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CONTACT:

Nicolette Humphries
(202) 208-3985

PRESIDENT REQUESTS \$271.5 MILLION FOR FY 2004 MMS BUDGET

President Bush is requesting \$271.5 million for the Minerals Management Service in fiscal year 2004. The budget requests funding that will allow MMS to carry out two of the strategic mission components of the Department of Interior's Strategic Plan--Resource Use and Serving Communities--through continued management of the nation's federal and American Indian mineral resources in a fiscally sound manner while protecting the human, marine and coastal environments.

"About 25 percent of the nation's domestic oil and natural gas supply comes from the federal outer continental shelf, which is managed by MMS," said MMS Director Johnnie Burton. "The OCS has and will continue to play a significant role in our nation's energy picture.

In 2002, OCS lands managed by MMS averaged a daily production of about 1.6 million barrels of oil and 14.5 billion cubic feet of gas," said Burton.

This year marks the 50th anniversary of the Outer Continental Shelf Lands Act, under which MMS manages the exploration and development of mineral resources on the federal OCS. Total OCS production in 2003 is projected by MMS to be more than 600 million barrels of oil and more than 5 trillion cubic feet of natural gas.

The FY 2004 budget includes \$888.8 million in permanent appropriations to provide states their statutory share of mineral leasing revenues generated on federal lands. "In 2002, more than \$750 million in revenues collected from federal onshore and offshore mineral leases was distributed among 33 states," said Burton.

The proposed budget also includes \$171.3 million in current appropriations, an increase of \$1 million; and \$100.2 million in offsetting collections from OCS rents. Direct appropriations in the proposed budget include \$164.2 million for royalty and offshore minerals management activities and \$7.1 million for oil spill research activities.

The FY 2004 budget will also fund MMS priority projects including an increased demand for OCS program services; investigation of the energy resource potential of methane hydrate formations; innovative business practices and electronic government initiatives; operation and maintenance of minerals revenue management and royalty in kind systems; and information technology security.

MMS continues to follow the president's management agenda for improving management and performance of the federal government, practicing the secretary's vision for citizen-centered management excellence. MMS is working extensively to integrate the budget with the performance goals in the Department's draft unified strategic plan. The OCS Environmental Studies Program was assessed during formulation of the 2004 budget using the Administration's Program Assessment Rating Tool. The review found that the program is very effective in providing timely and peer reviewed environmental research to decision makers. Funding for the Environmental Studies Program is maintained in 2004.

MMS is the federal agency in the U.S. Department of the Interior that manages the nation's oil, natural gas, and other mineral resources on the outer continental shelf in federal offshore waters. The agency also collects, accounts for, and disburses mineral revenues from federal and American Indian leases. These revenues average about \$6 billion annually and total nearly \$127 billion since the agency was created in 1982. Annually, around \$900 million from those revenues go into the Land and Water Conservation Fund for the acquisition and development of state and federal park and recreation lands.

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