



# DEMD Overview



Assistant Secretary – Indian Affairs  
Office of Indian Energy and Economic Development  
**DIVISION OF ENERGY & MINERAL DEVELOPMENT**



# DEMD's Mission Statement

**Provide the best possible technical and economic advice and services in assisting Indian mineral owners to achieve economic self-sufficiency by creating sustainable economies through the environmentally sound development of their energy and mineral resources.**

**We serve tribal communities by helping to stimulate job creation and economic development**



## General Authorizations:

25 U.S.C. 13 (The Snyder Act of November 2, 1921), 42 Stat. 208, Pub.L. 67-85; 90 Stat. 2233, Pub.L. 94-482.

25 U.S.C. 461 et seq. (The Indian Reorganization Act of 1934), 48 Stat. 984, Pub.L. 73-383; Pub.L. 103-263.

25 U.S.C. 450 (The Indian Self-Determination and Education Assistance Act), 88 Stat. 2203, Pub.L. 93-638, Pub.L. 100-472; 102 Stat. 2285, Pub.L. 103-413.

25 U.S.C. 452 (The Johnson-O'Malley Act of April 16, 1934), 48 Stat. 596, Pub.L. 73-167; Pub.L. 103-332.

In addition to the general authorizations listed above, the following programs have specific authorizing legislation as shown below:

Minerals and Mining                      25 U.S.C. 2106 (Indian Mineral Development Act of 1982): 86 Stat 1940, Pub.L. 97-382.

16 U.S.C. 1271 et seq. (Umatilla Basin Project Act), Pub.L. 100-557.

Energy Policy Act of 2005              25 U.S.C. 3501 et seq. (Pub.L. 102-486, Title XXVI – The Energy Policy Act of 1992, § 2601, as amended Pub.L. 109-58, Title V, § 503(a), Aug. 8, 2005, 119 Stat. 764.)



DEMD is part of the mandates of the Indian Mineral Development Act of 1982, which in part states at Section 7:

**“...the Secretary shall ensure that upon the request of an Indian tribe or individual Indian and to the extent of his available resources, such tribe or individual Indian shall have available advice, assistance, and information during the negotiation of a Minerals Agreement. The Secretary may fulfill this responsibility either directly through the use of Federal officials and resources or indirectly by providing financial assistance to the Indian tribe or individual Indian to secure independent assistance.”**

DEMD also carry out mandates in Section 2602 of the “Indian Tribal Energy Development and Self-Determination Act of 2005” to

**“...provide development grants to Indian tribes and tribal Energy resource development organizations for use in developing or obtaining the managerial and technical capacity needed to develop energy resources on Indian land, and to properly account for resulting energy production and revenues**

**DEMD supports Department priorities including**

“(2) Sustainably develop our energy and natural resources,”

“(4) Ensure tribal sovereignty means something,” and

“(7) Strike a regulatory balance.” <https://www.doi.gov/ourpriorities>

We also promote the Department’s commitment “to tribal prosperity and to helping address challenges in the areas of economic development . . .”

<https://edit.doi.gov/tribes>

**In addition, DEMD implements Department Strategic Plan objectives including**

Mission Area 2: Generating Revenue and Utilizing Our Natural Resources,

Goal #1: Ensure Energy and Economic Security for America,

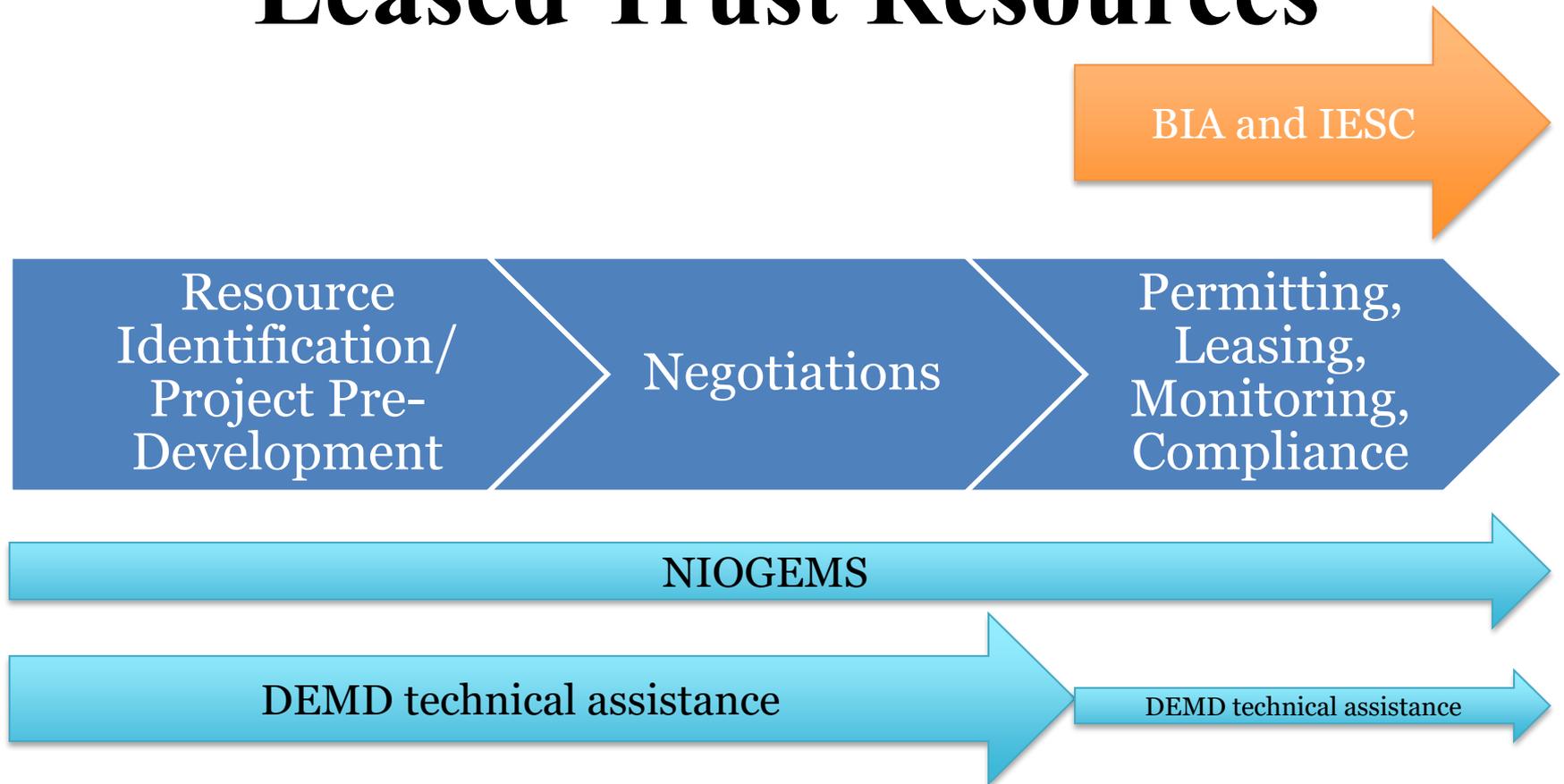
Strategy #1: Promote safe and robust oil, gas, coal, and renewable energy resource development; and

Mission Area 4: Fulfilling Our Trust Responsibilities,

Goal #1: Support Self-Determination, Self-Governance, and Sovereignty,

Strategy #1: Support self-governance and self-determination.

# Energy and Mineral Development Responsibilities for Leased Trust Resources



# How is DEMD Unique

- **DEMD is unique within the Federal government, and 90% of its senior staff comes from the energy and minerals private sector.**
- **It is akin to a medium sized consulting firm consisting of geologists, engineers, marketers, and economists.**
- **The technical assistance covers the entire spectrum of energy and mineral resource development.**
- **The assistance is hands-on, project specific, and lasts throughout the life of projects, beginning with resource assessment and culminating in signed agreements to develop tribal resources.**



# Summary of Economic Activity on Indian Lands (FY 2018)

DOI Activity (FY 2018)	Direct Economic Contribution (sales in billions)	Jobs	Value Added (billions, \$)	Total Economic Contribution (billions, \$)
Grazing	0.01(.1%)	436(.42%)	n/a	0.04(.2%)
Irrigation water*	2.68(29.5%)	57,962(56%)	3.53(32.2%)	8.05(40.7%)
<b>Energy**</b>	<b>6.32(69.5%)</b>	<b>44,317(43%)</b>	<b>7.34 (67%)</b>	<b>10.51 (53.1%)</b>
<b>Other minerals***</b>	<b>0.01</b>	<b>62</b>	<b>0.00</b>	<b>0.10</b>
Timber	0.09(1%)	733(.7%)	0.07(.6%)	0.19(.96%)
<b>Total Contributions to the National Economy</b>	<b>9.10</b>	<b>103,510</b>	<b>10.95</b>	<b>19.80</b>

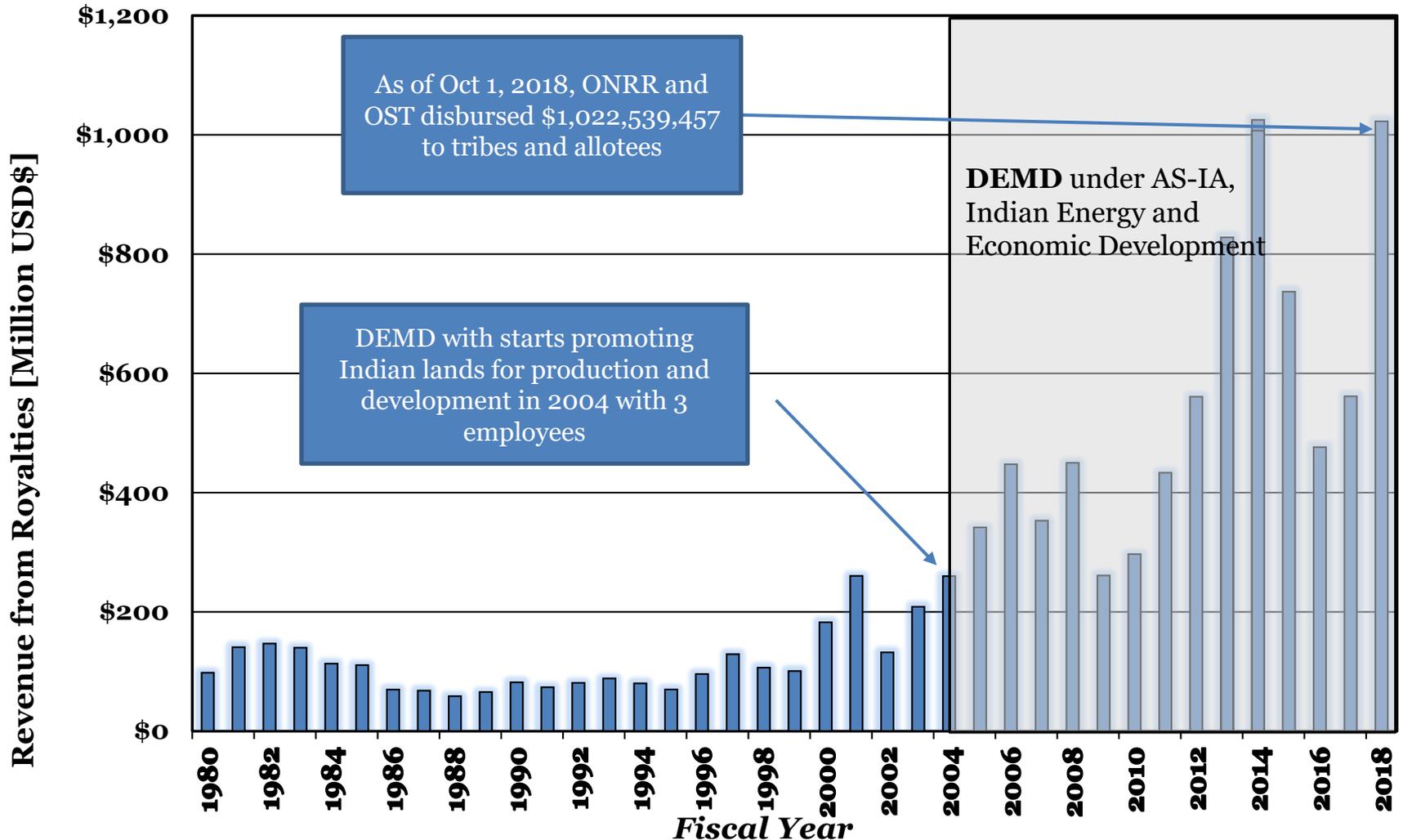
\* Includes value of crops and jobs produced from irrigation water

\*\* Does not include renewable energy. Tribal renewable energy production was associated with about \$100 million in value added, about \$171 million in economic output, and supported an estimated 638 jobs.

\*\*\* Does not include sand and gravel or other industrial minerals. In FY 2017, tribal sand and gravel production was associated with about \$103 million in value added, about \$189 million in economic output, and supported an estimated 834 jobs.

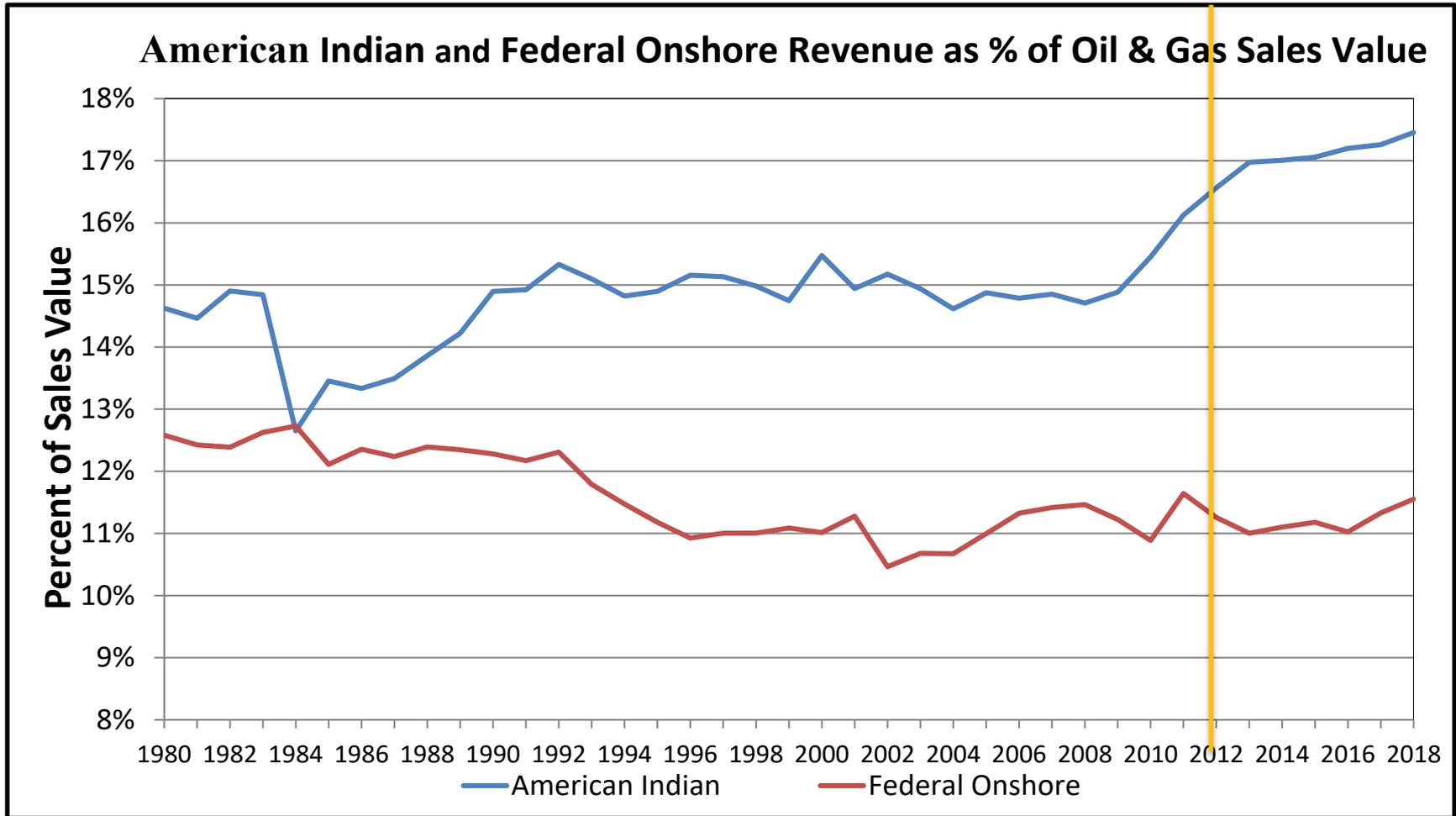
*Source: U.S. Department of the Interior Economic Report, Fiscal Year 2018*



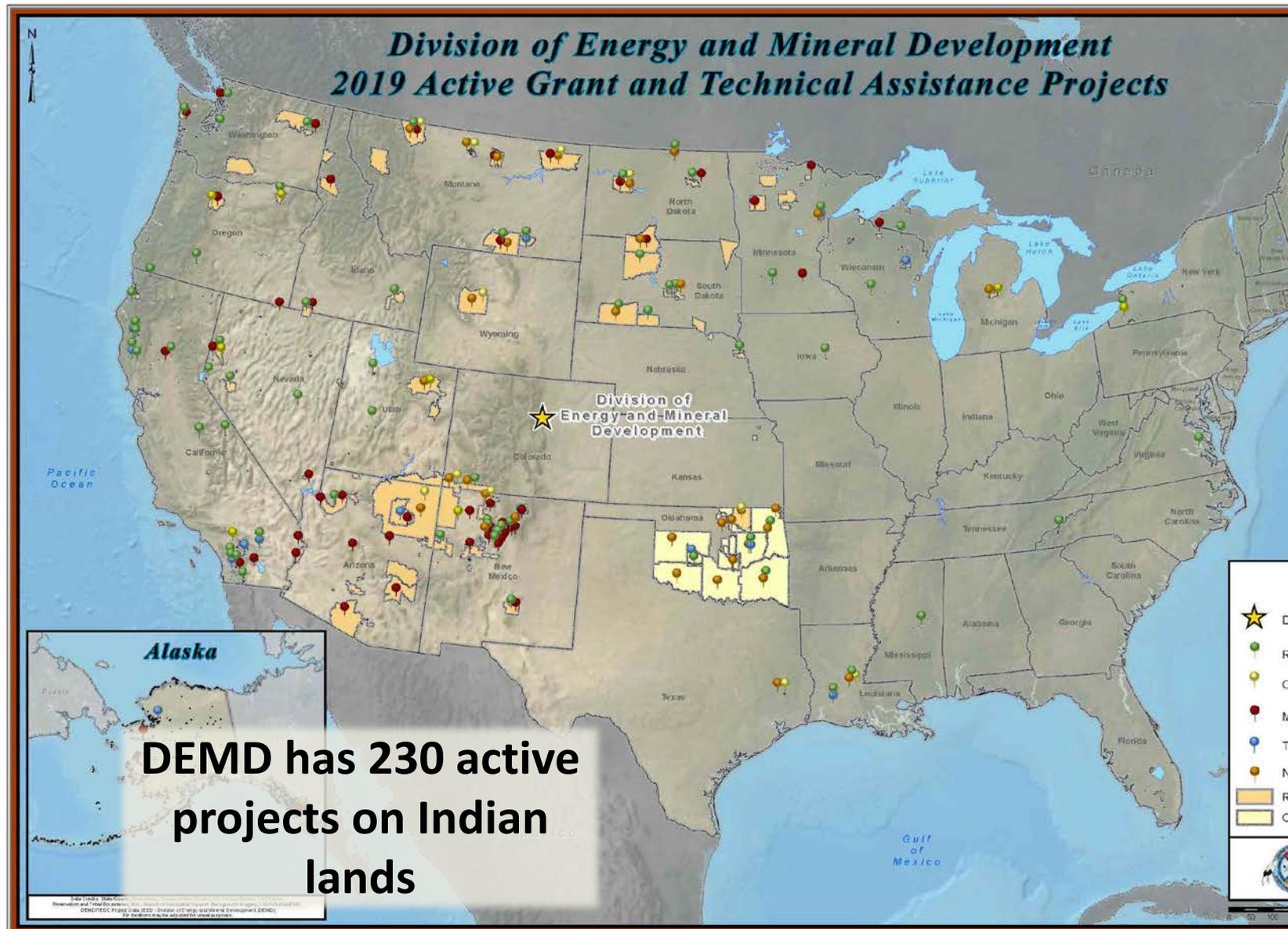


**Royalty Revenue from Energy and Minerals on Indian Lands from 1980-2018**

Not only have energy and mineral royalties increased under DEMD's watch, but DEMD has outperformed the Bureau of Land Management (BLM) in returning value to energy mineral owners:



# Division of Energy and Mineral Development 2019 Active Grant and Technical Assistance Projects



**DEMD has 230 active  
projects on Indian  
lands**

# Steps for Generating Effective Development Strategies

1. **Identify long term community goals and priorities**
2. **Identify available resources**
  - **Energy resources**
  - **Business resources (investment capital, business capacity, etc.)**
  - **Tribal government resources**
3. **Evaluate options**
  - **Iterative process of feasibility studies**



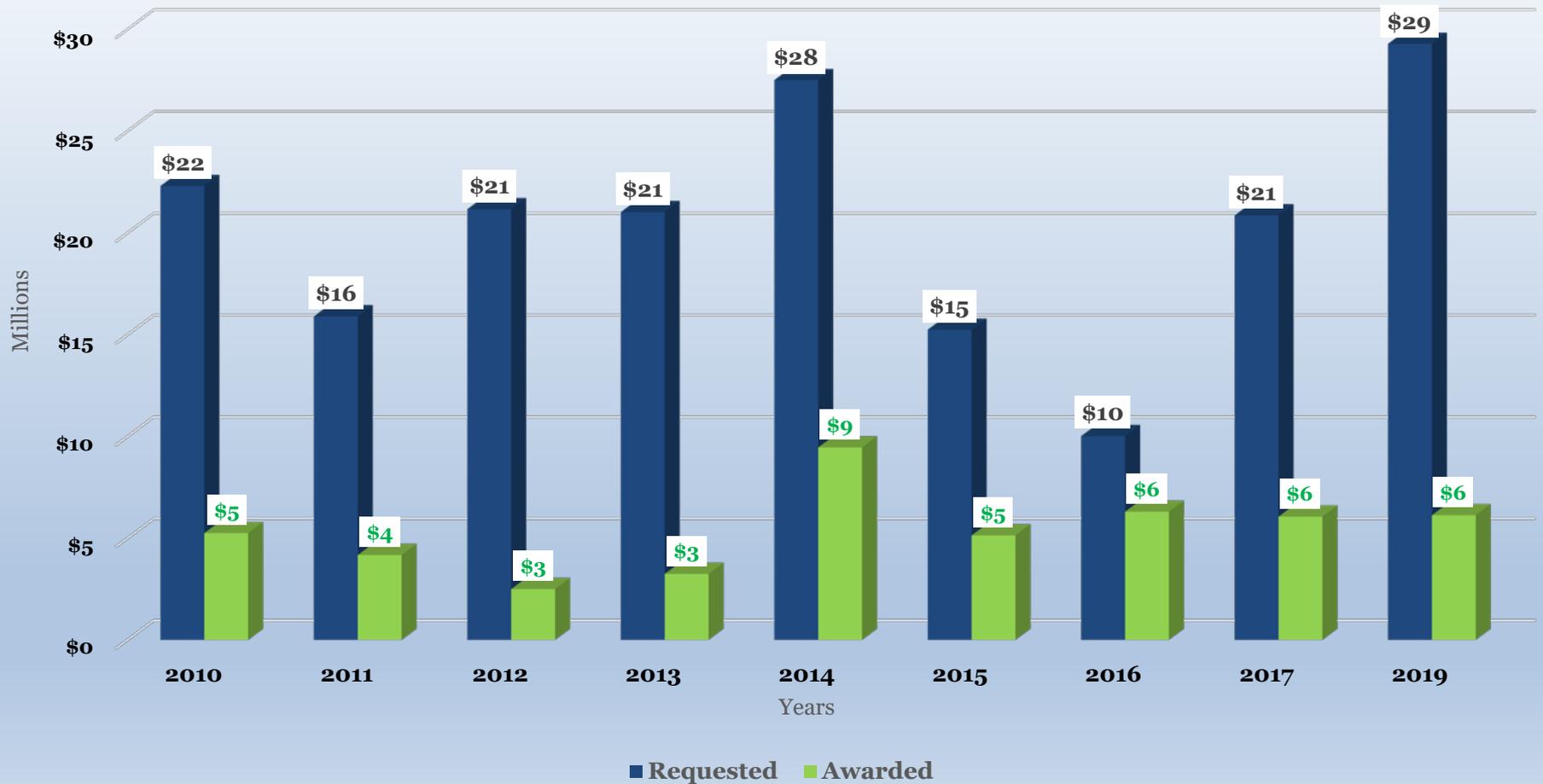
# Programs and Services

- **Technical Assistance**
  - Liaison between Tribes and Industry
  - Consultation on developing business models on reservations
  - Assist Tribes with negotiation of resource development agreements
  - Strategic and economic planning
- **Energy and Mineral Development Program**
  - Grant program to assess, evaluate and promote development of tribal energy and mineral resources
- **Tribal Energy Development Capacity Program**
  - Grant program to develop tribal managerial, organizational, and technical capacity to maximize the economic impact of energy resource development on Indian land.
- **National Indian Oil and Gas Evaluation and Management System (NIOGEMS)**
  - NIOGEMS is a map-oriented computer application for managing reservation oil and gas lease, well, production, and other energy/mineral resource data.



# Budget for Grants

## Energy and Mineral Development Program (EMDP) Grants



# On-going Activities

## ❖ Increase Technical Activity

### • Oil and Gas

- Collaborate with Tribes to develop prospects and enhanced recovery opportunities
- Update the “Oil & Gas Atlas”
- Determine breakeven costs for selected oil and gas formations

### • Solid Minerals

- Identify road construction near reservations, and BIA road work on reservations
- Collaborate with Tribal and BIA Roads Departments, Federal Highway Administration, and Tribal Technical Assistance Program (tribal transportation resources) groups
- Present to Tribes economic opportunities that exist through aggregate development

### • Renewable and Distributed Energy

- Increase technical assistance for Phase 1 Opportunity Assessments
- Planning and problem definition
- Promote low cost heating alternatives

## ❖ Re-ignite the Native American Energy and Mineral Institute (NAEMI)

## ❖ Continuously improve interagency collaboration

- U.S. Department of Energy+
- Office of Indian Energy, Policy, and Programs
- Western Area Power Administration
- U.S. Department of Agriculture
- Tribal Organizations (MTERA, ATNI, USET, etc.)

# Budget for Grants

## Tribal Energy Development Capacity (TEDC)

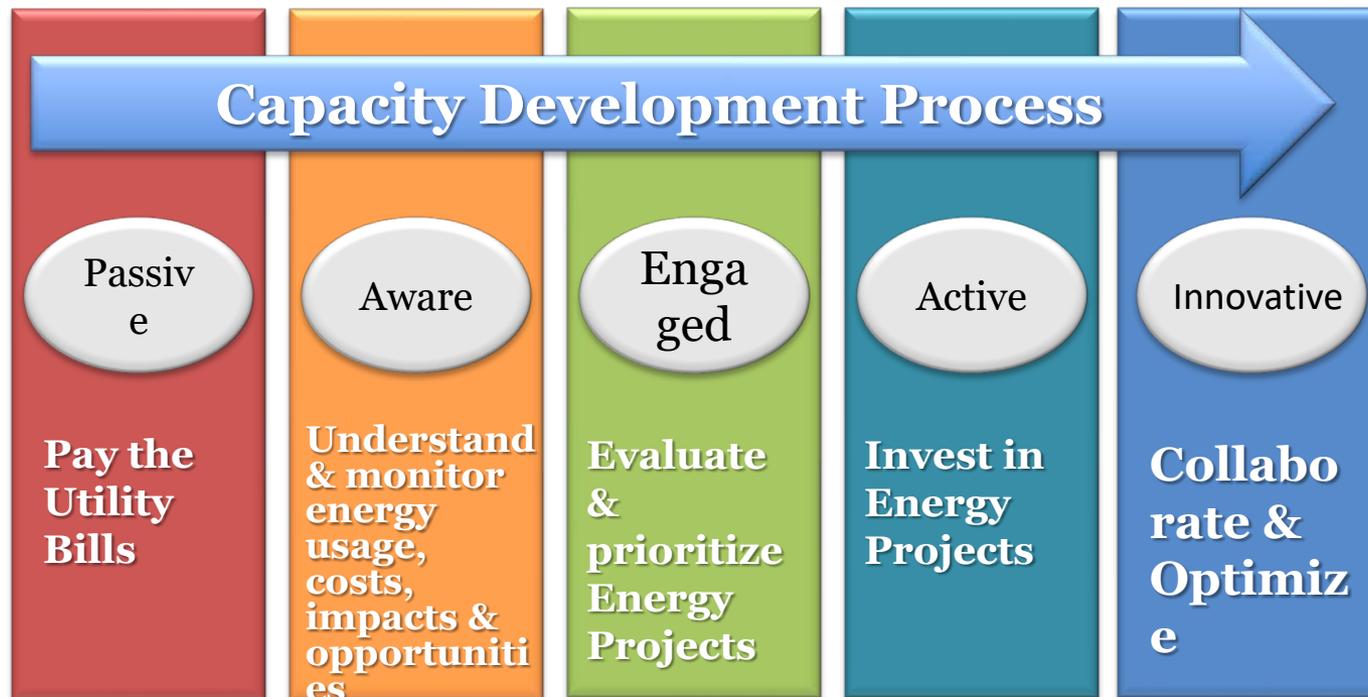


# TEDC Business Entity Formation Activities

## **Examples:**

- **Developing legal infrastructure for business formation**
- **Establishing tribally chartered corporations under tribal corporation codes**
- **Establishing tribal business charters under federal law (IRA Section 17 corporation)**
- **Establish Tribal Utility Authority**

# Energy Development Capacity



Source: Midwest Tribal Energy Resources Association (MTERA)

# Utility Operational Options

	Tribal Utility Alternative	Estimated Upfront Cost	Potential Annual Savings	Benefits	Potential Issues & Risks
More Complex	1 Full Tribal Utility	\$5-10 Million	0%* <i>*Unlikely to achieve short term savings</i>	<ul style="list-style-type: none"> <li>Reinvest utility revenues</li> <li>Full control over power supply and cost</li> <li>Ability to add jobs</li> </ul>	<ul style="list-style-type: none"> <li>Tribe solely responsible for service reliability</li> <li>High up-front cost</li> </ul>
	2 Outsourced Tribal Utility	\$2-8 Million	9%	<ul style="list-style-type: none"> <li>Reinvest utility revenues</li> <li>Full control over power supply and cost</li> <li>Possibility to add jobs in future</li> </ul>	<ul style="list-style-type: none"> <li>Need to coordinate with third parties to ensure service reliability</li> </ul>
	3 Control Power Supply Only	\$0-800 Thousand	4%	<ul style="list-style-type: none"> <li>Full control over power supply and cost</li> <li>No change in provider</li> </ul>	<ul style="list-style-type: none"> <li>Need to establish regulatory framework</li> <li>Need to negotiate with Trico to allow power purchase</li> </ul>
	4 Control Service Territory Only (Not a Tribal Utility)	\$0-800 Thousand	15%	<ul style="list-style-type: none"> <li>Ability to select electric service provider</li> <li>Residential rates most likely to go down</li> </ul>	<ul style="list-style-type: none"> <li>No benefits of tribal utility</li> <li>Likely to pay charges related to infrastructure</li> <li>Fully reliant upon new provider</li> <li>No control over future cost or power supply</li> </ul>
Less Complex	- Status Quo (Not a Tribal Utility)	\$0	0%	<ul style="list-style-type: none"> <li>No change to Trico service</li> </ul>	<ul style="list-style-type: none"> <li>Reliant upon Trico</li> <li>No control over cost or power supply</li> </ul>



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