

**U.S. Department of the Interior
Minerals Management Service
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NEWS RELEASE

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MMS PROPOSES CHANGES TO REGULATIONS EXPANDING LIST OF DELEGABLE FUNCTIONS TO STATES

The Department of the Interior's Minerals Management Service is proposing changes to current regulations that would authorize the delegation of additional federal royalty management functions to states. These changes are in response to requirements of the Federal Oil and Gas Royalty Simplification and Fairness Act of 1996 (RSFA), which was signed into law by President Clinton on August 13, 1996.

"This is an issue of great interest to states eligible to perform delegable functions," said MMS Director Cynthia Quarterman, "and as the law requires, we have consulted extensively with them in developing this proposal."

While the Federal Oil and Gas Royalty Management Act of 1982 provided for the delegation of audits, inspections and investigations to states, RSFA, which amends that Act, has expanded that authority to also include receiving and processing production and royalty reports; correcting erroneous report data; performing automated verification; and issuing demands, oil and gas subpoenas, orders to perform restructured accounting, and related tolling agreements and notices to lessees. The law also requires the issuance of standards pertaining to those delegable functions and other relevant responsibilities.

"MMS is also proposing the delegation of many of these functions associated with solid mineral, geothermal and certain offshore leases," Quarterman added. "We believe that it is most efficient to delegate functions for these other leases since they comprise a significant amount of activity in several states."

Because RSFA requires promulgation of these standards and regulations by August 13, 1997, MMS is requesting comments in 30 days. Although MMS will try to include comments received after May 24, it can only assure consideration for comments received by May 24.

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