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MMS REACHES \$2 BILLION IN AUDIT COLLECTIONS

The U. S. Department of the Interior's Minerals Management Service announced today that it has collected \$2 billion from its comprehensive compliance efforts since 1982. The collections are for royalties and interest from companies who have underpaid their royalties. The \$2 billion figure represents a significant milestone for the bureau, which marked \$1 billion in collections in 1992.

"We have just reached the \$2 billion mark for audit and compliance collections since 1982, when the agency was created. Close to half of those monies were collected in the past five years. Ideally, we want royalties to be paid right the first time. But that is not always the case. In those instances, MMS must collect what is owed the Federal government, otherwise, this money might go unpaid forever." said MMS Director Cynthia Quarterman.

Companies are required to pay bonuses, rents, royalties and other fees associated with those mineral leases according to regulations issued by MMS.

The MMS encourages companies to voluntarily comply with its rules by providing training, informational publications, notices and personal assistance. Companies know who to contact when they need help in new or unique situations.

However for a variety of reasons, companies do not always initially pay the correct amount. These reasons can range from a simple mathematical error to a fundamental disagreement with the Federal government on royalty value. As a result MMS must perform a variety of tasks, including audit and automated verification, to ensure compliance.

The \$2 billion represents 2.2% of the total amount of \$92.3 billion collected by MMS since 1982. As compliance continues to improve, secondary collections are expected to diminish. "But, \$2 billion in collections shows that neither we nor our royalty payors have achieved that goal yet and that our comprehensive compliance effort has been warranted," Quarterman concluded.

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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