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NEWS RELEASE

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**MMS REQUESTS \$222.5 MILLION FOR FY `99 BUDGET
AND SUPPLEMENTAL REQUEST OF \$6.7 MILLION FOR FY `98**

The U.S. Department of the Interior's Minerals Management Service (MMS) is asking for \$222.5 million for the FY 1999 to manage the mineral resources on the Nation's Outer Continental Shelf (OCS) in an environmentally sound and safe manner, to ensure that the American public receives fair market value for these publicly-owned resources, and to timely collect, verify, and distribute mineral revenues from Federal and Indian lands.

"The MMS's programs and priorities are driven by our commitment to provide outstanding service to all of our customers: taxpayers, States, Indian Tribes and allottees, and the energy industry," remarked Director Cynthia Quarterman. "This year's request is about \$13.9 million above the 1998 enacted level. Significant investments are proposed in the budget request for both the Offshore Management Program (OEMM) and the Royalty Management Program (RMP) to ensure that MMS fulfills its regulatory responsibilities and continues to provide the high level of service our constituencies have come to expect. These investments, which are proposed both in the context of a 1998 supplemental request and the 1999 President's Budget, are modest compared to the revenue return they will generate. The MMS collects, on average, about \$4 billion each year in mineral revenues from Federal and Indian lands, but this figure grew to about \$6 billion in 1997."

FY `99 Budget - This year's request of \$222.5 million is about \$13.9 million above the 1998 enacted level and \$7.2 million above the 1998 level adjusted for the proposed supplemental. The request includes \$128.5 million in current appropriations (\$15.1 million less than FY 98 enacted level) and \$94 million in offsetting collections (\$29 million above the `98 enacted level).

As can be seen from the decreases in current appropriations, the proposed overall increase in operating authority is more than offset by raising the cap on offsetting collections from last year's \$65 million to this year's \$94 million. Finally, the 1999 budget includes \$610.6 million in permanent appropriations to provide States their statutory share of mineral leasing revenues generated on Federal lands.

The request includes \$5 million for the [RMP reengineering](#) effort. These funds will be used to begin design of advanced automated systems to implement new core business processes and support systems for the 21st Century. RMP modernization is essential for MMS to continue fulfilling its basic goal of ensuring the timely collection, accounting, verification, and disbursement of mineral revenues.

The 1999 request for the OEMM program presumes the continuation of the FY `98 supplemental at an annualized level of \$7.5 million. This request will support an expanded inspection and enforcement workforce to meet the continued growth in the number of offshore facilities in the Gulf of Mexico, and the geographic dispersion of these units. The proposed increase will strengthen the regulatory program to better ensure and maintain MMS's commitment to the safe and environmentally sound development of the OCS.

The 1999 OEMM request also includes funding to support environmental studies focusing on [deep water regions](#) of the Gulf of Mexico. Industry has already invested heavily in these deep water regions, both in technology development and in

bonus bids on deep water leases.

This investment, as well as the environment, could be at risk if MMS cannot adequately perform such functions as evaluating exploration and development plans, developing appropriate lease stipulations, and evaluating oil spill response plans.

1998 Supplemental Request - The Administration has proposed a 1998 supplemental appropriation of \$6.7 million for the MMS Offshore Management Program. The request is in response to surging leasing activity in the Gulf of Mexico up to the time of formulation of the 1998 budget, and bullish predictions of continued robust leasing and commensurate levels of exploratory and development activity. Unexpectedly, leasing activity for the past four lease sales were all record-breakers, greatly exceeding predictions.

"This robust level of activity is likely to surpass MMS's ability to effectively perform its regulatory responsibilities to ensure continued safe and environmentally sound development of the OCS at the current funding level," explained Director Quarterman. "Without the staff and resources to support and oversee this increased production activity, the benefits of increased domestically produced energy resources, royalty revenues, and employment opportunities may not be realized."

MMS is the federal agency that manages the Nation's natural gas, oil and other mineral resources including sand on the OCS, and last year, collected and disbursed about \$6 billion in revenues from offshore mineral leases and from onshore mineral leases on federal and Indian lands.

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