

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

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MMS PROPOSES CHANGES TO DELEGATED AUDIT REGULATIONS

The U.S. Department of the Interior's Minerals Management Service is proposing to amend regulations that govern delegation of its federal mineral auditing responsibilities to states. The regulations propose altering rules published in 1997, implementing provisions of the Federal Oil and Gas Royalty Simplification and Fairness Act (RSFA).

The proposed rule is printed in today's edition of the Federal Register and is also posted on the MMS website at <http://www.mms.gov> under "What's New."

The 1997 regulation expanded the delegable functions that a state could assume as provided by RSFA. As currently written, it requires that when states assume those functional responsibilities, it is for all Federal leases within their boundary. This requirement has created problems for some states. As a result, MMS is proposing to no longer require that the total lease universe within a state's boundaries be audited by the states; rather, the state will determine what audit coverage it can provide.

"This is how the audit program operated in the past and we want to assure that it continues to be a successful cooperative venture for both the states and us," said MMS Director, Cynthia Quarterman. "It was never our intent to make the program more difficult for state participants."

Under provisions of the Federal Oil and Gas Royalty Management Act, the MMS has long delegated certain auditing functions to states. While a participant state augmented MMS's audit coverage of federal mineral leases within that state, it was reimbursed for costs associated with audits, including salaries and travel expenses. There are currently 10 states participating in the delegated audit program: California, Colorado, Louisiana, Montana, New Mexico, North Dakota, Oklahoma, Texas, Utah and Wyoming.

For consideration in the final rulemaking, written comments must be received by April 8. Comments may be emailed to: RMP.comments@mms.gov. They may be mailed to David Guzy, Minerals Management Service, Royalty Management Program, Rules and Publications, P.O. Box 25165, MS 3021, Denver, CO 80225-0165. He may also be reached by phone at (303)231-3432.

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

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