

Innovation 5:

MMS ELIMINATES MORE PAPERWORK FOR INDUSTRY

The U.S. Department of the Interior's Minerals Management Service (MMS) announced today that it is eliminating several transportation and processing allowance forms required of companies operating federal mineral leases, and removing sanctions that had been imposed when companies failed to observe reporting procedures in filing those forms. The final rule will be published in the February 12, 1996, Federal Register.

"Under the new regulation," said MMS Director Cynthia Quarterman, "companies will still be required to report actual allowances taken, but they'll be subject to more reasonable sanctions for improper reporting. It's a significant change with savings estimated at \$500,000 a year from forms processing and billing which are no longer required.

"The earlier rule was onerous, requiring companies to report an estimated allowance or lose the entire allowance regardless of whether their actual payment was correct and the allowance appropriate," declared Quarterman. "This rule caps any sanction at \$250 for improperly netting allowances against royalty. We'll employ audits to ensure that allowance deductions taken by lessees are proper."

Quarterman said MMS' Allowance Study Group, comprised of representatives from the Council of Petroleum Accounting Societies (COPAS), the State and Tribal Royalty Audit Committee, and MMS, has been looking at regulatory requirements and practices of MMS related to transportation and processing allowances since the Administration unveiled its "reinventing government" initiative.

"This streamlining is another example of MMS working with its customers so government works better and costs less," she said. "As we work with constituents and stakeholders, I believe we'll see changes coming more quickly as everyone recognizes the improvements being implemented. They build one on top of the other."

Allowance reporting requirements on Indian leases will remain unchanged by the new rule. "We've established a negotiated rule-making committee comprised of representatives of Indian lessors and industry to examine valuation of Indian production," she said. "Their report is expected this spring, so we'll defer any rulemaking on Indian leases until then."

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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