

[U.S. Department of the Interior](http://www.doi.gov)



OFFICE OF THE SECRETARY  
**U.S. Department  
of the Interior**

[www.doi.gov](http://www.doi.gov)

# News Release

Date: Sept.16, 2009  
Contact: Frank Quimby  
(202) 208-6416

## **Salazar Ends Controversial Royalty in Kind Program**

### ***Launches Reforms to Management of Energy Resources on Public Lands, Outer Continental Shelf***

WASHINGTON, D.C. – Secretary of the Interior Ken Salazar today announced he is reforming and restructuring the Department's management of U.S. energy resources, starting with the termination of the Minerals Management Service's (MMS) controversial Royalty in Kind program that accepts oil and natural gas from producers in lieu of cash royalties.

In testimony to the House Natural Resources Committee, Salazar described administrative actions he is taking to develop a comprehensive energy strategy on U.S. public lands and the Outer Continental Shelf. He also discussed his recommendations for congressional legislation that can help Interior more effectively manage energy leasing and revenue programs on behalf of the American taxpayer.

"Clearly, the Department's energy leasing and royalty programs have not been working as they should and the American people have not been receiving the full benefits from these valuable assets," Secretary Salazar said. "After a thorough review of the controversial Royalty in Kind program, I am today announcing a phased-in termination of the program and an orderly transition over time to a more transparent and accountable royalty collection program."

"The balanced and efficient development of conventional and renewable energy on the public domain is a pillar of President Obama's comprehensive national strategy and essential for reducing our country's dependence on foreign oil, building a clean-energy economy, and addressing the challenges of climate change," Salazar said.

Interior manages 500 million acres of land, one-fifth of the U.S. land mass, and another 1.7 billion acres of the Outer Continental Shelf. These resource-rich areas currently provide about 30 percent of the Nation's domestically produced conventional energy and offer some of the highest quality wind, solar and hydrokinetic energy resources available for development today. The Department's Bureau of Land Management (BLM) manages onshore energy resources on federal lands, while Interior's Minerals Management Service (MMS) oversees offshore oil and natural gas development as well as future wind development on the U.S. Outer Continental Shelf, which currently provides 27 percent of the Nation's domestic oil production and about 14 percent of its domestic natural gas production.

The termination of the MMS Royalty in Kind program will be overseen by the Assistant Secretary for Lands and Minerals Management, Wilma Lewis, Liz Birnbaum, the Director of MMS, and Bob Abbey, the Director of the Bureau of Land Management.

The current Royalty-in-Kind program involves the federal government excessively in oil and gas markets and the Government Accountability Office has found the program may not ensure fair return to the Treasury.

Salazar said he is continuing to review options for additional improvements for coordination between MMS and BLM in on- and off shore leasing and revenue management policies related to domestic energy production. He reported that he intends to bring needed coordination and strategic guidance to the department's programs and to its implementation of significant reforms,

including recommendations for improvement from the reports of the Government Accountability Office and the Office of the Inspector General.

The complete text of Secretary Salazar's testimony is available at [http://www.doi.gov/news/09\\_News\\_Releases/U.S.DepartmentoftheInterior-STATEMENTOFKENSALAZARSECRETARYOFTHEINTERIORBEFORETHEHOUSEC.html](http://www.doi.gov/news/09_News_Releases/U.S.DepartmentoftheInterior-STATEMENTOFKENSALAZARSECRETARYOFTHEINTERIORBEFORETHEHOUSEC.html). More information on MMS and BLM energy leasing and revenue management programs is available at <http://www.blm.gov/> and <http://www.mms.gov/>.

— DOI —

---

[Accessibility](#)|[Feedback](#)|[Notices](#)|[Disclaimer](#)|[Privacy Statement](#)|[FOIA](#)|[E-Gov](#)|[USA.gov](#)|[DOI Home](#)

U.S. Department of the Interior

1849 C Street, NW

Washington, DC 20240

[feedback@ios.doi.gov](mailto:feedback@ios.doi.gov)

Last Updated on 03/25/09