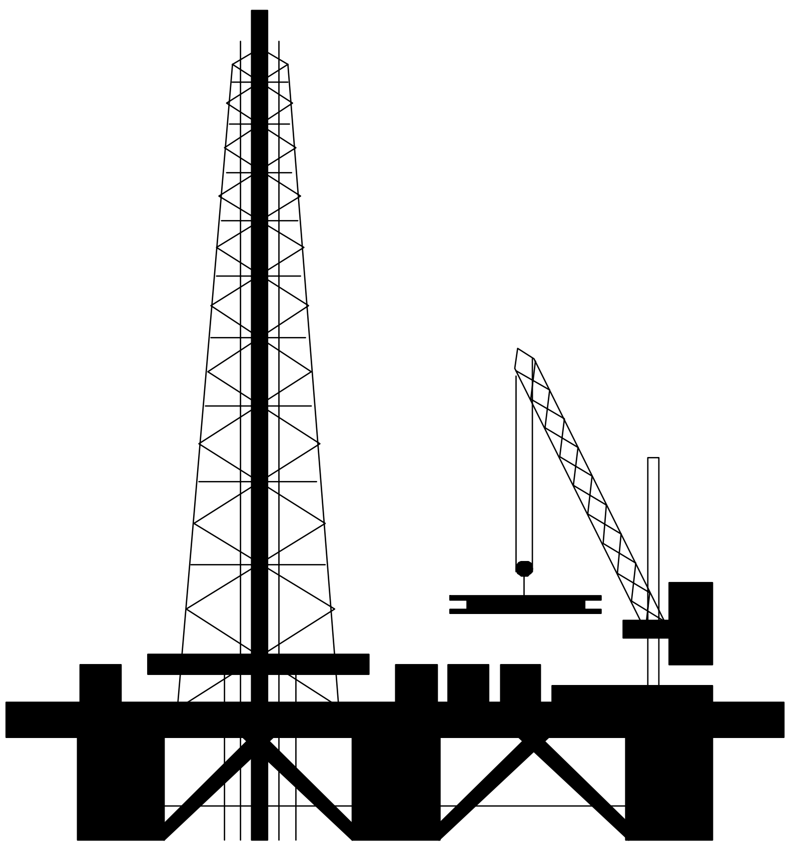
OCS Report
MMS 2004-055

Beaufort Sea
Sale 186
September 24, 2003

Sale Summary, Bidding Results and Related Analyses



U.S. Department of the Interior
MMS Minerals Management Service
Economics Division

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MMS 2004-055

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Sale 186
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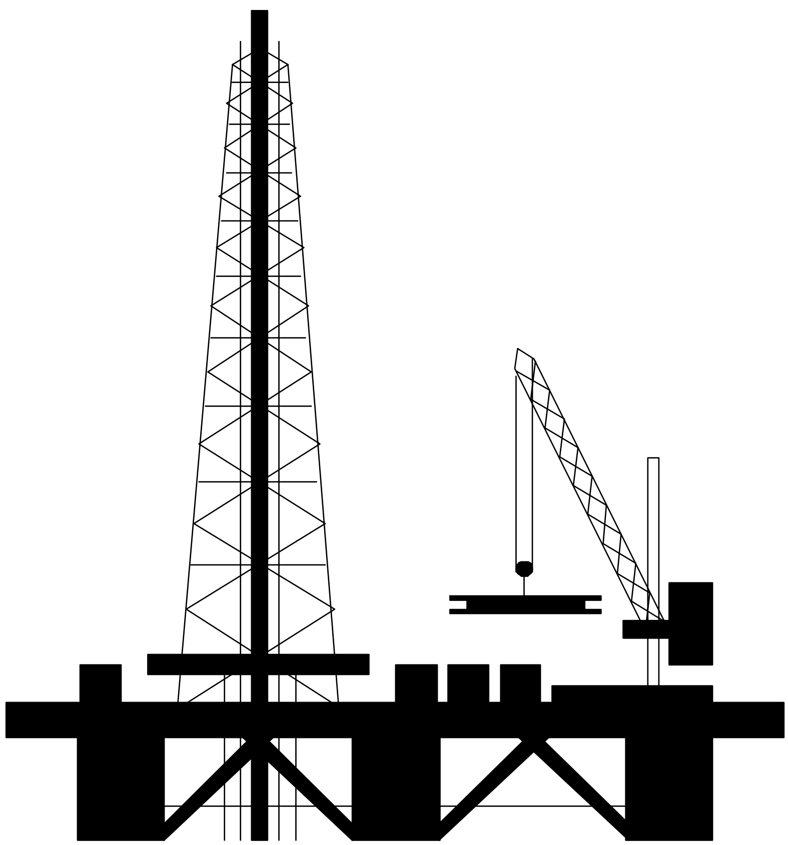
Sale Summary, Bidding Results and Related Analyses

By
Larry Slaski



U.S. Department of the Interior
Minerals Management Service
Economics Division

Herndon, VA
July 2004

Contents

Sale 186, Beaufort Sea 1
- Sale Overview 1
- Bidding Results 1
- Phase 1 Results 3
- Bidding Activity 3

Tables

1. Bidding Activity by Zone 1
2. Bidding Results by Number of Bids Submitted 2
3. Bidding Results by High Bid per Acre 2
4. Most Active Bidders by Total Amount of High Bids 3

Appendices

Appendix A – Sale 186
- Bidding Summary

Appendix B – Sale 186
- Bidding by Number of Bids

Appendix C – Sale 186
- Bidding by High Bid per Acre

Appendix D – Sale 186
- Bidding Results – Graphs

Appendix E – Sale 186
- Summary of Company Bids

Appendix F
- Bid Adequacy Procedures

Beaufort Sea

Sale 186
September 24, 2003

Sale Overview

Sale 186 in the Beaufort Sea was the first lease offering in the area since 1998 and the first Alaska OCS sale to offer royalty relief incentives. There were 1,755 tracts available for leasing in Sale 186. Leases awarded in this sale were eligible to receive royalty relief, the amount of which varied by location and size of the tract.

The sale area was divided into two zones. Zone A included the nearer shore tracts that were relatively accessible to the infrastructure in the vicinity of Prudhoe Bay. Zone B included the tracts that were farther from shore and were less accessible to the existing infrastructure. The minimum bid level was set at $37.50 per hectare (about $15 per acre) in Zone A and $25 per hectare (about $10 per acre) in Zone B. Rentals were adopted that increased over the lease term to encourage lessees to drill early in each lease's primary term.

In addition, for the first time in an Alaska OCS lease sale, a royalty suspension provision was a part of the lease term. It applies to each lease's first liquid hydrocarbon production. Royalty suspension on the production of oil and condensate, prorated by lease acreage and subject to price thresholds, applys to all leases awarded. Depending on surface area, leases in Zone A receive a royalty suspension volume (RSV) of 10 million to 30 million barrels (MMB) and leases in Zone B receive an RSV of 15 million to 45 MMB.

Bidding Results

In this sale, 34 tracts received 37 bids (an average of 1.09 bids per tract). Twelve of the tracts were in Zone A and 22 were in Zone B. The sale's high bids totaled $8,903,538, which yielded an average high bid of $48.99 per acre. After Phase 1 and 2 evaluations, all high bids submitted in Sale 186 were accepted.

Bidding results by zone are summarized in table 1 and more complete details are presented in appendix A.

Table 1.—*Bidding Activity by Zone*

Zone	Tracts with Bids	High Bids (MM)	Number of Bids	Average Bids/Tract
Zone A	12	$5.63	15	1.25
Zone B	22	$3.27	22	1.00

Bidding activity in Sale 186 resulted in an increase in aggregate high bids and number of tracts receiving bids compared to the previous Beaufort Sea sale (Sale 170, August 5, 1998). In Sale 170, 29 tracts received 31 bids with high bids of $6,239,015. In Sale 186, 34 tracts received 37 bids with high bids totaling $8,903,538, resulting in increases in tracts receiving bids (17.24 percent) and high bids (42.71 percent) compared to the previous Beaufort Sea sale. The increase in high bids occurred even though the minimum bid level in Sale 186 was lower than the previous sale in the area and about 91 percent of tracts received single bids. A summary of aggregate bidding results by number of bidders is presented in table 2 and bidding results by number of bids for the sale zones are presented in appendix B.

Table 2.—*Bidding Results by Number of Bids Submitted*[1]

Bids	Tracts	Percent of Tracts	High Bids (MM)	Percent of High Bids
1	31	91.18%	$4.90	55.06%
2	3	8.82%	$4.00	44.94%
Total	34	100.00%	$8.90	100.00%

About one-third of the tracts receiving bids in Sale 186 had high bids of more than $100 per acre. A summary of bidding results by high bid per acre for the sale is presented in table 3 and bidding results by high bid per acre for the zones offered in Sale 186 are presented in appendix C. In addition, a graphical presentation of bidding results is presented in appendix D.

Table 3.—*Bidding Results by High Bid per Acre*

High Bid per Acre	Tracts	Percent of Tracts	High Bids (MM)	Percent of High Bids
< $50	12	35.29%	$0.95	10.67%
$50 - 74.99	11	32.35%	$1.61	18.09%
$75 - 99.99	4	11.76%	$0.75	8.43%
$100 - 149.99	4	11.76%	$1.60	17.98%
$150+	3	8.82%	$4.00	44.94%
Total	34	100.00%	$8.90	100.00%

[1] In the tables throughout this report, percent totals may not add up to exactly 100.00 percent due to rounding. In addition, other totals in the tables, e.g., high bids, also may differ slightly from the text due to rounding.

Phase 1 Results

Following the post-sale bid evaluation procedures, no high bids were accepted in Phase 1 of Sale 186. Bidding in the sale was focused on discrete groupings of tracts. The Alaska Region's review of available geologic and geophysical data identified geologic features associated with each of the tract groupings. Therefore, all 34 tracts receiving bids were recommended for further analysis in Phase 2.

Bidding Activity

The number of companies participating in Sale 186 was 3 as compared to 5 in Sale 170, the previous Beaufort Sea sale. Encana Oil & Gas (USA) was the most active company in terms of bids submitted with 24. However, ConocoPhillips Alaska had the greatest aggregate high bids with a total of $4 million.

The bidders in the sale, in order of total amount of high bids, are listed in table 4. Also listed in the table are the total number of bids and number of high bids submitted by the companies with their rank indicated in parentheses. Appendix F contains a summary of bids for all companies that participated in the sale.

Table 4.—*Most Active Bidders by Total Amount of High Bids*
(Ranked in parentheses are the number of bids and high bids.)

Company	Total High Bids	Number of Bids	High Bids
ConocoPhillips Alaska	$4,000,000	3 (3)	3 (3)
Encana Oil & Gas (USA)	$3,550,158	24 (1)	24 (1)
Murphy Exploration & Production	$1,353,380	10 (2)	7 (2)

The only company participating in Sale 186 that also participated in Sale 170 was ConocoPhillips Alaska, which bid as Phillips Petroleum in the previous sale. In addition, the only company bidding in Zone B in Sale 186 was Encana Oil & Gas (USA).

Appendix A

Beaufort Sea
Outer Continental Shelf
Oil and Gas Lease Sale 186

Bidding Summary

Beaufort Sea
OCS Oil and Gas Lease Sale 186

Sale Day Statistics by Royalty Rate

	Zone A[1]	Zone B[2]	Sale Total
Tracts Receiving Bids	12	22	34
Acres Receiving Bids	62,082.68	119,650.28	181,732.96
Sum of High Bids	$5,631,298	$3,272,240	$8,903,538
Sum of All Bids	$6,903,709	$3,272,240	$10,175,949
Total Number of Bids	15	22	37
Average Bids	1.25	1.00	1.09
Companies Bidding	3	1	3
Highest Bid per Tract	$2,151,600	$437,702	$2,151,600
- Tract Number	Y01707	Y01725	Y01707
- Number of Bids	2	1	2
Highest Bid per Acre	$463.19	$76.91	$463.19
- Tract Number	Y01707	Y01725	Y01707
- Number of Bids	2	1	2
Most Bids	2	1	2
- Tract Number	Y01706 Y01707 Y01708	22 tracts	Y01706 Y01707 Y01708

[1] All "Zone A" tracts offered in Sale 186 have a royalty rate of 1/8 and are eligible for a royalty suspension volume (RSV) of 10 to 30 MMBOE per lease depending on each lease's acreage.
[2] All "Zone B" tracts offered in Sale 186 have a royalty rate of 1/8 and are eligible for a RSV of 15 to 45 MMBOE per lease depending on each lease's acreage.

Appendix B

Beaufort Sea
Outer Continental Shelf
Oil and Gas Lease Sale 186

Bidding by Number of Bids

Sale 186

All Tracts - 1/8 Royalty

No. Of Bids	Tracts	Percent of Tracts	High Bids (MM)	Percent of High Bids
1	31	91.18%	$4.90	55.07%
2	3	8.82%	$4.00	44.93%
Total	34	100.00%	$8.90	100.00%

Zone A - 1/8 Royalty

No. Of Bids	Tracts	Percent of Tracts	High Bids (MM)	Percent of High Bids
1	9	75.00%	$1.63	28.97%
2	3	25.00%	$4.00	71.03%
Total	12	100.00%	$5.63	100.00%

Zone B - 1/8 Royalty

No. Of Bids	Tracts	Percent of Tracts	High Bids (MM)	Percent of High Bids
1	22	100.00%	$3.27	100.00%
2	0	0.00%	$0.00	0.00%
Total	22	100.00%	$3.27	100.00%

Appendix C

Beaufort Sea
Outer Continental Shelf
Oil and Gas Lease Sale 186

Bidding by High Bid per Acre

Sale 186

All Tracts

High Bid/acre	Tracts	Percent of Tracts	High Bids (MM)	Percent of High Bids
< $50	12	35.29%	$0.95	10.71%
$50 - 74.99	11	32.35%	$1.61	18.08%
$75 - 99.99	4	11.76%	$0.75	8.37%
$100 - 149.99	4	11.76%	$1.60	17.92%
$150+	3	8.82%	$4.00	44.93%
Total	34	100.00%	$8.90	100.00%

Zone A

High Bid/acre	Tracts	Percent of Tracts	High Bids (MM)	Percent of High Bids
< $50	0	0.00%	$0.00	0.00%
$50 - 74.99	6	50.00%	$0.91	16.12%
$75 - 99.99	3	25.00%	$0.72	12.85%
$100 - 149.99	0	0.00%	$0.00	0.00%
$150+	3	25.00%	$4.00	71.03%
Total	12	100.00%	$5.63	100.00%

Zone B

High Bid/acre	Tracts	Percent of Tracts	High Bids (MM)	Percent of High Bids
< $50	12	54.55%	$0.95	29.15%
$50 - 74.99	5	22.73%	$0.70	21.44%
$75 - 99.99	1	4.55%	$0.02	0.66%
$100 - 149.99	4	18.18%	$1.60	48.75%
$150+	0	0.00%	$0.00	0.00%
Total	22	100.00%	$3.27	100.00%

Appendix D

Beaufort Sea
Outer Continental Shelf
Oil and Gas Lease Sale 186

Bidding Results – Graphs

Distribution of High Bids
Sale 186, Beaufort Sea

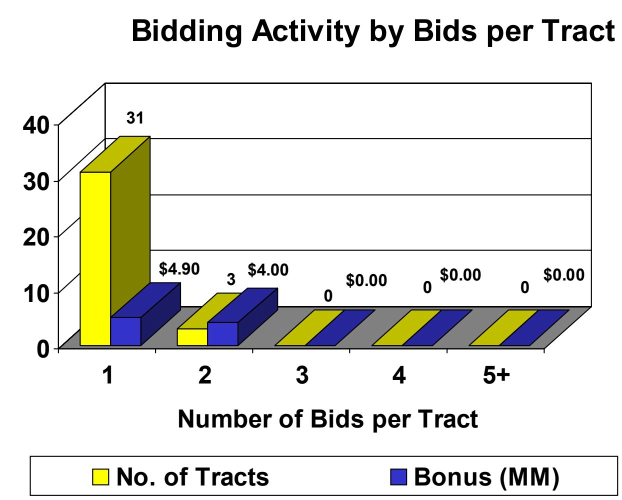
Prepared by:

Economics Division, MMS

Sale 186 (Beaufort Sea)
Bidding Results

- 34 tracts received 37 bids (1.09 bids/tract)
- High bids were $8.9 MM
- Average high bid per acre was $48.99/acre ($121.01/hectare)
- 3 companies submitted bids
- 12 tracts receiving bids were in Zone A and 22 tracts were in Zone B

Sale 186



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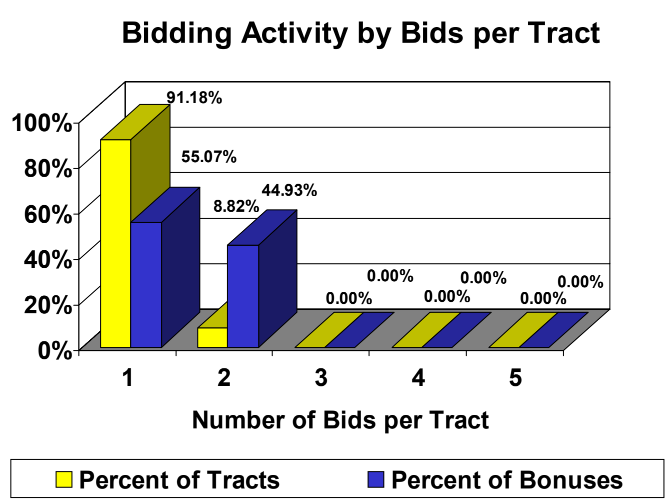

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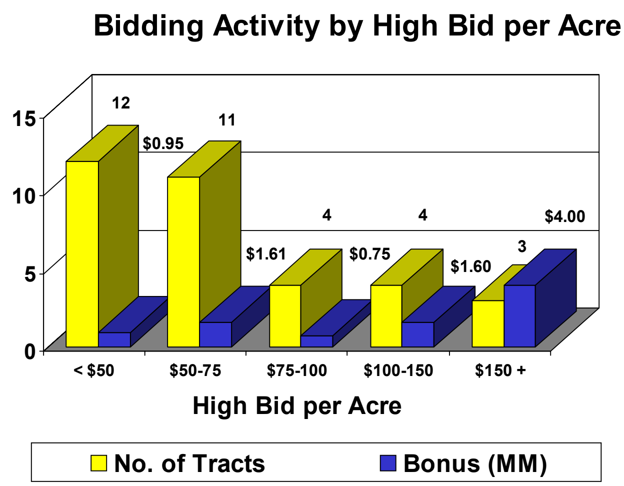
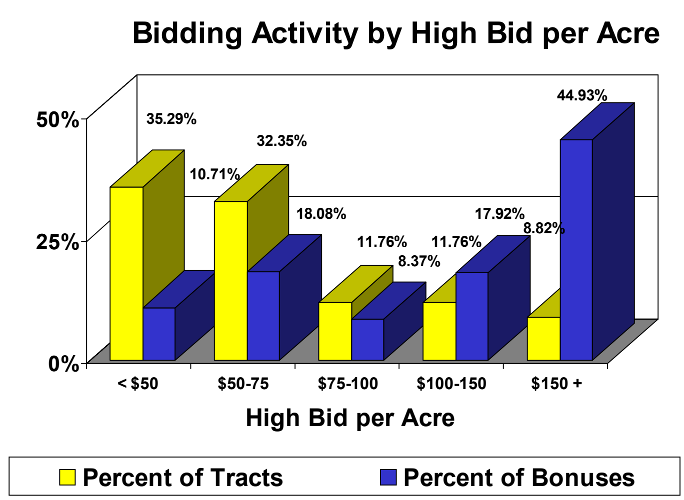


Sale 186



Appendix E

Summary of Company Bids

Sale 186 - Company Bids by Total Amount of High Bids

Rank	Company #	Company Name	Total	High	Losers	Total Exposed	Total High Bids	Total Unsuccessful
1	635	ConocoPhillips Alaska	3	3	0	$4,000,000	$4,000,000	$0
2	2547	EnCana Oil & Gas (USA)	24	24	0	$3,550,158	$3,550,158	$0
3	2671	Armstrong Alaska	10	7	3	$2,625,791	$1,353,380	$1,272,411

Appendix F

Bid Adequacy Procedures

[Federal Register: July 12, 1999 (Volume 64, Number 132)]
[Notices]
[Page 37560-37562]
From the Federal Register Online via GPO Access [wais.access.gpo.gov]
[DOCID:fr12jy99-108]

DEPARTMENT OF THE INTERIOR

Minerals Management Service

Modifications to the Bid Adequacy Procedures

AGENCY: Minerals Management Service (MMS), Interior.

ACTION: Notification of procedural change.

SUMMARY: The Minerals Management Service (MMS) has changed a criterion in its existing bid adequacy procedures for ensuring receipt of fair market value on Outer Continental Shelf (OCS) oil and gas leases. The change ensures consistency in the evaluation of tracts.

DATES: This modification is effective July 1, 1999.

FOR FURTHER INFORMATION CONTACT: Dr. Marshall Rose, Chief, Economics Division, at (703) 787-1536.

The revised bid adequacy procedures are described below.

What Definitions Apply to These Procedures?

The *MROV* is a dollar measure of a tract's expected net present value, if that tract is leased in the current sale. The calculation of the MROV allows for exploration and economic risk, and includes tax consequences, e.g., depletion of the cash bonus.

The *delayed MROV (DMROV)* is a measure used to determine the size of the high bid needed in the current sale to equalize it with the discounted sum of the bonus and royalties expected in the next sale, less the foregone royalties from the current sale. The bonus for the next sale is computed as the MROV associated with the delay in leasing under the projected economic, engineering, and geological leasing receipts conditions, including drainage. If the high bid exceeds the DMROV, then the leasing receipts from the current sale are expected to be greater than those from the next sale, even in cases in which the MROV exceeds the high bid.

The *Adjusted Delayed Value (ADV)* is the minimum of the MROV and the DMROV.

The *RAM is the revised arithmetic average measure* of the MROV and all qualified bids on a tract that are equal to at least 25 percent of the high bid.

Anomalous bids are all but the highest bid submitted for a tract by the same company (bidding alone or jointly with another company), parent, or subsidiary. These bids are excluded when applying the number of bids rule or any other bid adequacy measure.

Legal bids are those bids which comply with the MMS regulations (30 CFR 256) and the Notice of Sale, e.g., equal or exceed the specified minimum bid. Any illegal bid will be returned to the bidder.

Qualified bids are those bids that are legal and not anomalous.

MONTCAR is a probabilistic, cash flow computer simulation model used to conduct a resource-economic evaluation that results in an estimate of the expected net present value of a tract (or prospect).

Nonviable tracts or prospects are those geographic or geologic configurations of hydrocarbons that are estimated to be uneconomic to produce with the costs and anticipated future prices used in the analysis.

Within the context of our bid adequacy procedures, the term "*unusual bidding patterns*" typically refers to a situation in which two or more companies bid against each other more often than would normally be expected. Companies could agree to bid against each other on certain sets of tracts in a sale so that the number of bids rule would apply for bid acceptance. Other forms of unusual bidding patterns exist as well, and generally involve anti-competitive practices, e.g., if it appears that companies are attempting to avoid bidding against each other in a sale on a set of prospective tracts.

A *confirmed tract* is a previously leased tract having a well(s) which encountered hydrocarbons and may have produced. It contains some oil and/or gas resources whose volume may or may not be known.

A *development tract* is a tract which has nearby productive (past or currently capable) wells with indicated hydrocarbons and which is not interpreted to have a productive reservoir extending under the tract. There should be evidence supporting the interpretation that at least part of the tract is on the same general structure as the proven productive well.

A *drainage tract* is a tract which has a nearby well which is capable of producing oil or gas, and the tract could incur drainage if and when such a well is placed on production. The reservoir, from which the nearby well is capable of producing, is interpreted to extend under the drainage tract to some extent.

A *wildcat tract* is a tract which has neither nearby productive (past or currently capable) wells, nor is interpreted to have a productive reservoir extending under the tract. It has high risk in addition to sparse well control.

Water depth categories for bid adequacy purposes in the Gulf of Mexico are designated as (1) less than 800 meters and (2) 800 meters or more.

If different water depth categories are used for a Gulf of Mexico sale, they will be specified in the sale's final notice. For areas other than the Gulf of Mexico, all tracts will be considered to be in the same water depth category, unless an alternative is specified in the final notice of sale.

What Problem Is Addressed by the Change?

In any OCS lease sale, a limited number of tracts may be reclassified from drainage or development (DD) in Phase 1 of the bid evaluation process to confirmed or wildcat (CW) in Phase 2. (The MMS reclassifies a tract if additional Phase 2 analysis supports a classification different than the one assigned the tract in Phase 1 of the evaluation.) However, under the old bid adequacy procedures, a tract classified as CW in Phase 1 was evaluated under different criteria than a tract that was reclassified as CW in Phase 2. This change ensures the consistent treatment of similarly classified tracts whether they are evaluated in Phase 1 or Phase 2.

What Change Is Being Made?

In Phase 1 of the bid adequacy procedures, the MMS classifies tracts as either CW or DD based on information available at the time of sale. Under the old (February 10, 1999) guidelines, tracts within designated water depth categories that were reclassified from DD to CW in Phase 2 only had to have a third largest bid within 50 percent of the high bid to be accepted. Now, DD tracts reclassified as CW tracts must satisfy the same criteria for acceptance that would have had to been met if they were classified as CW in Phase 1.

To ensure consistency in evaluations, the following change is being made. In Phase 1, for CW tracts receiving three-or-more qualified bids, acceptance under the number of bids rule will apply only if the third largest bid is within 50 percent of the high bid, and if the high bid is in the top 75 percent of high bids on a per acre basis for all three-or-more-bid tracts within designated water depth categories. In Phase 2 of the bid evaluation process, DD tracts that have been reclassified as CW will be subject to the same screening criteria that the CW tracts with three-or-more bids had to meet in Phase 1.

How Are Bids Evaluated?

During the bid review process, we conduct evaluations in a two-phased procedure for bid adequacy determination. We also review bids to ensure that they are for at least the minimum amount specified in the notice of sale and that unusual bidding patterns are not present.

What Happens in Phase 1 of the Bid Adequacy Procedures?

In Phase 1, we partition the tracts receiving bids into three general categories:

1. Those tracts with three-or-more bids, on which competitive market forces can be used to assure fair market value;
2. Those tracts which we identify as being nonviable based on adequate data and maps; and
3. Those tracts which we identify as being viable and on which we have the most detailed and reliable data, including tracts classified as DD.

What Phase 1 Rules Are Applied to All Tracts Receiving Bids?

Six Phase 1 rules are applied to all tracts receiving bids:

1. We accept the highest qualified bid on viable CW tracts receiving three-or-more qualified bids if the third largest bid on the tract is at least 50 percent of the highest qualified bid and if the high bid per acre ranks in the top 75 percent of high bids for all three-or-more-bid tracts within a specified water depth category.
2. We accept the highest qualified bid on CW tracts that we determine to be nonviable.
3. We pass to Phase 2 all tracts that require additional information to make a determination on viability or tract type.
4. We pass to Phase 2 all viable CW tracts receiving one or two qualified bids.
5. We pass to Phase 2 all viable CW tracts receiving three-or-more qualified bids if either the third largest such bid is less than 50 percent of the highest qualified bid or if the high bid per acre ranks in the lowest 25 percent of high bids for all three-or-more-bid tracts in the specified water depth category.
6. We pass to Phase 2 all DD tracts.

How Is the Percentile Ranking of a Tract's High Bid Calculated?

The percentile ranking of a tract's high bid is calculated by multiplying 100 times the ratio of the numerical ordering of the three-or-more-bid tract's high bid to the total number of all three-or-more-bid tracts in the designated water depth. For example, suppose there are 21 total tracts identified in Phase 1 as receiving three-or-more-bids in the designated water depth category of at least 800 meters. All tracts in this set having a high bid among the top 15 high bids would satisfy the 75 percent requirement; the 15th ranked high bid would represent the 71st percentile, i.e., (100*(15/21)=71).

Can any Other Procedures Be Used in Phase 1 to Ensure the Receipt of Fair Market Value?

In ensuring the integrity of the bidding process, the Regional Director may identify an unusual bidding pattern at any time during the bid review process, but before a tract's high bid is accepted. If the finding is documented, the Regional Director has discretionary authority, after consultation with the Solicitor, to pass those identified tracts to Phase 2 for further analysis. The Regional Director may eliminate all but the largest of the unusual bids from consideration when applying any bid adequacy rule, may choose not to apply a bid adequacy rule, or may reject the tract's highest qualified bid.

How Long Does it Take To Complete the Phase 1 Procedures?

These procedures are generally completed within 3 weeks of the bid opening. All the leases that will be awarded as a result of the Phase 1 analysis are announced at the end of this period.

How Long Do the Phase 2 Procedures Take?

The Phase 2 bid adequacy determinations are normally completed sequentially over a period ranging between 21 and 90 days after the sale. Leases are awarded as the analysis of bids is completed over this time period. The total evaluation period can be extended, if needed, at the Regional Director's discretion (61 FR 34730, July 3, 1996).

What are the Initial Steps of the Bid Adequacy Process that Are Followed in Phase 2?

Activities to assess bids are undertaken by analyzing, partitioning, and evaluating tracts in two steps:

1. Further mapping and/or analysis is performed to review, modify, and finalize viability determinations and tract classifications.
2. Tracts we identify as being viable must undergo an evaluation to determine if fair market value has been received.

What Decision Rules Are Applied in Phase 2 of the Bid Evaluation Process?

After completing the initial two steps, a series of rules and procedures are followed.

1. We accept the highest qualified bid on newly classified CW tracts having three-or-more qualified bids if its third largest bid is at least 50 percent of the highest qualified bid and if its high bid per acre ranks in the top 75 percent of high bids for all three-or-more-bid tracts that reside within its specified water depth category.
2. We accept the highest qualified bid on all tracts determined to be nonviable.
3. We determine whether any categorical fair market evaluation technique(s) will be used.

If so we:

A. Evaluate, define, and identify the appropriate threshold measure(s) for bid acceptance.

B. Accept all tracts whose individual measures of bid adequacy satisfy the threshold categorical requirements.

4. We conduct a full-scale evaluation, which could include the use of MONTCAR, on all remaining tracts passed to Phase 2 and still awaiting an acceptance or rejection decision.

What Subset of Tracts Comprise the "Remaining Tracts" That Still Need a Phase 2 Acceptance or Rejection Decision?

The remaining tracts include tracts not accepted by a categorical rule that we classify as:

1. DD tracts, or
2. CW tracts that are viable and received:

A. One or two qualified bids, or

B. Three-or-more qualified bids, if either its third largest bid is less than 50 percent of the highest qualified bid or the high bid is in the bottom 25 percent of all three-or-more-bid CW tracts within a designated water depth category.

What Procedures Are Followed for Evaluating the Adequacy of Bids on These Tracts?

For these tracts we:

1. Accept the highest qualified bid, if it equals or exceeds the tract's ADV.
2. Reject the highest qualified bid on DD tracts receiving three-or-more qualified bids, if the high bid is less than one-sixth of the tract's MROV.
3. Reject the highest qualified bid on DD tracts receiving one or two qualified bids and on CW tracts receiving only one qualified bid, if the high bid is less than the tract's ADV.

What Happens Next to the Tracts Still Awaiting an Acceptance or Rejection Decision?

At this stage of the process, the tracts still awaiting a decision consist of those having a highest qualified bid that is less than the ADV that are either:

1. DD tracts receiving three-or-more qualified bids with the highest bid exceeding one-sixth of the tract's MROV or
2. Viable CW tracts that receive two-or-more qualified bids.

From these tracts, we select the following:

A. DD tracts having three-or-more qualified bids with the third largest bid being at least 25 percent of the highest qualified bid, and

B. CW tracts having two-or-more qualified bids with the second largest bid being at least 25 percent of the highest qualified bid.

We then compare the highest qualified bid on each of these selected tracts to the tract's RAM. For all these tracts, we:

1. Accept the highest qualified bid, if the high bid equals or exceeds the tract's RAM, or
2. Reject the highest qualified bid, if the high bid is less than the tract's RAM.

Finally, we identify those tracts that are still awaiting a decision, but did not meet the requirements for comparison to the RAM and we reject the high bid on these tracts.

At this point, the acceptance or rejection decisions are made on all the high bids in the sale. The successful bidders are notified and their leases are awarded after the full payment of the high bid is received. The unsuccessful bidders are notified as well and their bid deposits are returned. Unsuccessful bidders may appeal a bid rejection decision as described in 30 CFR 256.47(e)(3).

Dated: July 1, 1999.
Carolita U. Kallaur,
Associate Director for Offshore Minerals Management.
[FR Doc. 99-17662 Filed 7-9-99; 8:45 am]
BILLING CODE 4310-MR-P

MMS Securing Ocean Energy & Economic Value for America

The Department of the Interior Mission

As the Nation's principal conservation agency, the Department of the Interior has responsibility for most of our nationally owned public lands and natural resources. This includes fostering sound use of our land and water resources; protecting our fish, wildlife, and biological diversity; preserving the environmental and cultural values of our national parks and historical places; and providing for the enjoyment of life through outdoor recreation. The Department assesses our energy and mineral resources and works to ensure that their development is in the best interests of all our people by encouraging stewardship and citizen participation in their care. The Department also has a major responsibility for American Indian reservation communities and for people who live in island territories under U.S. administration.

The Minerals Management Service Mission

As a bureau of the Department of the Interior, the Minerals Management Service's (MMS) primary responsibilities are to manage the mineral resources located on the Nation's Outer Continental Shelf (OCS), collect revenue from the Federal OCS and onshore Federal and Indian lands, and distribute those revenues.

Moreover, in working to meet its responsibilities, the **Offshore Minerals Management Program** administers the OCS competitive leasing program and oversees the safe and environmentally sound exploration and production of our Nation's offshore natural gas, oil and other mineral resources. The MMS **Minerals Revenue Management** meets its responsibilities by ensuring the efficient, timely and accurate collection and disbursement of revenue from mineral leasing and production due to Indian tribes and allottees, States and the U.S. Treasury.

The MMS strives to fulfill its responsibilities through the general guiding principles of: (1) being responsive to the public's concerns and interests by maintaining a dialogue with all potentially affected parties and (2) carrying out its programs with an emphasis on working to enhance the quality of life for all Americans by lending MMS assistance and expertise to economic development and environmental protection.