

# GAO Highlights

Highlights of [GAO-16-553](#), a report to the Chairman, Committee on Indian Affairs, U.S. Senate

## Why GAO Did This Study

The development of Indian-owned oil and gas resources is one of the largest revenue generators in Indian country, and individual Indian mineral owners may rely on royalty payments from such development to pay for living expenses. Various offices within Interior are responsible for management and oversight of oil and gas development on Indian lands. In some cases, Indian-owned resources cannot be developed independently. In those cases, BLM reviews a revenue-sharing agreement known as a CA, and BIA approves it. Prior GAO reports identified an extensive backlog of Indian CAs awaiting review and approval, leading to significant delays in the payments of royalties to Indian mineral owners.

GAO was asked to review Interior's review and approval process for Indian CAs. This report examines Interior's recent guidance intended to streamline the review and approval process for Indian CAs and the effect this guidance may have on the timeliness of the process. GAO analyzed agency procedures and guidance and interviewed Interior officials responsible for managing the CA review and approval process.

## What GAO Recommends

GAO recommends that Interior establish required time frames for the review and approval of Indian CAs, develop a systematic mechanism to track these CAs through the review process, and assess its actions to improve the timeliness of the process. Interior concurred with GAO's recommendations and described the actions it plans to take in response.

View [GAO-16-553](#). For more information, contact Frank Rusco at (202) 512-3841 or [ruscof@gao.gov](mailto:ruscof@gao.gov).

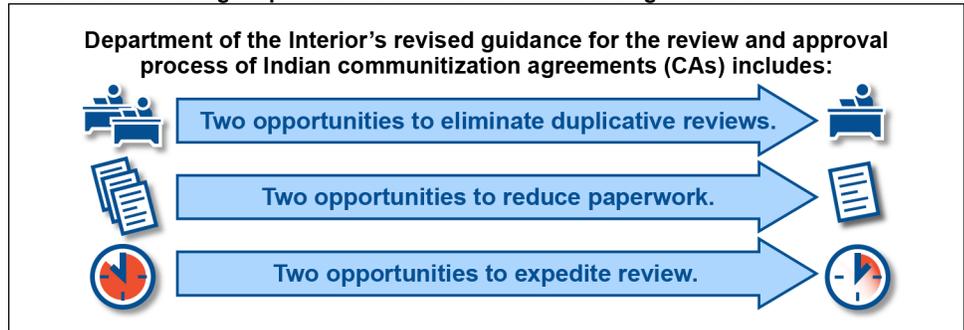
## INDIAN ENERGY DEVELOPMENT

### Interior Could Do More to Improve Its Process for Approving Revenue-Sharing Agreements

#### What GAO Found

The Department of the Interior (Interior) recently issued guidance intended to streamline the review process and reduce the approval times of oil and gas revenue-sharing agreements—called a communitization agreement (CA)—that include Indian resources. Under the revised guidance, for example, oil and gas operators are to provide simplified, less detailed information in their CA applications. In addition, the revised guidance eliminates some duplication in the Bureau of Indian Affairs' (BIA) and the Bureau of Land Management's (BLM) review processes.

#### Potential Time-Saving Steps of the Revised Communitization Agreement Process



Source: GAO analysis of Department of the Interior documents. | GAO-16-553

It is too early to determine the effect the revised guidance will have on the CA process, but Interior will be limited in its ability to assess the results of its actions for three reasons:

- Interior has established few time frames for the BIA and BLM offices that perform key tasks during the review and approval process. None of these time frames apply to BIA, which is ultimately responsible for approving an Indian CA. *Standards for Internal Control in the Federal Government* states that management should define objectives to include, among other things, time frames for achievement. Without time frames, BIA will be limited in its ability to hold offices accountable to ensure a more timely review process.
- BIA has no systematic way to track an Indian CA through the review process. A 2014 interagency plan to improve the federal permitting review process stated that the ability to track review times is a best practice to improve the federal review process. Without a systematic tracking mechanism, BIA will be unable to fulfill its monitoring role to ensure that documents move through the review process expeditiously.
- Interior's revised guidance does not include a plan to evaluate whether its efforts to streamline the process result in the more timely review of Indian CAs, and BIA officials told GAO that they have no plans for such an assessment. *Standards for Internal Control in the Federal Government* states that management should compare actual performance to expected results and analyze significant differences. Without conducting such an assessment, Interior will not know if the revised guidance has resulted in the more timely payments of royalties to Indian mineral owners.