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Innovative Achievements

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MMS STREAMLINES ROYALTY RECOUPMENTS ON FEDERAL OFFSHORE MINERAL LEASES

The U.S. Department of the Interior's Minerals Management Service (MMS) announced today that it is streamlining the paperwork associated with recoupment of royalties that companies have overpaid the government for federal offshore mineral leases. Published in the February 23, 1996, Federal Register, the announcement complies with a 1994 regulation which provides that MMS periodically evaluate the threshold requiring a formal refund request.

"There is a minimum, or de minimis, threshold that determines whether a company must submit a formal, written request for a refund to MMS for approval," said MMS Director Cynthia Quarterman. "Companies are required to apply to MMS for offshore recoupments. MMS must then process the requests, transmit reports to Congress for review, and then send approval to the companies to take the refund in their future royalty reports. It's a cumbersome process. By raising the minimum threshold for refunds of offshore royalty overpayments from the current \$250 to \$2,500, companies may now recover overpayments below \$2,500 directly from future royalty payments. We save companies and ourselves a lot of unproductive effort."

Quarterman said that had the \$2500 level been applied during fiscal year 1995, the number of offshore refund requests processed would have been cut from 1900 to 900. "MMS will be cutting paperwork by over 50 percent," she declared, "relating to only about five percent of the total amount of refunds."

The \$2,500 de minimis level will decrease MMS' cost to process and monitor Outer Continental Shelf (OCS) refunds, according to Quarterman. "We figure about \$230,000 in costs savings per year," she said. "We believe industry will realize similar cost savings by not having to prepare extensive paperwork for refunds below the de minimis refund amount, but instead, reporting the refund as a deduction from future royalties."

MMS is the federal agency that manages the Nation's natural gas, oil and other mineral resources on the Outer Continental Shelf; and collects, accounts for and disburses about \$4 billion yearly in revenues from offshore federal mineral leases and from onshore mineral leases on federal and Indian lands.

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