

FOR RELEASE: October 31, 1994

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MMS ROYALTY MANAGEMENT PROGRAM NETS \$255 MILLION THROUGH SPECIAL AUDIT EFFORTS DURING FY 94 (#40083)

The Department of the Interior's Mineral Management Service (MMS) today announced that it collected more than \$255 million through compliance efforts including special audits and settlements during the 1994 fiscal year which ended September 30, 1994.

MMS collects, accounts for and disburses revenues from companies that lease and produce minerals from federal and Indian lands.

"MMS has had the biggest year ever in terms of the amount of money collected through special audits and settlements," said Acting MMS Director Cynthia Quarterman. "This is a significant event and a clear indication that our aggressive compliance program is literally 'paying off.' Over the past 12 years, we've collected more than \$1.2 billion through our comprehensive audit program. This year's collection equals more than 20 percent of that figure."

Quarterman noted that because of auditing activities conducted by MMS, states and Indian tribes, substantial amounts of money came from settlements reached with companies. "This administration has made a commitment to utilizing settlements as a means of resolving long-standing disputes and collecting money long overdue. Of the \$225 million collected this past fiscal year, about \$190 million came from settlements," she said.

"Settlements are important in resolving legitimate royalty disputes," explained Quarterman, "Involving, in many instances, disagreements on the interpretation of MMS rules. In dealing with complex technical issues with considerable litigation risk, a settlement may be in everyone's best interest."

"If we're dealing with a recurring issue that needs judicial clarification, or where the courts have clearly ruled in our favor," Quarterman said, "we simply won't settle. These agreements often exclude issues which MMS or the companies may wish to resolve through other means, such as litigation."

Quarterman also praised state and Indian tribal auditors for the auditing efforts they perform under cooperative agreements with MMS. "The 10 states and eight Indian tribes with whom we have

these agreements re very effective in their auditing activities.

"With more than 80,000 federal and Indian leases," concluded Quarterman, "MMS has a massive job to do, but we're working closely with industry, and state and tribal officials to do better. MMS is striving to improve its collection efforts by not only resolving long-standing issues, but by reaching out to its constituents on rulemakings in advance to avoid future confrontation and litigation."

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Subject: PR-10/31/94 RMP/MMS RMP Nets \$255M Through Special Audit Efforts During FY 94 (#40083)