

Congress of the United States

Washington, DC 20515

April 3, 2006

The Honorable Johnnie Burton
Director
Minerals Management Service
1849 C Street, NW
Washington, D.C. 20240

Dear Director Burton,

We are writing to follow up on a February 2, 2006, letter sent by the State and Tribal Royalty Audit Committee (STRAC) to the Minerals Management Service (MMS) requesting information about MMS's compliance review program. We share STRAC's concerns about the auditing and compliance review processes for the states and Native American tribes.

According to the letter, at a recent State and Tribal Royalty Audit Committee (STRAC)/MMS meeting in Salt Lake City, STRAC was informed that as part of the individual jurisdictions' contracts with the Department of Interior, they must request authority to conduct compliance reviews. Under their current contracts, these jurisdictions have been delegated the authority to conduct audits, not compliance reviews, of leases within their respective borders. According to STRAC, no statute or regulation exists under which its jurisdictions can request the authority to conduct compliance reviews.

Although STRAC has requested that MMS provide it with data about the quality and efficiency of compliance reviews, it has been waiting for this information for more than two years. STRAC contends that this information is vital to its ability to advise its jurisdictions about the value of conducting compliance reviews. Therefore, we reiterate its request for the following information:

- The total dollars collected since 2001 as a direct result of the compliance review process, broken down in terms of offshore, 8(g), onshore, Tribal and Allottee leases. This should exclude collections since 2001 attributable to the previous audit program and, particularly, audits conducted by States and Tribes;
- The cost/benefit of conducting compliance reviews;
- The number of random audits conducted under the compliance review process, broken down in terms of offshore, 8(g), onshore, Tribal and Allottee leases;
- The number of audit referrals conducted under the compliance review process, broken down in terms of offshore, 8(g), onshore, Tribal and Allottee leases;
- The number of random or referral audits that revealed further underpayments of royalties, the type of violations involved and the effort made by MMS to compile the type of

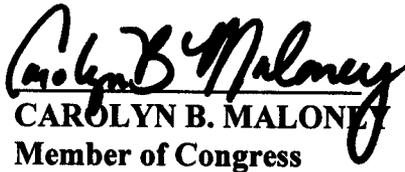
violations into its compliance review process;

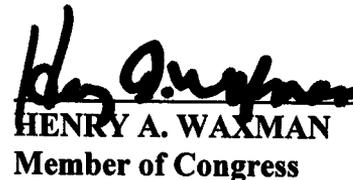
- The number of orders issued by MMS as a direct result of the compliance review process, broken down in terms of offshore, 8(g), onshore, Tribal and Allottee leases. This should exclude orders issued since 2001 attributable to the previous audit program and, particularly, orders issued as a result of audits conducted by States and Tribes;
- A breakdown of MMS's appropriated or offline dollars since 2001 allocated to compliance reviews, random or referral audits, Accenture, other private consultants or entities (such as Inovis); quality reviews, training preparation of congressional reports and strategic plans, SES promotions, and bonuses; and
- Average labor hours needed to perform a compliance review.

We respectfully request that you disseminate this information to us and to STRAC as soon as possible.

Thank you for your assistance in this matter.

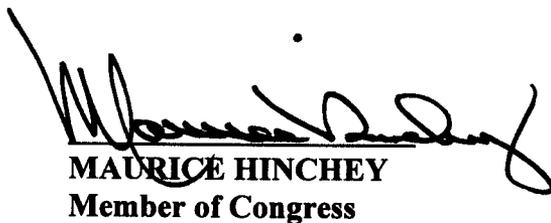
Sincerely,


CAROLYN B. MALONEY
Member of Congress


HENRY A. WAXMAN
Member of Congress


GEORGE MILLER
Member of Congress


EDWARD MARKEY
Member of Congress


MAURICE HINCHEY
Member of Congress


RAÚL GRIJALVA
Member of Congress


RAHM EMANUEL
Member of Congress