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MMS'S NEW ROYALTY POLICY COMMITTEE ELECTS FIRST OFFICERS, SETS COURSE

The Director of the U.S. Department of the Interior's Minerals Management Service (MMS), Cynthia Quarterman, announced that the agency's Royalty Policy Committee elected at its first meeting Don Hoffman, who represents the State of Montana, as its Chairman and David Blackmon, of the Rocky Mountain Oil and Gas Association, Vice-Chairman. The Committee met in Denver, September 12-13.

"The 28-member committee--comprised of representatives from the Western Governors Association, Western States Land Commissioners Association, involved states, Indian tribes and allottee associations, the minerals industry, the interested public and federal agencies--was established to provide recommendations and guidance on royalty management policies and procedures to the Secretary of the Interior and the MMS Director," said Quarterman.

The committee established subcommittees for each of eight separate issues including:

- Royalty Reporting and Production Accounting
- Valuation
- Audit
- Appeals, Settlements, Alternative Dispute Resolution
- Non-Conventional Alternatives
- Disbursements and Net Receipt Sharing
- Coal
- Phosphate, Trona and other leasable solid minerals

"These are important issues for MMS and our stakeholders," said Quarterman. "The Committee has set an ambitious agenda, and we look forward to working with them to make the royalty program even more efficient and cost-effective."

The Royalty Policy Committee joins the Outer Continental Shelf Policy Committee, the Gulf of Mexico Offshore Advisory Committee and the Outer Continental Shelf Scientific Committee as members of the Minerals Management Advisory Board.

While subcommittees may meet independently, the next meeting of the full committee is tentatively set for late January.

Meeting participants and attendees heard Director Quarterman announce the first in a series of innovations designed to streamline the MMS while benefitting industry. She declared that effective October 1, MMS will change how it assesses charges on late and erroneous royalty and production reports on federal and Indian lands.

Under this new policy, MMS will no longer charge companies for filing royalty and production reports late and will no longer charge them for erroneous reports unless their overall monthly error rate exceeds the average Fiscal Year 1995 level.

Although assessments on late reporting are being relaxed, Quarterman cautioned that MMS will continue to impose interest charges and civil penalties for payments that are late.

MMS is the federal agency that manages the Nation's natural gas, oil and other mineral resources on the Outer Continental Shelf, and collects and disburses revenues associated with mineral leases on federal and Indian land.

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