

MMS TODAY

Reaching Out to Diverse Audiences

In the 15 years since the Secretary of the Interior established MMS, the bureau has reached many important milestones. The MMS has reached these milestones, in part, through educational and community outreach.

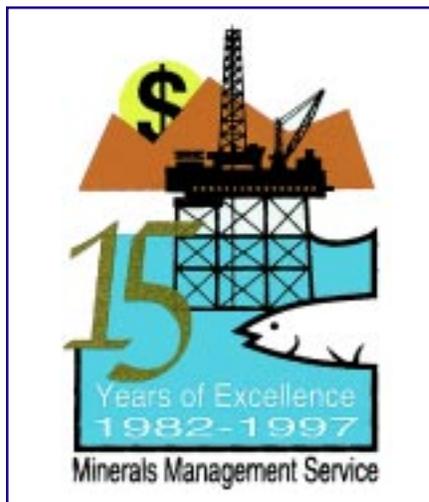
Outreach—the sharing of information with the public about the bureau's programs and practices—is an MMS priority. The commitment to manage the Nation's offshore mineral resources safely and responsibly and to collect, account for, and disburse the revenues from the development of the Nation's mineral resources is an important one. As a bureau working in the public interest on often controversial programs, MMS brings information to the public about how it manages these programs and the programs' benefits to the Nation. Exhibits programs are an effective means by which MMS brings information of interest and concern to the public using the latest in state-of-the-art technology. So far this year, the Gulf of Mexico region has hosted exhibits at 11 educational, scientific, and environmental events. In the Pacific OCS region, MMS exhibits at county fairs, meetings and conferences, and at special events.

Also, MMS outreach brings a diverse group of stakeholders into the decision-making process by ensuring that they have available to them information on the issues and have the opportunity to work with the bureau to address those issues.

Running a national program that meets the needs of local communities throughout the United States is not easy. The MMS does this with its Offshore Minerals Management (OMM) and Royalty Management Programs (RMP). To understand how a small bureau can affect the average citizen, state and local governments, and major corporations, one needs to look at the bureau's jurisdiction.

The OMM program covers natural gas and oil development in federal waters from the tip of Maine down the Atlantic coast, around the Gulf

of Mexico, along the Pacific coast from the U.S. border with Mexico to its border with Canada, and the entire coast of Alaska. The RMP collects revenues from mineral resource development on Indian and federal onshore and offshore lands throughout the Nation and then disburses monies to about three-quarters of the states, the U.S. Treasury, many Indian tribes, and individual Indian allottees.



The bureau's headquarters office in Washington, D.C., oversees both programs. The OMM program has offices in Herndon, VA, and three regional offices that manage the day-to-day operations and activities. These offices are located in Anchorage, AK; Camarillo, CA; and New Orleans, LA. The RMP, principally located in Denver, CO, manages revenue collection, accounting, and disbursement activities for MMS. These distinct offices administer a coherent, consistent program, as mandated by Congress, while recognizing and accommodating the differences between and among stakeholders and communities.

Outreach in the Arctic

Imagine an area one-fifth the size of the contiguous 48 states with fewer than 5,000 miles of developed roads. Now imagine an area where the residents speak 20 native languages in addition to English, where travel by air is as common as travel by subway in New York City,

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MMS's Innovative Achievements win the Hammer Award! See the full story on page 6.

Message from the Director

MMS Receives Hammer Award for Innovations

This issue of *MMS Today* is an exciting one for me because it tells the story of a healthy agency reaping the rewards of hard work. We have spent the first half of this year celebrating 15 years as an agency. Appropriately, we have paused to review our successes, and now we intend to build on them.

In this issue we tout our record of top-notch educational and community outreach. Like the diversity of our work force, our varied constituents and regions are a source of strength for us. In our cover story, and as part of our continuing 15 year celebration launched at the 1997 Offshore Technology Conference in Houston, we highlight who we are and what we do to make sure all of our stakeholders have the information they want on royalty and OCS issues.

We also review our record of awards and presidential recognition culminating with the Vice President's Hammer Award we will receive this October (see article on page 6). This award is a fitting capstone for our first 15 years because it is being awarded to each and every employee. We have won this most recent accolade for a program that reflects our culture of bottom-up innovation: of reaching out to and getting input from every corner of MMS on how we can work smarter.

Our hard work is paying dividends. Recently, I was appointed as one of only a handful of federal members on the joint public-private sector committee overseeing U.S. participation in the 1998 international "Year of the Ocean." This promising initiative will focus and reinforce the attention of the public, governments, and decision makers on the vital role the oceans and the marine environment play as resources for sustainable development. Our outstanding record makes it plain why it is appropriate



that MMS finds itself playing a major role in this initiative.

All around me I see an agency that will not rest on its laurels. I see improvement and renewal both big and small. I see it in a successful and popular Scouting Jamboree exhibit, where thousands of young minds saw first-hand how we carefully balance environmental protection with bringing important natural resources to every American. I see it in the speed and aptitude in which the Royalty Management Program has implemented the Royalty Fairness and Simplification Act, and has embraced reengineering. I see it in the unflappable determination in which our Gulf staff continuously meets head on record and back-breaking sales.

As we celebrate MMS's first 15 years and some of the honors and benefits we have earned, our focus remains on the future, and the achievements yet to come: 1998 promises to be an exciting year.

Continued from cover page

where the weather can change in a matter of minutes, where the sun only comes up for a few hours in the winter and where it gets so cold in winter that vehicles are kept running 24 hours a day. This is Alaska, and MMS has tailored its outreach to accommodate the state's extreme conditions.

The North Slope of Alaska is one area of interest for MMS. To better understand the concerns of North Slope residents about offshore development, MMS staff have made several trips to villages in this area as part of the region's outreach effort. The MMS has sponsored workshops, public hearings, and scoping meetings. Through these meetings, MMS is trying to develop measures that will respond to the concerns and allow exploration and development to continue in an environmentally safe manner.

The MMS's outreach in Alaska doesn't stop with the North Slope. Several other initiatives such as our efforts to incorporate traditional knowledge into our documents, our school/business partnership, and a myriad of smaller projects all contribute to our outreach program.

The incorporation of traditional knowledge into the National Environmental Policy Act (NEPA) process is ongoing. To that end, MMS is incorporating information from public hearings for two previous Beaufort Sea Sales, Kuvlum Project hearings, other published documents, and materials and testimony from a 1995 Arctic Synthesis Meeting where whalers from the North Slope communities gave a detailed presentation on subsistence whaling. Working with the office of North Slope Borough Mayor, the MMS is making its outreach effort on the Slope more sensitive to community schedules and concerns.

Along the Gulf of Mexico

In the Gulf of Mexico, the development of the offshore natural gas and oil industry has helped shape the culture of the Gulf coast. In this exciting arena MMS, through its Gulf of Mexico regional office, operates a multifaceted communication program.

The high level of activity here means customer demand for information is tremendous. Addressing these demands requires innovation. By taking customer surveys, implementing many of the suggested ideas, and moving information to diskette, CD-ROM, and the Internet, MMS is able to satisfy its customers' needs more efficiently in a cost-effective, paperless way.

Like elsewhere, media requests are also increasing, and the journalistic audience is expanding to include not only industry trade reporters, but also environmental reporters and financial analysts. Satisfying media demands is critical in getting the MMS message to a more diverse audience.

In the exhibits program, advanced technology like video presentations and live internet connections are being used to inform the public. Additionally, the regional MMS publications program has produced over 300 scientific and technical reports.

New computer graphics have allowed MMS to create two enormously popular posters—"Islands of Life" and "Whales and Dolphins of the Gulf of Mexico"—as well as teachers' companions that give teachers background information to prepare an entire lesson based on the posters.

On the West Coast

The Pacific OCS Region of MMS, located in California, has long had an active outreach program, engaging the community and other stakeholders in the work of MMS. The region relies heavily on partnerships with stakeholders to design and implement MMS programs. These cooperative working relationships also enable MMS to contribute solutions to issues at the State and county level. In order to ensure that these partnerships are effective, the stakeholders have to be well informed. Exhibits and speakers programs in the region seek to inform a wide range of stakeholders and engage them in addressing the issues of concern about the management of the OCS resources. Topics from careers in math and science to new safety measures and



MMS outreach in Alaska often involves participation in Anchorage's annual Creek Cleanup.

regulatory controls to how members of the public might become more involved in the decision-making process are included in the exhibits and speakers programs.

The MMS's Pacific Region also has an active education outreach program. Regional personnel have participated in teacher in-service activities and Earth Day activities, functioned as judges at school and county science fairs, taught classes on a spectrum of topics from fossils to marine biology, led field trips, and developed curriculum. After the devastating 1994 Northridge Earthquake, staff developed curriculum on earthquakes for grades three to five, and took the curriculum into area classrooms to help the children understand what happened and why. This curriculum has been used beyond the local area and is available to educators and students alike on our website.

Local educators, with MMS's help, have developed curricula on marine biology and earth science as well as conflict resolution. This year, the region entered into an education partnership with Bedford Open School, a

local public school in Camarillo. The region will provide a range of educational services and learning opportunities to the school, beginning with programs on earthquakes and classroom programs on geology. Within this partnership, the school, MMS and the Channel Islands National Marine Sanctuary hope to "partner" a fifth-grade classroom in Camarillo and one in Santa Barbara in a unique approach to cooperative problem solving.

It is our hope that the education outreach programs will demystify many aspects of the federal government, inform the public about the resources we manage, and encourage interest and participation in math and science.

The Royalty Management Program (RMP)

Like the rest of MMS, the RMP communicates with diverse publics. It does this primarily with a highly targeted ongoing speakers program. The RMP managers have become regular speakers for regional and national organizations including the Rocky Mountain Oil and Gas Association, the Independent Petroleum Association of Mountain States, the Council of Petroleum Accountants Society and more.

Other specialized audiences are the State and Tribal Royalty Audit Committee (STRAC) and the Interior's Royalty Policy Committee (RPC). The STRAC includes states and Indian tribes that participate in royalty management audits under provisions of the Federal Oil and Gas Royalty Management Act. It is instrumental in

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(l-r) Mildred Williams (GOMR), TV personality Bill Nye "The Science Guy," Carla Langley and Barney Congdon (GOMR) at the National Science Teachers' Association's 1997 Convention.



MMS Geologist Elaine Weed talks with local students as part of MMS's speakers program.

keeping the RMP apprised of the states' and tribes' grassroots needs, enabling MMS to develop service-oriented goals.

The RPC joins the OCS Policy Committee, the Gulf of Mexico Offshore Advisory Committee, the Alaska Offshore Advisory Committee, and the OCS Scientific Committee as members of the Minerals Management Advisory Board, and includes representatives from federal agencies, involved states, the Western Governors' Association, the Western States Land Commissioners Association, Indian tribes and Allottee associations, the minerals industry, and the interested public, bringing affected stakeholders together to focus on improving and streamlining the royalty collection process.

Through a special Delegated Audit Program, the RMP works with 10 states—California, Colorado, Louisiana, Montana, New Mexico, North Dakota, Oklahoma, Texas, Utah and Wyoming—which perform audits, of federal mineral leases located within their state boundaries. There is a great deal of informational exchanges as states and tribes work with MMS.

The MMS has been an active partner with the Rocky Mountain Mineral Law Foundation. This non-profit organization studies legal issues surrounding mineral and water resources, develops publications, and conducts a variety of institutes and courses for natural resource professionals.

The Special Relationship with Indian Tribes

Over the years, MMS has made special efforts to offer its services (and a clear understanding of those services) to Indian mineral owners.

Through meetings with tribes, associations and individual mineral owners, MMS has made thousands of contacts. The MMS has learned much about the constituency's needs and shared its information in a comprehensive way.

Under provisions of the Intergovernmental Personnel Act, MMS has extended its communications to new levels. More than a decade ago, it brought an employee of the Navajo Nation (as well as employees from several mineral-producing states) into the RMP, as a working, contributing member of the MMS team. As he learned of the RMP processes during the year-long task, he shared his tribal expertise with MMS. That employee is now Assistant Director of the Navajo Nation's Minerals Department.

Through a special Cooperative Audit Program, the RMP works with eight Indian Tribes—the Navajo Nation, the Arapaho, the Blackfeet, the Jicarilla Apache, the Shoshone, the Ute, the Southern Ute, and the Ute Mountain Ute—which provide audit work on their respective tribal lands.

The Office of Indian Royalty Assistance is the focal point for RMP's Indian service and communications. The MMS established special field offices in Oklahoma City, OK and Farmington, NM to serve its Indian constituency. These offices have been praised for their "one-stop" service.

Final Thoughts

The MMS accomplishes its mission by working with local communities and other stakeholders and ensuring a free flow of information with the

public. Much of the bureau's outreach has involved information with the public about MMS's responsibilities and how it administers them. The MMS has used many different methods to address issues important to each of the communities, from adopting or partnering with schools to sponsoring conferences to developing our website.

The Internet has been key to expanding our communication effort. For example, in March the number of visits to the Gulf of Mexico's leasing information page increased from an average of 300 a day to a high of 7,700 for information on the Central Gulf Sale. For the Western Gulf Sale in August, the number of visits increased to 11,789.

Over the past 15 years, MMS outreach efforts have grown both in number and in content. We are reaching a broad and diverse audience and working with stakeholders to provide information useful in understanding the work MMS does. The MMS has been moving toward a better working relationship with states, local governments, and other stakeholders by actively reaching out to involve these constituencies in a consensus-building mode. To make sure their concerns are heard and factored into the decision-making process, MMS schedules meetings, workshops, and conferences on a variety of issues.



Through special outreach initiatives, MMS's RMP has been able to learn much from and share information with Indian tribes, associations, and individual mineral owners.

OHMSETT—The National Oil Spill Response Test Facility

Ohmsett, the National Oil Spill Response Test Facility, is the world's largest tow/wave tank designed to work with oil and hazardous materials. Located on the Naval Weapons Station waterfront in Leonardo, NJ, Ohmsett provides the opportunity to test and evaluate equipment designed to detect, monitor, and clean up oil and floating hazardous material spills under environmentally safe conditions.

The MMS, through its Technology Assessment and Research Program, operates Ohmsett to ensure that the best and safest technologies are used in offshore oil and gas operations. Many of today's commercially available oil spill clean up devices have been tested at Ohmsett as either off-the-shelf equipment or equipment still under development.

The heart of Ohmsett is a large outdoor, above ground concrete test tank that measures 203 meters (665 feet) long by 20 meters (65 feet) wide by 3.4 meters (11 feet) deep. The tank is filled with 9.84 million liters (2.6 million gallons) of crystal clear water and has a wave generator. Researchers can simulate a range of wave heights and current speeds in order to create a realistic environment. Through the use of a movable bridge, full size oil containment booms and oil skimming systems can be towed at speeds of up to 3.3 meters/second (6.5 knots) in the tank. Ohmsett has a fully-computerized data collection system, above and below waterline video, and a complete oil storage, distribution, and recovery system. The facility also features a complete industrial shop and welding area for special fabrication, as well as a vast amount of open space to prepare and clean test equipment.

At Ohmsett, oil spills are created in simulated ocean conditions. Without Ohmsett, tests would have to be conducted in the open ocean, which would be far more expensive, logistically difficult, and test conditions would be impossible to reproduce consistently.

New Capabilities at Ohmsett

Ohmsett has recently undergone a major repair and refurbishment pro-



Aerial View of Ohmsett - The National Oil Spill Response Test Facility

gram that upgraded the condition of the facility and increased testing capabilities.

In addition to resealing and recoating the test basin, additional significant repairs, instrumentation upgrades and calibrations, and other general upgrades were accomplished. The entire computer instrumentation system was upgraded and recalibrated.

All three bridge systems were repaired and new instrumentation and video systems installed on the main bridge. The wave generator, beaches, and the oil recovery and reprocessing systems were completely disassembled, cleaned and repaired. The oil distribution system is being upgraded to handle the large volumes of oil used by full scale tests.

Testing

More than 25 different test series have been conducted to date. Due to test preparation time and weather conditions (the tank is covered with ice and unusable for most of the winter months), maximum annual utilization of Ohmsett is 150 test days. After a slow start in FY 1993 with only 32 test days, FY 1997 saw more than 100. Over the past few years, the facility has been used by: the U.S. Navy; U.S. Coast Guard (USCG); U.S. Army Corps of Engineers; the Lincoln Laboratories of the Massachusetts Institute of Technology; Universities of New Hampshire, Miami, and Rhode Island; Environment Canada; the Canadian

Coast Guard; and private industry firms.

One research project in FY 1996 evaluated six different fire-resistant containment booms. The booms were tested for oil holding capabilities at different speeds as well as for mechanical stability. Another important project conducted for the USCG evaluated the relative performance of four high-speed skimmers capable of recovering oil from the water's surface at speeds greater than 3 knots.

Ohmsett also conducted research and development on remote sensing equipment such as a Frequency Scanning Radiometer capable of mapping oil slick thickness at sea under all weather conditions, day or night. Remote measurement of the thickness of oil will allow rapid and efficient deployment of response equipment to the optimum locations for clean up.

In the past, Ohmsett was used exclusively to test and evaluate mechanical oil spill skimmers and containment booms. For FY 1997, however, an ambitious test schedule is planned for Ohmsett. Four tests are already complete. Eight more tests have firm schedules. We are in the discussion stages on 9 additional new tests that cover the full gamut of research opportunities at Ohmsett: boom and skimmer systems; a computer model of oil retention and loss mechanisms from oil containment booms; and product development of sorbent materials

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MMS Reinvents the Regulatory Business

Wildcatters may have invented the oil business, but it took some of the same innovative spirit in MMS to reinvent the regulatory business. The story of MMS proves that after 15 years, the same pioneering spirit that got us going as a new bureau is alive and well today. As we look forward to receiving our first agency-wide Hammer Award, we should take the time to review how far we have indeed come in a short period of time.

In 1982, after many calls for improved accounting of mineral revenues due to the United States, the Secretary of the Interior created the MMS. Since then we have established ourselves as an important player in our national energy policy and fiscal management. We have also collected an impressive list of awards to verify our accomplishments.

Since 1982, our ability to innovate and change has fed our success. The extent of our achievements was reflected by our customers' and stakeholders' overwhelming support for

Our record of achievement has earned us important recognition, including—

- 1991—Award of Excellence from the President's Council on Management Improvement.
- 1993 & 1994—Finalist, Federal Quality Institute's Quality Improvement Prototype Award.
- 1994—Federal Environmental Quality Award from the President's Council on Environmental Quality (CEQ) and National Association of Environmental Professionals (NAEP).
- 1996—Vice President's Hammer Award for the Plain English team.
- 1996—Federal Environmental Quality Award from CEQ and NAEP.
- 1997—Vice President's Hammer Awards for our contribution to the DOI team that established the Family Support Room, and the DOI Alaska Natural Resource Library.
- 1997—Vice President's Hammer Award for the Innovative Achievements Program.

our continued existence in early 1995. The MMS did not stand still; we created the opportunity to consult and hold dialogue with states, industry, and Indian tribes. We learned we needed to continue and strengthen our commitment to improve customer service and to reduce our cost to taxpayers.

It is from our efforts to rethink what we do and how we do it that we began our Innovative Achievements Program: a program that has won us our most recent Vice Presidential Hammer Award.

We began by asking each employee to review everything we did. Employees began to submit ideas for improvement initiatives, initiatives on which we based the bulk of our award-winning innovations.

Among the "innovations" so far are ones that cut costs, such as *Innovation #3* whereby MMS reinforced its commitment to electronically transmitted data for royalty payment and established its home page on the World Wide Web. With this innovation we set a goal of receiving 100% of incoming reports electronically. Once that happens, MMS should save about \$1 million a year. The home page also makes available to the public more than 20 years of environmental research projects sponsored by MMS.

Both our Royalty Management Program (RMP) and Offshore Minerals Management (OMM) have improved their customer service through innovation. Many RMP innovations began with one person's idea. *Innovation #17* established a Royalty Internship Program for employees of Indian tribes. Philip Sykora, Office of Indian Royalty Assistance (OIRA), generated the idea from the Indian self-determination and self-governance laws that encourage tribes to assume delegable work functions. Sykora thought this internship program would help train interested tribes in royalty collection, valuation, and auditing of natural gas, oil, and coal.



In February 1997, the Cherokee Nation in Oklahoma signed the inaugural internship. OIRA is currently negotiating with three other interested tribes.

In *Innovation #19*, OMM made 50 years of paleontological data available to customers in digital format.

This "grass roots" effort began in 1992, when Mary Blount of the Gulf of Mexico (GOM) Public Information Unit, and Gay Larré, GOM Resource Evaluation had the idea to release all public paleontological (paleo) reports in digital form. The final product, a CD-ROM, includes all public paleo data from January 1, 1947 through March 1, 1997. This data provides valuable information for the exploration and development of hydrocarbons on federal lands. The MMS will also benefit from this innovation through reduced staff time devoted to processing customer requests for paleo data. As of July 1, 1997, MMS has sold over 100 copies of this CD-ROM.

There were many more individuals involved. We mention specific individuals only to point out that these innovations came from the grass roots. From all our efforts we know we are succeeding in improving our operations and customer relationships. While many challenges lie ahead there is much of which we can be proud as we continue to reinvent ourselves.

—Rolando Gächter

MMS Marine Research: A History of Discoveries

New "Ice Worms" Discovered in Gulf of Mexico

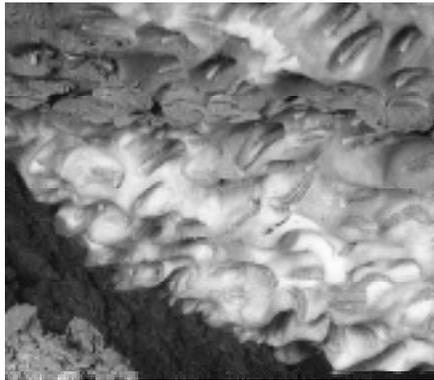
Scientists have just discovered a brand-new animal living in the cold, deep depths of the Gulf of Mexico, an animal living in an area unlike any they have known before. Here's the story.

MMS recently funded a study on the continental slope of the Gulf of Mexico that was designed to understand the biogeochemical processes and interactions that support lush chemosynthetic communities in complex Gulf geological settings. This work and related research efforts are also supported in part by the National Oceanic and Atmospheric Administration's National Undersea Research Program.

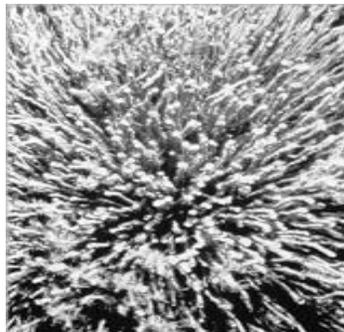
On a July 15, 1997, research dive using a Johnson-Sea-Link submersible, Dr. Charles Fisher of Penn State University discovered a new species of polychaete worm living on the exposed surface of a methane gas hydrate mound. These pink worms (now called "ice worms") are about 1-2 inches in length, and apparently sculpt the surface of the gas hydrate by the hundreds. It is not yet known to what extent the worm colonies use the hydrate mounds for protection or nutrition, but they are at present the only animals known to inhabit this unique habitat.

The Minerals Management Service funds marine research on the Outer Continental Shelf (OCS) of the United States to protect the natural resources and manage the wise development of the OCS. This is not the first time MMS has pushed the envelope on marine research. About 10 years ago, a contractor for the MMS Environmental Studies Program discovered a new chemosynthetic community in the deep waters of the Gulf of Mexico.

Most ecosystems on Earth derive their energy either directly or indirectly through the sun and the process of photosynthesis. However, these newly discovered community types derive their energy from chemical sources and are known as chemosynthetic communities.



New "ice worms." (Photo courtesy of Dr. Charles Fisher)



Tube worms, a chemosynthetic community found in the deep waters of the GOM.

These communities are only now becoming well known through the efforts of many researchers. The previously documented chemosynthetic communities are dominated by tube worms, mussels, clams, and a variety of associated species. The primary energy sources, methane gas and hydrogen sulfide, are normally toxic to marine life, but are used in these communities to fuel life. Many of these communities also contain gas hydrates.

These gas hydrates are actually natural methane-water ices that form under conditions of high pressure and low temperature in many areas worldwide. Gas hydrate is a crystalline solid consisting of gas molecules, usually methane, each surrounded by a cage of water molecules. It looks very much like water ice. Methane hydrate is stable in ocean floor sediments at water depths greater than 300 meters and, where it occurs, it is known to cement loose sediments in a surface layer up to several hundred meters thick.

MMS Prepares for the "Year of the Ocean"

As the United States plans its "Year of the Ocean" initiative, it is appropriate that MMS, the federal agency that manages the energy and non-energy mineral resources on the U.S. Outer Continental Shelf (OCS), finds itself playing a major role in this important endeavor. The United Nations proclaimed 1998 as the International Year of the Ocean (YOTO). According to the Intergovernmental Oceanographic Commission (IOC) of the UN, the overall objective of YOTO is to focus and reinforce the attention of the public, governments, and decision makers on the importance of the oceans and the marine environment as resources for sustainable development. As the IOC noted, the life-supporting system of the Earth would be seriously endangered without a healthy ocean.

The MMS has been active in the U.S. preparations for YOTO from the start, when Undersecretary James Baker, Administrator for the National Oceanic and Atmospheric Administration (NOAA), convened the federal Ocean Principals Group in April of this year to initiate planning for YOTO. Since that time, the MMS role has grown substantially to include several key lead responsibilities.

The U.S. effort is a partnership of stakeholders including the federal government, private industry, environmental organizations, states, and academia. The U.S. initiative will promote public awareness and understanding of the value of oceans and marine resources to the national welfare and the need for exploration, sustainable use, and conservation of ocean resources for future generations.

Later this year, there will be a National Stakeholders Workshop on the Oceans. The workshop will focus on six ocean themes and three cross-cutting issues. The themes are: National Security; Maritime Transportation; Environmental Quality; Ocean Resources (living and minerals); Recreation and Tourism; and Weather,

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Across MMS

MMS Expands List of Possible Delegable Royalty Management Functions to States. The MMS has added new rules, published in the August 12, edition of the *Federal Register*, which authorize the delegation of several federal royalty management functions to state governments.

These rules implement the Federal Oil and Gas Royalty Simplification and Fairness Act of 1996 (RSFA), which called for amending portions of the Federal Oil and Gas Royalty Management Act of 1982 (FOGRMA).

Enacted August 13, 1996, the RSFA provided for several changes to the processes administered by the MMS, Royalty Management Program.

Under the new rules, which become effective September 11, states may apply to participate in conducting audits and investigations; receiving and processing production and royalty reports; correcting erroneous report data; performing automated verification; and issuing demands, subpoenas, orders to perform restructured accounting and related tolling agreements and notices to lessees or their designees.

The expanded list of delegable activities pertains only to onshore federal oil and gas leases. MMS may delegate only audit and investigation functions to states for solid mineral leases, geothermal leases and offshore leases subject to section 8(g) of the Outer Continental Shelf Lands Act.

The press release announcing the new rule and the actual rule are available for review on the MMS Internet Website at www.mms.gov.

Activity in the Gulf of Mexico continues its upward spiral as indicated by two more record breaking lease sales. Final results from Sale 166 and preliminary results from Sale 168 show an unprecedented 3,014 bids submitted on 1,836 tracts. Of these tracts, 1,294 were in water depths of more than 200 meters.

Western Gulf of Mexico Lease Sale 168, held August 27, 1997, attracted \$616 million in high bids, surpassing all Western Gulf sales since 1984. MMS received a total of \$939,196,128 on a

record 1,224 bids submitted for a Western Gulf sale. The 82 participating companies offered \$616,212,490 in high bids on 804 tracts offshore Texas and in deeper waters offshore Louisiana.

This was the second sale in the Western Gulf of Mexico, and the fourth sale overall, in which tracts receiving bids in water depths of 200 meters or more were eligible for consideration under provisions of the Deep Water Royalty Relief Act of 1995.

This sale, along with the record breaking Central Gulf Sale earlier this year, are clear indicators that the Gulf of Mexico continues to be an area of great interest to the oil and gas industry.

In Sale 166, held March 5, 1997, MMS received 1,790 bids on 1,032 tracts, with 620 of those tracts in water depths of more than 200 meters. The sale set new records for the highest number of bids received and the highest number of tracts receiving bids in OCS history. The Sale attracted \$1,241,942,374 in total bids, and \$824,055,489 in high bids. The Gulf Region's Resource Evaluation office completed its two-phase evaluation process by awarding \$812 million in high bids on July 17.

Additional GOM sale information can be found at the MMS Internet Website.

Pacific OCS Region Issues Marine Seismic Data Set on CD-ROM. In 1996, the MMS acquired ownership rights to a complete high quality, marine seismic data set for an area offshore Oceanside, CA. These data were recently released to the public via CD-ROM and are available by request, at no charge. This is the first publicly available data set of this quality to be distributed in a CD-ROM format.

Dr. J. Lisle Reed, Regional Director for the Pacific OCS Region in Camarillo, CA commented, "We believe these data are important and will be used as an instructional aid, as an academic research tool, to support earthquake hazards reduction investigations, and as a stimulant for industry to help further scientific thought into this geologically exciting area off our coast."

Copies of the CD can be requested by mail to the Regional Supervisor, Office of Resource Evaluation, 770 Paseo Camarillo, Camarillo, CA 93010, or via the MMS Internet Website.

Partnership in Education. On June 12, 1997, the Pacific OCS Region and Bedford Open School in Camarillo, CA signed a partnership agreement to work together to help enrich the school curriculum by fostering interest in the scientific method, natural and social sciences, environmental resources, administration of government programs, and careers.

While the region will continue its ad hoc involvement with a number of schools in the area and special educational events, a coordinated program will be developed with Bedford over the next few years.

The first planned partnership activity is the development of a garden for the school's life lab activities. In the fall, each class will have a plot to cultivate and from which to learn various scientific and mathematical principles.

MMS Study to Combine Western Science and Traditional Knowledge To Track Bowhead Whale Feeding Habits. The MMS recently awarded a four-year \$2.4 million contract to LGL Limited Environmental Research Associates to provide and augment scientific and traditional knowledge about bowhead whale feeding in the eastern Alaskan Beaufort Sea. LGL will work directly with Native whalers and other key stakeholders to develop hypotheses that can be tested scientifically.

Information from this study will help MMS and local communities assess whether future natural gas and oil exploration in the area would have any adverse effects on bowhead whale feeding. The final report will be published by MMS in July 2001.

The study was developed to incorporate the traditional knowledge of the Inupiat whale hunters with "western science," thus providing a more complete picture of bowhead whale feeding in the Arctic.



The 105th Congress convened January 7, 1997. To date, this Congress has spent most of its time addressing budget and appropriations issues. Congress passed a budget resolution setting the country on a path towards a balanced budget by 2002, and has also passed budget "reconciliation" legislation, which would reconcile budget targets and goals with taxing and spending plans. Congress has not yet devoted attention to specific issues of interest to the Minerals Management Service (MMS). However, House and Senate Committees with jurisdiction over MMS programs have informally expressed an interest in looking at the following issues during the course of the 105th Congress:

- ◆ **General oversight of the Administration's energy policy and U.S. dependence on foreign sources of oil.** Issues include access to public lands and the OCS—specifically, the amount of acreage under moratoria and the impact of moratoria on the Nation's domestic energy production and economy.

- ◆ **The OCS oil and natural gas production initiatives.** This will include examining the types and amounts of funds spent through the Land and Water Conservation Program and how those expenditures relate to State and local policies for oil and natural gas development.

- ◆ **OCS moratoria.** This will include examining the rationale for retention versus elimination of such bans on activity in various areas in an effort to find acceptable ways to increase OCS production. Authorizing committees may also decide to examine the Administration's reaction to specific OCS moratoria bills.

- ◆ **Royalty-in-kind and oil valuation.** This will include oversight of MMS's ability and willingness to explore ways to collect royalties "in-kind" as opposed to the cash value, as is currently paid. Also, there will be continuing oversight on MMS's proposed crude oil valuation regulations and an evaluation of their effectiveness.

- ◆ **Implementation of the 1996 amendments to Oil Pollution Act of 1990 (OPA-90)** pertaining to financial re-

sponsibility certification requirements for "offshore facilities."

- ◆ **Implementation of the Deep Water Royalty Relief Act of 1995** and possible expansion of the royalty relief concept to areas offshore Alaska.

MMS has been proactive in briefing members of Congress and their staff on pending issues of interest. Furthermore, the MMS Office of Communications prepared a booklet that highlights the agency's mission, contributions, programs, and achievements and distributed that booklet to members and staff with an interest in the agency.

Fiscal Year (FY) 1998 Appropriations—MMS Budget Request (H.R. 2107)

The MMS budget request for FY 1998 is for approximately \$205 million, which is roughly \$600,000 more than that appropriated in FY 1997. Within its essentially flat operating budget, MMS proposes an overall increase of about \$6.3 million in the Offshore Program to address the increased workload associated with the dramatic upturn in industry interest in the Gulf of Mexico (GOM) OCS. For example, in 1996 alone, over 1,500 additional tracts were leased in the Central and Western GOM. And in 1997, industry bid on over 2,000 additional tracts in lease sales in the Central and Western GOM.

The proposed increase in funding will be used to fund additional environmental studies related to deep water leasing, to fund increased administrative reporting and permitting requirements, to acquire new geological and geophysical data and correct and computerize historical well log data, and to fund increased regulatory workloads, including increased helicopter costs. A large portion of this increase will be offset by decreases in several MMS program areas—in particular, the Royalty Management Program (RMP)—where streamlining and other program efficiencies have been realized.

The MMS did not have a formal hearing on its FY 1998 budget request by either the House or Senate Appropriations Subcommittee on Interior. However, on April 1, 1997, the MMS Di-

rector and the Associate Directors for Offshore, Royalty Management, and Administration met with House and Senate Appropriations staff to discuss MMS's request and the rationale for that request.

On June 17, 1997, the House Appropriations Subcommittee on Interior marked up the Department's FY 1998 budget request. The following actions were taken with respect to the MMS budget request.

- ◆ The Offshore Program's request for resources to support increased GOM activity was approved.

- ◆ An additional \$24 million was shifted to revenue receipts funding (with offsetting appropriated dollars).

- ◆ Proposed Administration royalty management reductions were restored, with a total add-back of about \$4.7 million.

- ◆ OCS moratoria were continued in the same planning areas currently under moratoria. For the most part, the Subcommittee incorporated Administration budget amendment language concerning OCS moratoria into its mark-up. Although the budget amendment is similar to FY 1997 OCS moratoria language, it proposes the following changes: 1) it updates language which referred to the 1992-1997 OCS 5-Year Program and certain sales included in that program (i.e., it would now refer to the 1997-2002 OCS 5-Year Program); 2) it drops the drilling moratorium for the North Aleutian Basin since those leases have been relinquished (Note: the Committee left the drilling prohibition in the moratoria language for the North Aleutian); and 3) it revises the Eastern GOM moratorium to make it consistent with the 1997-2002 OCS 5-Year Program (which allows for consideration of a possible lease sale in 2001 for an area more than 15 miles offshore Alabama and more than 100 miles offshore Florida).

When the full Committee and full House of Representatives considered the FY 1998 bill, no changes were made to the Subcommittee mark with respect to MMS programs.

The Senate Appropriations Subcommittee on Interior marked up H.R. 2107 on July 18, 1997. With respect to MMS programs, their actions mirrored actions taken by the House; however, there were several major differences as well:

- ◆ the addition of \$1.8 million for funding the three Marine Mineral Technology Centers located in Mississippi, Hawaii and Alaska;
- ◆ the deletion of \$4.7 million added by the House and earmarked for the RMP program;
- ◆ inclusion of the entire Administration OCS moratoria budget amendment (i.e., including deletion of the drilling ban in the North Aleutian Basin).

In addition, the Subcommittee added report language concerning RIK pilot programs that states, in part, “the Committee expects the MMS to continue testing and evaluation of such a program through the use of pilot tests, should the study indicate the program can be a viable tool for royalty collection efficiency. It is expected that at least one such test will be initiated during FY 1998.”

The full Senate Appropriations Committee made no changes to MMS programs during its markup of the bill. H.R. 2107 is currently awaiting Senate floor action.

Legislation Introduced to Date in the 105th Congress Affecting MMS Programs

H.R. 133 (Cunningham-CA) – a bill to provide for a moratorium on leasing, exploration, and development on OCS lands offshore the State of California. In general, the Secretary of the Interior would be prohibited from: 1) issuing an oil or gas lease offshore California until January 1, 2007, or 45 days of continuous session of Congress after the issuance of the final EIS for the second OCS 5-year oil and gas program prepared after the bill’s enactment and 2) approving OCS exploration and development activities until after 45 days of continuous session of Congress after submittal to the Congress of the studies to acquire the information with respect to California found inadequate

by the National Research Council report done in 1990.

H.R. 180 (Goss-FL) – a bill to provide for a moratorium on all OCS leasing, exploration, and development activities offshore the State of Florida until certain scientific and environmental information is obtained by the Secretary. In general, the bill would prevent the Secretary from allowing any prelease, leasing, and post-lease activities until the research called for in the bill is conducted and peer reviewed and a report is transmitted to Congress by the Secretary certifying that the information is adequate to enable him to carry out his responsibilities under the OCS Lands Act and other applicable laws. However, in no case can the Secretary conduct any leasing or approve exploration and development activities in the eastern GOM area that lies south of 26° N. latitude and east of 86° W. longitude.

H.R. 1106 (Maloney-NY) – a bill to amend the Federal Oil and Gas Royalty Management Act of 1982 to require that any settlement, by an alternative means of dispute resolution, of a claim against the U.S. for payment of royalties under that Act for an amount greater than \$2 million shall not be effective unless approved by the Secretary of the Interior.

H.R. 1107 (Maloney-NY) – a bill to transfer oil and gas royalty auditing and reconciling functions of the Secretary of the Interior on Federal and Indian lands to the Secretary of the Treasury, and to direct the Secretary of the Treasury to exercise all available authorities to ensure that the United States receives all amounts of royalties to which it is entitled.

H.R. 1989 (Scarborough-FL) & S. 937 (Mack, Graham-FL) – a bill to amend the OCS Lands Act to provide for the cancellation of 6 existing leases offshore Florida (the Mobil proposed exploratory unit located 13-18 miles offshore Pensacola) and to prohibit all new OCS prelease and leasing activities within 100 miles of the State of Florida.

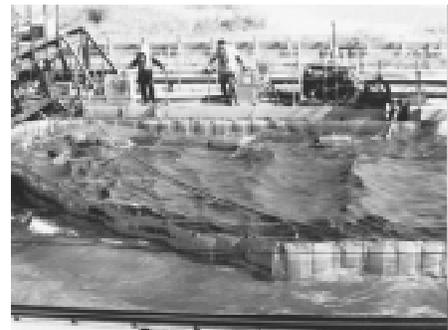
–Jill Martin

Continued from page 5

by several different manufacturers to absorb oil.

Another major area of activity for Ohmsett is training. For some time, Ohmsett has offered Hazardous Waste Operations and Emergency Response training and Confined Space Entry training tailored to meet the specific needs of our clients. The U.S. Navy and the USCG use Ohmsett to train their emergency response personnel, using their own response equipment with oil, in varying wave conditions.

The MMS recently entered into an agreement with Texas A&M University’s National Spill Control School to conduct a series of Oil Spill Response/Hazardous Materials Waste Management training courses at Ohmsett. These hands-on boom and skimmer training courses are designed for response personnel and will use real oil, something no other test tank facility in North America can do.



Testing of the U.S. Coast Guard Vessel of Opportunity Skimming System (VOSS)

Benefits of Ohmsett Testing

There are definite benefits that result from equipment testing at Ohmsett:

- Ohmsett uses standard test protocols which incorporate American Society of Testing and Materials standards and guidelines to evaluate oil spill containment booms and skimmers.
- Potential buyers can conduct “first article testing” of oil spill response equipment before accepting delivery to ensure it performs to manufacturer’s specifications.
- Ohmsett is available for proprietary research and development of oil spill response equipment, improving existing designs, or developing new systems.

New Publications

Ohmsett is staffed with professionals from a wide variety of disciplines and trades who are available to assist users. The Ohmsett staff can tailor test, research, and training activities to meet specific needs. For further information on this unique facility managed by the MMS, contact Mr. Joseph Mullin, Oil Spill Research Program Manager, at (703) 787-1556.

—James Lane & Joseph Mullin

Continued from page 7

Climate and Natural Hazards. The three issues are: Science and Technology; Legal Framework; and Management of Ocean Areas, Uses, and Resources.

In addition, MMS Director Cynthia Quarterman has been appointed as one of the federal members on the joint public/private sector Stakeholders Steering Committee. "Being a co-lead with NOAA on the ocean management component is natural since NOAA manages the living resources in the water column and MMS manages the mineral resources on or under the seafloor," said Quarterman. "As we approach and enter the Year of the Ocean, MMS will highlight YOTO objectives and goals in its education and outreach efforts, and continue to work with the other stakeholders on YOTO issues of national and international importance," she added.

—Dr. Kenneth Turgeon



According to the United Nation's Intergovernmental Oceanographic Commission, the Earth's life-supporting system would be seriously endangered without healthy oceans.

Available from OMM Headquarters: (703) 787-1080

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Available from the Royalty Management Program: (303) 231-3213

Catalog of Royalty Management Program Statistical Publications.

This free publication lists and describes the RMP's other publications related to collecting and distributing revenues associated with minerals on federal and Indian lands.

Both the catalog and its listed documents are available via the MMS's website (www.mms.gov). Printed copies of the report are available at the above number.

Please contact the above offices for complete lists of publications available from MMS.

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