

INDIAN ENERGY SERVICE CENTER (IESC) PROGRAM OVERVIEW

October 30, 2019



KEY CONTACTS



Bureau of Indian Affairs Leadership

Darryl LaCounte, Director BIA

Johnna Blackhair, Deputy Bureau Director - Trust Services

Indian Energy Service Center (IESC) Leadership



Bureau of Indian Affairs

Dawn Selwyn, Acting Assoc Deputy Bureau Director-Land Management

Carla H. Clark, Acting Director, IESC

Albert Bond, IESC BIA Branch Chief



Office of Natural Resources and Revenue

Yvette Smith, Acting Deputy Director, IESC / ONRR Branch Chief



Bureau of Land Management

Jim Wood, IESC BLM Branch Chief



IESC BACKGROUND

Increase in Oil & Gas Activity

- 2004 - San Juan Basin, New Mexico
- 2009 - Williston Basin, North Dakota
- 2012 - Uintah Basin, Utah / Osage, Oklahoma resource management



Indian Energy and Minerals Steering Committee (IEMSC)

- 2014 - Subcommittee addressed increase in workload with a multi-agency service center concept or “one stop shop”
- 2016 - Assistant Secretary-Indian Affairs approves IESC implementation to support mineral and energy agencies

Indian Energy Service Center (IESC) - 2016 to Present

- 2016 - Service Center established. Director, Deputy, BIA Branch Chief, Program Analyst and ONRR Branch Chief hired.
- 2017 - Total of 16 FTE on board (6 BIA, 4 BLM, 6 ONRR, 1 IT Contractor)
- 2018 - Total of 15 FTE on board (6 BIA, 5 BLM, 3 ONRR, 1 IT Contractor)
- 2019 - Current total of 23 FTE (10 BIA, 6 ONRR, 6 BLM, 1 IT Contractor)



IESC FEDERAL PARTNERSHIPS

Resolve issues that impede oil and gas development, continuing operations, and final close-out on trust/restricted land



Expedite nationwide trust functions



Cooperate with Tribes and Indian mineral owners



Ensure coordinate, collaborate, and promote resource and information sharing between Federal agencies

Partnerships DOE * IEED/DEMD * USFWS * USACE * EPA

FEDERAL PARTNERSHIPS



Darryl LaCounte
BIA



William Pendley
OST



Greg Gould
BLM



Jerry Gidner
ONRR

★ IESC Standard Operating Procedures (SOP) Training for Employees

- Interior attendees register in DOI Talent [here](#).
- Tribal attendees register thru IESC.

★ Indian Energy Management Steering Committee (IEMSC) Action Items

- IESC provides updates on pending workloads, requests for assistance, accomplishments, staffing
- Provide updates from the Federal Partner Charters / Meetings
- Assists in planning bi-annual IEMSC meetings
 - Next meeting tentatively scheduled for the week of November 4, 2019
 - Information shared [Shared Google Site](#) for all DOI Members, Meeting Minutes, Action Items

★ Executive Management Group (EMG) - next meeting November 2019

- Google site: <https://sites.google.com/a/bia.gov/iesc-executive-management-group>

★ Reimbursable Service Agreements (RSA) for specialized experience

- Current RSAs with BLM * ONRR * SOLICITOR * OST
- Future RSA anticipated with the US Fish & Wildlife Service

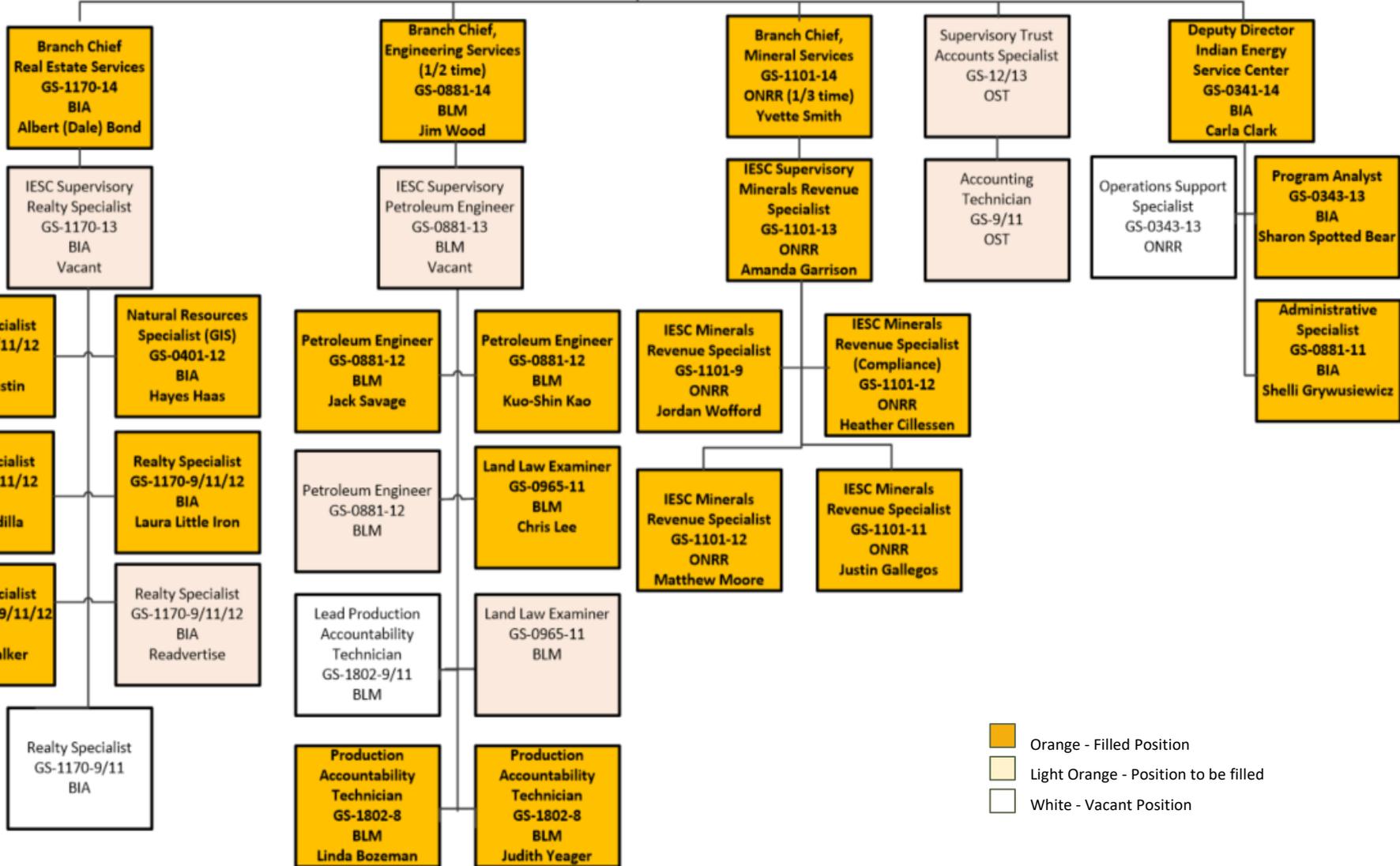
Indian Energy Service Center

All Positions located in Lakewood, CO

\$4.5 million Staffing Plan

CURRENT STAFF

Acting Director
Indian Energy
Service Center
GS-0340-15
BIA



- Orange - Filled Position
- Light Orange - Position to be filled
- White - Vacant Position

CURRENT IESC SERVICES

Bureau FTEs	Positions	Services Available
BIA - 12	Director (1) Deputy Director (1) Branch Chief (1) Program Analyst (1) Administrative Specialist (1) Realty Specialists (5) Natural Resource Specialist (1) IT Contractor (1)	<ul style="list-style-type: none"> - Federal Partner Meetings and IEMSC coordination - Communitization Agreement Adjudication - Lease Reviews & Modifications - Advise on Environmental Impact Statements - Oil & Gas Lease Assignments, Permitting - NEPA (Environmental) Processing Support - Address State of OK Hearing Notice Backlog - Conduct Lease Sales (Local & Future Online) - Standard Operating Procedure (SOP) Training - Rights of Way and Trespass
BLM - 8	Branch Chief (1) Supervisory Petroleum Engineer (1) Petroleum Engineers (2) Land Law Examiners (2) Production Accountability Technicians (2)	<ul style="list-style-type: none"> - Engineering assistance (Application for Permits to Drill, Sundries, Injection Wells) - Adjudication (Communitization Agreements, Leasing, etc.) - Cadastral Surveys - SOP Training - Production Accountability Reviews - Processing Space Orders
ONRR- 6	Branch Chief (1) Supervisory Mineral Revenue Specialist (1) Minerals Revenue Specialist (4)	<ul style="list-style-type: none"> - Production Reconciliation - Update Standard Operating Procedure Handbook - SOP Training - Advise on Indian related Royalty Questions - Identifies Royalty Discrepancies & refers for In-Depth Review - Outstanding Liability Reviews - Coordinating ONRR reviews of proposed IMDAs - Compliance and Audit Support

FEDERAL PARTNER CHARTERS

Federal Partner meetings engage IESC, BIA, BLM, ONRR, OST, IEED/DEMD, DOE, AVSO, BOR, USACE, EPA, USFWS, and DOI Solicitor's Office in problem solving issues involving trust minerals. The meetings also include a listening session with the local Tribe(s)

Federal Partners	Participants	Key Issues being addressed
Fort Berthold	IESC BIA ONRR BLM OST DEMD EPA BOR USACE AVSO DOE SOL	* Leases * Communitization Agreements (CA) * Riverbed Cadastral Updates * Surveys/Ownership * Regulatory Streamlining * ROWs * Allowances * UIC Wells * Transportation Allowances * Charter Updates * Outreach for Mineral Owners * Applications for Permit to Drill (APD) * Compliance
Uintah & Ouray	IESC BIA ONRR BLM OST DEMD	*APDs * Lease Sale * Charter Updates * Lease Expiration Processing * Cadastral Surveys
Oklahoma, Texas, Kansas	IESC BIA ONRR BLM OST DEMD	* Communitization Agreements * Improving Leasing Timeframes * APD's * AFMSS * Bonding updates * Streamline environmental * Cadastral Surveys * Bonding and Orphan Wells * Charter Updates * Subsurface Use of Restricted Tracts * Updates to regulations 25 & 30 CFR * OST conversion
Navajo, Southwest and Rocky Mountain	IESC BIA ONRR BLM OST DEMD	New! Set up a conference call to discuss key issues and establish first meeting.

INTERAGENCY, STATE, AND TRIBAL RELATIONSHIPS

AGENCY/FIELD OFFICES AND REGIONAL OFFICES

- Agency requests for assistance with backlog and current workloads
- Set up conf call / meeting to discuss plan of action and set up deliverables

STATE AND TRIBAL ROYALTY AUDIT COMMITTEE (STRAC)

- Meetings conducted by ONRR for FOGRMA 202 and 205 Tribes and states
- Receive information on processing needs as determined by meeting materials
- Conduct presentations or provide information as requested

DEPARTMENT OF ENERGY (DOE) COORDINATION

- DOE Annual Tribal Program Review since 2016
- DOE Tribal Energy Summit
- NEPA wind solar project for Pueblo Picuris, NM
- DOE Tribal Energy FOA Merit Review

MEETINGS, CONFERENCES, SUMMITS, TRAININGS, AND COMMITTEES

- BIA National Realty Training
- State of ND Strengthening Government-to-Government Relationships Conference
- MHA Energy Oil & Gas Expo since 2017
- Petroleum Accounting Society of Oklahoma (PASO)
- DOI Royalty Policy Committee, Indian Energy Subcommittee
- ONRR North Dakota Venting/Flaring Task Force
- North Dakota Overlap Communitization Agreement (CA) Workgroup
- DOE Energy Infrastructure Deployment on Tribal Lands Funding Committee
- DEMD's Energy and Mineral Development Program Grant Committee
- EPA hosted Multi-Agency and Tribal Partner Meeting
- Communitization Agreement (CA) Realty Training for Agencies
- Fort Berthold Agency ROW Training for Mineral Owners and Operators
- Attend the upcoming Osage Oil & Gas Summit

Service Areas and Needs

BLM Colorado State Office

Southern Ute Agency

- Environmental Impact Statement for Southern Ute

BIA Southern Plains Region

Concho, Anadarko & Pawnee Agencies

- Online Lease Sale
- Marginal Lease Reporting Review
- Lease Mgmt & Lease Sale Support

BIA Fort Berthold Agency

- Appeal Language
- Venting & Flaring
- Lease Assignments
- Trespass
- O&G ROWs
- CAs
- Lease Bond deficiency reviews
- Lease Segregation
- ROW Trainings

BLM North Dakota Field Office

- Original Approval Documents
- Expand Production Accountability Reviews
- CA Successor Operator
- APDs

BLM Oklahoma Field Office

- Spacing Order Approvals
- Diligence Reviews
- Drainage Assessments
- Cadastral Surveys

BIA Eastern Oklahoma Region

ONRR @Osage

- Production Verification
- Well Permits & Tracking

BIA (5 Tribes)

- Lease Management
- Lease Sale Support
- Lease Assignment Backlog
- Lease Bonding Deficiency Review & Processing

BIA Uintah & Ouray Agency

- Fluid Mineral Leasing Sale
- Production Accounting Reviews
- Need to Pilot Online Lease Sales
- Verification of royalty payments and production reports on new CAs

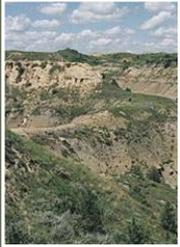
BACKLOGS ADDRESSED

Since 2017, the IESC has completed the backlog of the following high priority issues:

- ✓ 422 Spacing Orders from 2011-2015
- ✓ 127 Fort Berthold CAs adjudicated with est royalties of \$733,000,000
- ✓ Volume reconciliations on adjudicated Fort Berthold CAs
- ✓ 239 Production and Royalty Valuations from 2008-2019
- ✓ 127 Lease Assignments backlogged at Southern Ute from 2017
- ✓ 10 Communitization Agreements backlogged since 2011 Turtle Mountain
- ✓ Osage Support
 - Engineering Assistance on 52 new Drilling Permits
 - 77 Workover Permits
 - 45 Plugging Permits
 - Drafted multi-agency injection well approval process, orientation, introductory review of all pending actions for new Supervisory Petroleum Engineer
 - Formal recommendations for determinations of NEPA adequacy for 121 well plugging permits, 34 well workover permits
 - Prepared formal recommendations on 12 Environmental Assessments

Current Projects

FORT BERTHOLD



- CA Adjudication and Lease Modifications
- CA Production Reconciliations
- Cadastral Surveys to Update Mineral Title
- Production Accounting Reviews
- Application for Permit to Drill (APD) Engineering reviews

OSAGE



- Reasonable Foreseeable Development Scenario for Oil & Gas Leasing EIS
- Oil & Gas Permitting and Leasing NEPA Processing Support

UINTAH AND OURAY



- Lease expiration and lease development
- Communitization Agreements
- Online Lease Sale
- Ensure royalty and production reports are submitted on new CAs

NAVAJO



- Processing drilling Permits (APDs)
- Processing Sundry Notices (BLM)
- Cross-training and cultural experience (ONRR)

OKLAHOMA



- Concho Lease Sale
- Diligence Reviews and API well # cleanup

JICARILLA



- Review royalty payments and outstanding compliance issues for company(s) leaving reservation
- Assist with royalty impact of potential CA

ROYALTY REPORTING



- Compliance and audit assistance
- Assist with consultation efforts



TRAINING COMPONENT

ONSHORE ENERGY AND MINERAL LEASE MANAGEMENT INTERAGENCY STANDARD OPERATING PROCEDURES (SOP) – FLUID MINERALS

CLASSROOM TRAINING

- Next SOP Class **November 5-6, 2019** in **Albuquerque, New Mexico**
 - Interior employee register on DOI Talent
 - Tribal employees register with IESC at indianenergyservicecenter@bia.gov
- New! Tribal Training Module
 - Ready December 2019
 - Training Dates and Locations TBD
- 741 employees trained Dec 2016 - present
 - Federal Agencies: BIA, BLM, ONRR, OST, USACE, DOE, IEED, DEMD, AVSO, Office of inspector General, Solicitor
 - Includes 7 Tribes

COMPUTER BASED TRAINING

- **New!** Video Modules of SOP Handbook in development stage
- Available now on DOI Talent
- Students awarded Training Certificate for successful completion of each module

Attendees from Tribes include:

*Absentee Shawnee Tribe of Oklahoma
Sac and Fox Nation
Three Affiliated Tribes
Citizen Potawatomi Nation
Tribes with Section 202 Contract
Ute Indian Tribe
Blackfeet Nation
Southern Ute Tribe*



NEW INITIATIVES

*The IESC directly supports
the Department of Interior's Priorities*



U.S. Department of the Interior      

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Our Priorities

1. Create a conservation stewardship legacy second only to Teddy Roosevelt.
2. Sustainably develop our energy and natural resources.
3. Restore trust and be a good neighbor.
4. Ensure tribal sovereignty means something.
5. Increase revenues to support the Department and national interests.
6. Protect our people and the border.
7. Strike a regulatory balance.
8. Modernize our infrastructure.
9. Reorganize the Department for the next 100 years.
10. Achieve our goals and lead our team forward.



NEW INITIATIVES

DOI Priority # 2 : Sustainably develop our energy and natural resources

- ★ *Leasing*
 - Centralized lease processing
 - Online lease sales for all BIA agencies
- ★ *Streamlining Well Permitting and Development*
 - Centralized engineering technical support for APDs and Sundries
 - NEPA processing for leasing and well permitting
 - Faster processing of time-sensitive issues such as CA and APD processing
- ★ *Provide national standards and training for processing Indian Communitization Agreements*





NEW INITIATIVES

DOI Priority # 3 : Restore trust and be a good neighbor

★ *Multi-Agency Training*

- SOP training and maintaining online training modules
- Indian Communitization Agreement processing
- Additional training offerings for tribes and oil and gas operators

★ *Increased transparency of royalty data*

- Systems Training: Work with ONRR teams to provide comprehensive training on various DOI Indian systems to streamline their process thus increasing the speed and accuracy in which they complete an audit or compliance review
- Annual Tribal Letters: The IESC will coordinate the Annual Letters that go out to Tribes that identify their royalties for the previous fiscal years and compliance activities that were conducted. IESC will identify any additional data that would be useful for Tribes to receive, possibly from BLM and/or BIA.





NEW INITIATIVES

DOI Priority # 4 : Ensure tribal sovereignty means something

★ Tribal EOP Modernization Project

- Provide system access to Tribes so that they can instantly access their royalty data, eliminating the need for sending a CD on a monthly basis
- Provide training to Tribes on navigating the royalty data

★ Outreach to Allottees

- Coordinate with ONRR Outreach and OST to create an online training video to explain how to read an Explanation of Payment (EOP) and what all the sections represent
- Co-host a Fort Berthold Allottees Q&A session between IESC, BIA, BLM, ONRR, OST and DEMD

★ Fee-to-Trust and Trust-to-Fee

- Trust acquisitions and disposals of Indian trust mineral interests creates a resulting need for downstream processing requirements within DOI's lease management, title, accounting, and compliance systems.





NEW INITIATIVES

DOI Priority # 5 : Increase revenues to support the Department and national interests

- ★ *Targeted oil and gas production accounting to identify underreported production*
- ★ *Increased field inspections by PETs to identify any production measurement issues that might result in erroneous production reporting*
- ★ *Venting/Flaring*
 - Continue efforts to address royalties due on flared gas in North Dakota such as coordinating information from BLM to ONRR
- ★ *CA Reporting (Production and Royalty)*
 - As the IESC processing CAs, it will ensure that ONRR receives the final approved documents.
 - IESC will begin verifying royalty and production reports are submitted for newly approved CAs. Referrals will be made for missing documents.
- ★ *Verification of pricing pre-IBMP price calculation*
- ★ *Provide for Indian country*
 - Answer questions, provide data, and coordinate information requests to other bureaus





NEW INITIATIVES

DOI Priority # 7 : Strike a regulatory balance

- ★ *Consultation collaboration efforts*
 - IESC will coordinate with all agencies regarding any potential future rulemaking and related consultation on ONRR activities

DOI Priority # 8 : Modernize our infrastructure

- ★ *Energy Related Rights-Of-Way processing*
- ★ *Renewables*

U.S. Department of the Interior

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ACCOUNTABILITY AND TRANSPARENCY

- **Weekly Stakeholders Conference Call began Aug 5, 2019**
 - Participants: IESC, BIA, BLM, ONRR, OST, IEED/DEMD, DOE
- **Weekly Internal BIA Office of Trust Services Conference Calls**
 - Participants: Probate, Land Titles & Records, IESC, Real Estate Services, Land Buy Back
- **Monthly Fort Berthold CA Adjudication Conference Calls**
 - Participants: IESC, BIA, BLM, ONRR, OST, DEMD, DOE
- **Executive Management Group (EMG)**
 - Bi-annual meetings to provide status of current projects and accomplishments
 - Participants: BIA, BLM, ONRR, and OST Representatives
- **Indian Energy and Minerals Steering Committee (IEMSC)**
 - Bi-annual meetings provide status of current projects, accomplishments and identify high priorities
 - Participants: BIA, BLM, ONRR, OST, IESC, IEED/DEMD, DOE, SOL



VALUE ADDED

PROJECT	LEAD BUREAU	CORRECTIVE ACTION	NON-STANDARD EVENT	RESULTS
Royalty Verification	ONRR	Correction of royalty rate as a result of approved CA	Royalty rate incorrect by .75% as entered in PCA. ONRR updated system for future compliance, however, lookback prior to correction does not exist.	\$16,000 recovered from operator Allottees paid
CA backlog	BIA	Perfecting PCAs and processing CAs	CAs are normally submitted and processed with current operators and current title. FBA PCAs are 2011 and mineral title in some areas are in dispute.	Litigation risk reduced/eliminated APPROX. \$733 million paid royalties on 127 backlogged CAs
Streamlining	IESC	Identifying bottlenecks, updating and implementing SOP, Regs, Policies, & Procedures	Agencies not communicating or cooperating consistently or following SOP. Identifying ways to improve	Faster processing of oil and gas projects
Training	BIA, SOL, IESC	Co-host a ROW Training on the regulations, policies and procedures	Co-host training for Mineral Owners, Tribe, and Operators regarding ROW Regs and ROW Waiver specific to Fort Berthold Reservation	Provides the tools needed for improved communication between BIA, Tribe, Mineral Owners and Operators

VALUE ADDED

PROJECT	LEAD BUREAU	CORRECTIVE ACTION	NON-STANDARD EVENT	RESULTS
Transportation Allowances across Indian Country	ONRR	\$2,274,231.90 in transportation allowances, across Indian Country, and didn't have the required forms on file.	The 30 CFR 1206.57 and 30 CFR 1206.178 regs state that companies claiming an allowance on Indian properties must have a contract on file (if arms-length) or a form itemizing the costs (if non-arm's length) with ONRR to be able to claim the allowance.	The companies were referred to ONRR Work Planning to pursue recouping these royalties
Osage Engineering assistance	BLM	Provided engineering reviews to for Applications for Permit to Drill (APDs) and Sundry Notices	Worked with multiple agencies (EPA, BIA, BLM) to develop new process for permitting injection wells	52 new oil and gas wells were permitted
Production Accounting Reviews	BLM	Reviewed oil and gas production reporting records for 15 Indian leases on Fort Berthold	Ensure operators accurately measuring and reporting oil and gas production. Could result in identifying underreported volumes and increase royalty collection	Will have results upon completion in September 2019
Federal Partner Meetings	IESC	Updating Charters, Identifying bottlenecks, Updating and implementing SOP and best practices	Agencies not communicating or cooperating consistently or following SOP.	Faster processing of Indian mineral leasing and development

VALUE ADDED

PROJECT	LEAD BUREAU	CORRECTIVE ACTION	NON-STANDARD EVENT	RESULTS
APD Reviews for BLM Farmington and Dickinson Field Offices	BLM	Provided engineering reviews to for Applications for Permit to Drill (APDs) and Sundry Notices	IESC supporting understaffed BLM field offices to meet BLM's APD processing goal of 90 days	115 new oil and gas wells were permitted (102 Dickinson and 13 Farmington)
Diligence reviews for BLM Oklahoma Field Office	BLM	Diligence Reviews and	Addressing 5yr backlog of diligence reviews and	Identify underdeveloped Indian leases and leases with potential drainage
API well number cleanup for BLM Oklahoma Field Office	BLM	API cleanup for over 1,000 producing wells involving Indian minerals and/or surface	Well grouping within leases left wells without API numbers	Accurate API numbers improve record keeping in AFMSS, I&E enforcement, and ONRR royalty collection
BIA Osage Agency NEPA Processing Support	BIA	Provide support processing for NEPA analysis during an acute Agency staffing shortage	Osage Agency has received recent, through scrutiny of NEPA analysis, and so models industry-leading NEPA practices within BIA	NEPA processes will be applied across BIA's national service area

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