



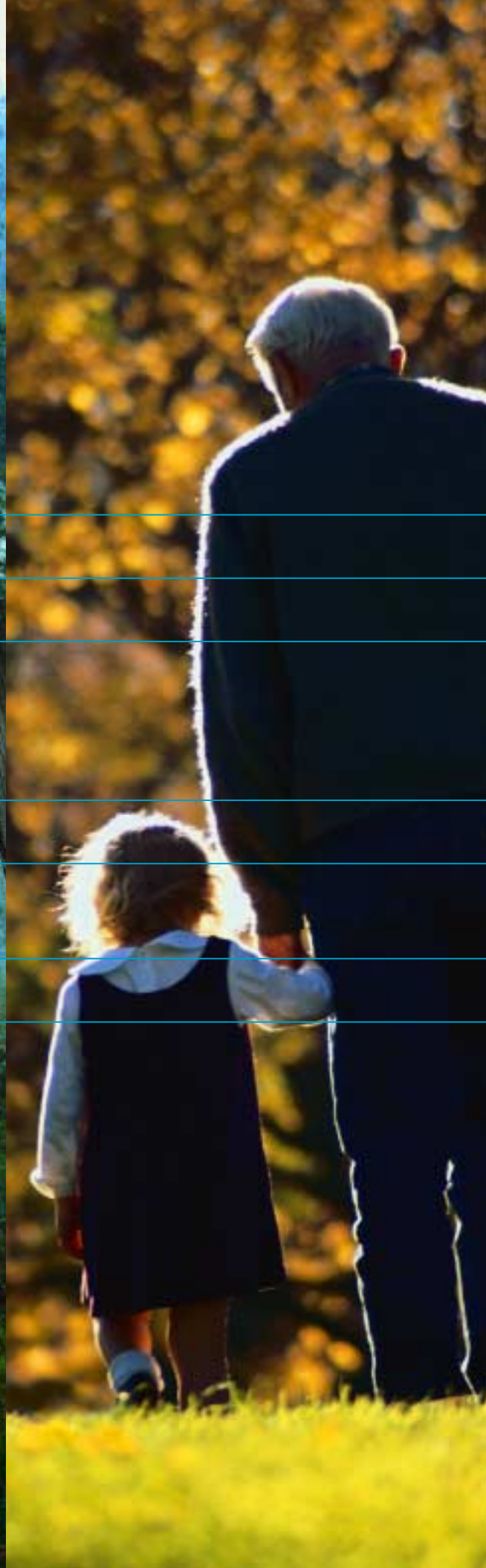
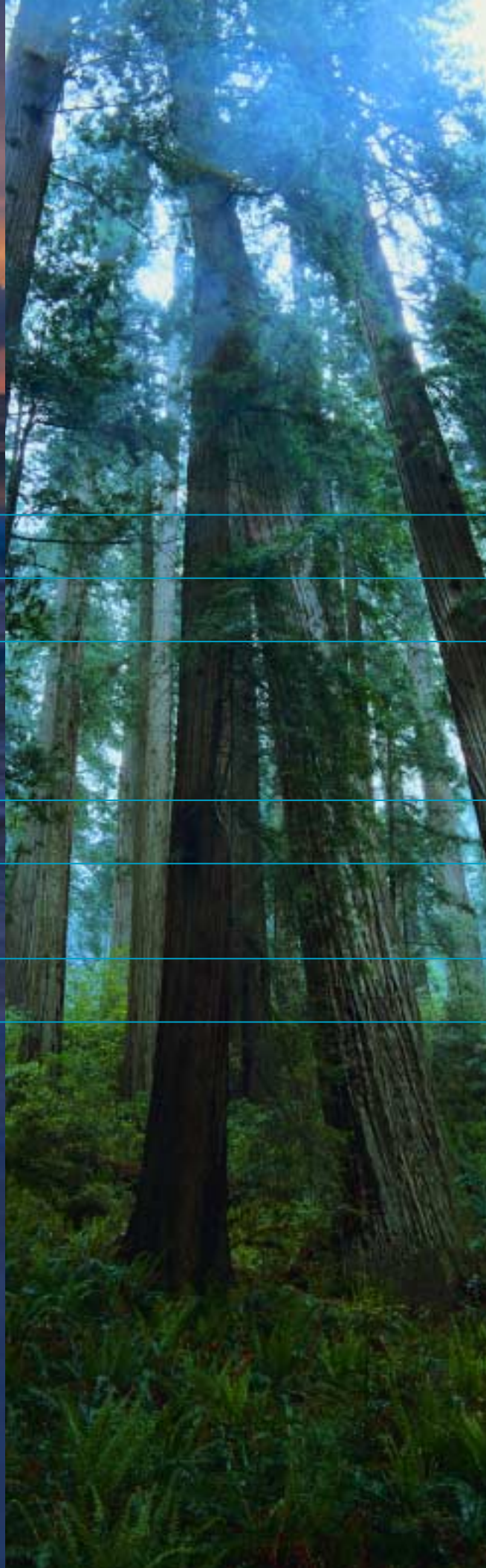
What does it take to best manage America's **mineral resources?**



U.S. Department of the Interior
Minerals Management Service
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it takes...

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- commitment to **safety** in exploration and operations 6
- sensitive stewardship of the **environment** 8
- assurance of **fair market value** for these nonrenewable resources 10

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- **fast access to funds** for all revenue recipients 14
- achievement of **timely, accurate compliance** from mineral developers 16
- exploration of **creative solutions** 17
- dedication to our **American Indian trust** responsibilities 18

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MESSAGE FROM THE DIRECTOR

For nearly 18 years, the Minerals Management Service (MMS) has provided major economic and energy benefits to the nation. We have come to be recognized as leaders in safe and environmentally responsible offshore operations, efficient mineral revenue collection and disbursement and effective working relationships with our stakeholders. Through the strength of our programs and talented staff throughout the organization, 1999 was a year of progress for MMS.

As an agency born of reinvention, we continue to benchmark ourselves against our counterparts in the private sector and foreign and state governments. In doing so, we are ensuring that we develop and implement best business practices and cutting-edge technology. Our Royalty Management Program's reengineering initiative is modernizing our business processes and accounting systems to achieve efficient, accurate and timely mineral revenue collection and disbursement. We will deliver revenues faster and assure compliance for all leases in the shortest possible time. Last year, we exceeded our goal for disbursements, surpassed our targets for lessee compliance,

and made positive progress in our royalty-in-kind projects, another of our efforts to improve royalty collection and increase the net benefit to taxpayers.

The Minerals Management Service is the steward of the mineral resources on the Outer Continental Shelf, responsible for balancing the nation's search for offshore energy and mineral resources with the protection of the human, marine and coastal environments. We are committed to safety in exploration and development operations, sensitive stewardship of the environment and ensuring that the taxpayers receive fair market value for these nonrenewable resources. In 1999 we exceeded our goals for accident reduction, increased our role in research aimed at environmentally sound operations and met our fair market value goal for the public's resources.

Stakeholder participation in the development of sensible and effective policies and regulations is another key priority. Last year, we continued to reach out and build strong partnerships with states, the American Indian community, the energy industry, environmental

groups and other public interests. From greater public opportunities for input in the decision-making process, to more information available on our Web site, to opening field offices near our stakeholders, MMS is redefining the way government interacts with its customers.

My goals for MMS are to continue our leadership in safe operations and environmental responsibility, to assure fair market value and efficient revenue collection and disbursement and to build consensus and balance interests among our stakeholders. We monitor our progress in these areas through objective performance measurements that meet the requirements of the Government Performance and Results Act (GPRA). These measures help us to streamline our activities, make good decisions and best meet our mission.

I'm pleased to present this Annual Report highlighting not only our GPRA goals but all of our accomplishments and challenges in 1999. This review embodies our commitment to build a better agency and to fulfill our vision of being the best minerals resource manager.



Walt Rosenbusch
Director



Thomas Kitsos
Deputy Director

WHAT ABOUT THE MINERALS MANAGEMENT SERVICE?

Most of us recognize that taxes fuel the important work of our federal, state and local governments. But they aren't the whole story. One of the largest sources of non-tax revenue for the federal government comes from mineral revenues, allowing taxpayers to reap major fiscal and energy benefits from America's natural resources.

In fiscal year 2001, MMS will account for an estimated \$6.2 billion in federal receipts. When you consider that approximately one-half of our \$250 million operating budget comes from the revenues we collect instead of appropriated funds, our operation shines as a model of value to the American public.

Since MMS's creation in 1982, we have collected and distributed nearly \$103 billion to federal, state and American Indian accounts. Nearly \$64 billion has gone to the U.S. Treasury and approximately \$24 billion to the Land and Water Conservation Fund, the National Historic Preservation Fund and the Reclamation Fund. In addition, approximately \$11 billion has been distributed to 38 states and \$2.8 billion to the Department of

the Interior's Office of Trust Funds Management on behalf of 41 American Indian tribes and 20,000 individual American Indians.

Revenues from mineral operations on federal onshore and offshore lands are shared with the designated recipients. Onshore, states receive 50 percent of all mineral royalties from federal lands within their borders (except Alaska, which receives 90 percent), and American Indian tribes and individuals receive 100 percent of the funds collected on their lands. While all the collected funds earmarked for federal accounts ultimately benefit every citizen, some of the funds take a direct route to local levels and provide immediate benefit. For example, a portion of mineral revenues goes to the Reclamation Fund to support water projects on a regional and community level in Western states. **The revenues from offshore activity go to the U.S. Treasury, the Land and Water Conservation Fund, and coastal states. For example, the royalties from offshore activity help support America's treasures such as Yellowstone National Park and the Grand Canyon.**

Though mineral resources are finite, the revenues they generate are put to uses, such as land trust purchases, that have long-term value.



OFFSHORE MINERALS MANAGEMENT

Light a gas burner on your stove and there is a good chance that you are making the final link in an energy chain that stretches all the way to the Gulf of Mexico. About 25 percent of U.S. domestic natural gas and 25 percent of domestic oil production occurs offshore. The nation's Outer Continental Shelf—totaling 1.48 billion acres—begins from three to 10 miles from the shoreline of coastal states and extends 200 or more miles out to sea. MMS manages the exploration and development of oil and gas and other minerals on the Outer Continental Shelf and collects revenues from leases in these regions, primarily in the Gulf of Mexico, Pacific Ocean, and off Alaska's shore.

MMS oversees activity on the Outer Continental Shelf to ensure:

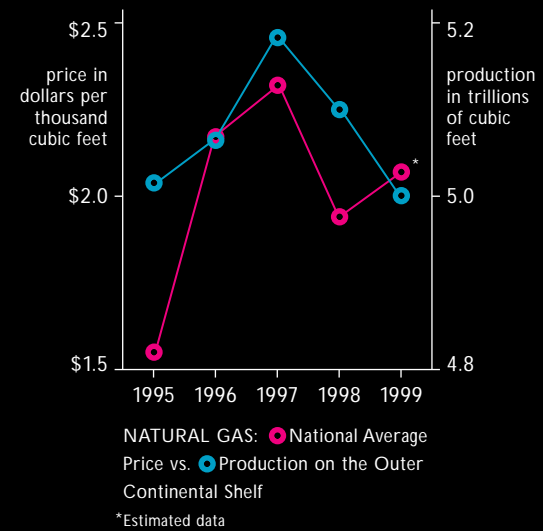
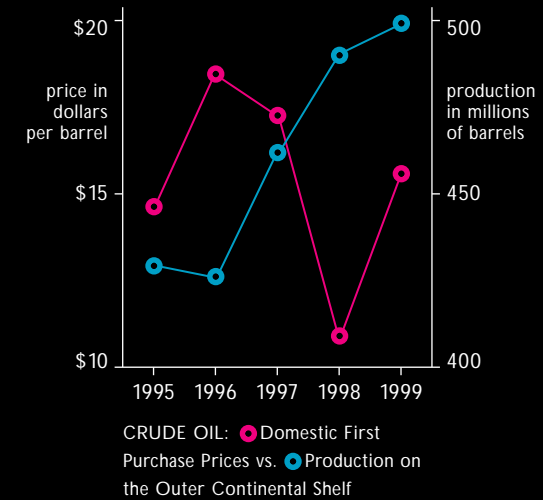
- safe exploration and development on federal offshore oil and gas and other mineral leases,
- environmental protection and impact mitigation, and
- receipt of fair market value for energy and mineral development.

MMS's policies must adapt to the advancing science and technology of offshore operations and the continually shifting economic climate of the energy industry. MMS has leased and currently manages more than 44 million acres on the Outer Continental Shelf to meet the nation's energy needs.

Because the demands on the program are ever-changing, our goal is to provide environmentally sound opportunities to meet these needs. We have learned not to measure our performance with production targets, which are often more influenced by market forces than MMS policies. We will, however, continue to monitor and report on offshore production.

Such real-world knowledge enables MMS to keep the U.S. a leader in the global minerals industry. For example, through MMS involvement in the International Regulators Forum, we are sharing information on best practices with Australia, Canada, Norway, the Netherlands and the United Kingdom. We provide information to new agencies worldwide on how to manage safety and environmental protection. **For example, MMS recently began a two-year project funded by the U.S. Agency for International Development to assist the Republics of Kazakhstan and Turkmenistan with geologic, oceanographic, environmental, economic, engineering and minerals accounting guidance.**

This complements our work on monitoring and developing international standards and environmental policies, such as sustainable development. Such exchanges also benefit industry by fostering a cohesive, responsible set of universal guidelines to standardize the global regulatory climate for business.



MMS representatives and the State Inspection Body of Turkmenistan together conducted a mock inspection of an onshore drilling facility. The lessons learned will be applied to inspections of future facilities in the Caspian Sea.



SAFETY

Our commitment to responsible minerals management begins with ensuring the safety of the men and women exploring and developing mineral resources. The evolving technology used in offshore work requires a great deal of innovation. Our role is to ensure that safety is always the paramount concern while conducting exploration and production operations.

With this in mind, MMS creates safety performance standards and regulations, inspects offshore operations and enforces compliance with civil and criminal penalties when necessary. MMS continues to work on safety performance measures that are used in annual performance reviews with offshore operators. Nine MMS field offices are dedicated to monitoring operational safety, including an additional field office we established in 1999 to handle the increased activities in the Gulf of Mexico.

Equally effective have been our proactive efforts to instill a positive safety attitude throughout the industry.

These include creating a

Safety and Environmental Management Program (SEMP), developing a performance-based training and certification program, and promoting the best available technology through assessment and research. To reduce the severity and frequency of accidents, SEMP focuses attention on correcting and avoiding human and organizational error—the cause of almost 80 percent of cases. **SEMP is a prime example of a positive collaboration between MMS and the industry to promote offshore worker safety.**

Recent surveys show that more than nine of every 10 offshore operators voluntarily have adopted SEMP. For our part, MMS is working with other agencies, such as the U.S. Coast Guard, to develop a consistent regulatory standard, reduce duplicate incident reporting requirements and clarify reporting thresholds.



MMS's fleet of 13 helicopters and 55 inspectors reviews the operations of the 3,900 platforms in the Gulf of Mexico. When problems are discovered, we issue safety alerts to give all operators and training centers a heads up.

MMS's partnerships and increased communications have raised industry's safety consciousness on the Outer Continental Shelf. Our accident index, which provides a broad snapshot of industry's safety performance, shows that safety improved in 1999, with the index dropping to .578 from our target of .594.



These concerted joint efforts may be making a difference. In 1999 industry exceeded our safety performance expectations by three percent. MMS will continue to partner with industry to identify all the potential operational risks and develop comprehensive accident prevention and response strategies.

MMS award programs point to the great strides made by industry. The SAFE Program recognizes exemplary performance by oil and gas lessees, operators, and contractors. It highlights companies who conduct offshore oil and gas operations safely and in a pollution-free manner, despite the complexity and risk involved. **In 1999 MMS awarded National SAFE**

Awards to Helmerich & Payne International Drilling Company and Island Operating Company Inc. in the contractor category and OXY USA, Inc. and British-Borneo USA, Inc. in the operator category.

In addition, MMS sponsors Corporate Citizen Awards to periodically recognize offshore lessees with outstanding operational safety and mineral revenue reporting. Anadarko Petroleum Company has been honored as the best corporate citizen on the Outer Continental Shelf in 1999. MMS also bestows a number of Corporate Leadership Awards on individuals who work to improve the safety, efficiency and environmental impact of operations on the Outer Continental Shelf.

SAFE winners posted outstanding results from MMS inspections, had few and/or minor accidents, kept a clean house overall, and made best use of technology to enhance safety and training.



MMS balances the search for energy and minerals with protection of the environment and provides the solid scientific basis to make sound decisions. • One guiding principle for these efforts is sustainable development. Since 1987 the United Nations has promoted this global environmental policy to encourage “development that meets the needs of the present without compromising the ability of future generations to meet their own needs.”

Our emphasis on the future of natural gas as a cleaner energy source and our dedication to environmental awareness dovetail with this vision for the future. In 1999 MMS presented the initial results of a study on the natural gas supply finding that natural gas will continue to play an important role in the nation’s overall energy picture. The study also considered the environmental impacts of developing the natural gas supply.

MMS is well-versed in handling the wide array of concerns relating to impact on specific

habitats—from the Endangered Species Act to the traditional knowledge of native peoples. **For example, part of our management of the Alaskan Outer Continental Shelf involves monitoring bowhead whale migration through the Beaufort Sea. MMS has worked with the Alaska Eskimo Whaling Commission, the National Marine Fisheries Service and the oil and gas and seismic operators to coordinate offshore activities so they do not interfere with the Inupiat’s fall bowhead whale subsistence hunt.** •

Having accumulated this diverse knowledge and experience, MMS has been working on an environmental index to measure the impact of offshore activities. We will quantify indicators for the environmental impact on sea floor resources, protected biological resources, air and water for full evaluation in 2001.



In light of future production on the Beaufort Sea, MMS is conducting a project called ANIMIDA to detect and evaluate any possible chemical, physical and biological impacts of offshore activity.

MMS works closely with local inhabitants to study the habitats and behavior of important indigenous animals such as seals and bowhead and beluga whales.



One of the key components of the environmental index is the oil spill rate for offshore operations. Analyzing spill trends, MMS has found that the offshore platform spill rate continues to decline while pipeline spills have been more numerous and larger. In response we fund research for operational safety and engineering research, including studies on pipeline fatigue and failure, deepwater pipeline repair, ice scour of pipelines and improved pipeline design.

Other research we conduct has significantly reduced the impact of oil spills when they do occur. • Our Oil Spill Response Research Program continues to improve the capabilities for detecting and responding to an oil spill in the marine environment. Research continues to focus on improving remote sensing and surveillance, mechanical containment and recovery, chemical treatment and innovative shoreline cleanup strategies.

MMS’s commitment to environmental protection

begins with the first steps in the leasing process and continues all the way through decommissioning and removal of the equipment and site restoration. • We work to ensure environmentally sound development through a combination of research, regulations, plan and project reviews for compliance with numerous environmental laws, monitoring and follow-up and mitigation.

Our Environmental Studies Program (ESP) provides the sound science—research and environmental information—necessary to consider environmental impacts and to develop measures to minimize adverse effects. The ESP works in partnership with stakeholders who are involved with or affected by offshore activities. In response to rapid technological advances and legislation that have dramatically increased interest in deepwater activity (beyond 305 meters), we are devoting more than two-thirds of the Gulf of Mexico research budget to understanding complex deepwater issues such as subsea spills and the distribution of protected marine mammals and sea turtles.



The rigs to reefs program capitalizes on the fact that steel platforms make excellent artificial reefs. These reefs provide a hard surface for coral to grow on and allow whole ecosystems to evolve.



MMS’s national oil spill response facility, Ohmsett, tests a number of promising response technologies. In 1999 the oil spill rate was 17.5 barrels per million produced. This was more than our 5.1 target and was due to a single large pipeline spill.

FAIR MARKET VALUE

Given their nonrenewable nature, America's mineral resources must yield a fair return for the nation. MMS collects approximately \$3.5 billion each year from the 8,000 active leases we manage on the Outer Continental Shelf. The revenues come from bonuses paid by winning bidders on auctioned leases, rents on inactive leases and royalties on producing leases.

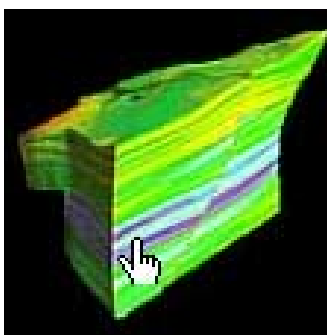
MMS's current evaluation procedures are designed to ensure that the federal government receives fair market value for auctioned leases, which can vary considerably. **After accumulating years of experience and staying on top of state-of-the-art seismic information, MMS has become adept at selecting and analyzing tracts and evaluation techniques for lease sales.**

In 1999 we met our fair market value goal, which we measure as a ratio of the high bids we receive for offshore leases to our estimate of their value. However, we believe that our measure may be too narrowly focused and we are evaluating our approach and exploring the development of a more comprehensive performance measure.

We continually review our methods to ensure the receipt of fair market value under current market conditions without placing undue burdens on either industry or the MMS regional offices that conduct evaluations. We aim to provide opportunities for industry to acquire prospective tracts while providing for competitive lease sales and enhancing the timeliness and accuracy of the MMS tract evaluations.

Offshore sand and gravel resources are also evaluated for beach reclamation and shoreline protection projects. MMS has cooperative agreements with nine states along the East and Gulf coasts. In 1999 MMS conducted environmental studies to ensure that these resources can be accessed in a timely and environmentally sound and safe manner.

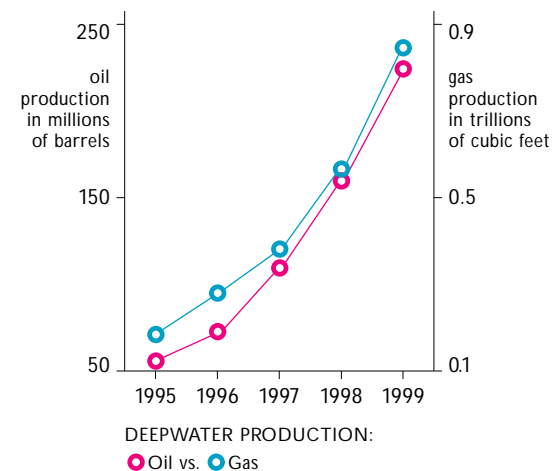
With seismic imaging technology developing at a staggering pace, it is important that MMS keeps up with industry by investing in new technology.



MMS works closely with local governments to repair damaged shoreline areas and protect valuable wetlands.

Just as MMS seeks out fair market value, so too do we appreciate the value of exploration and innovation, as reflected by our implementation of the deepwater royalty relief program. **To stimulate industry development of new technology for exploration and mineral development, MMS offers royalty relief incentives for approved deep-water operations.** The program encourages domestic production of oil and gas resources along with the creation of infrastructure to facilitate production and transportation. In 1999 MMS approved deepwater relief on two fields in the Gulf of Mexico. **The program has contributed to a more than ten-fold increase in the number of leases sold in depths over 400 meters with a corresponding jump in revenues from \$15 million in 1994 to \$1.1 billion in 1998.**

In addition to incentives, MMS is working to provide support to handle market fluctuations in the industry. Due to low oil prices in 1998, lessees drilled only 240 exploratory wells rather than our goal of 265 for 1999 (we expect that activity will increase with prices). MMS organized a multidisciplinary team last year to identify the relevant effects of those low prices, to develop options for MMS responses and to act as an information clearinghouse on the issue. MMS and the industry are now better prepared for market fluctuations. By streamlining our practices and improving our efficiency, MMS is ensuring that our regulatory processes do not compound the difficulty of market fluctuations.



Deepwater mineral finds have slowed the rate of decline in recoverable resources. In 1999 discoveries improved the ratio of resource reserves to production, reducing the rate of decline 60% more than our target for oil and 65% more than our target for gas.



The number of exploratory wells in ultradeep water tripled from 1996 to 1999. Offshore exploration brings increased attention to underwater ecosystems. In addition to learning more about preserving habitats, this has led even to the discovery of new species, such as this ice worm.

ROYALTY MANAGEMENT PROGRAM

Walk through a national forest or hike through a state or local park and you can readily appreciate America's majestic landscapes and living treasures. What isn't as apparent at first glance is the important role America's mineral resources play in protecting and preserving its other natural resources. Revenues generated from mineral production are the federal government's major source of funding to purchase parks and recreation areas and to plan, acquire and develop land and water resources for recreational use, habitat protection, scenic beauty and biological diversity. The states fund education, public works and recreation facilities from these mineral revenues.

Federal programs, states and tribes depend on MMS funds to meet these vital priorities, so we work to ensure that:

- all revenues from federal and American Indian mineral leases are efficiently and accurately collected, accounted for, verified and disbursed to the appropriate recipients in a timely manner.
- companies are in compliance with all applicable laws, lease terms and regulations.
- we fulfill our mineral revenue trust responsibilities to American Indians.

Though a small agency, MMS works with some pretty big numbers. **In 1999 we processed over 7.4 million mineral revenue and production transactions from more than 80,000 leases.** In addition MMS conducts a comprehensive compliance effort staffed by our employees and state and tribal auditors to ensure that taxpayers receive all they should from these resources.

Company compliance isn't the only way we ensure the best value for the nation's resources. We also continuously monitor our ways of doing business to determine how we can improve our efficiency and level of service. The best example of this, our reengineering initiative, embodies our commitment to developing and utilizing best business practices and cutting-edge technology. Involving a complete redesign of the royalty program's core business processes and support systems, reengineering is intended to:

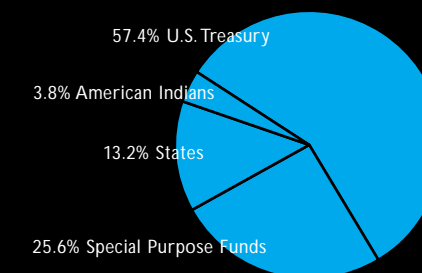
—provide states, American Indian tribes and individuals

and other federal agencies access to their funds within 24 hours of the due date,

- reduce the royalty management compliance cycle from six years to three or fewer,
- increase our efficiency by modernizing our aging automated support systems,
- simplify and streamline industry reporting requirements, and
- improve communication by cultivating partnerships with our customers.

In 1999 MMS completed a number of the preliminary planning and design milestones, including awarding a contract to develop, install and operate an integrated royalty financial system. The reengineered processes and systems, which will make us comparable to the best in business, are scheduled to be implemented by September 2001.

Mineral revenues help fund important programs at all levels of government, including everything from local recreation spots to national wildlife preserves. In FY 1999, MMS disbursed \$4,362,006,000 in federal and American Indian mineral lease revenues.



FAST ACCESS TO FUNDS



The funds we collect are invested in the country's environmental and economic future, so efficiency and speed in revenue disbursement are among our top priorities.

Mineral resource revenues are vital to programs affecting our ultimate customer—the American people.

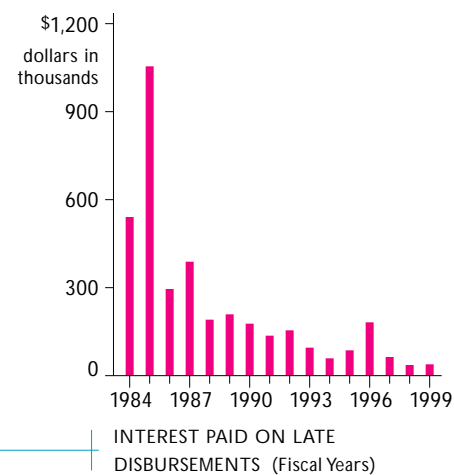
To ensure reliable and timely disbursements, MMS uses sophisticated computerized accounting systems to collect, process and report monthly payments on the thousands of leases in our care. We hold ourselves to a high standard of delivering funds within one month of payment. In 1999 we made timely deliveries of over 98 percent of funds. Once new systems become operational in October 2001, we can start working toward providing recipients access to their funds within one business day.

One way MMS keeps tabs on the timeliness of funds delivery is by watching the amount of interest costs we pay on late disbursements.

• Last fiscal

year, we beat our goal—not to exceed \$45,000—by nearly 10 percent. The interest dollar amount is low relative to the overall royalty figures, but monitoring it monthly allows us to identify and correct problem areas quickly.

Industry's timeliness and reporting accuracy have a major impact on our efforts to meet this goal of fast funds delivery. To recognize companies' cooperation and responsiveness, the Mineral Revenues Stewardship Awards were given to CBP San Juan Limited Partnership; Chieftain International (U.S.), Inc.; Devon Energy Corporation; Kukui Operating Company; Northern Production Company; OCI Wyoming,



L.P., Pacificorp Electric Operations and Yates Petroleum Corporation and Yates Drilling Company for their exceptional performance.

Notably, we have maintained our quality of service even while working on the sweeping changes involved in our reengineering initiative.

One of MMS's main goals for the reengineering initiative is to streamline and modernize our funds delivery to match the best industry practices. We recognize the time and cost savings of using electronic commerce and we are aggressively pursuing more of it. In 1999 we published a final rule requiring electronic reporting except in hardship cases.

In 1999 81 percent of all royalty reporting, 52 percent of all production reporting and 93 percent of all payments were received electronically. Most of MMS's large royalty payers already report electronically, reducing our manual data entry costs by 60 percent while saving industry up to 50 percent in resources needed to comply with our reporting requirements. Last year MMS hired an electronic commerce services contractor to ensure that most remaining companies will be converted to electronic reporting formats by the end of 2001.



"COPAS commends MMS for approaching their reengineering initiative in a proactive manner. We believe continuing this open communication will result in a system and work products that will be of benefit to both industry and MMS."

John Clark
The Council of Petroleum Accountants Societies, Inc.

TIMELY, ACCURATE COMPLIANCE

Speed alone isn't enough to meet our responsibility to our customers. To ensure that the American public is receiving all the revenues that it should, MMS also works to secure accurate and timely royalty compliance from mineral producers.

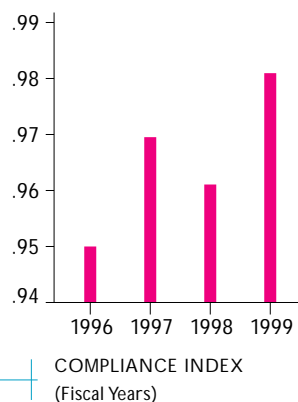
A major challenge in ensuring compliance accuracy is determining whether lessees have correctly valued production for royalty purposes. Several factors can add to the complexity of determining royalty value such as sales to affiliates, changes in market conditions and deregulation of natural gas pipelines and electric utilities. In 1999 MMS published a final rule simplifying the valuation of natural gas produced from American Indian lands, and we now have a final rule for the valuation of oil production from federal leases.

To track our overall compliance progress, MMS has created an index that compares royalty payments received with expected royalty payments. In 1999 MMS posted a compliance index of .98 that exceeded the .975 target. While pleased with this

performance, we're not resting on our laurels. A key component of our reengineering initiative is an overhaul of the way we measure compliance that will shift the focus from individual companies to a more informative, comprehensive look at specific producing areas and properties.

We are accomplishing this through close partnership with states, tribes and industry, particularly through the work of our operational model teams. **Last year, these teams began to define, apply and test the improved property-focused compliance processes in a real-world setting.** This partnership approach, coupled with the shortened compliance schedule, speeds the process and facilitates communication. With a more immediate compliance effort, related records are much more likely to be available and retrievable, the systems that created the records are likely to still be in place and the people who can explain the transactions are still available to address issues.

Our Operational Models involve collaboration with representatives from Utah, Colorado, Wyoming and Montana; the Ute, Navajo and Hopi tribes and oil, gas and mining companies such as Chevron, Texaco, BP Amoco, Coastal, Barret, Peabody, Pacifi-corp, BHP and RAG American, Inc.



CREATIVE SOLUTIONS

Mindful of our responsibility to the taxpayers, MMS explores all available options to better manage America's mineral assets. For example, federal lease terms give MMS the option of taking our royalty share of crude oil or natural gas in kind, rather than being paid the royalties in value. Following a feasibility study, MMS determined that under the right circumstances taking federal oil and gas royalties in kind rather than in value "could be workable, revenue neutral or positive, and administratively more efficient for MMS and industry." Taking royalties in kind may avoid debates over valuation, increase the certainty of accurate royalty payments and reduce administrative costs for both industry and the government.

In 1998 MMS and Wyoming initiated the first Royalty-in-Kind project involving the competitive, open-market sale of royalty oil from federal leases in Wyoming. We are pleased with the results seen in 1999 and, along with Wyoming, are continuing the project and expanding joint competitive,

open-market sales of royalty oil from state and federal properties. We also have initiated two natural gas projects in the Gulf of Mexico. **In addition to selling gas competitively to the public, a portion of the gas is transferred to federal agencies for direct consumption through our partnership with the GSA.**

MMS also takes royalty oil in kind when we find that market realities prevent small refiners from having access to crude oil at equitable prices. When this situation exists, we can offer a portion of federal royalty oil for sale to small refiners. This program is a means of ensuring that small refiners remain viable in the industry. Such companies are often vital to local economies, so MMS's actions have an important grassroots impact in communities throughout the country. In the last five years, MMS has sold over 100 million barrels of royalty oil to small, independent refiners.



MMS also works with the Department of Energy to fill the Strategic Petroleum Reserve (SPR), the nation's emergency crude oil stockpile. In 1999 contracts were awarded to transfer 13.2 million barrels of federal royalty oil taken in kind to the SPR.

AMERICAN INDIAN TRUST RESPONSIBILITIES

Forty-one American Indian tribes and 20,000 individual American Indians depend on mineral revenues for their economic well-being. For some, these revenues are their greatest source of income. In accordance with the Department of the Interior's American Indian trust responsibilities, MMS has a special dedication to the tribes and individual American Indian mineral owners who comprise this important stakeholder group. As with its relationship to the states, MMS serves American Indians by ensuring that they receive accurate returns for mineral production on their land. **Much of MMS's work for American Indians can be tracked through our funds delivery and royalty compliance measurements.**

MMS also offers programs to American Indian tribes to help them assume mineral resource management functions currently performed on their behalf. While the participation levels in 1999 did not meet our expectations, we continue to encourage tribes to take advantage of the special services

available to them. Through 1999, four tribes have sent members to participate in our Royalty Internship Program, which provides mineral producing tribes the opportunity to increase their royalty management expertise. This on-the-job training is customized to each tribe's needs, including royalty accounting, report processing, exception resolution, audits and valuation. In 1999 we also coordinated with eight tribes who chose to handle their own royalty audit work through cooperative agreements.

In an effort to provide the highest possible American Indian trust protection, special MMS initiatives have collected an additional \$7.5 million in royalties for American Indian mineral owners.



Many of our American Indian customers live in remote areas. **As part of our commitment to improve services to American Indian mineral owners, MMS has adopted the motto "If you can't come to us, we'll come to you."** MMS holds outreach sessions in remote American Indian communities and provides walk-in service in regional offices located near major American Indian population centers. In 1999 alone, we resolved 975 issues related to American Indian mineral revenue accounting. Last year we also helped 15 tribes gain online access to our business systems to monitor their royalty accounts electronically.

Such technology upgrades are just the tip of the innovation iceberg. **In Farmington, New Mexico, MMS is participating in a departmental pilot, implementing a new concept in serving our Navajo constituents.** The Farmington Indian Minerals Office (FIMO) unites employees from the Bureau of Indian Affairs, Bureau of Land Management

and MMS under one director to provide one-stop shopping—outreach, inspection, enforcement and royalty-compliance services—for Navajo mineral interests. With this department-wide trust focus, FIMO has been instrumental in significantly reengineering processes and services. The pilot was extended to October 2001, and will focus next on ways to strengthen working relationships with partner agencies, to reduce administrative obstacles and to improve pre-leasing activities.

The new Farmington Indian Minerals Office coordinates the expertise of three Department of the Interior bureaus to streamline the interaction between the Navajo mineral owners and the federal government, enabling us to be more responsive, effective and accountable.



MMS representatives attend tribal pow-wows each year and travel regularly to meet American Indian mineral owners near their homes.



CUSTOMER SERVICE

Every day in ways large and small, the results of MMS's work have an impact on the quality of life for all Americans. We pride ourselves on keeping the balance of stakeholders' needs and value for the taxpayer always at the forefront. We work to achieve this balance through partnerships and continuous communication with all our stakeholders and by remaining open to new ideas and ways of doing business.

In every aspect of minerals management—from the Outer Continental Shelf Policy Committee's public meetings to the hands-on involvement of states, tribe and industry in our reengineering initiative—we invite and respect customer input and feedback. We strive to satisfy our customers by:

- involving stakeholders as management partners,
- providing outreach, public information and training,
- pursuing opportunities for electronic business,
- locating additional MMS staff nearer to stakeholders, and
- establishing customer service goals and reporting.

• equity

all of our work at MMS embodies the best meanings of the term. From ensuring Americans value for their finite mineral resources to maintaining a fair balance of all our stakeholders' needs, MMS juggles a host of responsibilities with speed, care and precision. A small agency with a large impact, we never stop looking for the most efficient means to ensure that the nation receives the best value for its precious resources now and in the future.