

**U.S. Department of the Interior
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NEWS RELEASE

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MMS PROPOSES APPEALS RULE TO EXPEDITE PROCESS

Today, the Department of the Interior's Minerals Management Service (MMS), the Office of Hearings and Appeals (OHA), and the Bureau of Indian Affairs (BIA), are proposing new regulations governing the procedures for administrative appeals of actions taken by MMS. The proposed rule appears in today's *Federal Register*.

The proposal responds to the recommendations the Royalty Policy Committee sent to Secretary of the Interior in March 1997, and to the requirements of the Federal Oil and Gas Royalty Simplification and Fairness Act of 1996 (RSFA). The Committee, which includes representatives of states, Indian mineral owners, and oil, gas, and solid minerals producers, recommended that the Department provide a faster and more independent process for resolving disputes over the amount of royalties that companies owe for mineral production from Federal and Indian lands. RSFA established two requirements for the Department's process for administrative appeals involving royalties due on Federal oil and gas leases: 1) to make final decisions within 33 months; and 2) to hold at least one settlement conference.

The proposed new process would replace the current system under which orders are first appealed to the MMS Director, with the Director's decision appealable to the Interior Board of Land Appeals (IBLA), which is in the Office of Hearings and Appeals. Under the proposed rule, the MMS Director will not be required to hear the appeals. However, MMS will be responsible for developing the administrative record for the appeals, discussing settlement as required by RSFA, and determining whether to defend the orders before the IBLA or to modify or rescind orders in response to the arguments raised in the appeal prior to consideration by IBLA. The proposed rule also describes in detail how the 33-month time frame established by RSFA will operate.

MMS Director Cynthia Quarterman stated, "This proposal shows that we are listening to our constituents in the industry, states, and the Indian community. They came together and recommended changes to our appeals process. In response, we have molded their recommendations into a comprehensive regulation that will result in faster dispute resolutions."

Robert Baum, Director of the Office of Hearings and Appeals, stated, "The IBLA is an independent panel of highly qualified Administrative Judges who have considerable experience in reviewing mineral royalty disputes. We are well equipped to fulfill the role proposed for us in this rule."

The proposed rule is written in a question and answer format in "plain language." In addition to the above changes, the rule will also:

1. Enhance and clarify the participation of States and Indian lessors (tribes as well as individual Indian mineral owners) in the appeals process;

2. Establish new regulations governing orders to be issued by the MMS Royalty Management Program;
3. Establish new regulations governing the process for Indian lessors to request MMS to issue orders, and to appeal to IBLA if MMS declines the request;
4. Revise the regulations for royalty civil penalties, to make them easier to understand and more consistent with the language used in the Federal Oil and Gas Royalty Management Act;
5. Revise appeal procedures for refiners purchasing crude oil under the small refinery royalty in-kind program; and
6. Establish new streamlined regulations for appeals involving actions of the MMS Offshore Energy and Minerals Management Program (these will be appealable directly to the IBLA).

There will be a 60-day comment period for the proposed rule. MMS welcomes comments and expects to expedite finalizing the rule as quickly as possible in order to meet the RSFA 33-month deadline, which takes effect May 13, 1999. To facilitate public input on the rule, MMS will hold a public meeting on February 16, 1999, at the MMS Houston Compliance Office, 4141 N. Sam Houston Parkway East, Houston, TX. Further information will be published at a later date in the *Federal Register*. The rule is available for viewing on the MMS website at <http://www.rmp.mms.gov/library/leglroom/proprule/ProRules.htm>.

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 \$6 billion in revenues each year from federal offshore mineral leases and from onshore mineral leases on federal and Indian lands.

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