



# Minerals Management Service

*People Promoting Energy, the Environment, and the Economy*

## News Release

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### **President Requests \$364.8 million for MMS FY 2011 Budget**

*Budget highlights include funding for renewable energy programs, royalty management improvements*

**WASHINGTON, D.C.** – With a budget designed to increase America’s energy security by expanding the nation’s energy portfolio and ensuring a fair return for these public resources, the President has proposed \$364.8 million in funding for the Minerals Management Service (MMS) in fiscal year 2011. While this represents an increase of \$16.5 million from the 2010 enacted level, the request reflects the President’s commitment to fiscal responsibility and the prudent investment of taxpayer dollars.

“The request for MMS is intended not only to help increase national energy security by continuing to establish an aggressive renewable energy program but also to improve our collection of federal royalties,” said MMS Director Liz Birnbaum. “The responsible investments in this request will support the Administration’s goals for a clean energy future.”

The FY 2011 budget includes a program increase of \$3.5 million to continue the development of the MMS Renewable Energy program, which regulates oversight of the access and potential development of the abundant renewable energy sources of the Outer Continental Shelf (OCS). This increase builds on the \$24.0 million in additional funding for OCS renewable energy development provided by the Congress in FY 2010.

MMS’s budget also supports phasing out the Royalty-in-Kind (RIK) program, a change that was formally announced by Secretary Salazar in September 2009. The RIK program generated revenues by receiving its oil and gas royalties “in kind” (i.e., in the form of oil and gas product), rather than in cash, and then competitively selling the commodities in the marketplace.

The budget request includes \$10.0 million to support the termination of the RIK program and the transition of the program’s operations back to the more traditional cash-based, royalty-in-value process. The requested increase in appropriations to enhance compliance

activities and increase audit capacity will be offset by an equivalent reduction in outlays from royalty receipts previously used to fund RIK activities.

“This budget request will enable us to effectively terminate the RIK program without any net increase in the cost of our royalty management work,” said Birnbaum. “It reflects our commitment to ensuring that our Federal and American Indian energy and minerals revenues are accurately reported and paid in compliance with laws, regulations, and lease terms.”

The President’s FY2011 budget will allow MMS to ensure the public receives the maximum benefit from America’s OCS resources. The request contains \$4.4 million to fund the necessary technology needed to thoroughly assess the oil and gas potential and fair market value of the OCS tracts offered for lease. The investment will also be used to fund MMS’s aggressive inspection program, which is in increased demand because of the number of new deepwater production facilities operating in OCS waters. Additional resources totaling \$3.7 million will be used to enhance the agency’s royalty compliance tools and ensure that companies are paying proper royalties on processed and transported natural gas.

“It is important that we ensure conventional energy is developed in a safe and environmentally responsible manner,” said Birnbaum.

—MMS—

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