STATEMENT OF
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COMMITTEE ON NATURAL RESOURCES
SUBCOMMITTEE ON ENERGY AND MINERAL RESOURCES
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Mr. Chairman and Members of the Subcommittee, I appreciate the opportunity to testify today on the Fiscal Year (FY) 2011 budget request for the Minerals Management Service (MMS). We have looked closely at our ongoing operations and responsibilities and this request reflects our best assessment of the funds needed to carry out mission-critical MMS activities during FY 2011.

MMS Background

The MMS, a federal agency within the Department of the Interior (DOI), is responsible for managing the Nation's oil, natural gas, and other energy and mineral resources on the Federal Outer Continental Shelf (OCS) and the mineral revenues from both the OCS and onshore Federal and Indian lands. To carry out this mission, the MMS operates two very important programs – the Offshore Energy and Minerals Management (OEMM) Program and the Minerals Revenue Management (MRM) Program. Both of these functions are important to the nation's economic health and play a key role in meeting the nation's energy needs. Collectively, these programs manage activities that currently generate approximately 25 percent of America's domestic oil production and 11 percent of domestic natural gas production. Over the last five years, MMS has collected an average of more than $13 billion in annual revenue for the Nation, States, and American Indians.

Our Nation's security, economy, and quality of life depend upon secure and affordable supplies of energy. The Federal OCS covers 1.7 billion acres and has potential remaining resources estimated at 101.2 billion barrels of oil and 480.1 trillion cubic feet of natural gas (MMS National Assessment, 2006) plus significant renewable energy resources.

The MMS is aggressively moving forward in implementing the Administration's ambitious renewable energy goals and Secretarial Order 3285, which established the production, development, and delivery of renewable energy as a top priority for the Department. In November 2009, MMS issued four limited leases for renewable energy testing and data collection on the OCS. In FY 2010, MMS plans to issue Requests for Interest (RFIs) for commercial wind facilities offshore Delaware, Rhode Island, Massachusetts, New Jersey and Virginia. New York, Maryland, North Carolina, South Carolina, Georgia and Florida have also expressed interest in moving forward with RFIs off their respective coasts once their State renewable energy assessment initiatives are complete. To facilitate movement of renewable energy on the Outer Continental Shelf, the MMS has formed, or is in the process of forming, renewable energy task forces with these states.

On December 9, 2009, Secretary Salazar announced plans to establish an Atlantic Renewable Energy Regional Office in FY 2010 to facilitate the orderly development of commercial wind on the Atlantic OCS. The FY 2011 request includes a $3.5 million increase (on top of $24 million in increases in FY 2010) to continue the development and implementation of this MMS program with particular emphasis on developing regional expertise to support leasing activities offshore the Atlantic and Pacific coasts. Planned activities include conducting environmental reviews needed to hold lease sales, processing commercial leases, coordinating extensive stakeholder participation, and initiating inspection and enforcement activities on leases issued for data collection and technology testing. Throughout FY 2011, MMS will continue to build the capacity necessary to develop a strong, nationwide offshore renewable energy program that facilitates the development of a robust U.S. offshore renewable energy industry.

In FY 2009, MMS disbursed $10.68 billion in mineral revenues to states, the Office of the Special Trustee for American Indians (OST) for distribution to Indian Tribes and individual Indian mineral owners, other Federal agencies, and U.S. Treasury accounts. Additionally, MMS delivered oil valued at an estimated $268.5 million in FY 2009 to the Department of Energy for the Strategic Petroleum Reserve.

Since its inception in 1982, the MMS has distributed approximately $210.7 billion to Federal, State, and Indian accounts and special funds, including approximately:

- $130.89 billion deposited to the U.S. Treasury and other Federal agencies;
- $26.98 billion disbursed to 38 states;
- $24.36 billion transferred to the Land and Water Conservation Fund;
- $18.10 billion credited to the Reclamation Fund;
- $6.65 billion to 41 American Indian Tribes and 30,000 individual Indian mineral owners (IIMOs); and
- $3.75 billion for the National Historic Preservation Fund.

FY 2011 President's Request

The MMS FY 2011 request is built upon the investments that were made in the FY 2010 enacted budget and will help reach nationwide energy security and renewable energy goals and improve royalty management.

The FY 2011 request of $364.8 million in current appropriations and offsetting receipts is designed to increase America's energy security by supporting the Administration's aggressive renewable energy goals and Secretarial Order 3285. The request contains $3.5 million to continue the development of an offshore renewable energy program to facilitate industry access to the abundant sources of offshore renewable energy and help ensure that the Nation's future energy needs are met with continued American innovation and leadership. The request also continues a balanced and environmentally responsible conventional energy program with a $4.4 million increase to ensure that fair value is received for offshore oil and gas resources and that the increasing numbers of deepwater production facilities receive mandated inspections. This increase is partially offset by a redirection of $2.0 million from environmental studies funding. The request also includes $1.0 million to support the significant role MMS will have in implementing the President's goal of developing a coastal and marine spatial planning framework.

The FY 2011 request also emphasizes upgrading royalty management. This includes a $10.0 million increase in appropriated funds for the transitional phase-out of Royalty-in-Kind (RIK), which will be offset by an equivalent reduction in outlays from receipts used previously to fund RIK activities; $1.7 million to enhance the capabilities and integration of compliance tools; and an additional $2.0 million for compliance, valuation, and market research staff to ensure proper royalty payments on processed and transported natural gas. These increases are partially offset through an increase in the inspection fee, which will generate an additional $10.0 million in revenues, the absorption of $4.0 million in fixed costs and the implementation of new management efficiencies that will result in a net reduction of $1.4 million from the FY 2010 enacted level.

The FY 2011 request for direct appropriations is $189.9 million, $8.4 million above the FY 2010 enacted level. Offsetting receipts are estimated to be $174.9 million, an increase of $8.2 million over the FY 2010 enacted level.

Our budget request is based upon our accomplishments in successfully implementing programs that contribute significantly to the Nation's economic well being and energy security. It is also focused on the challenges confronting us during the next fiscal year and beyond. The request includes funding to:

- Fulfill MMS's environmental and oversight responsibilities associated with the implementation of the Outer Continental Shelf (OCS) 5-Year Oil & Gas Leasing Program (covering 2007-2012).
- Staff an Atlantic Renewable Energy Office that will lead leasing and environmental activities associated with developing the exceptional wind resources to be found on the OCS along the Eastern seaboard.
- Manage the regulatory and inspection requirements associated with expanding ultra-deepwater oil and gas exploration at water depths between 5,000 and 10,000 feet. These activities require more complicated environmental assessments, new scientific research, and an increasing level of operational complexity.
- Enhance compliance and enforcement efforts in the management of mineral revenues through the phasing out of the RIK Program and modifying the MRM computer system to improve the MMS's robust audit and compliance program.

The Budget also includes several proposals for authorizing legislation that will result in a net increase in revenue to the Treasury.

Fee on Nonproducing Leases

The Budget proposes a fee on non-producing Federal leases that would provide a financial incentive for oil and gas companies to move expeditiously to explore new leases and when a commercial discovery is made to get the lease into production or relinquish it so that the tract can be re-leased to, and possibly developed by, new parties. The proposed $4.00 per acre fee would apply to all new leases and would be indexed annually. This proposal is similar to other non-producing fee proposals considered by the Congress in the last several years. Cumulatively, the offshore and onshore components are expected to generate an additional $760.0 million over ten years.

Deep Gas Incentives

The FY 2011 budget proposes to repeal Section 344 of the Energy Policy Act of 2005. Section 344 extended and expanded existing deep gas incentives. These incentives are unnecessary and could result in a reduced return to taxpayers from deep gas development. Based on current oil and gas price projections, the budget does not assume savings from this change; however, the proposal could generate savings to the Treasury if future oil and gas prices fall below current projections to levels at or below the applicable gas price thresholds.

Geothermal County Payments

The Administration will submit legislation to repeal Section 224(b) of the Energy Policy Act of 2005. Prior to passage of this legislation, geothermal lease payments were split 50-50 between the Federal government and States, with 50 percent directed to States, 40 percent to the Reclamation Fund, and ten percent to the General Fund. The Energy Policy Act changed this distribution beginning in 2006 to direct 50 percent to States, 25 percent to counties, and 25 percent to the Geothermal Steam Act Implementation Fund. Authorization for the Geothermal Steam Act Implementation Fund expires in 2010, and Congress, through the 2010 Interior Appropriations Act, has already repealed the last year of funding for this program as well as the 2010 payments to counties. The repeal of Section 224(b) will permanently discontinue payments to counties and restore the disposition of the geothermal revenue to the historical formula of 50 percent to the States and 50 percent to the Treasury. This results in savings of $8.0 million in 2011 and $80.0 million over ten years.

Net Receipts Sharing

The budget proposes to make permanent the current arrangement for sharing the cost of administering energy and minerals receipts, beginning in 2012. Under current law, States receiving significant payments from mineral revenue development on Federal lands also share in the costs of administering the Federal mineral leases from which the revenue is generated. In 2011, this net receipts sharing change would be implemented as an offset to the Interior Appropriations Act, consistent with the proposal adopted in 2010. Permanent implementation of net receipts sharing is expected to result in savings of $45.0 million in 2012 and $450.0 million over nine years.

Energy for the Future

President Obama and Secretary Salazar have identified clean energy as an issue critical to our Nation’s economic future, and as the manager of significant renewable energy resources on the OCS, the Department and MMS are poised to play a vital role in realizing the President’s vision. As we work to transition to cleaner energy sources, MMS will also continue to play a key role in ensuring the responsible production of conventional energy resources through its oversight of OCS oil and gas development.

The MMS FY 2011 budget request is part of a comprehensive energy program that emphasizes energy efficiency and responsible renewable and conventional domestic energy production. The MMS FY 2011 budget request builds upon the significant progress led by the President and the Secretary in the last year, toward a secure and clean energy future, including:

- Awarding the first-ever exploratory leases for renewable wind energy production on the OCS offshore New Jersey and Delaware.

- Beginning efforts to establish a new regional office in 2010 to support renewable energy development on the OCS off the Atlantic seaboard.
- Finalizing a long-awaited framework for renewable energy production on the OCS that establishes a program to grant leases, easements, and rights-of-way for orderly, safe, and environmentally responsible renewable energy development activities, such as the siting and construction of offshore wind farms on the OCS.
- Publishing a report that synthesized available information on conventional and renewable offshore energy resources and identified data gaps.
- Establishing five joint Federal/State Task Forces for the purpose of planning and administering renewable energy leasing activities on the OCS, with at least three more anticipated in FY 2010.

On April 22, 2009 (Earth Day), President Obama announced that the Department of the Interior had finalized a long-awaited regulatory framework for renewable energy generation on the OCS. The framework establishes a program to grant leases, easements, and rights-of-way for orderly, safe, and environmentally responsible renewable energy development activities, such as the siting and construction of offshore wind farms.

In FY 2010 MMS received requested resources to start development and implementation of a robust national renewable energy program. Prior to FY 2010, modest funding was used primarily for salaries and limited environmental work needed to establish a regulatory framework for the renewable energy program, which was completed in FY 2009. The MMS has made great strides in moving towards the goals it established for itself in FY 2010. As part of the Secretary's FY 2011 New Energy Frontier Initiative, MMS is requesting an additional $3.5 million that will enable the agency to shift its attention toward region-specific needs in frontier areas. These funds will provide for developing regional expertise and coordination for frontier areas; acquiring knowledge of local resources; local stakeholder consultation and collaboration; and substantial and expansive region-specific environmental analysis. Ultimately, these efforts will enable MMS to increase its visibility and accessibility to major stakeholders and to further identify and address any major challenges to issuing commercial leases for generation of renewable energy.

The FY 2011 request focuses funding on specific needs of the Atlantic and Pacific regions, including efforts to establish and build a more robust Atlantic Renewable Energy Office. The Atlantic Renewable Energy Office will lead leasing and environmental activities associated with developing the exceptional wind resources to be found on the OCS along the Eastern Seaboard, driven in part by the desire of coastal states to meet their aggressive renewable energy goals. Likewise, funding is needed for similar leasing and environmental activities on the west coast offshore California, Oregon, and Washington as well as the state of Hawaii, which is currently discussing with MMS the placement of an inter-island transmission cable supporting a renewable energy project.

Lease Sale Implementation

MMS is continuing OCS oil and gas leasing and approval of exploration and development plans on predictable schedules. The current 5-Year Oil and Gas Leasing Program 2007 to 2012 provides access to about 181 million acres of the OCS. Leasing as a result of these sales could result in production of 10 billion barrels of oil and 45 trillion cubic feet of natural gas over 40 years. The current program is providing thousands of jobs and billions of dollars in revenue for Federal and State Governments.

The current program includes 21 proposed oil and gas lease sales in eight of the 26 OCS planning areas – 12 sales in the three Gulf of Mexico planning areas, eight sales in four planning areas offshore Alaska and one in the Mid-Atlantic planning area, about 50 miles off the coast of Virginia. These areas are subject to environmental reviews, including public comment, and extensive consultation with state and local governments and tribal organizations before any lease sale proceeds. The Secretary of the Interior is currently reconsidering this program schedule in accordance with an April 17, 2009, decision of the U.S. Court of Appeals for the D.C. Circuit.

The FY 2011 request includes an increase of $4.43 million for the Ensure Fair Market Value and Safe Operations initiative, which will invest in the systems and people necessary to thoroughly assess the oil and gas potential and fair market value of OCS tracts offered for lease through the purchase of critical software, hardware, data, and hiring of additional analysis staff. In addition, this initiative provides the staff necessary to conduct safety and environmental compliance inspections on the expanding number of deepwater operations. The FY 2011 request also includes an additional $1.0 million for a Marine Spatial Planning initiative that will enable MMS to coordinate efforts within and outside the Department, determine information and data needs, and make sure these needs are met to effectively implement associated policy. This function is critical to the integrity of both the Offshore Renewable Energy Program and the 5-Year Leasing Program that inherently balances these various competing interests and determines the size, timing, and location of leasing activity on the OCS.

The New 5-Year OCS Oil and Gas Leasing Program
Section 18 of the OCS Lands Act mandates a multi-step program preparation process with three comment periods and three program proposals. A Request for Information, the first step, was published in August 2008, and resulted in receipt of over 150,000 comments. The Draft Proposed Program was announced on January 16, 2009, with an initial 60-day comment period. Secretary Salazar extended that comment period another 180 days to September 2009 in order to provide additional time for input from states, stakeholders and affected communities. In response, more than 530,000 comments were received from the public regarding the development of a comprehensive offshore energy strategy. The MMS has carefully reviewed all of the comments submitted and the Secretary is considering options for moving the plan forward. Following the review and analysis of the comments, the next step is to conduct meetings on the scope of the analysis and documentation needed under the National Environmental Policy Act (NEPA). This step will be followed by publication of a Proposed Program and Draft EIS for review and comment, a Proposed Final Program and Final EIS, and approval of a final program following a 60-day review by the President and Congress.

Royalty Management Review and Reform
The MRM program has faced increased scrutiny in the last few years, as is appropriate given the assets for which it is responsible. In response, the agency has aggressively implemented numerous recommendations made by the Government Accountability Office (GAO), the Department of the Interior Office of the Inspector General (OIG), and the Royalty Policy Committee (RPC) Subcommittee on Royalty Management led by former U.S. Senators Bob Kerrey and Jake Garn.

In September 2008, the OIG released three investigative reports, one of which covered improprieties that occurred in the RIK program between January 2002 and July 2006. In response, MMS has 1) taken appropriate administrative corrective actions; 2) enhanced our ethics program and provided specific training to RIK employees; and 3) developed a clear, strict code of conduct for all MMS employees.

On September 16, 2009, Secretary Salazar announced a transitional phase-out of the RIK Program. Under the RIK Phase-Out Plan, as current RIK oil and natural gas sales contracts expire, the oil and natural gas properties will revert to in-value status. As this transitional phase-out occurs, royalty obligations will revert from being collected in-kind to being collected in-value.

The RPC Subcommittee on Royalty Management report was issued on December 17, 2007. The report contains 110 recommendations. Of the 110 recommendations, MMS is solely responsible for 70 and BLM is solely responsible for 16. The remaining 24 recommendations require coordination among the bureaus and the Department. As of January 15, 2010, 72 of the 110 recommendations have been closed out and actions on the remaining 38 recommendations are underway.

On April 15, 2009 the OIG issued a report entitled *Evaluation of Royalty Recommendations Made to the Department of the Interior Fiscal Year 2006 – February 2009* (CR-EV-MOA-0003-2009). This evaluation covered the 137 royalty-related recommendations from OIG, GAO, and the RPC Subcommittee that were made to MMS since FY 2006. The evaluation report stated that a sample of the actions taken were found to be appropriate and approved. Furthermore, the report stated that the internal status reported in the Department's tracking system is current and accurate. The report did not make any new recommendations to MMS.

Strategic Reorganization of MRM Program

In October 2009, MMS completed a strategic reorganization in response to MRM's Strategic Business and Operational Plans and recommendations received from MRM employees and from GAO, RPC, and OIG reviews. The goal of the reorganization was to further strengthen programs and ensure that royalty payments are properly collected, audited and disbursed to Federal, state and American Indian accounts.

The reorganization – completed in 2009 – involved high-level management changes focused on three core mission areas:

- Asset Management
- Financial and Program Management, and
- Audit and Compliance Management

The three core functions of MRM each received direct Senior Executive Service (SES) management control. Key program functions were redistributed to improve communication and ensure a balanced workload.

Specifically, the asset valuation function, Indian outreach, and state and tribal audit contract programs were removed from the Audit and Compliance Management program (previously called Compliance and Asset Management). The Asset Valuation program was joined with the Asset Sales and Accounting program (previously called RIK) to form the Asset Management program. The Financial Management program was joined with the Office of Enforcement and the State and Indian Coordination program to create the Financial and Program Management program. The Audit and Compliance Management program was reorganized to improve supervisor-to-employee ratios and provide the flexibility necessary to implement MRM's new risk-based audit and compliance strategy.

This new structure enhances oversight, provides clear reporting responsibilities, ensures greater transparency, and improves communication across the programs – eliminating the concerns of "stove piping" organizations and employees (where one group does not know what the other group is doing). The SES-level Program Directors of the three core mission areas meet regularly to coordinate activities and keep each group informed of the other group's priorities and activities.

Quite simply, the reorganization strengthens our royalty collection and auditing core functions. It helps us do our jobs more efficiently and more effectively in collecting the proper bonuses, rentals, royalties and other associated revenues, conducting audits and compliance checks, and ensuring that revenues are promptly disbursed to the various Federal, state and American Indian recipients.

Royalty In Kind Phase-Out and Transition to Royalty in Value

Upon termination of the RIK Program, Secretary Salazar directed MMS to *". . . ensure that the termination of the RIK program will not adversely affect the MMS's commitment to ensure that the nation's Federal and Indian energy and mineral revenues are accurately reported and paid in compliance with laws, regulations and lease terms and that the American people receive fair market value for their valuable energy and mineral resources."* As RIK oil and natural gas sales contracts expire, RIK properties will revert to in-value status. MMS is requesting additional appropriated funds for the increased in-value resource needs resulting from this transition. The FY 2011 increase will be offset by an equivalent reduction in outlays from receipts, previously used to fund RIK activities. Workload shifts from in-kind to in-value will begin in FY 2011 and continue through FY 2012 and FY 2013.

This transition has significant impacts on the MMS budget. Currently both direct and indirect costs of RIK operations are funded with RIK receipts, while non-RIK operations are funded with normal appropriated funding. As RIK operations are phased-out, ongoing direct and indirect costs associated with expanding in-value workloads will need to be funded from appropriated funds. As a result, in FY 2011 MMS will require additional appropriated funds of $10 million to transition 34 positions from in-kind to in-value activities, as well as for associated indirect costs throughout MMS.

MRM Support System Modifications and Increasing Audit and Compliance Coverage

Since the MMS's formation in 1982, the energy industry has undergone significant changes. Over the years, the MMS has successfully adapted to meet the industry changes and become more operationally efficient. The MRM's primary business of collecting, accounting, and assuring compliance for and disbursement of Federal and Indian mineral revenues is highly dependent on its information technology system, the MRM Support System (MRMSS). In FY 2011, the MMS is proposing $1.7 million in MRMSS system modifications through the Enhance Capabilities and Integration of Compliance Tools initiative. This initiative will implement several overlapping recommendations from the OIG, RPC and the MRM Strategic Business

Planning initiative and will replace several separate and manually-intensive compliance management tools.

The $2.0 million Ensure Proper Royalties Paid on Processed and Transported Natural Gas initiative will support the timely implementation of the RPC Subcommittee on Royalty Management recommendations related to these activities and increase audit and compliance coverage for transportation and processing systems.

Federal and Indian Compliance Assurance

The MMS compliance assurance activities represent a large and critical part of the operational strategy, ensuring that the Federal Government is realizing fair market value. Through the Audit and Compliance process, the MMS ensures that the Nation's Federal and Indian mineral revenues are accurately reported and paid in compliance with laws, regulations, and lease terms. The compliance program plans and conducts targeted and random audits and special reviews of mineral lessees and payors to detect and collect royalty underpayments. Primary compliance activities include enforcing industry compliance with lease terms and regulations, issuing enforcement orders, and supporting the mineral revenue litigation and appeals processes.

During FY 2009, MMS closed 218 audits and 987 compliance reviews covering about 50 percent of all royalty revenues and ensuring compliance for about $5.3 billion in royalty revenues. The MMS covered 96.4 percent of high-significant risk companies and 32.9 percent of high-significant risk properties during FY 2009.

As part of its compliance assurance activities, the MMS administers delegated and cooperative audit agreement programs established under sections 205 and 202 of the Federal Oil and Gas Royalty Management Act (FOGRMA) with 11 States and 7 Indian Tribes. These States and Tribes are working partners and an integral aspect of the overall onshore compliance efforts. These Tribes are now self-empowered to perform audits on tribal mineral royalties within their reservation and the States perform audits on Federal leases within their boundaries. The MMS conducts compliance reviews and audits to provide compliance coverage over properties not covered by these States and Tribes audit agreements.

In FY 2009, MMS allocated $10.8 million to these States and Tribes in the delegated and cooperative audit agreement program, of which the States and Tribes expended approximately $9.7 million. In FY 2010, MMS is allocating a total of $11.1 million. MMS allocates its available budget resources for the Section 205 State Delegated Agreement Program and Section 202 Tribal Cooperative Agreement Program by analyzing cost, workload, and risk data to apply "best business case" criteria to the funding of this program. Other factors, such as program effectiveness and anticipated increases and decreases in revenue activity, are also considered.

Indian Trust Responsibilities

The MMS places high emphasis on fulfilling its Indian Trust responsibilities. The MMS continues to provide high quality Indian trust service in collecting and disbursing royalties from Indian lands to 41 Tribes and more than 30,000 individual Indian mineral owners (IIMOs).

The MMS serves as an advocate for the interests of IIMOs. MRM operates in field offices that work closely with other Federal agencies to resolve Indian mineral issues and respond to the needs of IIMOs. These offices also administer special outreach and cooperative programs to educate and empower Indian mineral owners and engage them in the mineral revenue management process. During 2009, MMS held 75 outreach sessions with American Indian constituents and resolved 5,474 royalty-related inquiries, a significant increase over the 3,985 inquiries resolved in FY 2008. The MMS plans to continue these efforts in 2010 and beyond.

MMS FY 2011 Budget Request

Budget Authority ($000)	2009 Enacted	2010 Enacted	2011 President's Request	2011 Change from 2010
Offshore Energy & Minerals Management	166,199	196,874	200,628	+3,754
Minerals Revenue Management	86,684	89,374	100,404	+11,030
General Administration	51,220	55,699	57,445	+1,746
ROMM Subtotal	**304,103**	**341,947**	**358,477**	**+16,530**
OSR Appropriation	6,303	6,303	6,303	0
Total MMS Funding	**310,406**	**348,250**	**364,780**	**+16,530**
Offsetting Collections	-146,730	-166,730	-174,890	-8,160
Net Appropriated Funding	**$163,676**	**$181,520**	**$189,890**	**+$8,370**

The MMS receives funding for operations from three sources: the Royalty and Offshore Minerals Management (ROMM) appropriation, Oil Spill Research (OSR) appropriation and Offsetting Collections (primarily from rental rate receipts from offshore leases). In addition to appropriations for operations, MMS receives appropriations for distribution of the states' share of onshore mineral receipts. In FY 2011, the MMS estimates that the states' share of these onshore mineral receipts will be approximately $1.96 billion. This amount is $312 million above our FY 2010 estimate of $1.65 billion.

FY 2011 Proposed Permanent Appropriations *(dollars in thousands)*	
Mineral Leasing Associated Payments *(MLAP)* [1/]	1,960,045
National Forest Fund Payments to States *(Forest Fund)*	5,448
Payments to States from Lands Acquired for Flood Control, Navigation, and Allied Purposes *(Flood Control)*	2,303
Qualified OCS Revenues to Gulf Producing States (GOMESA) [2/]	1,894
National Petroleum Reserve – Alaska	11,650
Total, Permanent Appropriations	**$1,981,340**

Notes: 1/ *MLAP include royalty payments to Oklahoma and late interest payments.*
2/ *The revenues subject to the Gulf of Mexico Energy Security Act of 2006 (GOMESA) are disbursed to the States in the year after receipts are deposited into Treasury.*

Conclusion

As we move forward in the new decade, efficient, safe, and productive management of the Nation's OCS lands and mineral revenue collection efforts will remain the MMS's top priority. The MMS will continue to strive for excellence and work for the responsible development of America's energy supplies and receipt of fair market value for the use and development of the public's resources.

Mr. Chairman that concludes my statement. Please allow me to express my sincere appreciation for the continued support this Committee has provided MMS. It would be my pleasure to answer any questions you or other Members of the Subcommittee may have.