

**U.S. Department of the Interior
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CONTACT: Tom DeRocco
(202) 208-3983

MMS TO STREAMLINE APPEALS PROCESS, EXPEDITE DECISIONS AND INSTITUTE COST RECOVERY

The U.S. Department of the Interior's Minerals Management Service (MMS) is proposing new regulations in the [October 28 Federal Register](#) to streamline the appeals process. The proposed regulations would establish a 16-month time limit for MMS to process administrative appeals of agency orders to lessees, producers, and payors of royalties on federal and Indian lands.

"The existing system provides no overall time limit for deciding administrative appeals, and it often took several years for the appeals to be decided in the first of two appellate levels within the Department," said MMS Director Cynthia Quarterman. "It is important that we create performance measurements as we continue to improve MMS's customer service. Our customers are due the same high level of timely service from the government as we expect from them.

"We believe that appellants and recipients of royalty revenue deserve faster resolution of disputes. MMS has completed work on 145 cases since May 1 in a concerted effort to reduce the backlog of cases. We've cleared up all active cases filed through 1993 with only a handful pending, and we're planning on completing all active cases through 1994 by the end of the year. We've also decreased the number of pending appeals by 43 percent from its peak a few years ago. This represents a 40 percent increase in productivity over past periods due to streamlined and refocused processes. Having virtually eliminated the older case workload, MMS is now prepared to meet the requirements of this proposed rule," Quarterman stated.

Under the proposed regulations, appeals that are not decided by MMS within the 16-month time limit -- excluding those in which tolling agreements or formal extensions of time are entered by the appellant and MMS -- would automatically be deemed "denied" by MMS and the appellant could continue its appeal before the Department of the Interior Board of Land Appeals. The Federal Oil and Gas Simplification and Fairness Act, signed by the President on August 13, 1996, establishes a 33-month time-frame for the Department to issue a final decision on administrative appeals involving royalty payments on federal natural gas and oil. This rule will ensure that appeals are decided at the first level of Departmental review within the first half of the statutory deadline. The MMS rule also will speed processing of appeals not covered by the new Act, such as appeals involving leases on Indian lands and leases for minerals other than oil and gas.

"MMS anticipates that the number of appeals filed each year will decrease given the innovations we've implemented over the past year to streamline the royalty collection process," Quarterman continued.

MMS's proposed regulations would impose a \$100 uniform filing fee on all appeals, though the fee for appeals filed by Indian tribes or allottees will be waived. Federal statute requires a cost recovery program for this type of activity. The amount of the filing fee will be reevaluated periodically, and any adjustments will be published in the Federal Register.

"The proposed filing fee will enable MMS to recover a small percentage of the cost of processing appeals, and is in line with those fees charged by other judicial and quasi-judicial government agencies," said Quarterman.

Only new appeals filed after the effective date of this rule would be subject to the time limitation and filing requirement changes.

MMS invites comments on the proposed rule during the comment period which ends on December 27, 1996. In

addition, MMS looks forward to input from the Royalty Policy Committee, which has established a subcommittee to provide advice on MMS' appeals and alternative dispute processes. The Royalty Policy Committee is a federally-chartered advisory committee to the Secretary of the Interior and includes representatives from states, Indian tribes and allottees, the oil, natural gas, and solid minerals industries, other federal agencies, and the public.

MMS is the federal agency that manages the nation's natural gas, oil, and other mineral resources on the OCS, 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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