputes.

ONRR’s Appeals group is responsible for writing decisions when the recipient of an ONRR

order appeals to ONRR's Director (or BIA's Director for appeals involving Indian leases). The decisions analyze, interpret, and apply statutes, regulations, lease terms, unit and communitization agreements, and guidance documents. ONRR's Appeals group also supports the Office of the Solicitor and the Department of Justice in any appeal of a Director decision to the Interior Board of Land Appeals (IBLA) or Federal Court.

ONRR's Valuation business processes include economic analysis, reporting and market research, and royalty valuation. The royalty valuation organization develops regulations, provides guidance both internally and to State and Tribal audit programs, issues royalty valuation determinations, provides unbundling determinations to industry, and approves exceptions to transportation and processing allowance limits.

Accomplishments & Future Goals

Delegated and Cooperative Compliance Agreements with States and Tribes: In May 2012, pursuant to Executive Order 13175, ONRR implemented the Tribal Consultation Policy, which allows ONRR to meet more effectively its responsibilities in supporting the Department's government-to-government relationship with Indian Tribes. The ONRR policy implements consultation practices on regulations, rulemakings, policy, guidance, legislative proposals, grant funding formula changes, and operational activity that may have a substantial and direct effect on a Tribe.

Currently, ONRR has agreements with ten States and six Tribes to perform compliance activities for leases in their jurisdictions. ONRR included State and tribal audit partners' compliance completion results in performance results. In 2015, ONRR allocated \$12.95 million to States and Tribes in the 202/205 program. ONRR allocates its available budget resources for the 202/205 program by analyzing cost, workload, and risk data, such as total revenues and number of producing leases, to apply "best business case" criteria to the funding allocation among States and Tribes.

Communication and Consultation with American Indians: During FY 2015, ONRR held 133 outreach sessions with American Indian constituents and resolved 14,160 royalty-related inquiries. ONRR has experienced a large increase in inquiries in recent years. Significant increases in oil and gas development in North Dakota, Montana, Oklahoma, and Utah, have spurred more inquiries from individual Indian mineral owners in those States.

Through a Federal Partners Groups in three regions and the Bakken Federal Executives Group, ONRR is coordinating with several Federal agencies to address a wide range of coordination issues associated with increased production in the Bakken Formation in North Dakota. ONRR is working with BIA, the Office of Indian Energy and Economic Development, BLM, OST, FWS, the U.S. Geological Survey, the Environmental Protection Agency, and others to address concerns raised by Indian Tribes and individual Indian mineral owners in Kansas, Montana, North Dakota, Oklahoma, Texas, and Utah.

Revenue Enforcement: The Civil Penalty program is a tool ONRR uses to encourage compliance and to deter future violations. ONRR issues civil penalties when companies fail to comply with or knowingly or willfully violate applicable regulations or laws. The Federal Oil and Gas Royalty Management Act of 1982 (FOGRMA) authorize such penalties. Interior has collected

more than \$54.0 million in civil penalties since 1982. In FY 2015, ONRR assessed \$9.7 million in civil penalties.

Debt Enforcement & Litigation Support: ONRR provides litigation support to the Office of the Solicitor and Department of Justice in appeals before the Department and in Federal Court. Litigation support includes preparing proofs of claims to submit in bankruptcy cases and collecting any monies due. Since FY 2000, Interior has collected \$17.5 million from such bankruptcy cases and, in FY 2015, collected \$100,000. ONRR also refers debts to the Department of Treasury for collection. Since 2003, ONRR collected over \$7.5 million from debts referred to Treasury and, in FY 2015, collected \$1.5 million.

Alternative Dispute Resolution (ADR): ADR was a tool that ONRR used to facilitate compliance with ONRR orders by either convening meetings with companies and auditors to discuss disputed issues or negotiating settlements of disputes when there was a risk that ONRR might not prevail in litigation. Use of ADR resulted in the collection of \$2.3 billion through settlements since 1987 and, in FY 2015, resulted in collection of \$2.7 million. Starting in FY 2016, the ADR function will be performed in Appeals.

Appeals: Since 1987, the Department has rendered decisions in appeals involving \$2.9 billion in additional royalties, rentals, liquidated damages, and interest. In FY 2015, ONRR completed Director decisions or otherwise disposed of appeals of orders with a total dollar value of \$17.2 million.

Valuation Regulations: ONRR published a Notice of proposed rulemaking to amend the valuation regulations for oil, gas and coal produced from Federal leases and coal produced from Indian leases on January 6, 2015. The proposed rule focused on providing greater simplicity, certainty, and consistency in valuation for mineral lessees and mineral revenue recipients. ONRR received input from over 300 commenters and over 190,000 signatories by the comment period closure date of May 8, 2015. ONRR categorized, reviewed, and analyzed these comments and completed a rough working draft final rule at the end of FY 2015. ONRR plans to publish the final regulations in 2016.

The Indian Oil Negotiated Rulemaking Committee was established under the authority of the Federal Advisory Committee Act of 1972 and chartered by Secretary Salazar in December 2011. Its purpose was to advise ONRR on rewriting the major portion provision of the current Indian oil valuation rule to reflect changes better in the oil markets and concerns over valuation methodology. Comprised of representatives of Tribes and Indian mineral owners, industry, the BIA, and ONRR, the Committee concluded its work in September 2013 and delivered its final report to Secretary Jewell in December 2013. ONRR published the final rule on May 1, 2015 with an effective date of July 1, 2015. ONRR now publishes a monthly Indian Oil Major Portion price for approximately 35 Indian designated area and product code combinations and estimates these prices will result in over \$20 million in additional royalties for the Indian community.

ONRR Performance Overview

ONRR's performance charts are provided in the subsequent pages.

Performance Overview: Office of Natural Resources Revenue									
Mission Area 3: Powering Our Future and Responsible Use of the Nation's Resources									
Goal #1: Secure America's Energy Resources									
Strategy #4: Account for Energy Revenues									
Target Codes: SP = DOI Strategic Plan measures 300 = Exhibit 300: Capital Asset Plan									
Type Codes: C - Cumulative Measures A - Annual Measures F - Future Measures BUR = Bureau specific measure									
Supporting Performance Measures	Type	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Plan	2017 President's Budget	Change from 2016 Plan to 2017 Budget	Long-term Target 2019
Percent of Federal and Indian revenues disbursed on a timely basis per statute (SP, 300)	A	99.3% (\$2,857B / \$2,878B)	98.8% (\$3,010B / \$3,045)	99.5% (\$3,407B / \$3,423B)	99.3% (\$2,659B / \$2,679B)	98%	98%	0%	98%
Comments	<ul style="list-style-type: none"> This measure reports the timely disbursement of revenues that are subject to late disbursement interest (LDI). ONRR is required by statute to disburse Federal funds to recipients by the end of the month following the month of receipt. ONRR is also required to deliver Indian lease data to BIA by the end of the month following the month of receipt so that OST can disburse revenues to Indian recipients. When not provided timely, these revenues are subject to late disbursement interest. Performance for timely disbursement of Federal and Indian revenues has been at a very high level of achievement, averaging 99 percent over the past four years (FY 2012-2015). It is important to note that ONRR duly deposits all American Indian receipts into interest bearing accounts, and once reporting identifies where flooding should be directed, the interest is also disbursed to American Indian recipients, making the recipients whole. While ONRR consistently aims to obtain 100% on-time disbursements, the FY 2016 target is conservatively set at a reasonable 98 percent. 								
Three-year Average Compliance Return on Investment (ROI) (300)	A	N/A	\$2.83	\$2.87	\$2.26	\$2.00	\$2.00	\$0.00	\$2.00
Comments	<ul style="list-style-type: none"> This is ONRR's method of monitoring the efficiencies of compliance reviews, audits, and data mining. It measures the collection cost ratio. To mitigate variations in collections, thus providing better management information, this is measured as an average over the current + previous 2 years. ONRR direct labor, State, and Tribal audit and CR costs and collections are included in this measure. 								
Total Annual Compliance Collections (\$Millions)	A	\$154.3	\$115.9	\$139.4	\$114.9	\$110.0	\$110.0	\$0.0	\$110.0
Comments	<ul style="list-style-type: none"> Collections are additional monies received as a result of ONRR's proactive efforts - compliance activities, data mining, and exception processing - to ensure receipt of all revenues due. Collections include additional royalties, interest, and penalties. 								
Late disbursement interest costs (BUR)	A	\$47K	\$241K	\$183K	\$347K	Not more than \$50K	Not more than \$50K	\$0	Not more than \$50K
Comments	<ul style="list-style-type: none"> Per statute, revenue is due the states not later than the last business day of the month following the month of receipt, and interest is due for onshore revenues not disbursed timely to states. This measure reflects the work performed by various groups within ONRR including Reference Data, Royalty Reporting, Accounts Receivable, and Accounts Payable. ONRR's goal is to maintain the yearly amount paid out in late disbursement interest (LDI) to under \$50K. Of the FY 2015 LDI amount, \$106,780 is considered LDI that is within the control of ONRR. An additional \$240,000 was due to several situations that were only partially under ONRR's control. Of the FY 2014 LDI amount, \$28,335 is considered LDI that is within the control of ONRR. An additional \$154,374 was due to several situations that were not under ONRR's control. Of the FY 2013 late disbursement interest amount, \$6,759 is non-system-related LDI. An additional \$234,288 resulted from a system problem detected early in the year. This system problem prevented some cleared and closed royalty and invoice lines from processing through Accounts Payable. Steps have been taken to correct the problem and prevent its reoccurrence. 								

Supporting Performance Measures	Type	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Plan	2017 President's Budget	Change from 2016 Plan to 2017	Δ Long-term Target 2019
Transfer X percent of revenue to OST within 1 business day of receipt (BUR)	A	100% (\$343.8M/ \$343.8M)	100% (\$643.3M/ \$643.3M)	100% (\$805.0M/ \$805.0M)	100% (\$538.7M/ \$538.7M)	100%	100%	0%	100%
<i>Comments</i>	This measures the percentage of all Indian revenue received on a daily basis that is transferred to OST within one business day of identification. ONRR monitors the timeliness of the money transfer to ensure fulfillment of ONRR's Indian Trust responsibilities.								
Percent of royalties for which lease data provided to BIA by first semi-monthly distribution (300)	A	98.9% (\$333.7M/ \$337.4M)	99.1% (\$543.7M/ \$548.6M)	99.7% (\$795.5M/ \$798.0M)	99.0% (\$613.9M/ \$620.4M)	98%	98%	0%	98%
<i>Comments</i>	ONRR's goal is to provide the Bureau of Indian Affairs (BIA) the lease data needed to disburse revenue to individual Indian mineral owners no later than the first semi-monthly distribution following the month of receipt of the revenue. The BIA needs this lease data so that the Office of Special Trustee (OST) can disburse revenues to correct recipients.								
Ensure systems availability (300)	A	99.9% (215,760 min/ 216,000 min)	99.3% (213,432 min/ 215,040 min)	99.6% (203,945 min/ 204,816 min)	99.6% (203,182 min/ 204,000 min)	99%	99%	0%	99%
<i>Comments</i>	This measures the overall, online availability of the Minerals Revenue Management Support System (MRMSS). The MRMSS is comprised of the ONRR Financial Subsystem, the ONRR Compliance Subsystem, and the ONRR Data Warehouse/Business Automation Services Subsystem.								
Outputs									
Compliance Reviews Completed		891	780	557	667	470	550	80	600
<i>Comments</i>	<ul style="list-style-type: none"> The number of compliance reviews dropped in FYs 2012 through 2015 because there have been a number of retirements in the job classification that conducts the majority of compliance reviews and few new hires have been added to replace them. ONRR is implementing the Operations Management Tool (OMT) across all business lines of the agency. New business processes have been instituted by ACM to coordinate with all of ONRR in implementing OMT. One new process is how completed compliance reviews are counted which results in a lower aggregate case count for the same amount of compliance work. 								
Audits Completed		164	132	132	110	192	220	28	300
<i>Comments</i>	<ul style="list-style-type: none"> This measure includes audit work performed by ONRR and State and Tribal auditors. Audits can take two or more years to complete. This results in completion numbers fluctuating from year to year. ONRR is implementing the Operations Management Tool (OMT) across all business lines of the agency. New business processes have been instituted by ACM to coordinate with all of ONRR in implementing OMT. One new process is how completed audits are counted which results in a lower aggregate case count for the same amount of audit work. 								
Exceptions Resolved through Data Mining		44,195	35,776	29,120	46,052	30,000	35,000	5,000	35,000
<i>Comments</i>	The focus of data mining efforts during FY 2014 continued to be on volume comparison, adjustments resulting in net negatives, repetitive reporting, impacts of adjustments to the royalty rate, trending, and RSFA statute of limitation exceptions. Data mining will continue to expand during FY 2015 to include agreement monitoring and processed gas reported without by-products. In FY 2016, the focus will continue on these processes and look to add additional processes as needed.								
Enforcement Actions		354	199	175	172	190	200	10	215
<i>Comments</i>	Enforcement actions are all actions taken by the ONRR Office of Enforcement to investigate violations of mineral revenue laws and regulations, sanction violators, and resolve cases. They include Notices of Non-Compliance (NONC), Civil Penalties, referrals to other agencies (BLM, BSEE, BIA, OIG, Treasury), penalty adjustments, and case closures.								

Supporting Performance Measures	Type	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Plan	2017 President's Budget	Change from 2016 Plan to 2017	Long-term Target 2019
Indian Inquiries Served Conducted X Indian outreach sessions per year (BUR)		7,840 97	12,553 136	14,488 129	14,156 133	14,000 125	14,000 125	0 0	14,000 125
<i>Comments</i>	<ul style="list-style-type: none"> ONRR's outreach offices have responsibility for over 34,000 mineral owners throughout the United States and have routine contact with over 1,400 individuals per month. As more and more Indian land is developed, individual mineral ownership concerns also increase resulting in more contacts with ONRR to educate and assist mineral owners about royalty revenue processes. In fiscal 2014, oil and gas developments on Indian lands continued to fuel the growth of inquiries from mineral owners. For example, during calendar year 2014, there were 1,008 active wells on trust lands in North Dakota with another 273 approved drilling permits in place awaiting drill rigs (Source: North Dakota Industrial Commission, Oct 15, 2014). To meet the needs of mineral owners, Outreach staff conducts more sessions throughout the United States which results in even more contacts through our toll-free call centers. Increased leasing and drilling activities in Oklahoma, Utah, and the 4-corners region are also bringing more questions to ONRR Outreach offices. With falling oil prices there is less industry drilling and well completion. This is expected to result in fewer inquiries. Outreach sessions are anticipated to decrease with implementation of the BIA Indian Service Center (ISC). ONRR will participate in staffing the ISC. 								
Invoices processed		9,643	9,371	9,450	8,231	8,500	8,500	0	9,000
<i>Comments</i>	ONRR issues four basic types of invoices for Federal and Indian leases; (1) Interest invoices for late payments, overpayments, and insufficient and over-sufficient estimates, (2) Financial term invoices for rents, minimum royalty, right of ways, right of use and easements, and other lease level obligations, (3) Indian over-recoupment invoices for exceeding the recoupment limits for prior overpayments, and (4) miscellaneous invoices for audit, civil penalty, liquidated damages, inspection fees, fisherman's contingency fund, etc.								
Lease and Agreement Actions		14,955	14,831	12,316	14,535	15,000	15,000	0	15,000
<i>Comments</i>	These are documents processed to update our reference data system. The updates enable ONRR's financial system to accept the Form ONRR-2014 lines when they are reported by the reporter.								
Well Actions		138,752	99,642	92,013	107,108	100,000	100,000	0	100,000
<i>Comments</i>	These are documents processed to update our well reference data. The updates enable ONRR's financial system to accept the Oil and Gas Operations Report (OGOR) lines when they are reported by the well operators.								
Checks and Documents Processed		54,034	50,062	46,977	38,992	25,000	25,000	0	25,000
<i>Comments</i>	The implementation of Pay.gov, which offers payors a free method of paying royalties and invoices electronically online, began in May 2010, reducing the number of checks received in FY2010 forward. In FY 2015, ONRR plans to implement Pay.gov for rental payments which should help to further reduce the number of paper checks received.								
Account Reconciliation Actions		20,926	16,644	15,728	16,692	17,000	16,500	-500	17,500
<i>Comments</i>									