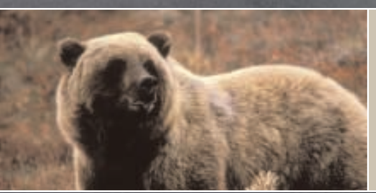
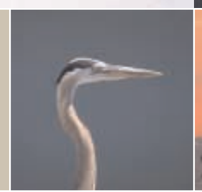
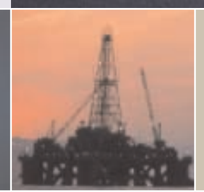
Minerals Management Service—2002

MMS Matters







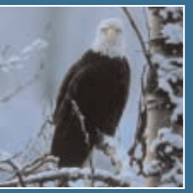
"I commend the staff of the MMS for your commitment to ensuring that mineral resources are utilized efficiently and fairly. I also applaud your efforts to protect marine life and the environment on our federal lands. Your hard work and service at the MMS are a tribute to the countless contributions federal employees make to our nation daily."

PRESIDENT GEORGE W. BUSH commemorating our 20th anniversary

Why MMS Matters

Minerals Management Service (MMS) is the federal agency in the U.S. Department of the Interior that manages the nation's oil, natural gas and other mineral resources on the Outer Continental Shelf (OCS) in federal offshore waters. The OCS contributes about 25 percent of all the oil and gas produced in this country.

We also collect, account for and disburse mineral revenues from federal and American Indian leases. Established only 20 years ago, by 1984 we had collected $1 billion in royalties for the nation. We certainly have grown—our collections totaled nearly $10 billion in 2001 alone.



We provide major economic and energy benefits on a national and local level to taxpayers, states and the American Indian community. Since 1982, we have distributed more than $120 billion:

- $75.4 billion to the U.S. Treasury
- $27.9 billion to the Land and Water Conservation Fund, the National Historic Preservation Fund and the Reclamation Fund
- $13.5 billion to 38 states
- $3.4 billion to 41 American Indian tribes and 20,000 individual American Indian allottees

We uphold Secretary Gale Norton's "Four C's" agenda—"communication, consultation, and cooperation in the service of conservation"—focusing on the wise and prudent management of our nation's mineral resources.

The Big (Energy) Picture

The U.S. relies on oil and natural gas to power most of our transportation and an ever-increasing proportion of our energy needs. Over the next two decades, U.S. demand is expected to grow more than 35 percent for oil and about 50 percent for natural gas. We will need six million more barrels of oil a day, but domestic oil production is expected to decline by 1.5 million barrels a day. Likewise, natural gas demand will increase 50 percent while domestic production is expected to increase only 14 percent.

Currently, we depend on foreign sources for more than half of our oil resources. During the 1973 oil crisis, that dependence had a major impact across America. A sobering fact: We now produce nearly 40 percent less oil than we did in 1970. Additionally, it now takes eight times as much fuel to support each U.S. soldier than it did in World War II.

Building on twenty years of helping the nation meet these energy needs, MMS will be an active participant in implementing President Bush's National Energy Policy—the blueprint for ensuring our nation's energy security in the coming decades. We play a key role, for example, by arranging for royalty oil to fill the remaining capacity of the Strategic Petroleum Reserve.

We manage mineral resources in an environmentally sound manner on 1.76 billion submerged acres on the outer continental shelf—with about 40 million currently leased acres. As much as an estimated 22 billion barrels of oil and 61 trillion cubic feet of gas remain to be discovered in the areas we have designated for leasing in our 2002–2007 offshore program.

At MMS, we are working to build a partnership of government agencies, affected industries and concerned citizens to tap these resources in the most prudent manner. I believe that together we will find solutions to our nation's energy needs in a way that is acceptable to all.

R.M. "Johnnie" Burton
Director

To date our offshore has produced

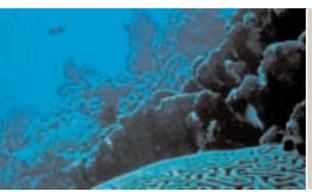
143 trillion cubic feet of natural gas

13 billion barrels of oil

The heart of the matter is… INNOVATION

As energy consumption outpaces production and Americans are faced with higher energy bills, it is clear how important it is for our National Energy Policy to "promote dependable, affordable and environmentally sound production and distribution of energy for the future."

While new sources of energy may be on the horizon, oil and gas will continue to be important during the next 20–30 years. Natural gas is the fastest growing energy source because of increasing demand for electricity generated by clean and efficient gas-fired plants. Unlike U.S. crude oil supplies, ship-borne imports of natural gas cannot increase fast enough to meet projected future demand. Sufficient natural gas can only be delivered by pipeline, so the U.S. must look to North American frontiers—most prominently offshore Alaska and the deepwater Gulf of Mexico—for significant new supplies of natural gas.



As a matter of fact…
In 2001 Unocal set a new world record for drilling in 9,743 feet of water—nearly twice as deep as the Grand Canyon.

Doing our part for the future

Responding to our nation's energy needs, MMS developed the five-year leasing program for 2002–07 to outline areas available for production. In creating the new five-year program we consulted with our stakeholders and considered more than 10,000 comments.

We estimate the new five-year program will make available from 10 to 21 billion barrels of oil and 40 to 60 trillion cubic feet of natural gas. This is enough oil to fuel every vehicle in America for two to five years and enough natural gas to heat, cool and run appliances for every home in America for two to three years.

Between 2002 and 2007, MMS plans to hold 20 oil and natural gas lease sales in the federal outer continental shelf, including:

- Gulf of Mexico Region—ten annual area-wide sales in the Central and Western Gulf and two sales in the Eastern Gulf.
- Alaska Region—three sales in Beaufort Sea, two in Cook Inlet, two in Chukchi Sea/Hope Basin and one in Norton Basin.

Encouraging developments

The President's National Energy Policy calls on MMS to consider economic incentives for environmentally sound oil and gas development. We have responded to the increased demand through incentives and programs designed to spur exploration and technological development in the Gulf.

For example, vast resources of oil and natural gas may underlie sheets of salt on the outer continental shelf, and we are providing an extension of time to companies who are exploring to locate these resources. Also, after extensive consultation with industry, we identified deep well gas from the Gulf's nearshore outer continental shelf as a best bet for enhancing natural gas production in the near-term. Gas from nearshore can reach the market sooner than gas from

deepwater leases because of existing infrastructure. In Lease Sale 178 (March 28, 2001), MMS offered new leases in less than 200 meters water depth with royalty relief for natural gas produced from wells with a total depth of at least 15,000 feet, and we plan to offer similar relief in future lease sales. And last year we began work to offer royalty relief for deep gas produced from existing leases as well.

MMS is continuing to offer unleased blocks in deep water in the Gulf of Mexico with specific royalty relief depending on water depth. We also offer supplemental royalty suspension to leases in water 200 meters or deeper when needed to make a marginal discovery worth developing.

Looking far beneath the surface

At one time considered an oil and gas province in decline, the Gulf of Mexico has become America's new frontier for oil and gas exploration thanks to its deepwater reserves. The phenomenal rise in oil production from the Gulf of Mexico has occurred solely because of the tremendous increase coming from the deepwater area (greater than 1,000 feet). Deepwater oil production grew over 23 percent to 335 million barrels in 2001 as compared to 2000.

In 1985 only six percent of the Gulf's oil production came from deepwater wells. Today it is over 50 percent. Natural gas production from these deepwater areas also has increased from less than one percent of total production in 1985 to over 20 percent in FY 2001.

Production potential from proven reserves in deepwater areas is estimated to be roughly 1.8 billion barrels of oil and 5.8 trillion cubic feet of natural gas. Beyond representing an untapped source of energy, however, deepwater wells can also be a boon because of their high flow rates and large size of the fields. For example, an average shallow-water oil well flows at just over 100 barrels of oil per day, whereas oil wells at the deepwater Ursa field each produce about 30,000 barrels of oil per day. Similarly, typical shallow-water gas wells flow less than 2 million cubic feet of gas per day, whereas a single well at the deepwater Mensa field produces about 100 million cubic feet of gas per day.

In November 2001, a record 47 temporary and permanent deepwater rigs were drilling at depths greater than 1,000 feet, as compared to only nine rigs in 1990 and 26 in 1999. The number of wells being drilled in the ultra-deepwater (5,000 feet of water or greater) continues to grow also; there were a record ten wells in 2001.

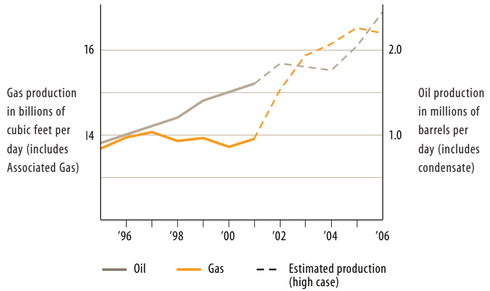
As a matter of fact…
An estimated 75 billion barrels of oil and 362.3 trillion cubic feet of natural gas can be recovered from the U.S. outer continental shelf. Experts believe this represents over half of the nation's remaining oil and gas resources.

Offshore Statistics by Water Depth

Water Depth (in Meters)	Active Leases	Approved Applications	Active Platforms
0 to 200	3,489	28,012	3,491
201 to 400	220	9,447	418
401 to 800	391	1,462	49
801 to 1000	313	256	4
1000 +	3,229	2,208	27

Statistics as of 7/22/02. For the most current statistics, see:
www.gomr.mms.gov/homepg/fastfacts/WaterDepth/WaterDepth.html

Oil and Gas Production Rate Projections, Gulf of Mexico Region



Getting more from the Gulf today

For the first time in 14 years, MMS held a sale in the Eastern Gulf of Mexico, making available an area that is projected to contain enough natural gas to serve one million U.S. families for 15 years (1.25 trillion cubic feet of natural gas) and enough oil to fuel a million families' automobiles for nearly six years (185 million barrels).

Sale 181 on December 5, 2001, was a great success, resulting in 190 bids on 95 tracts and totaling $340 million in high bids from 17 companies. The highest bid was $26 million and the deepest tract was 9,541 feet (2908 meters). Sensitive to concerns from the State of Florida, MMS has deferred all areas outside the narrow band included in Sale 181 from the five-year program for 2002–07.

MMS also conducted two highly successful oil and gas lease sales in the Central and Western Gulf of Mexico in 2001. Sale 178 for the Central Gulf of Mexico was held in two parts, March and August 2001, attracting $505 million in high bids from 90 companies. This was the fourth largest sale in that area in the last 10 years.

The Western Gulf of Mexico Sale 180 was held in August 2001. It resulted in 320 tracts receiving 386 bids and 313 leases awarded, involving $163.6 million in high bids. Seven of these leases are located over 200 miles offshore, beyond the Exclusive Economic Zone in a remote deepwater region of the Gulf (formerly known as the "Western Gap") divvied up by a treaty between Mexico and the U.S.

As a matter of fact…
Our Alaska regional staff has made great strides to improve federal and tribal government consultation, such as successfully incorporating traditional knowledge in environmental assessments of Alaska developments.

Advances in Alaska

In 2001, the promise of our Alaskan reserves finally began to be realized as the Northstar project in the Beaufort Sea became the first production from federal waters offshore Alaska. Northstar produces from both State of Alaska and offshore federal leases; the project was successfully realized through close coordination among MMS, Alaska and the energy industry. Northstar is projected to produce 175 million barrels of oil.

The Northstar pipeline is the first buried subsea pipeline in the Arctic to be used for full time production. It is seven to 11 feet below the seafloor to avoid ice impacts. Northstar also uses innovative features to protect the environment, including sophisticated pipeline monitoring equipment sensitive enough to detect very small leaks.

The Northstar Project in the Beaufort Sea, Alaska.

To keep up with increased demand for natural gas, the U.S. is exploring options for construction of a pipeline to deliver natural gas to the lower 48 states. MMS recently joined the Joint Pipeline Office, bringing our extensive research and knowledge from the Gulf of Mexico north to cooperate with the State of Alaska and federal agencies involved with the Alaska pipeline. MMS staff have testified before a State of Alaska legislature subcommittee that is reviewing pipeline options.

As a matter of fact…
Oil exploration over the past 35 years in northern Alaska also discovered more than 41 trillion cubic feet of natural gas that is stranded by lack of means to transport it to market. This is enough natural gas to meet all U.S. demand for two years.

25% of the oil and natural gas produced in the U.S. comes from offshore

Progress in the Pacific

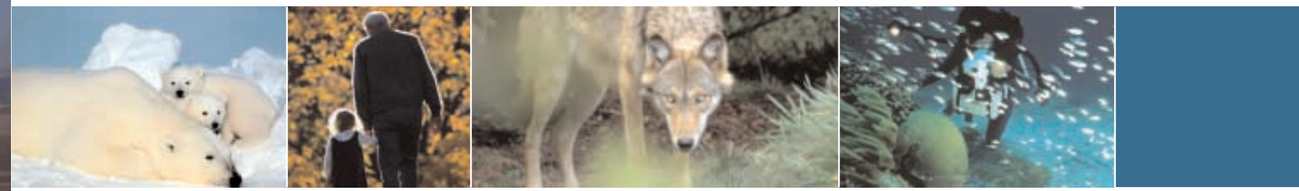
In April 2001, our Pacific OCS Region surpassed the milestone production mark of one billion barrels of oil, and also produced over 1.2 trillion cubic feet of natural gas. Offshore California, 36 of the 79 leases are undeveloped, though most have been explored (38 wells drilled in total) and found to contain commercial quantities of hydrocarbons. Potential reserves for the 36 undeveloped leases are estimated at one billion barrels of oil and over 500 billion cubic feet of natural gas. Another 0.4 billion barrels of oil reserves and one trillion cubic feet of natural gas underlie the 43 producing leases.

The new developments throughout the OCS are an encouraging sign that we are making progress toward meeting America's energy needs in the coming years.

1.7 billion acres

currently under MMS management (a total area that's 10 times as big as Texas)

The heart of the matter is… STEWARDSHIP

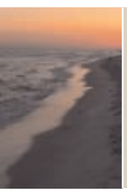


Conserving our nation's precious resources, protecting people and marine life, and ensuring a fair return

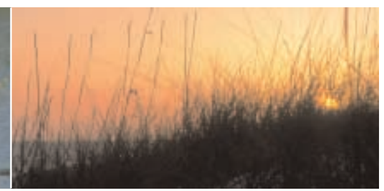
Conservation efforts

Increasing production and the search for energy are just part of the equation both for the National Energy Policy and for MMS's mission. The nation's mineral resources are certainly significant, but they're also finite and nonrenewable. That is why conservation is a key component of our policy and of all our efforts.

MMS environmental scientists are involved in all phases of OCS activity, from the development of the five-year program to work on preventing and mitigating oil spills and from assessing environmental impact of new production to platform removals. Our Environmental Program works to find appropriate solutions where industry activities could adversely affect environmental resources. This allows development to continue while the environment is safeguarded. In fact, OCS operators have produced 6.3 billion barrels of oil since 1985, and spilled only 0.001 percent of this oil, or 1 barrel for every 94,000 barrels produced. And we are continuing to work with industry to improve this statistic even further.



As a matter of fact…
Naturally occurring oil seeps introduce 150–175 times more oil into U.S. marine waters than do offshore oil and gas activities. In the Pacific region, only 831 barrels of oil total have been spilled from operations since 1970, about the same amount that comes from natural seeps in the Santa Barbara channel each week.



Learning new tricks of the trade Working in ever more remote areas of the Gulf of Mexico to get the most out of our natural resources, deepwater discoveries can be made 100 miles from the infrastructure needed to get oil or natural gas to market. To address this challenge, companies are eager to use a type of production system that has never been installed in the Gulf of Mexico—FPSOs.

Floating production, storage, and offloading systems (FPSOs) have been successfully employed in the North Sea, South China Sea and off Australia and Canada. For the past four years, MMS has engaged industry, the U.S. Coast Guard and other regulatory agencies worldwide in a rigorous environmental and safety review of FPSOs for use in the deepwater Gulf of Mexico. Completing the research in 2001, we found the environmental risks comparable to other types of production systems currently accepted for use in these deepwater areas. We now will accept applications for the use of FPSOs, considering each on a case-by-case basis.

As a matter of fact…
Offshore sand and gravel have been used to preserve and protect Assateague, the barrier island that is home to the famous wild ponies.

To achieve energy conservation goals, the National Energy Policy emphasizes getting the most out of existing wells through new technology. MMS and industry are exploring research opportunities on drilling and completing extended reach and multilateral wells to help minimize the size of production facilities and avoid unnecessary creation of new platforms. Extended reach drilling already is used extensively on Alaska's North Slope. We are working to help the technology transfer successfully offshore to the Beaufort Sea.

Joining allies in a BIG sandbox Oil and natural gas aren't the only mineral resources we manage. Since 1992, MMS has formed ten partnerships with states on the East Coast and the Gulf of Mexico to combat erosion and replenish vital beaches.

For example, historic Assateague Island in Maryland, home to famed herds of wild ponies, has been eroding at an average rate of 10 feet per year, one of the highest rates in the nation. A partnership between the State of Maryland Department of Natural Resources and MMS resulted in the discovery of a sand shoal at Great Gull Bank four to six miles offshore Assateague. MMS will work with the State of Maryland as it plans to dredge 1.8 million cubic yards of sand to renourish the Assateague National Seashore. An additional 100,000 cubic yards of sand will be placed on the state's portion of Assateague Island.

MMS joined the National Park Service, the Army Corps of Engineers, the State of Maryland, Worcester County Maryland and the Town of Ocean City, Maryland in working to restore the island to as natural a condition as possible.

Protecting *all* of our resources

While MMS conservation efforts involve stewardship of our mineral resources, our management of the offshore environment also has implications for preserving lives and historical treasures alike.

Safeguarding people The safety of offshore personnel is a primary concern for us. Since our start in 1982, we have worked with industry to reduce both the number and severity of accidents occurring during offshore operations.

As a matter of fact…

"The State of New Jersey has enjoyed a productive working relationship with MMS for close to a decade. Without [MMS], we simply would not have good geologic information on offshore sand resources." LARRY SCHMIDT, director of coastal planning, NJ Department of Environmental Protection

MMS requires compliance with a set of operating regulations that are based in large part on 85 industry standards or "best practices." This regulatory regime provides penalties for non-compliance. Our 70 inspectors go offshore every day that the weather permits. In 2001 these inspectors conducted almost 17,000 inspections.

One indicator that this collaboration is paying off is the significant decrease in fatalities since the late 1970s.

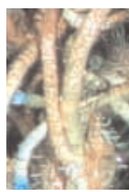
Keeping our eyes open MMS requires industry to file plans for pipelines and platforms before construction can begin. These plans involve detailed surveys of the seafloor along a construction site.

Thanks to these surveys, MMS and Shell Oil discovered a highly sought-after World War II German submarine, U-166, in 5,000 feet of water 45 miles from the mouth of the Mississippi River. The only German submarine sunk in the Gulf of Mexico, U-166 was sent to the bottom by a depth charge in 1942, shortly after it torpedoed and sank the passenger freighter SS Robert E. Lee.

MMS-required surveys have led to the discovery of more than 100 shipwrecks on the floor of the Gulf of Mexico, including over a dozen World War II casualties of the six U-boats known to have patrolled the Gulf. Older shipwrecks also have been identified and studied, including the passenger steamer New York (sunk in 1846) and Civil War Union gunboat USS Hatteras.

Deepwater's special nature As we learn more about the deepwater region of the Gulf, both government and industry have had to grapple with a host of technological, health, safety and environmental issues. For example, MMS research in deep water has shown that the currents are very strong and, most surprisingly, that the current at the top of a deepwater column (7,000 feet deep for example) can be moving in the opposite direction from the bottom of the water column. This riptide-esque effect obviously has a large impact on the design of deepwater equipment.

Deepwater technology rivals that used in the space program. In fact, the more we learn about what's in the deepwater Gulf of Mexico, the more blurry the line between science fiction and reality. For example, scientists at Columbia University produced incredibly detailed maps showing that "the seafloor off the U.S. coast is as remarkable and in some ways as alien as landscapes we've seen on Mars or Venus." Another example: the discovery of chemosynthetic communities in the Gulf which have an ecosystem separate from the sun-dependent photosynthetic food chain that supports all other life on earth. The chemosynthetic bacteria and other simple, primitive lifeforms that form the basis of these food chains bring life to the most hostile environments on earth, which helps scientists imagine how life may evolve on worlds very different from our own.



Making the best use of our resources

Mineral leasing revenues are one of the Federal Government's greatest sources of nontax receipts, used to fund numerous quality of life enhancements, such as parklands, support for education, historical sites, etc. Monies going to the states are used as the states deem necessary, oftentimes for schools, roads, libraries and public

buildings. Revenues collected on American Indian lands go directly to the American Indian tribes and individual American Indian mineral owners, meeting a wide variety of their needs.

Getting the most from our resources MMS collects and processes reports and payments from bonuses, rents, and royalties for more than 78,000 leases each month. To do our work even more effectively, MMS consulted extensively with industry, states and tribes on a complete business process reengineering and a resulting new organizational structure for our Minerals Revenue Management (MRM) program. Having completed this reengineering, the initial results are extremely encouraging and should improve an already impressive record. For example, MRM's vigilance on the compliance side of royalty reporting and collection in FY 2001 has resulted in:

- $50 million in additional royalties and interest as a result of 157 closed audits.
- $27.8 million in additional royalties under the delegated State and Tribal audit program.
- $39.2 million in royalties from 16,097 resolved volume exceptions.
- $177,706 in royalties from 1,461 resolved standard royalty rate exceptions and unpaid royalties.
- $100 million in royalties through settlements.

Using our resources to fill an immediate need To help enhance U.S. energy security in the near term, President Bush has asked MMS to strengthen the nation's response to potential supply disruptions by transferring oil to the Department of Energy for use in refilling the Strategic Petroleum Reserve (SPR), the nation's emergency stockpile.

MMS has two options for collecting royalties on oil and gas production—in value (cash) or in kind (product). On November 13, 2001, the President called for an ongoing transfer of oil taken in kind from federal leases in the Gulf of Mexico to fill the remaining capacity of the SPR. Delivery of royalty-in-kind (RIK) oil began in

April 2002 at 60,000 barrels per day and will increase to 100,000 barrels per day by October and 130,000 barrels per day by spring 2003.

This decision will significantly expand the Gulf of Mexico RIK program. Currently MMS is taking about 100,000 barrels per day of royalty oil in kind, about half of which is sold to the nation's small refiners to ensure that they can remain viable in the industry. The small refiner program will continue, and all existing contracts will be honored.

We also have been working on a series of complicated RIK pilot projects and studies and now are poised to implement RIK into our overall asset management strategy. Judicious use of RIK as an asset management option where it will be revenue neutral (collecting at least the same revenue as royalties in value) can reduce the administrative burden for lessees and afford greater certainty for both the lessee and the government because valuation disputes can be avoided. The President's decision to use RIK oil to fill the SPR will require MMS to develop oil-supporting RIK systems in FY 2003 and to redistribute staff to support the initiative.

Mineral revenues have provided

$27.9 billion

to the Land and Water Conservation Fund, the National Historic Preservation Fund and the Reclamation Fund since 1982.





The heart of the matter is… RESPONSIVENESS and RESPONSIBILITY

Providing better services to our citizens through better business practices

Fulfilling our trust responsibilities to American Indians

Cooperation is key

MMS is making every effort to be a responsive, dynamic, relevant and citizen-centered government agency. We recognize that our best resource management strategy is to leverage our positive exchanges with industry, environmental and government stakeholders alike and continually strive to learn from them.

Becoming more results-oriented MMS is working to demonstrate to the American people how our programs are performing—showing we are guided not by process, but by performance.

Opening up to competition We want to make sure we have the right person in the right job—even if that is a commercial, non-government position.

Improving financial accountability Without accountability, we cannot expect results. MMS will continue to build on an excellent record of financial performance for mineral revenue collections and disbursements.

A small agency with a very large impact, we take pride in all of our accomplishments. MMS headquarter staff's 12 year partnership with Herndon Elementary School in Herndon, Virginia to provide tutors, mentors, classroom presentations and science fair support brings us satisfaction just the same as helping shape the nation's energy destiny.

As a matter of fact…
We had our first Electronic Fund Transfer collections in 1988, years before the general public heard about the Internet.

Promoting a citizen-centered culture MMS is working to ensure as little distance as possible between decision-makers and citizens. We will continue to look for opportunities to flatten our hierarchy and redistribute workload to create more front-line, service-delivery positions that interact directly with our stakeholders.

Empowering citizens with expanded electronic government MMS's "e-Gov" initiatives focus not just on giving people better access to information, but also on giving people the ability to act on that information. In September 2001, 79.9 percent of all production and royalty lines reported to our revenue management program were received electronically (about 480,000 lines). During FY 2002, we have increased the total percentage of lines reported electronically to almost 90 percent.

We also have introduced a new online ordering system that spares MMS customers the inconvenience and expense of having to visit the Gulf of Mexico OCS Region's Public Information Office in New Orleans to duplicate well logs on paper. Customers now can research approximately 170,000 well logs online and have them downloaded onto a customized CD-ROM at minimal cost.

We began implementing the new core financial system of our revenue management program in November 2001. One month later, however, the entire Department of the Interior, including MMS, was taken offline by court order for a matter not pertaining directly to MMS. Now that MMS is back online, we will be able to deliver web-based, paperless transactions, information and services; better manage data and reduce future costs.

Already our Minerals Revenue Management program has increased customer visits to our Instant Information Internet site by 67%, provided 25 additional mineral statistical data sets and developed an automated revenue accumulator identifying total mineral collections since 1920.

We also are now consulting with stakeholders to similarly transform the offshore operation business processes. Modernizing our offshore operation will encourage speedier and more accurate business transactions by oil and gas companies by allowing them to file permit requests and regulatory reports over the Internet. It will provide immediate confirmation of receipt and result in improved response times to requests for approval of plans and permits.

Service to our first people

MMS serves American Indian tribes and individual American Indian mineral owners by ensuring that they receive accurate payments for mineral production on their land. In addition to the $3.4 billion in regular royalty disbursements since 1982, our ongoing vigilance and compliance management to date have resulted in royalty collections of $8 million for tribes and individuals.

Many of our American Indian stakeholders live in remote areas. As part of our commitment to improve services to American Indian mineral owners where they live, we have established an American Indian Compliance and Asset Management office. Based in Lakewood, Colorado, with walk-in service sites also located in Oklahoma and New Mexico, this office is specifically dedicated to serving mineral producing tribes and individual American Indian mineral owners and can perform all compliance and outreach activities. The office is an advocate for the American Indian community and a communication channel to the Department of the Interior and other federal agencies.

In New Mexico, the Farmington Indian Minerals Office (FIMO) unites employees from the Bureau of Indian Affairs, Bureau of Land Management and MMS under one director for outreach, inspection, enforcement, and mineral revenue compliance services to industry and our Navajo stakeholders. In September 2001, FIMO became a permanent Department of the Interior office, having successfully completed a pilot program. It will serve as a model as the Department plans to open similar offices in other areas.

MMS emphasizes American Indian empowerment. We coordinate with eight tribes that choose to handle their own royalty audit work through cooperative agreements. We also have created the Royalty Internship Program, a program customized to each tribe's needs which provides on-the-job training to help tribes prepare to assume MMS services including revenue accounting, report processing, exception resolution, product valuation and auditing.

As a matter of fact…
MMS has awarded one of the largest tribal contracts in history to a 100 percent American-Indian–owned business. The $100 million contract, awarded to Wyandotte NetTel, offers telecommunications and information technology products and services to the federal government.

(from left) Karen Anderson, Southern Ute Indian Tribe; Secretary of the Interior Gale Norton; Perry Shirley and Rowena Cheromiah, Navajo Nation

Keeping INSTEP

The Internship for Native Student Training and Education Program (INSTEP) is a recruitment effort to attract Native Alaskans to careers in the federal government. Created by Albert Barros, community liaison for MMS's Alaska Region, INSTEP gives Native Alaskan college students experience with federal agencies. In 2001 Barros was named Federal Employee of the Year for Alaska.

MMS's Pacific Regional office conducts a similar program with Oxnard College and the Hispanic Association of Colleges and University to attract minority students to DOI internships and work-for-school-credit assignments.

Since 1985, we have supported an Intergovernmental Personnel Act Fellowship program, bringing participants from various American Indian tribes to work with MMS personnel and develop accounting, auditing and compliance experience. MMS also works with Historically Black Colleges and Universities, such as Bethune-Cookman College in Florida, to recruit students for revenue management work study programs.

A heartfelt gesture

MMS recently developed a new award to honor individuals from American Indian tribes who have worked with us on royalty management issues. Secretary of the Interior Gale Norton presented the 2002 Joan Killgore Award to two employees of the Navajo Nation and one employee of the Southern Ute Tribe in a ceremony in Washington, D.C. These individuals made a significant contribution toward improving a tribe's ability to manage and control its own minerals program and have demonstrated initiative towards self-governance.

The Joan Killgore Award is named in honor of a beloved MMS charter employee. Now retired, Joan Killgore was a dedicated, efficient and highly motivated public servant who served as our primary point of contact on American Indian royalty management issues for several years.

We *can* achieve national security, economic stability and a healthy environment by improving America's production and energy supply network while we continue to conserve our nation's precious, mineral resources; protect people and marine life; and ensure that taxpayers receive a fair return for these nonrenewable resources.—R.M. "JOHNNIE" BURTON, MMS director

U.S. Department of the Interior
Minerals Management Service
1849 C Street, NW
Washington, DC 20240

202.208.3985 phone
www.mms.gov