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Interior Establishes Office of Natural Resources Revenue *Move Implements Key Element of Department's Reform Agenda*

WASHINGTON – A major step in the Department of the Interior's plan to fundamentally restructure its mineral leasing, regulatory and revenue collection agencies occurred today with the official establishment of the Office of Natural Resources Revenue (ONRR) within the Office of the Assistant Secretary for Policy, Management and Budget (PMB).

“This is significant not only for moving forward with our overall reorganization, but also for the American taxpayers, whose interests will be better protected by the improved collection and management of revenues from energy development on our public lands and oceans,” said Secretary of the Interior Ken Salazar, who met with ONRR employees today in Lakewood, Colorado. “When fully implemented, our restructuring will separate leasing and regulatory enforcement responsibilities as well, eliminating real and perceived conflicts in the previous organization, and providing the independence and resources necessary for each agency to fulfill its mission.”

Rhea Suh, Assistant Secretary for Policy, Management and Budget, praised the move as she welcomed the employees with Secretary Salazar in Lakewood. “Your transition to PMB provides an historic opportunity for all of you to further your vital work of ensuring that taxpayers receive full and fair value from the development of our nation's energy resources,” Suh said. “We look forward to further strengthening the ability of our employees to independently and rigorously carry out their responsibilities to the nation, to states, and to American Indian Tribes and individual Indian mineral owners.”

Today's action is part of the implementation of Secretary Salazar's May 19 Secretarial Order separating the responsibilities previously performed by the Minerals Management Service (MMS) and reassigning those responsibilities to three separate organizations: the new Office of Natural Resources Revenue that became effective today; the Bureau of Ocean Energy Management (BOEM); and the Bureau of Safety and Environmental Enforcement (BSEE).

The May announcement was followed by a June 18 Secretarial Order formally eliminating the former MMS and creating the Bureau of Ocean Energy Management, Regulation and

Enforcement (BOEMRE). Today's announcement marks the formal launch of the new Office of Natural Resources Revenue and the official transfer of revenue collection functions from BOEMRE to PMB, creating true structural separation of the revenue collection activities from the mineral leasing and regulatory functions.

The Office of Natural Resources Revenue – which replaces the former Minerals Revenue Management (MRM) Program -- will be responsible for collecting and disbursing revenues from energy production on Federal and American Indian lands and offshore on the Outer Continental Shelf. Last year, the program disbursed more than \$10.6 billion to the U.S. Treasury, to various state and American Indian accounts, and to special use accounts such as the Land and Water Conservation Fund.

The ONRR's responsibilities also include auditing and compliance, investigation and enforcement, and asset management for Indian and federal lands, both onshore and offshore. Improvements made to the ONRR before today's official transfer include the following:

- The auditing and compliance efforts have been strengthened with the implementation of a risk-based compliance strategy;
- New auditors are being hired to further bolster those efforts;
- New electronic software and computing systems have been put in place to automatically detect company errors, so those errors can be corrected in real time;
- A data mining effort has been initiated as a second-level screening process;
- ONRR is pursuing more civil penalties and other remedies if companies knowingly or intentionally under pay or submit inaccurate royalty or production reports;
- And, the office is vigilantly performing its Trust responsibilities by disbursing revenues to American Indian Tribes and individual Indian mineral owners on time, and helping individuals resolve any issues they might face.

Salazar said the Department is undertaking a strategic review to identify opportunities to further improve performance in all areas of ONRR operations. The ONRR was able to transition quickly because its responsibilities are more functionally separate from the remaining responsibilities of BOEMRE, Salazar noted. The creation of the Bureau of Ocean Energy Management and the Bureau of Safety and Environmental Enforcement will continue to move forward under the implementation plan for the reorganization.

With its headquarters in Washington, the ONRR will maintain the majority of its operations at the Denver Federal Center in Colorado, with field offices in Texas, Oklahoma and New Mexico. The ONRR has approximately 600 employees.

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