



# United States Department of the Interior

OFFICE OF THE SECRETARY  
Washington, DC 20240



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Daniel Riemer  
Chair, Royalty Policy Committee  
Minerals Management Service  
US Department of the Interior  
Washington DC 20240

Dear Mr. Riemer:

Congratulations on your recent election as Chair of the Royalty Policy Committee (RPC). We appreciate your willingness to serve.

Recently, there has been much interest regarding the accuracy and effectiveness of the Minerals Revenue Management program within the Minerals Management Service. In discussions with Secretary Kempthorne, we have decided that a review of the procedures and processes surrounding management of mineral revenue at the Department of the Interior is in order. Upon further discussion, we determined that a subcommittee under the RPC would be uniquely suited to conduct this review.

Therefore, on behalf of Secretary Kempthorne, I am requesting that the Royalty Policy Committee establish a subcommittee to review the procedures and processes for mineral revenue management. Specifically, we request the subcommittee review the following:

- The extent to which existing procedures and processes for reporting and accounting for Federal and Indian mineral revenues are sufficient to ensure that MMS receives the correct amount.
- The audit, compliance and enforcement procedures and processes of the Minerals Management Service to determine if they are adequate to ensure that mineral companies are complying with existing statutes, lease terms, and regulations as they pertain to payment of royalties.
- The operations of the Royalty in Kind Program to ensure that adequate policies, procedures, and controls are in place to ensure that decisions to take Federal oil and gas royalties in kind result in net benefits to the Federal government.

We would like this subcommittee to submit a written report to the RPC within approximately 6 months detailing the subcommittee's findings and recommendations for improving the overall effectiveness and efficiency of the Department of the Interior's management of Federal and Indian mineral lease royalties. Upon completion of the report, we will request the subcommittee provide a detailed briefing for Department of the Interior executive management summarizing and explaining the principal findings in the report.

We look forward to working with you and the RPC on forming this subcommittee.

Sincerely,

A handwritten signature in black ink, appearing to read "C. Stephen Allred". The signature is fluid and cursive, with a large initial "C" and a long, sweeping underline.

C. Stephen Allred  
Assistant Secretary  
Land and Minerals Management