

Dec 2001 shutdown

Miller, Mike

From: Hamilton, Cathy
Sent: Wednesday, December 05, 2001 3:01 PM
To: Miller, Mike
Subject: FW: Bullets from MRM

-----Original Message-----

From: Brown, Bob
Sent: Wednesday, December 05, 2001 4:59 PM
To: Hamilton, Cathy; White, Daryl
Cc: Querques Denett, Lucy; Dial, Milton; Sykora, Phillip; Smith, Robert B; Lopez, Joseph; Ekholm, Craig
Subject: RE: Bullets from MRM

To all concerned per my current discussion this moment with Daryl White, DOI CIO, we are directed by Mr. Cason to disconnect all access to trust related systems by Internet. Following a review of our security provisions and firewall status, we may be given a reconnection order at a later date. Phil, you or your designee will need to me, Daryl White, and Lucy that this has been accomplished.

Thanks, Bob

-----Original Message-----

From: Hamilton, Cathy
Sent: Wednesday, December 05, 2001 2:11 PM
To: White, Daryl
Cc: Querques Denett, Lucy; Brown, Bob; Dial, Milton; Sykora, Phillip; Smith, Robert B
Subject: FW: Bullets from MRM
Importance: High

Daryl, here's the MRM info you requested.

You also requested a point of contact if systems are shut down. That person is Bob Smith, cell phone 720-530-0188.

Please let me know if you need any additional info. Thx, Cathy

-----Original Message-----

From: Smith, Robert B
Sent: Wednesday, December 05, 2001 1:03 PM
To: Hamilton, Cathy
Cc: Lopez, Joseph; Sykora, Phillip
Subject: Bullets from MRM

-- MRM has shutdown our Mainframe Legacy Systems as of 10/15/01, physical hardware is in process of being excessed.

-- MRM is now on its New Financial System which is operated by Accenture at USi in Annapolis, Maryland

-- MRM users access the PeopleSoft Financial System at USi via dedicated links from Denver

-- PeopleSoft users at remote STRAC sites currently access the system via dedicated links in MRM's network

-- There is a Pilot in progress with the State of Wyoming to replace the dedicated link between Wyoming and Denver with access that goes over the Internet. This pilot uses strong authentication/encryption technology and includes limited access to the PeopleSoft financial system at USi. Depending on the results of the pilot, the intent is to expand this implementation to more of the STRAC sites.

-- USi has extensive physical, software and network security in place including an intrusion detection system that was tested during acceptance

-- Separate from the PeopleSoft Financial System is the Brio Portal/Data Warehouse that allows access from the Internet for query and report viewing including reporters/payors, states and tribes, and other Federal Agencies including BLM who request and are approved for access

-- There is no general Internet access to this Portal/Warehouse

-- Access to this Portal/Warehouse goes thru a firewall managed by USi and is watched by their Intrusion Detection System

-- Worse case scenario, if the Judge orders shutdown of Internet connections, would be the Pilot with Wyoming would cease and access to the Brio Portal/Warehouse from the Internet would be shutdown. The dedicated link from Wyoming to Denver would have to remain in place and potential cost savings and performance enhancements would be lost. Eliminating Internet access to the Brio Portal/Warehouse would require more expensive alternative processes to provide data and reports to Industry partners and other federal agencies. These could include printing and mailing of paper reports, diskettes/CDs, email all which require manual intervention.

Let us know if you have any questions or we need to add anything else that may have missed.

Bob Smith
303-275-7014
720-530-0188

Miller, Mike

From: Miller, Mike
Sent: Wednesday, December 05, 2001 4:22 PM
To: Brown, Bob; Cruickshank, Walter; Hamilton, Cathy
Cc: Querques Denett, Lucy; Dial, Milton; Sykora, Phillip
Subject: Internet Disconnection

Just spoke with Lucy and she asked for a note from me discussing the implications of shutting off the internet for trust related activities.

- Most form 2014 Report of Royalties will not be received by Peregrine, our EC contractor. This represents most of the lines we receive.
- Error correction, accounts receivable, and accounts payable (distribution and disbursement) must access the internet portal to retrieve reports in order to do their jobs. (NOTE: if the decision is made that the BRIO portal access is sufficiently closed to most internet users and therefore does not have to be shut down, this concern will be moot.)
- All solids reporting is now done through the web-based reporting system. This represents significant onshore dollars.
- The inability to perform the above three functions will prevent money from being distributed to states, for which we will be liable for interest payments.
- Inability to perform the above three functions will prevent MRM from providing sufficient information to BIA to effect any payments to allottees.
- States and tribes must utilize the internet portal to access their reports, including their distribution reports essential for them to determine how much money they received and where it goes.
- States and tribes must utilize the internet portal for all of the information necessary to conduct audits.
- Compliance must access the internet portal for its audit related reports.

Please call if I can provide any additional information. W. 303-231-3413, H. 303-989-5045 email mmiller563@attbi.com

Miller, Mike

From: Cruickshank, Walter
Sent: Thursday, December 06, 2001 7:56 AM
To: MMS + ASLM Nationwide
Subject: Disconnecting Systems

Importance: High

At the direction of the Office of the Secretary, the MMS has been ordered to immediately disconnect all of its external network connections due to security concerns of the Court in the Cobell v. Norton case. As a result, all MMS users will not be able to:

- Send or receive internet email
- Send or receive email outside of MMS
- Access the internet
- Access FPPS

These measures were ordered by the Court after the Special Master for the Cobell litigation hired a contractor to conduct penetration testing of non-MMS Indian Trust Management systems resulting in a compromise of those systems. As a result, all Bureaus that manage trust systems (including MMS) must take these measures.

It is unknown at this time how long these measures will be in place. The Department is working with the Court to discuss the security of our systems and the restoration of the affected connections. In the interim, users may wish to contact their frequent business contacts and make arrangements to conduct business by telephone and fax. I understand that these measures have serious consequences to our ability to meet our mission and I ask for your understanding until such time as the Court sees fit to allow us to restore these services.

Walter Cruickshank
for the Acting Director

Kann, Gregory

From: Smith, Robert B
Sent: Thursday, December 06, 2001 10:23 AM
To: STRAC All States; STRAC All Tribes
Cc: MRM All Employees; Ekholm, Craig; AMS/OC Customer Support; Accenture Customer Support
Subject: FW: Disconnecting Systems

Importance: High

Based on further guidance we subsequently received this morning, we will be disconnecting all dedicated circuits to all STRAC sites effective at 1200 Noon MST today. We sincerely apologize for the impact of this action as it will eliminate connectivity including access to email for all STRAC sites.

Robert B Smith
Deputy Manager, MRM Information Technology Center

-----Original Message-----

From: Cruickshank, Walter
Sent: Thursday, December 06, 2001 7:56 AM
To: MMS + ASLM Nationwide
Subject: Disconnecting Systems
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Walter Cruickshank
for the Acting Director

Miller, Mike

From: Kann, Gregory
Sent: Thursday, December 06, 2001 12:05 PM
To: Miller, Mike
Subject: Work Disruptions Without Internet or Modems

Immediate disruptions are:
Cannot access CASHLINK at Treasury to download daily collections
Cannot transmit the SF-224, but Treasury will allow us to FAX it to them.

Miller, Mike

From: Miller, Mike
Sent: Thursday, December 06, 2001 12:44 PM
To: Dial, Milton
Subject: FW: Additional implications of internet disconnection

Milt, I sent this a tad too soon. I wanted to discuss our Indian distribution. We had planned on December 11th for the first distribution given the low percentage the allottees received last month. We are also trying to get the Federal out by the 21st. Obviously, all of this hinges on a very quick resolution to this issue. Mike

-----Original Message-----

From: Miller, Mike
Sent: Thursday, December 06, 2001 12:41 PM
To: Dial, Milton
Subject: Additional implications of internet disconnection

We will be unable to access CASHLINK to Treasury to download daily collections, thereby not permitting the matching of funds with 2014s.

- Cannot transmit the SF-224 to Treasury through the internet.
- Unable to continue with acceptance testing of critical software modules such as production and interest.
- Accenture will be unable to utilize the development environment, since it utilizes live data (including trust) to unit test.

Miller, Mike

From: Briggs, Deborah
Sent: Friday, December 07, 2001 7:19 AM
To: Miller, Mike
Subject: FW: Bullets from MRM Updated as of 12/6/01 Based on Subsequent Guidance and Decisions

another document that you weren't included on

-----Original Message-----

From: Smith, Robert B
Sent: Thursday, December 06, 2001 12:13 PM
To: Dial, Milton
Cc: Hamilton, Cathy; Lopez, Joseph; Sykora, Phillip; Briggs, Deborah; Spizale, Stephen
Subject: FW: Bullets from MRM Updated as of 12/6/01 Based on Subsequent Guidance and Decisions

As you requested, Milt..here is an update...

-----Original Message-----

From: Smith, Robert B
Sent: Wednesday, December 05, 2001 11:03 AM
To: Hamilton, Cathy
Cc: Lopez, Joseph; Sykora, Phillip
Subject: Bullets from MRM

- MRM has shutdown our Mainframe Legacy Systems as of 10/15/01, physical hardware is in process of being excessed.
- MRM is now on its New Financial System which is operated by Accenture at USi in Annapolis, Maryland
- MRM users access the PeopleSoft Financial System at USi via dedicated links from Denver
- PeopleSoft users at remote STRAC sites currently access the system via dedicated links in MRM's network
- There is a Pilot in progress with the State of Wyoming to replace the dedicated link between Wyoming and Denver with access that goes over the Internet. This pilot uses strong authentication/encryption technology and includes limited access to the PeopleSoft financial system at USi. Depending on the results of the pilot, the intent is to expand this implementation to more of the STRAC sites.
- USi has extensive physical, software and network security in place including a intrusion detection system that was tested during acceptance
- Separate from the PeopleSoft Financial System is the Brio Portal/Data Warehouse that allows access from the Internet for query and report viewing including reporters/payors, states and tribes, and other Federal Agencies including BLM who request and are approved for access
- There is no general Internet access to this Portal/Warehouse
- Access to this Portal/Warehouse goes thru a firewall managed by USi and is watched by their Intrusion Detection System
- **[Smith, Robert B]** Shutdown of Internet connections **[Smith, Robert B]** means , the Pilot with Wyoming cease **[Smith, Robert B]** s and access to the Brio Portal/Warehouse from the internet would be shutdown. The dedicated link from Wyoming to Denver would have to remain in place and potential cost savings and performance enhancements would be lost. Eliminating Internet access to the Brio Portal/Warehouse would require more expensive alternative processes to provide data and reports to industry partners and other federal agencies. These could include printing and mailing of paper reports, diskettes/CDs, email all which require manual intervention. **[Smith, Robert B]** An additional impact is that it will shutdown solids reporters submitting their reports via the new Web Interface. The likely alternative is they will have to submit paper.
- [Smith, Robert B]**
 - MRM is in the process of shutting down STRAC access via dedicated circuits as of noon today. The concern is that these locations represent a potential backdoor connection to the Internet. This creates the impact of STRAC auditors not being able to access MRM systems to obtain data to do their jobs.
 - MRM is in process of disconnecting Residency sites dedicated circuits. The concern is is this represents a potential backdoor to the Internet via a shared connection to a company network.
 - MRM is in the process of shutting down the New Financial System and Brio Portal/Data Warehouse once Technical Staff saw and read the actual restraining order this morning at 915 AM MST. The concern is the paragraph on the second page

that refers to "...disconnect from the Internet all computers...contractors, that have access to individual trust data." USi, which manages these systems, has employees who connect to our systems and who also have Internet Access. To fully comply, we felt we had to shutdown the systems. This will result MRM being unable to account for royalties; Indian or Federal, with the likely requirement that we will have to pay interest.

-- MRM has shutdown the Web and thick Interfaces provided to payors/reporters by our contractor, Pergerine, to submit royalty and production reports. The data get to Pergerine via the Internet. The data gets from Pergerine to USi/MRM via dedicated links. This has no impact as long as the Financial System above is shutdown. The alternative is for them to submit paper with attendant data entry costs or some form of fixed electronic media such as diskette, cd.

-- MRM shutdown all Internet access including Internet mail and access MRM's internal mail system via the Internet at approximately 600 PM 12/5/01. The rest of MMS has shutdown their Internet access today.

-- MRM shutdown email connectivity to the rest of DOI via the Notes Connector today. The concern being it is an external connection to us. Additionally, the recent virus attack was flooding the rest of DOI with extraneous messages.

-- MRM, this morning, shutdown dial-in system access. This means MRM travelers and telecommuters are unable to access email or any MRM systems to do their jobs.

-- MRM and the rest of MMS shutdown FPPS access this morning by disabling VDOINET access.

Think I've hit everything. Debbie, feel free to add.

Let us know if you have any questions or we need to add anything else that may have missed.

Bob Smith
303-275-7014
720-530-0188

Kann, Gregory

From: Lambert, Barbara
Sent: Monday, June 18, 2007 4:54 PM
To: Knueven, Paul; Meingast, Hans; Corona, Lorraine; Prael, Robert; Spencer, Ralph
Subject: FW: Q&A's During the MRM System Shut-down

Attachments: FMQA.doc

Here is the first of what I can find on the first shut-down. I will continue to look for more information.

Warning: This message is intended only for use of the individual or entity to which it is addressed and may contain information that is privileged or confidential and exempt from disclosure under applicable law. If the reader of this message is not the intended recipient or the employee or agent responsible for delivering this message to the intended recipient, you are hereby notified that any dissemination, distribution, or copying of this communication is strictly prohibited. If you have received this communication in error, please notify the sender immediately by return e-mail.

From: Neuroth, Paula
Sent: Tuesday, December 18, 2001 4:12 PM
To: Milano, Patrick; MRM FM Everyone
Cc: Gelsel, Roman; Williams, Mary; Hubbard, David A; Barder, John
Subject: RE: Q&A's During the MRM System Shut-down

Thanks to Pat for this information. I added just a few more details based on the types of calls we are receiving. Everyone's patience and assistance is appreciated during these unusual times.



FMQA.doc (25 KB)

-----Original Message-----

From: Milano, Patrick
Sent: Monday, December 17, 2001 4:52 PM
To: MRM FM Everyone
Subject: Q&A's During the MRM System Shut-down
Importance: High

Attached is some information that may be helpful when fielding calls from our customers.

<< File: FMQ&A.doc.doc >>

Pat Milano
Acctg. Services

Questions and Answers regarding the Court-ordered disconnect of DOI computer systems.

You will probably see an increase in phone calls from our customers concerning their responsibilities during this month. The following message is posted on Peregrine Systems, Inc.'s voice messaging system.

12/06/2001 10:00 a.m. MST - VRU Message

As a result of security concerns of the Court in the Cobell vs Norton litigation, the MMS was ordered to immediately disconnect all of its external network connections. At this time, reporters are unable to access Peregrine's electronic reporting system.

All DOI Bureaus that manage Indian trust systems were ordered to immediately take this action. At this time, it is unknown how long these measures will be in place. DOI representatives are currently working with the Court to discuss the security of DOI systems and the restoration of the affected connections.

In the interim, reporters may contact their MMS company representative at 800-525-0309 extension 3088 or 3684 with additional questions.

Questions	Answers
Do I submit my payment?	Yes. There is no change in the payment process. Please continue to submit your payments using your normal methods. Include your Payor Code and Form MMS-2014 Payor Assigned Document Number (Block 4 on the 2014 form) on your payment (check or WIRE). When system capabilities are restored, MRM will use this information to match the payment to the appropriate 2014.
Will I be charged interest?	Only if your payments are late as provided for in the regulations. Because there is no change in the payment process, your payments should be made on time.
Do I submit my reports?	Paper: Yes, if you normally report data on paper forms (using 2014s, OGORs, or Rental Courtesy Notices) then, continue to do so. Web-based: If you normally prepare your reports while logged-on to the Peregrine/MMS web-site, then you will not be able to report using this method until the Court lifts its order. Peregrine Software: If you use software provided by Peregrine to prepare and submit your reports electronically, then we suggest that you prepare your reports as normal and hold them until the Court lifts its order. Note: If reporting via paper, industry must use the Office of Management and Budget (OMB) approved hardcopy 2014 and OGOR forms. They cannot submit their own version of these reports, screen prints, or copies of the data

	from their systems.
When will the system return?	There is no way of knowing precisely when it will return. The Department is currently working with the Court to return to daily operations.
How will I know when the MRM system is back up?	MMS will post a notice on the DOI web page: www.doi.gov .
Who do I contact for more information?	Consult the updates posted on: www.indiantrust.org

12/18/01

Peschong, Mary

From: MMS IT Security
Sent: Wednesday, December 26, 2001 1:05 PM
To: MMS + ASLM Nationwide
Subject: Continued Prohibition of Internet Access

Everyone,

Attached is the latest memorandum MMS just received from Deputy Secretary Griles in regard to the continued prohibition of internet access.

Thanh Do
MMS Bureau IT Security Manager



Continued Prohibition
of Inter...

12/26/01 13:13 FAX



United States Department of the Interior

OFFICE OF THE DEPUTY SECRETARY
Washington, D.C. 20240

December 21, 2001

MEMORANDUM

To: All Employees

From: J. Steven Giles
Deputy Secretary *J. Steven Giles*

Subject: Continued Prohibition of Internet Access

Pursuant to a Temporary Restraining Order entered by the U.S. District Court and a subsequent Consent Order, the Department of the Interior is disconnected from the Internet and may not be reconnected to the Internet until authorized to do so. Until authorization is granted:

- You may not use any modem in your government-issued or personal PC or laptop in your office.
- You are not authorized to connect to your local Internet Service Provider, such as American On Line in your office
- You are not authorized to connect your government issued laptop to the Internet from your home or while on travel.

This policy is applicable to information technology systems, including servers, PCs, laptops, etc.

The Consent Order provides a means through which segments of DOI can reconnect to the Internet following assurances and concurrence of the Special Master. No connection to the Internet is permitted until approved by the DOI Associate Deputy Secretary. Currently only the USGS and portions of the National Interagency Fire Center (NIFC) have been authorized to use the Internet.

Until further notice, the following banner shall be used on systems not authorized for Internet access during the log-in process to remind DOI employees of our policy.

THIS IS A NOTICE OF MONITORING OF DEPARTMENT OF THE INTERIOR INFORMATION SYSTEMS. This system and all related equipment may be used only for official US Government business. This system may not be connected to the Internet, in any way, unless authorized by the Office of the Secretary. Unauthorized use of this system will subject you to disciplinary action and/or other penalties. Use of this system constitutes consent to monitoring for this purpose.

Subsequent notifications will be provided as appropriate. If you have questions, please contact your supervisor or agency Chief Information Officer.

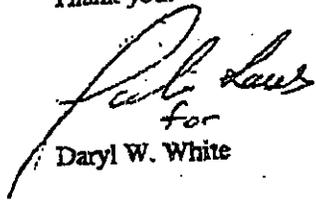
12/26/01 13:13 FAX

December 26, 2001

This letter is also being distributed through the Management chain from the Secretary's office.

Please distribute this to your staff and have the LAN log-on/splash page implemented as appropriate through out your bureau/office. Coordinate as offices are co-located to confirm widest possible distribution.

Thank you.


for
Daryl W. White

Peschong, Mary

From: MMS IT Security
Sent: Thursday, December 27, 2001 9:25 AM
To: MMS + ASLM Nationwide
Subject: Clarification of the "Continued Prohibition of Internet Access" Memorandum

Everyone,

As a follow-up to Deputy Secretary Griles' memorandum regarding the "Continued Prohibition of Internet Access", the following also applies to government-related activities from home, work, or remote location:

- Government work **CANNOT** be performed via the Internet.
- Government work **CANNOT** be performed while government-owned or personal equipment is connected to the Internet.

With your supervisor's concurrence, you may work on government assignments as long as **NO** connectivity via a modem, ISP, remote dial-up is established.

As situations change we will keep you informed.

Thanh Do
Bureau IT Security Manager

Peschong, Mary

From: Querques Denett, Lucy
Sent: Wednesday, January 02, 2002 5:02 PM
To: MMS Employees Nationwide
Subject: Update on reconnecting to the Internet

An update for you: Folks here in Main Interior and in our offices in Denver and Herndon were working continuously with Interior staff, prior to the holidays to develop and provide the information that would convince the court that a safe and secure reconnection could occur. The last package that was prepared was taken to the Special Master on December 21 in the late evening. The Deputy Secretary issued an email during Christmas week emphasizing that employees were not to reconnect to their systems or internet until DOI was given direct word from the court - this was said to assure that no one mistook the silence from the court after the 12/21 delivery as a green light to reconnect. We then received guidance on December 31st on some changes that were needed in the 12/21 package and meetings were immediately and are being held to address these information needs and move the package along. It might be helpful to you to know that MMS staff, the office of Secretary, Justice and members of the court have been working diligently on this problem, often starting very early in the morning and at times going well after midnight.

I have been working closely with MRM, A&B and other staff and am fully aware of the difficulties and consequences this disconnect is causing the agency. Not only do we have problems in fulfilling our royalty accounting and payment responsibilities but there are other complications and difficulties resulting from the inability to contact customers, access websites and be accessed, to name a few.

What is important to remember is that we do have responsibilities to our customers and we need to think smart and work together to maintain our high work standards. I understand the disappointment and frustration being felt within the agency as a result from this ongoing problem, but I am also confident that we have secure systems, have developed fully comprehensive packages explaining these systems and soon the Court will approve our reconnection to the internet and turning on of our systems. In the meantime, we will make sure that salaries are paid and that we accomplish as much as we can with our limited information resources.

Recently someone in the field raised the issue of jobs being lost as a result of this disconnect. I do not have any reason to believe that anyone's job is in jeopardy as a result of the disconnect. Our jobs are intact, our work has been complicated because of the situation we find ourselves in.

Lets stay patient, calm and avoid rumors. It is important that we pull together and stay positive in our outlook; it is important that we convey this confidence to our customers; and it is important that *as always* we continue to do the best job we can given our circumstances.

I will keep you posted as we hear more. Thanks for your support and patience.

Lucy Querques Denett
Acting Director



United States Department of the Interior

MINERALS MANAGEMENT SERVICE
Royalty Management Program
P.O. Box 25165
Denver, Colorado 80225-0165



IN REPLY REFER TO:

FM/RS/MS 357B1

JAN 8 2002

To: Paul Brown, AFMSS Program Manager, NCS, BLM
Steve Manydeeds, NIOGEMS Manager, BIA Division of Energy and Resources
Mike Melancon, Regional Supervisor, GOMR
J. Lisle Reed, Regional Director, POCS
Steve Wolfson, Deputy Regional Supervisor, POCS

From: Chief, Financial Management

Original signed by
Michael A. Miller

Subject: Delayed Implementation

This memo supplements and updates our memo dated 11/29/01 regarding the above referenced topic. As you are aware, virtually all the Department's automated systems have been shut down as of December 6, 2001. This action was taken in response to a Federal court order involving the Cobell vs Norton litigation. This has resulted in an additional delay in the implementation of our redesigned production reporting system.

All production documents received from industry (both Forms MMS-3160 and OGOR) are being held and are not being processed. This means that we will be unable to provide production data to you at this time.

Once system functionality and testing capability are restored, we anticipate that we will need 4 to 5 weeks to complete testing and implementation of the production reporting system. We will transmit production data to your office shortly thereafter.

We understand that production data is critical to your mission and we'll do everything possible to implement as soon as possible. We apologize for the inconvenience this delay will cause and appreciate your patience and support in this effort.

If you have any questions regarding this matter, please contact Paula Neuroth at (303) 231-3287.

Copies to: Milt Dial
Debbie Gibbs-Tschudy
Don Sant
John Russo
Phil Sykora
Sharon Buffington, MMS
Mary Nagel, BLM
Fred Jacobs, GOMR
Debbie Briggs
Gene Thibodeau, AFMSS Coordinator, OTS

Jan. 11/02

Miller, Mike

From: Walker, Junius
Sent: Wednesday, January 09, 2002 2:50 PM
To: Miller, Mike

FINANCIAL MANAGEMENT

Systems Reactivation

Financial Management is in the process of setting priorities for when the judges orders are lifted and it's systems are turned on. Accordingly, Mike Miller and his staff have defined the following;

- Determining how much money has come from leases that involve Indian allottees and tribes and providing information to BIA to begin distribution.
- Examining data that has come in to determine what the real Federal distribution has been as compared to the guess work that had to be relied on while the system was shut down.
- Preparing notifications to companies, payors and associations explaining to them how to get back to normal business interactions with FM and
- Cleaning up backlogs in the FIN (lease financial obligations) exception processing module. The FIN process identifies unpaid or underpaid lease obligations such as right-a-way, rent, minimum royalties, advance royalty, deferred bonuses, gas storage, well fees, right -to-use and easements.

*Priority notifications to payors
making an immediate distribution to BIA.
Integrating the manual state disbursement into
the system ~~of~~ and reconciling the
Cleaning out Indian rejected lines and unsubmitted
payments
continuing to investigate how receipts
updating expense data*

Kann, Gregory

From: Meingast, Hans
Sent: Monday, June 18, 2007 2:15 PM
To: Spencer, Ralph
Subject: FW: Notes from the Royalty meeting on turning the system back on, 1/10/02 (FOIA 2007-032)

Attachments: ROYL System Outage Planning 011002.doc

#1 - may be more.

From: Fast, Scott
Sent: Tuesday, January 15, 2002 5:24 PM
To: Briggs, Deborah; Martinez, Katherine; Menard, David; Smith, Robert B; Corona, Lorraine; Ford, Diane; Lambert, Barbara; Meingast, Hans; Milano, Patrick; Neuroth, Paula
Subject: Notes from the Royalty meeting on turning the system back on, 1/10/02

Please let me know if you have any changes to the minutes or any updates on the action items.

Thanks,
Scott



ROYL System
Outage Planning 01..

**Meeting Minutes for discussion on turning the system back on, Royalty
01/10/02**

ATTENDEES: Debbie Briggs, Lorraine Corona, Diane Ford, Barbara Lambert, Kathy Martinez, Hans Meingast, Dave Menard, Pat Milano, Paula Neuroth, Mark Prouhet, Bob Smith, and Scott Fast

Purpose:

The purpose of the meeting was to begin the process of planning for turning the system back on, when we are allowed to do so. The focus of this meeting was to discuss specific steps needed and issues to be addressed related to the Royalty portion of the system.

Discussion Topics:

Initial Steps once back up:

- EDI files are a higher priority than keypunch because of the higher dollar amounts.
- Indian files will be a priority if they can be identified. It probably isn't practical to search through these files to identify just the Indian documents since a file may contain both Federal and Indian data. David Klenke will research to determine if there is any way to do this.
- What about solids information? A separate discussion with the Solids team will need to be held to determine their priority from a Royalty perspective.
- MRM requested that Accenture run all data that is loaded through validation during the same batch cycle. This will keep 2014 documents from showing up in the error correction queues before they are validated. Accenture will continue to make this a goal of batch processing.
- Accenture will delete some bad keypunch records that were loaded during the first week of December once the system comes back up.
- Accenture will also validate that the keypunch documents that will be deleted from the system have been re-sent since 12/06/01 from keypunch.

What is backed-up at Peregrine?:

- It is anticipated that most backed-up files should come through within one week of coming back up. However, there is no way to contact all payors to let them know Peregrine is back up so we are relying on the payors calling into Peregrine to determine that they can submit. Some payors may not do this in a timely manner, which will delay the submission of their documents.
- Peregrine should be able to accept files from payors within two to four hours on the first business day after notification. Accenture should be able to accept files from Peregrine by the time onlines come back up.
- It was discussed that Accenture will complete extensive confirmations of the data that is being received from Peregrine to check for issues due to the down time.
- Can we talk to Peregrine now and see what they have for us? Bob Smith will work with Paulette to determine this. They will also determine if Peregrine has been accepting X.12 documents and, if so, how many they have.

Meeting Minutes for discussion on turning the system back on, Royalty 01/10/02

Keypunch Files:

- CCC has continued to keypunch the 2014s as received. They have been sending a file with this information to Accenture weekly. Therefore, it is possible to begin the process for testing and then loading these records once the onlines are back up. At that time, CCC will resume sending the 2014s to Accenture on a daily basis.

Receipt dates:

- For the files that we get after we come back up, one Receipt Date will be used. Kathy Martinez will coordinate the efforts to determine the appropriate date to be used.
- For the files that were at Accenture the day we went down, a Receipt Date of 12/6/2001 will be used. Accenture will develop a plan for completing this after we come back up.
- The Receipt Date isn't an issue for keypunched documents since that information is included in the file received from keypunch.

Error messages:

- Hans Meingast will send out a list of fatal errors that we may temporarily downgrade to a warning in order to get a higher document acceptance rate. **A1 **
- If a change to these errors is approved, Accenture will need to update the message catalog and the error table to reflect the changes when the system comes back up.

Misc.:

- Dave Menard suggested that an option to expand the batch window may be discussed when the system first comes back up in order to process more 2014 documents.
- A meeting with MRM Management and Accenture will be held when we are notified that the system can come back up in order to determine if any changes to the above assumptions are needed.
- Accenture will research whether or not any changes are needed to the size of the Royalty Validation tables to support the increased volume of records expected after we come back up.

**Meeting Minutes for discussion on turning the system back on, Royalty
01/10/02**

ACTION ITEMS:

AI #	Owner	Date Initiated	Action Item Description	Date Due	Status	Open/ Closed
1	David	1/10/02	Determine if there is a way to identify Indian documents from the Peregrine or keypunch files.	1/18/02		Open
2	Scott/Debbie	1/10/02	Hold a separate discussion with the Solids team to determine their priority from a Royalty perspective.	1/23/02		Open
3	David	1/10/02	Develop a plan to validate that the keypunch documents that will be deleted from the system have been re-sent since 12/06/01 from keypunch.	1/23/02		Open
4	Bob Smith	1/10/02	Work with Paulette to determine what documents Peregrine already has. Also, determine if Peregrine has been accepting X.12 documents and, if so, how many they have.	1/18/02		Open
5	Kathy	1/10/02	Coordinate the efforts to determine the appropriate Receipt Date for 2014 documents.	1/23/02		Open
6	David	1/10/02	Develop a plan to use a Receipt Date of 12/6/01 for the files that were at Accenture the day we went down.	1/23/02		Open
7	Hans	1/10/02	Send out a list of fatal errors that we may temporarily downgrade to a warning in order to get a higher document acceptance rate.	1/18/02		Open
8	David	1/10/02	Determine whether or not any changes are needed to the size of the Royalty Validation tables to support the increased volume of records expected after we come back up.	1/18/02		Open

Peschong, Mary

From: Benner, Lee
Sent: Friday, January 18, 2002 12:22 PM
To: MMS Employees Nationwide
Subject: Message to MMS on the disconnect

Lucy asked that I send out her latest information on the status of the disconnect (see below).

Lee
Acting Chief of Staff

* * * * *

In my effort to keep everyone informed on the internet disconnect, here is the latest.

We were recently requested to provide the Special Master with a more detailed plan on how MMS would physically proceed with reconnecting, once given approval. This plan was finalized and provided to the Special Master late Friday evening, January 11. We were recently informed that the plan is on a schedule for review towards the end of next week (1/21 - 1/25). Assuming the plan is considered acceptable it would still be several days before reconnection could occur. Given this time frame, I believe we may be reconnected by the end of January. Continue to meet our customers needs to the best of our present abilities and remain optimistic that we will soon be able to meet those needs to our fullest capabilities.

Lucy Querques Denett
Acting Director

Peschong, Mary

From: Miller, Mike
Sent: Wednesday, January 23, 2002 6:47 AM
To: MRM FM Everyone
Subject: FW: Systems Status

fyi

-----Original Message-----

From: Dial, Milton
Sent: Tuesday, January 22, 2002 4:54 PM
To: Sant, Donald; Miller, Mike; Sykora, Phillip
Subject: Systems Status

Hello all -- We just received word that the Special Master concurred with bringing BIA's IRMS system back up as well as OSM's systems. Hopefully, MMS's systems will still yet be addressed this week -- Milt

Kann, Gregory

From: Meingast, Hans
Sent: Monday, June 18, 2007 2:20 PM
To: Spencer, Ralph
Subject: FW: Revised Schedule/Plan for bringing the system back up - 2/8/02 (FOIA 2007-032)

Attachments: Priority List for when we come back up v2.doc

#3

From: Fast, Scott
Sent: Monday, February 11, 2002 9:15 AM
To: Briggs, Deborah; Menard, David; Neuroth, Paula; Meingast, Hans; Corona, Lorraine; Prael, Robert; Ford, Diane; Alexander, James; Martinez, Katherine; Prouhet, Mark; Kann, Gregory; Milano, Patrick; Lambert, Barbara; Palmer, Paulette
Subject: RE: Revised Schedule/Plan for bringing the system back up - 2/8/02

I attached the wrong document below. Sorry about that! The following is the correct document.



Priority List for
when we come...

-----Original Message-----

From: Fast, Scott
Sent: Friday, February 08, 2002 4:47 PM
To: Briggs, Deborah; Menard, David; Neuroth, Paula; Meingast, Hans; Corona, Lorraine; Prael, Robert; Ford, Diane; Alexander, James; Martinez, Katherine; Prouhet, Mark; Kann, Gregory; Milano, Patrick; Lambert, Barbara; Palmer, Paulette
Subject: Revised Schedule/Plan for bringing the system back up - 2/8/02

This is the current plan and schedule for bringing the system back up. It includes the changes made in the meetings of 1/29 and 1/31 as well as the Courtesy Notice meeting on 2/5. The changes from these three meetings are highlighted in blue in this document. Please let me know if I have misrepresented anything.

Thanks,
Scott

<< File: ROYL System Outage Planning 011002 v2.doc >>

Overall Priorities When We Come Back Up

Purpose:

The purpose of this document is to combine the steps identified in our planning meetings for turning the system back on as well as, as much as possible with our current information, to identify immediate priorities and schedules once we come back up. The schedule does not include all tasks that will be going on within the first week, but is meant to point out tasks that are a high priority or have been altered because of the down time. This list will be revised once we have more details about when and the conditions for us coming back up.

Top priorities for daily processing:

- Completing an Indian EOP process will be the top priority. We will plan on this occurring as soon as possible after we turn on the systems, probably within one business day of the online system being turned on. However, that will depend on the BIA and NBC systems being up as well.
- First thing in the morning on the day the online system is turned on, open the GL periods for the current month and all months back to and including January 2002.
- There are several steps that need to take place on the first day after the notification is received to turn on the systems. These must be completed before the online systems can be turned on. They are documented in a separate plan and are scheduled to take one business day. This plan includes such things as turning on the systems and completing some initial tests, re-establishing the connection to Peregrine, completing a full backup of the systems, and assigning new passwords to all users of the Financial System.
- Loading the backlog of payments as soon as possible. This should be done in the following priority order (using first in, first out to set secondary priority):
 - November deposits from the floppy disk that Dave Menard sent to Elzia Sekou just prior to the system going down.
 - OCR Payment files that MRM provides to Accenture and Accenture loads.
 - Indian payments (checks and wires) entered manually by MRM; these should take approximately 2 days for MRM to load.
 - Federal payments entered by MRM.
 - Any remaining payments.
- Processing of the backlog of Royalty documents, with the following information in mind:
 - MRM will approve and Accenture will make any changes that can be identified for Royalty receipt dates related to the VAN EDI files that are sent to Peregrine and the files that were already at Accenture on 12/6/01. This will be done prior to these files being loaded. Paulette Palmer will contact Peregrine and request that the VAN EDI files that are at Peregrine on the day that we come back up be sent as a group before any other Peregrine files are sent. Peregrine has told us that there are many files now at Peregrine and they will continue to accept VAN EDI files throughout the down time. Accenture will identify which of these files contain Royalty data and notify Paulette of the file ids. Paulette will then look up the Receipt Date on these files and get these dates to Accenture. Accenture will then change the Receipt Dates on these files as they are being loaded. This will require manual intervention on MRM's and Accenture's part and will slow down the loading of these Royalty documents. It was agreed that this slow down would be worthwhile.
 - All other files received from Peregrine will have a receipt date of the day they are sent through the Royalty load process.
 - Accenture will change Royalty error messages from fatal to warnings, if any changes have been approved.
 - Accenture will delete some bad keypunch records that were loaded during the first week of December and will validate that the keypunch documents that will be deleted have been re-sent since 12/06/01.
 - Since Indian documents can not easily be separated from Federal documents, it will not be possible to prioritize the loading of Indian documents before Federal ones.

Overall Priorities When We Come Back Up

- Keypunch files are a higher priority than EDI files because it will be easier to match payments to the keypunch documents.
- Some Keypunch and EDI documents should be available to load by the first batch cycle. As many keypunch files as possible should be loaded during the first batch cycle. After this is done, as many of the 12/06/01 documents and then the VAN EDI files with Receipt Dates prior to the day we go live should be loaded.
- Accenture will complete extensive confirmations of the data that is being received from Peregrine and keypunch to check for issues due to the down time.
- SIR50 must be fixed before the first Courtesy Notice process is run. Depending on when we come up, a plan for which of the Courtesy Notice months should be run will need to be developed. At least the December and January runs of Courtesy Notices have been missed.
- Payment Predictor priorities (in order):
 - The remaining 700 or so Rent payments that were corrected before the system went down.
 - New OCR payments after they have been manually corrected to remove the additional "0". This manual change will continue to occur until the permanent fix is implemented.
 - Running Payment Predictor for the remaining payments (not part of the initial RENT payments or the initial OCR load) will need to be balanced with the pace that 2014s and payments are being loaded. There is no reason to run Payment Predictor before both of these things are loaded for a particular Customer Id.
 - A higher priority will be given to payments that have a Reference Document Id since these should be matched by Payment Predictor.
- Indian Generate Payables and Apply Business Rules, though this will need to be worked around the Indian EOP schedule.
- Federal Generate Payables and Apply Business Rules will be tentatively scheduled for the first weekend after we go live. Apply Business Rules can not be run until after the first migration of program changes to production. These two processes will be scheduled to be run only on the weekends until we get within a week or two of a Federal Distribution.
- Complete the process for getting the initial two manual bills printed and delivered to WALZ.
- Clear the backlog of LAB Staging records.
- Accenture will make any changes identified to support the increase in size of additional processing in the Royalty and Payment areas.
- A one-time request to create a list of Customer addresses for DOI will need to be completed as soon as possible after we come back up.

Other top priorities:

- Updates to A/R Workflow.
- A migration of system changes to production to include fixes to the Royalty to AR System Assurance and Open Receivables Activity Reports. If the Open Receivables Activity Report does not work properly after the migration, the process that Tricia Strong has been using to create a manual work around will need to be run as soon as possible after the migration.
- There are potential problems that will arise around how the entry date, receipt date, and accounting date are created for the backlog of payments. For those payments entered by MRM online, it is believed that the receipt date and accounting date can be changed online. Greg and Pat's teams will need to make these changes while entering the payments. The entry date will probably end up being the date the payments are actually entered. Once we come back up, MRM and Accenture will work together to determine if these can be entered in this way as well as to determine any impacts to the AR2001 and AR2002 reports. Accenture will also need to determine how the OCR load process handles these dates, which can't be done until the system comes back up.

Overall Priorities When We Come Back Up

- The GL Group and Accenture will confirm that the Accounting Date will work in such a way that, even though payments received in December and January are not loaded until after the system comes up, the payments will show up on a SF224 run for the months of December and January.
- The ZDF440R1 and R2 reports must be accurate and precise before the first Federal Distribution after we come back up. The D&D Group and Accenture will work together to confirm these reports from November.
- The D&D Group and Accenture will continue the process of reviewing the November reports for Indian and Federal distribution. As many as possible must be confirmed as accurate prior to the first Federal distribution after we come back up. The priority order for resolving issues remains the same as when we went down. No November reports should be sent to COLD until they are approved by MRM as being final.
- Until the backlog of payments has been entered, the 1081 will include more than the payment actually received that day. The D&D group will continue to create manual Telefax reports until the backlog of payments has been removed.
- It was requested that the AR Team not do adjustments (transfers between distributee codes) in support of creating clean 1081s, until the backlog of payments has been removed.
- The GL Group and Accenture will reconcile the system generated SF224 for November with what ended up being the manually generated SF224. The GL Group will be available to begin work on this once the backlog of payments entered by them has been cleared. Once we are back up, Accenture will run queries to determine where we stand with the reconciliation. These numbers will be compared against the manual SF224 and a meeting with the GL Group and Accenture will be held to determine the next steps. The same process will have to be completed for December and any subsequent months before the system is back up, though these will be a secondary priority behind November. The goal would be to complete this work before the next system generated SF224 is run so that any problems with the process or system could be identified before that time. However, the ability to complete all of this work will depend on how many months must be reconciled and when within a month we come back up.
- Another meeting will be scheduled to develop a plan for how we incorporate a second month of manual distributions. This should be held and the plan for incorporating manual distributions finalized before the system comes back up.

Draft Schedule:

Day 1:

- Implement the plan for turning the system and it's connection on. This will involve ITC, Peregrine, and Accenture resources. It will include turning on the systems and completing some initial tests, re-establishing the connection to Peregrine, completing a full backup of the systems, and assigning new passwords to all users of the Financial System.
- Peregrine will notify Pro Client reporters that the system is back up.
- Hold planning meeting with all MRM Financial groups to review and revise the priorities and schedule as needed.
- Accenture will give MRM Management the new passwords to be handed out the next morning.
- Accenture will prepare for processing the Royalty documents that were received from Peregrine on 12/6/01. Accenture will notify Paulette Palmer when this is complete and when the connection between USi and Peregrine is reestablished. Accenture will also give Paulette the file numbers for the Royalty documents received from Peregrine on 12/6/01.
- Accenture will print the ZDI510R1 that was created on the morning of 12/06/01 and deliver it to the D&D group.

Overall Priorities When We Come Back Up

Day 2:

- Onlines come back up in the morning.
- MRM Management will hand out new passwords to all users.
- Accenture will open the period for the current month and all months back to and including January 2002 within the first hour of onlines being back up.
- The D&D Group and Accenture will complete all tasks necessary to complete an Indian Distribution. Accenture will need to publish the ZDI510R1 and ZDI540R1 reports run on 12/6/01 as soon as possible. The D&D Group will then review this information for changes and confirm that the distribution is ready.
- The GL Group and Document Processing will confirm that receipt date and accounting date can be changed online. They will then determine the appropriate way to enter payments. They will then begin to enter payments.
- Accenture will determine how the OCR load process handles entry date, receipt date, and accounting date. MRM Management and Accenture will then determine the appropriate way to load OCR payments. Accenture will then begin to load OCR payments, balancing the loads with the timing to run AR Update. The November OCR files will be the first loaded.
- Accenture will check early in the morning to determine if Peregrine has resumed sending files. They will notify Paulette if they have not.
- Accenture will delete the bad Royalty keypunch records and validate that the keypunch documents that will be deleted have been re-sent since 12/06/01.
- Accenture will change Royalty error messages from fatal to warnings, if any changes have been approved.
- Accenture will prepare for processing the VAN EDI Royalty documents sent from Peregrine that will need a change to the Receipt Date. Once this is complete, Accenture will notify Paulette Palmer that Peregrine can open up the connection to USi to normal processing.
- Accenture will test as much Royalty EDI and keypunch data as possible in preparation for it being loaded during the batch process. The top priority will be to test and load as much keypunch data as possible.
- Accenture will make any changes identified to support the increase in size of additional processing in the Royalty and Payment areas.
- Batch Processing priorities:
 - Indian Distribution.
 - As many 2014 documents as possible.
 - Payment Predictor for Rent documents.
 - Print initial two manual bills and deliver to WALZ.
 - Clear the backlog of LAB Staging records.
 - Create the list of Customer addresses for DOI.

Day 3:

- The GL Group and Document Processing will continue to enter payments.
- Dave Menard will provide the January OCR file to Elzia Sekou in preparation for processing this data.
- Accenture will continue to load OCR payments.
- Accenture will test as much Royalty EDI and keypunch data as possible in preparation for it being loaded during the batch process.
- The Royalty Group will clear as many suspended lines as possible. In addition, the Royalty Group will determine and Accenture will work on any mass data changes that will facilitate the clearing of suspended lines.
- The AR Group will review the AR2001 and AR2002 reports and will work out a plan, if needed, for documenting how these reports reflect payments during the down time.
- Batch Processing priorities:
 - As many 2014 documents as possible.

Overall Priorities When We Come Back Up

- Payment Predictor for Rent documents with "0" removed.
- Indian Generate Payables and Apply Business Rules.

Day 4 through Day 6:

- The GL Group and Document Processing continue to enter payments.
- Accenture will continue to load OCR payments.
- Accenture will test as much Royalty EDI and keypunch data as possible in preparation for it being loaded during the batch process.
- The Royalty Group will clear as many suspended lines as possible. In addition, the Royalty Group will determine and Accenture will work on any mass data changes that will facilitate the clearing of suspended lines.
- Finalize the schedule of special batch processes (i.e. Federal distribution, GL Close, etc.) for the next month.
- Batch Processing priorities:
 - As many 2014 documents as possible.
 - Payment Predictor for any other Rent documents that have had the "0" removed as well as remaining payments (not part of the initial RENT payments or later Rent documents with the "0" removed) balanced with the pace that 2014s and payments are being loaded. A higher priority will be given to payments that have a Reference Document Id.

The first weekend:

- Complete migration of system changes to production.
- Federal Generate Payables and Apply Business Rules (after the migration).
- Run the Royalty to AR System Assurance and the Open Receivables Activity reports.
- Running the Lease Batch. However, Barbara mentioned that there is a SIR open that could impact whether or not this should be run.
-
- Run Payment Predictor for the payments loaded during the Lease Batch.

The day after the first weekend:

- Confirm that the Open Receivables Activity Report does work properly. If it does not, the process that Tricia Strong has been using to create a manual work around will be run.

Other Outstanding Items:

- The next steps related to Fin EP are:
 - Cleaning up the original run of November Fin EP including canceling the invoices created by this run.
 - Fix the issues with Fin EP and rerun November.
 - A schedule for running December and January will be developed after the first two steps.
 - Accenture will finalize the plan for how to run Fin EP for past months (i.e. running for November even though we are in a later month).
- Complete the process for placing the wording in COLD that explains why each report that was supposed to run in December did not run.
- The terminator program will need to be run after we come back up. However, it can not run before FIN Term EP is run, the LAB Staging backlog is gone, and Rent payments have been matched. After the terminator program has been run, we will want to meet to determine if there is any way to identify the leases that would have been terminated if the program had been run during the previous months.

Overall Priorities When We Come Back Up

- There is a fix needed somewhere in the Rent payment process related to the extra zero being loaded into the document number. Until this fix is found, a manual work around to remove the extra zero will continue to be used.
- Documenting the differences with any reports affected by the interest calculations that we know will be erroneous.
- MRM requested that Accenture look into developing a report that shows which Royalty documents for the month of November have been distributed and which are left to be distributed. This will be split by state and agency if possible.
- Oct., Nov., & Dec. GL periods will remain open until we are comfortable the process for each period is correct.
- The GL team will enter manual journal entries where needed to reflect activity during the time the system was down. These will need to be entered before we run the SF224 out of the system and before we close the December period. A meeting will need to be scheduled about one week after we come back up in order to plan for handling this. The goal would be to complete this work before the January SF224 would normally be completed so that any problems with the process or system could be identified before that time.
- Manual 1081s have been produced during the downtime and it needs to be determined how they are to be reflected in the new Financial System. An action plan for resolving this with the D&D group needs to be determined.
- It is expected that a minimum of one week of online processing time will be needed before Debt Collection and Dunning Letters are processed.
- AR Update will initially be scheduled to run three times daily. However, it will be balanced with the loading of payments. Getting the Deposit Ids changed takes precedence over running AR Update and AR Update will be delayed if needed to complete these changes.
- MRM may be willing to give up some online processing time in order to run some batches during the day (i.e. Payment Predictor) or to extend the nightly batch window for things like processing more Royalty documents or running more payments through Payment Predictor. This would only be an option for a limited period of time after we come back up. This possibility will be discussed in future meetings.
- It is important to run a Federal distribution for the documents received in November and December within a month of coming back up. This is necessary to give the detailed information to the states that will allow them to distribute money to the county level. The exact scheduling of a Federal distribution will depend on what date within a month we come back up and will be determined shortly after we come back up.
- The 2014 Confirmation reports need to be scheduled to be run for the first time. This will not be scheduled until sometime after the first weekend.

Outstanding Issues:

- The prioritization of entry of OCR payments that are receiving during the first week. Will they be entered on the day they are received or will they be processed in the first in, first out priority order with the other OCR payments? This is only an issue until the backlog of payments is gone.

Overall Priorities When We Come Back Up

ACTION ITEMS:

AI #	Owner	Date Initiated	Action Item Description	Date Due	Status	Open/Closed
1	Pat and Scott	1/29/01	Develop a plan for loading OCR payments and changing the Deposit Id while working around AR Update.	2/6/02		Open
2	Barbara and Scott	1/29/01	Determine whether or not the open SIR on the Lease Batch will impact running the Lease Batch on the first weekend.	2/6/02		Open
3	Scott	1/29/01	Set up a meeting between the D&D Group and Accenture to discuss additional issues since a second manual distribution has been completed.	2/6/02		Open
4	Scott	1/29/01	Schedule a meeting with Kathy, BIA, and NBC about the logistics for completing the initial Indian distribution.	2/6/02		Open
5	Pat, Mark, Kathy, and Barbara	1/29/01	Have a meeting to plan for the process of entering payments until the backlog is gone.	2/6/02		Open
6	Paulette	1/31/01	Contact Peregrine and request that the VAN EDI files that are at Peregrine on the day that we come back up be sent as a group before any other Peregrine files are sent.	2/12/02		Open

Actions Necessary to Reactivate Minerals Revenue Management (MRM) Systems and Produce a Distribution File for the BIA

Following a shutdown of the MRM financial systems on December 5, 2001, trust revenues remain unprocessed in various stages. Approximately \$300,000 of Indian revenues has been accepted into the financial system and is awaiting verification and distribution to BIA. Additional amounts are in various input stages back to and including revenues that have been reported through MRM's electronic commerce contractor, Peregrine Corp., but not yet submitted to Accenture for processing. MRM will continue to remain completely disconnected from the Internet as such connection is not necessary for the process outlined below.

The following scenario describes the process and timeframes for activating the MRM systems and producing the BIA file for distribution of the revenues that have been accepted, once approval is received to proceed.

Assumptions for Reactivation

- Notification for system activation occurs by noon, 12/21/01, Mountain Standard Time (MST).
- USi and Peregrine will be given notification to activate systems for processing and output only. Internet access remains down, including solid minerals web-based Production and Royalty reporting.
- Prior to reactivation, MRM will revalidate users and change passwords.
- BIA will be prepared and able to process MMS's output file on Thursday, 12/27/01. MRM can transmit the file to the National Business Center (NBC) via FTP or courier. We are assuming the FTP process will not be turned on and that NBC will be ready to receive and process the file received via courier. MRM must have NBC's support to complete this task.

Steps for Systems Reactivation and Transmission of BIA File

- 12/21/01, 4 PM (MST) - Complete the already started new password process and get the new passwords to MRM Financial Management.
- 12/21/01, 2 PM (MST) – Complete notification to Peregrine to send to Accenture all backlogged files that are currently in their possession. Peregrine will not restore access for additional reporting via the Internet.
- 12/22/01 through 12/23/01 - USi will bring up MRM servers and financial system application and perform basic checks of connectivity, complete a full backup, change user passwords, run weekend batch schedule, complete migrations, etc.
- 12/24-25/01 – National Holiday
- 12/26/01, 8 AM (MST) - Distribute new passwords to Financial Management staff.
- 12/26/01, 6 AM – 6 PM (MST) - MRM distribution and disbursement staff will review reports and validate distributions.
- 12/26/01, 6 PM through 12/18/01 6 AM (MST) - Financial system batch processes to produce BIA output file.
- 12/27/01, 7 AM (MST) – Complete transmission of BIA file to NBC

Kann, Gregory

From: Meingast, Hans
Sent: Monday, June 18, 2007 2:20 PM
To: Spencer, Ralph
Subject: FW: Plan (FOIA 2007-032)

Attachments: Processing Plan When the System Comes Up.doc

#4

From: Neuroth, Paula
Sent: Friday, February 15, 2002 4:26 PM
To: Jones, Louise; Meingast, Hans; Corona, Lorraine
Subject: FW: Plan

FYI, this is a document that Mike asked us to put together. I think he wants to give it to Lucy and Cason next week. It's a high level discussion of what has to happen when we come back on line.

-----Original Message-----

From: Prael, Robert
Sent: Friday, February 15, 2002 3:49 PM
To: Martinez, Katherine; Neuroth, Paula
Subject: Plan

Here is the latest.



Processing Plan
When the Syste...

Processing Plan When the System Comes Up

Background

The following is a high level overview of what processes will occur when the system comes back up. The processes are not mutually exclusive, work in all areas will begin immediately but the processes are listed separately to distinguish priorities.

Overall Plan

Immediate (1 – 5 working days)

- First 24 hours will be used to get the system ready for users.
 - Turning on the systems,
 - Completing some initial tests,
 - Re-establishing the connection to Peregrine,
 - Completing a full backup of the systems, and
 - Assigning new passwords to all users of the Financial System.
- Complete the Indian EOP process. This is approximately \$300,000 that was ready for distribution when the system went down. This process will probably occur within one business day of the online system being turned on.
- Enter payments that have been received into the system. This will take approximately three days of online time to key in all this data.
- Load backlog of royalty documents that are available.
- Peregrine will need 24 hours to get their system ready to receive and process 2014 documents. Peregrine will also notify customers that they are ready to receive reports.
- Start receiving documents from Peregrine and perform error correction activities.
- Match payments to receivables, with emphasis on matching Indian payments.

Near term (1 – 20 days)

- Complete a second Indian distribution and an estimated Federal distribution.

Long term (1 – 180 days or more)

- Reconciliation of manual distributions to States to the system generated distributions. Prepare offline EOP to States.
- Work on all the other processes to get the system fully operational.
- Start reducing backlogs from shut down.

Peschong, Mary

From: Miller, Mike
Sent: Thursday, February 28, 2002 7:21 AM
To: MRM FM Everyone
Cc: Bartram, Connie
Subject: Systems Update

Just a quick update on what has been going on over the past couple of weeks in regard to the systems. On February 14 Lucy believed she had reached a agreement with the Special Master to bring live our systems pending the outcome of the review of our security by IBM, the consultants hired by Mr. Balaran. As you remember, we believed that we would get the order to restore capabilities that afternoon or the next day. Both came and went with no order to restore.

Then, over the next several days, and including numerous meetings, work was started on redacting (blacking out) portions of the security plan which had been determined should be placed in evidence at the hearing. That resulted in disagreements over how much of the information should be redacted. By Tuesday evening, I understand that the plan had been reviewed and is no longer an issue.

The IBM consultants have made several site visits, including Lakewood, New Orleans, St. Louis (Peregrine) and Herndon. They are scheduled to visit Annapolis and Milpitas to review the security of USI. Yesterday, they issued a report that recommended that the Lakewood site had a number of vulnerabilities and should not be permitted to restore. Today I spoke with Bob Brown to get an update, and he indicated that he believed none of the vulnerabilities were significant, and included such things as extranet web servers not properly configured. Peregrine and New Orleans were declared secure. No firewalls were breached at any location.

Today, MMS is preparing a rebuttal to the IBM report in which we will take the position that we should be restored, perhaps with internet modifications. It would appear from what I have heard that systems restoral will likely not happen overnight at this point. I will continue to follow the progress and keep you up to date as I can. Thanks. Mike



United States Department of the Interior

MINERALS MANAGEMENT SERVICE

Washington, DC 20240

MAR -7 2002



Mr. Richard L. Gregg
Commissioner, Financial Management Service
Department of the Treasury
Liberty Center Building
401 14th Street, S.W.
Washington, D.C. 20227

Dear Mr. Gregg:

In response to Court Orders issued in the Cobell v. Norton litigation, the Minerals Management Service (MMS) shutdown its Financial System and disconnected all access to the Internet on December 6, 2001. One of the many adverse consequences is that the MMS is unable to identify and refer delinquent debt to the Department of the Treasury (Treasury) as required by the Debt Collection Improvement Act of 1996.

We request your concurrence to cease referring delinquent debt to Treasury until the Financial System is restored to operations. Efforts have been underway since December 6 to restore systems operations, however timing of the restoral is dependant on actions of the Court. When the Financial System is restored, the MMS will resume its collection processes and resume referring delinquent debt to Treasury. The MMS will refer delinquent debt to Treasury subject to the memorandum dated July 9, 1997, Guidelines for Implementation of the Debt Collection Improvement Act of 1996, (copy enclosed), that outlines the timing of the delinquent debt referrals to Treasury. Generally, the MMS refers debt to Treasury 180 days after the "Demand for Payment" has been issued. With your concurrence the MMS will suspend the time elapsed during the system shutdown from its calculation of the 180 days.



File

Mr. Richard L. Gregg

2

Please acknowledge your concurrence with this request with your signature below and return to U.S. Department of the Interior, Minerals Management Service, 1849 C Street, N.W., MS 4230, Washington, D.C. 20240. If you have any questions regarding delinquent debt referrals, please contact Kenneth Vogel, Chief, Office of Enforcement, Minerals Revenue Management, at (303) 231-3749.

Sincerely,



Lucy Querques Denett
Acting Director

Enclosure

Concur:

Mr. Richard L. Gregg, Commissioner

Date



United States Department of the Interior

MINERALS MANAGEMENT SERVICE
Washington, DC 20240

JUL 9 1997

Memorandum

To: Deputy Director
Office of Financial Management

From: Acting Chief Financial Officer /s/ Robert E. Brown
Minerals Management Service

Subject: Guidelines for Implementation of the Debt Collection Improvement Act of 1996.

This responds to your memorandum of June 13, 1997, concerning implementation of the Debt Collection Improvement Act's (DCIA) requirement to refer delinquent debt to the Department of the Treasury. As you requested, attached is a signed Memorandum of Understanding (MOU) indicating the Minerals Management Service's (MMS) concurrence with the terms of the Department's agreement with Treasury.

In response to recent inquiries from your office, we have reaffirmed that delinquent receivables relating to our royalty collections are subject to referral to Treasury. However, certain conditions exist which impact the timing of referrals of these types of debt:

- Debts that are subject to dispute are not referred until the dispute is resolved and MMS has had 180 days to collect the debt.
- Debts covered by surety bonds posted with the MMS or the leasing agencies are subject to referral only when the surety cannot be collected, or the amount collected does not cover the full amount of the delinquency plus interest.
- The 180 day period for debts will start after a "Demand for Payment" has been issued. For bills subject to the Federal Oil and Gas Royalty Simplification and Fairness Act (RSFA), (i.e., production after September 1, 1996) the 180 days will start after the following steps are performed:
 - A bill is issued
 - A "Payment Not Received Notice" is sent to the payor
 - A telephone call is made to the payor
 - A notice is issued to the lessee¹

¹The persons liable for debts (lessees) may not be the same as the persons responsible for making monthly payments. Notice to lessees is required prior to debt collection under either RSFA or the DCIA.

For non-RSFA bills, the 180 day period will start when the bill is issued because a "Demand for Payment" will be sent with the bill.

If you have any questions concerning royalty debt referrals, please call Kenneth Vogel at (303) 231-3749.

Attachment

Letter of Agreement Between the Department of the Interior and the Department of the Treasury,
Financial Management Service.

JUL 9 1997

This letter is in regard to the Financial Management Service (FMS) providing debt collection services on behalf of the Department of the Interior (DOI). These services will be provided in accordance with 31 U.S.C. § 3701 *et seq.*, as amended by the Debt Collection Improvement Act of 1996, to collect delinquent DOI debt.

The Department of the Interior:

- Authorizes the Financial Management Service (FMS) to take all appropriate action to enforce collection of accounts referred to it, in accordance with applicable statutory and regulatory requirements, and agrees to advise FMS with respect to any statutory and regulatory provisions that uniquely affect its debt collection activities.
- Will stop its own efforts to collect on accounts referred to FMS for debt collection services.
- Will complete the Agency Profile form attached to this letter as Attachment A for each DOI bureau or office with specific debt collection requirements or each distinct bureau or office program debt collection requirements.
- Will provide FMS with accurate, appropriate data, in a mutually agreeable media, to facilitate performance of the debt collection operations, including any updates and corrections to the data, as necessary. See Attachment B for flat file format for data transmission, if desired means for referral.
- Will provide written certification to FMS (in the form attached to this letter as Attachment C) with respect to each debt or group of debts referred to FMS for debt collection services. FMS may suspend debt collection activity if FMS determines that DOI's certification is incomplete, inaccurate or unreliable.
- Will agree with FMS to a collection strategy for DOI (and as necessary for each referring DOI agency) detailing the limitations and parameters required for the compromise, settlement or termination of collection action related to DOI debt. DOI will reply within five (5) business days

to any FMS requests for information, or requests for approval of debtors' compromise offers or installment payment plans and, failing a reply, DOI authorizes FMS to respond, on DOI's behalf, to debtors' compromise offers or requests for installment payment agreements in a manner deemed appropriate and fair by FMS.

- Will comply with the requirements of the *Privacy Act of 1974* (5 U.S.C. § 552a), as amended (Privacy Act), as applicable to individual debtors, including the publication of any required Privacy Act notices.
- Will publish administrative offset regulations (if not already published).
- Will pay services fees and charges to FMS as follows:
 - ✦ As set forth below, and in accordance with 31 U.S.C. 3711 (g)(6) and 3717, and 4 C.F.R. Part 102, fees and charges will be based on FMS's average administrative costs ("service charge") and on actual additional costs incurred by FMS ("additional fees and charges") in collecting the debt. All fees and charges will be included in the amount of the debt to be collected on behalf of DOI and will be retained by FMS from amounts collected.
 - ✦ Service Charge: Except as set forth below, with respect to accounts referred to FMS for collection (including all post-judgment matters), DOI will pay to FMS a service charge in an amount equal to 18% of the debt owed to DOI prior to referral to FMS.
 - ✦ The service charge that DOI will pay to FMS shall be reduced to an amount equal to 3% of the debt owed to DOI prior to referral to FMS when collected under either of the following circumstances:
 - When the funds are collected by a private sector collection agency; or
 - When the funds are collected by Department of Justice (DOJ) after FMS has referred the account to DOJ, ~~except~~ with respect to accounts referred to DOJ for post-judgment enforcement.
 - ✦ In addition fees and charges: In addition to debt collection service charges due to FMS as provided above (and regardless of the amount of the service charge), if applicable, DOI will pay all contingency fees and other charges due to private sector collection agencies, DOJ, Internal Revenue Service for tax refund offset, FMS for Treasury Offset Program (TOP) fees, or any

other Federal agency for services rendered relating to debt collection. FMS will add such fees and charges to the debt to be collected on behalf of DOI.

- ✦ FMS is entitled to its service fee for all collections received, either by FMS or DOI, after FMS initiates collection action, including the issuance of demand letters or other attempts to contact the debtor.

The Financial Management Service/Debt Management Services (FMS):

- Will be solely responsible for the maintenance of the delinquent debtor records in its possession and for ensuring that accounts are updated as necessary during the time period that FMS holds the account information.
- May take any of the following collection actions on DOI's behalf:
 - ✓ send demand letters on U.S. Treasury letterhead and telephone debtors;
 - ✓ refer accounts to credit bureaus;
 - ✓ skiptracing;
 - ✓ purchase credit reports to assist in the collection effort;
 - ✓ refer accounts for offset, including tax refund, Federal employee salary, and general administrative (TOP);
 - ✓ refer accounts to private collection agencies;
 - ✓ refer accounts to DOJ for litigation;
 - ✓ report written off/discharged debts to IRS on the appropriate Form 1099;
 - ✓ any additional steps necessary to enforce recovery; and
 - ✓ terminate collection action, as appropriate.
- Will handle debtor inquiries on amounts due during the time period that FMS holds the account information. In the event that a referred debtor disputes the validity of the debt or any terms and conditions related to any debt not reduced to judgment, FMS may return the disputed debt to DOI for its determination of debt validity.
- Will provide DOI with status reports on all collection activities. These reports will be sufficiently detailed for DOI to update its files and reconcile its accounts.
- Will provide DOI with a complete accounting of all service charges and fees, as requested by DOI and refund to DOI any fees erroneously paid to FMS. However, FMS may elect not to refund amounts less than \$10.
- Understands that DOI's Inspector General continues to serve as the oversight authority over DOI's activities and agrees to promptly respond to all requests for information from the DOI Inspector General.

- Will provide DOI with any information necessary (and in its possession) for DOI to respond to Congressional inquiries resulting from FMS's collection efforts.
- will return account information for delinquent debts whose return is requested by DOI or which are closed out by FMS.
- will credit payments (less service fees and charges) to the appropriate ALC via OPAC.

Any disputes resulting from the debt collection services provided by FMS to DOI will be referred to Victoria I. McDowell, Director, Debt Management Services/FMS, and R. Schuyler Leshner, or their respective designees, for resolution. To the extent statutory or regulatory provisions conflict with the terms of this letter, the requirements of the statutes and regulations will prevail.

Please acknowledge DOI's agreement to the terms of this letter by signing below.

Sincerely,

Victoria I. McDowell, Director
Debt Management Services

R. Schuyler Leshner
Department of the Interior
1849 C Street NW MS 5412
Washington, DC 20240

Enclosures

I have read and understand the terms and conditions contained herein and agree, on behalf of the DOI, to be bound by them.

/s/ Robert E. Brown

JUL 9 1997

Signature

Date



COMMISSIONER

DEPARTMENT OF THE TREASURY
FINANCIAL MANAGEMENT SERVICE
WASHINGTON, D.C. 20227

April 25, 2002

Ms. Lucy Querques Denett
Acting Director
Minerals Management Service
U.S. Department of the Interior
Washington, DC 20240

Dear Ms. Denett:

In your March 7, 2002, letter you stated that one of the adverse consequences of the court ordered shutdown of your Financial System was Minerals Management Service's (MMS) inability to refer debts to the Department of the Treasury (Treasury) for collection as required by the Debt Collection Improvement Act of 1996 (DCIA). You requested concurrence to cease referring delinquent debt to Treasury until the MMS Financial Systems were restored.

Per a discussion between Kenneth Vogel (MMS) and Richard Harris (Financial Management Service (FMS), Debt Management Services, Business and Agency Liaison Division), your Financial System is once again operational and MMS is able to refer debts. This is in accordance with your March 7 letter which states that "[w]hen the Financial System is restored, the MMS will resume its collection process and resume referring debt to the Treasury."

FMS is currently working with the Department of the Interior to identify debts that are eligible for referral to Treasury for offset and cross-servicing, as required by the DCIA. FMS' Agency Liaison and Reporting Branch will be contacting your staff to assist you in reaching your established referral goals for FY 2002.

If you have any questions or need further assistance, please do not hesitate to contact Dean Balamaci, Director, Business and Agency Liaison Division, 401 14th Street, SW, Room 444, Washington, DC 20227; or call (202) 874-6660.

Sincerely,

Richard L. Gregg

DATE OF DATAFAX	TRIBAL 14X6803	ALASKA NATIVE 14X6140	ALLOTTED 14X6039	DAILY TOTAL	IDD NO.
5/2/2002	49,982.45	0.00	116,549.30	166,531.75	1115-1137
5/3/2002	127,257.49	0.00	(86,573.96)	40,683.53	1138-1156
5/6/2002	7,616.66	0.00	5,720.81	13,337.47	1157-1165
5/7/2002	5,685.20	0.00	39,754.23	45,439.43	1166-1179
5/8/2002				0.00	
5/9/2002				0.00	
5/10/2002				0.00	
5/13/2002				0.00	
5/14/2002				0.00	
5/15/2002				0.00	
5/16/2002				0.00	
5/17/2002				0.00	
5/20/2002				0.00	
5/21/2002				0.00	
5/22/2002				0.00	
5/23/2002				0.00	
5/24/2002				0.00	
5/28/2002				0.00	
5/29/2002				0.00	
5/30/2002				0.00	
5/31/2002				0.00	
6/3/2002				0.00	
	190,541.80	0.00	75,450.38	265,992.18	



United States Department of the Interior



MINERALS MANAGEMENT SERVICE

Minerals Revenue Management

P.O. Box 25165

Denver, Colorado 80225-0165

MAR 12 2002

MMS/AS/MS 350B1

Subject: Estimated Payments to States and Delay of Explanation of Payments Reports

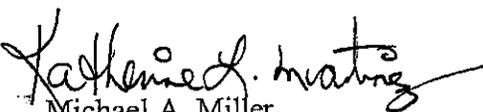
Dear State:

To comply with court orders issued as part of the Cobell, et al. v. Norton, et al., (Case No. 96CV1285, D.D.C.) litigation, the Department of the Interior disconnected from the Internet all information technology systems and computers that housed or provided access to individual Indian trust data. The Minerals Management Service's (MMS) Minerals Revenue Management financial system and all of its Internet interfaces were shut down on December 6, 2001. The majority of mineral revenue payors routinely submit reports electronically to MMS. As a result of the shut down, MMS is currently unable to receive or process Report of Sales and Royalty Remittance (Form MMS-2014) data; however, the MMS does continue to receive and deposit mineral revenue receipts. The MMS calculated and disbursed estimated payments to States in December 2001, January, and February 2002. Disbursements were made to those states whose estimated payment exceeded \$100,000 for one or more fund codes within the State (Enclosure 1).

Due to the system shut down and inability to process Form MMS-2014 data, the MRM is currently unable to provide the Explanation of Payments reports. When the financial system is reinstated, MMS will resume its automated mineral revenue accounting processes and resume providing monthly disbursements and detailed Explanation of Payments reports to the States in a timely manner. We appreciate your patience and your continued cooperation during this time.

The MMS will post a notice on <http://www.mrm.mms.gov> when the financial system is reinstated. Please check this website periodically or call us for current information. Please contact Katherine Martinez, Accounting Services Manager, at 303-231-3042 or Mark Prouhet, Accounts Payable Team Supervisor, at 303-231-3444 if you have any questions regarding this issue.

Sincerely,


Acting Michael A. Miller
Chief, Financial Management

Enclosure



<u>STATE</u>	<u>Fund Code</u>	<u>Treasury Symbol</u>	<u>Estimated Payments</u>			<u>Total</u>
			<u>December</u>	<u>January</u>	<u>February</u>	
Alabama	803	14X6707	760,000.00	321,000.00	514,000.00	1,595,000.00
Alaska	801	14X5003	366,000.00	224,000.00	359,000.00	949,000.00
Alaska	917	14X5003.AK	117,000.00	0.00	108,000.00	225,000.00
California	801	14X5003	1,472,000.00	643,000.00	1,029,000.00	3,144,000.00
California	803	14X6707	176,000.00	0.00	137,000.00	313,000.00
Colorado	801	14X5003	3,930,000.00	1,784,000.00	2,854,000.00	8,568,000.00
Idaho	801	14X5003	223,000.00	0.00	132,000.00	355,000.00
Kansas	801	14X5003	118,000.00	0.00	0.00	118,000.00
Louisiana	803	14X6707	1,411,000.00	638,000.00	1,021,000.00	3,070,000.00
Montana	801	14X5003	2,192,000.00	1,024,000.00	1,638,000.00	4,854,000.00
Nevada	801	14X5003	380,000.00	168,000.00	268,000.00	816,000.00
New Mexico	801	14X5003	19,962,000.00	9,835,000.00	15,736,000.00	45,533,000.00
North Dakota	801	14X5003	330,000.00	157,000.00	251,000.00	738,000.00
Oklahoma	801	14X5003	126,000.00	0.00	0.00	126,000.00
Texas	805	14X5243	144,000.00	0.00	106,000.00	250,000.00
Texas	803	14X6707	939,000.00	370,000.00	593,000.00	1,902,000.00
Utah	801	14X5003	2,995,000.00	1,205,000.00	1,927,000.00	6,127,000.00
Washington	801	14X5003	132,000.00	0.00	0.00	132,000.00
Wyoming	801	14X5003	23,562,000.00	11,375,000.00	46,179,646.50	81,116,646.50
Total			59,335,000.00	27,744,000.00	72,852,646.50	159,931,646.50



United States Department of the Interior



MINERALS MANAGEMENT SERVICE
Minerals Revenue Management
P.O. Box 25165
Denver, Colorado 80225-0165

MMS/FM
Mail Stop 350B1

MAR 19 2002

Subject: Delay of Mineral Lease Data

Dear Tribe:

To comply with court orders issued as part of the Cobell, et al. v. Norton, et al., (Case No. 96CV1285, D.D.C.) litigation, the Department of the Interior disconnected from the Internet all information technology systems and computers that housed or provided access to individual Indian trust data. The Minerals Management Service's (MMS) Minerals Revenue Management financial system and all of its Internet interfaces were shut down on December 6, 2001. The majority of mineral revenue payors routinely submit reports electronically to MMS. As a result of the shut down, MMS is currently unable to receive or process Report of Sales and Royalty Remittance (Form MMS-2014) data; however, the MMS does continue to receive and deposit Indian mineral revenue receipts with the U.S. Treasury.

Due to the system shut down and inability to process Form MMS-2014 data, the MRM is currently unable to provide mineral revenue lease data to tribes or the Bureau of Indian Affairs. When the financial system is reinstated, MMS will resume its automated mineral revenue accounting processes and provide mineral revenue lease data to tribes and BIA for further disbursement of individual Indian revenue to owners. We appreciate your patience and your continued cooperation during this time.

The MMS will post a notice on <http://www.mrm.mms.gov> when the MRM financial system is reinstated. Please check this website periodically or call us for current information.



FM Chilton

bcc: MRM File
FM Chron
AS Chron

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United States Department of the Interior

MINERALS MANAGEMENT SERVICE
Washington, DC 20240



FM/RS
Mail Stop 357B1

MAR 20 2002

Dear Reporter:

Subject: Notice – System Functionality Restored

The Minerals Management Service's automated financial accounting system and electronic reporting web sites are now operational. As you may be aware, the Department of the Interior's automated systems have been shut down since December 6, 2001, by a Federal court order related to the *Cobell v. Norton* litigation. This action has delayed submission of electronic royalty and production reports.

Late Payment Interest

If you submitted your payments by their normal due date during this shutdown of electronic services, you will not owe any late payment interest. If you have not submitted payments that were due during the shutdown period, please do so immediately. Late payment interest may be assessed on these late payments.

Electronic Reports

- Submission of electronic royalty and production reports to our electronic commerce provider, Peregrine Corporation, can now resume. Please immediately submit all reports that were held during the shutdown period. Late reporting penalties (which should not be confused with late payment interest discussed above) will not be assessed on these reports.
- Information regarding electronic reporting can be found at:

<http://www.mrm.mms.gov/Reporting Services/ElecComm/ECInfo.htm>.

- If you have difficulty transmitting your electronic reports, contact Peregrine's technical Customer Service Support at 800-406-6056.

We apologize for any inconvenience this shutdown has caused and we appreciate your patience and support as we resume normal operations. If you have any questions regarding this matter, please call 800-525-9167, 800-525-0309, or 800-525-7922.

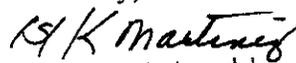
Sincerely,
Original signed by
Michael A. Miller

Michael A. Miller
Chief, Financial Management

EmcHren

Please contact Katherine Martinez, Accounting Services Manager, at 303-231-3042 or Mark Prouhet, Accounts Payable Team Supervisor, at 303-231-3444 if you have any questions regarding this issue.

Sincerely,



Original signed
Michael A. Miller



Michael A. Miller
Chief, Financial Management

cc: Mr. Douglas Lords
Director, Office of Trust Fund Management,
Office of the Special Trustee
505 Marquette NW, Suite 1000
Albuquerque, NM 87102

Mr. Terrance Virden
Director, Office of Trust Responsibilities,
Bureau of Indian Affairs
1849 C St. NW, MS 4513-MIB
Washington, DC 20240

bc: MRM File
FM Chron
AS Chron
FM/AS-Martinez

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doc



**U.S. Department of the Interior
Minerals Management Service
Office of Public Affairs**

For Release: March 22, 2002

Nicolette Humphries (202)208-3985
Michael L. Baugher (303)231-3162

MMS Approved to Restore Systems, Connect to Internet

The U.S. Department of the Interior's Minerals Management Service is pleased to report that the agency has been granted permission to restore its computer systems, reestablish Internet connections and resume operations.

"Resuming operation of our core accounting systems will enable the MMS to receive and process mineral revenue reports and payments, and conduct its full range of related financial services for mineral revenue recipients and other program beneficiaries," explained MMS Director Johnnie Burton.

Ms. Burton, who was sworn in as Director only last week, stated "We're back in business! Customers will be able to submit royalty and production reports to MMS via our contractor, Peregrine Corporation."

"Not only will we reestablish actual working relations with our customers, we will have the convenience of email communications with those outside our agency. We will also have Internet access for informational purposes, including public access to our website and our own ability to search external websites."

MMS is contacting companies to advise them to resume submission of royalty and production reports to MMS's electronic commerce provider, Peregrine Corporation. Peregrine can be reached by telephone at (800) 406-6056.

Information regarding electronic reporting can be obtained from the MMS by calling (800) 525-9167.

MMS is the federal agency that manages the Nation's oil, natural gas and other mineral resources on the Outer Continental Shelf in federal offshore waters. The agency also collects, accounts for and disburses mineral revenues from federal and Indian leases. These revenues totaled nearly \$10 billion in 2001 and more than \$120 billion since the agency was created in 1982. Annually, nearly \$1 billion from those revenues go into the Land and Water Conservation Fund for the acquisition and development of state and federal park and recreation lands.

--MMS-20 Years of Service to America--

MMS/AS/MS 350B1

Mr. Scott Kon
Financial Management Service
Department of the Treasury
P.O. Box 2451
Birmingham, Alabama 35201

MAR 28 2002

Dear Mr. Kon:

This is to confirm your March 14, 2002, telephone conversation with Mr. Greg Kann regarding the Minerals Management Service's (MMS) inability to submit the second quarter Treasury Report on Receivables Due From the Public (TROR) for 14179000.

To comply with court orders issued as part of the Cobell, et al. v. Norton, et al., (Case No. 96CV1285, D.D.C.) litigation, the Department of the Interior disconnected from the Internet all information technology systems and computers that housed or provided access to individual Indian trust data. The MMS's Minerals Revenue Management (MRM) financial system and all of its Internet interfaces were shut down on December 6, 2001. The majority of mineral revenue payors routinely submit reports electronically to MMS. As a result of the shut down, MMS is currently unable to receive or process Report of Sales and Royalty Remittance (Form MMS-2014) or accounts receivable data; however, the MMS does continue to receive and deposit mineral revenue receipts.

Due to the system shut down and inability to process Form MMS-2014 or accounts receivable data, the MRM is currently unable to provide the TROR reports. When the financial system is reinstated, MMS will resume its automated mineral revenue accounting processes and resume providing quarterly TROR reports in a timely manner. We appreciate your patience and your continued cooperation during this time.

Please contact Ms. Katherine Martinez, Accounting Services Manager, at 303-231-3042 or Mr. Greg Kann, General Ledger Team Supervisor, at 303-231-3085 if you have any questions regarding this issue.

Sincerely,
Original signed by
Michael A. Miller
Michael A. Miller
Chief, Financial Management

bc: MRM File
FM Chron
AS Chron
FM/AS-Martinez

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S/Staff/Kann/TRORLettertoTreas032002.doc:

Ed. 04.



United States Department of the Interior

MINERALS MANAGEMENT SERVICE
Washington, DC 20240



APR 19 2002

Dear Governor and Treasurer:

In an effort to provide information concerning the impacts of the court-ordered shutdown on the Minerals Management Service's systems, we are providing this progress update.

On December 6, 2001, a shutdown from the Internet was effected to comply with court orders issued as part of the Cobell, et al. v. Norton, et al., litigation. On March 20, 2002, the order was lifted, and Minerals Revenue Management was able to begin receiving and processing royalty reports on March 22, 2002.

This shutdown has been difficult for everyone -- States, counties, school districts, Indian allottees and tribes, other revenue recipients. We are committed to doing everything possible to ensure a timely reconciliation of payments and restoration of the Explanation of Payments to you. We appreciate your patience and your continued cooperation during this time.

The MMS has evaluated all viable options to mitigate the effects of the shutdown to as many of its customers as possible. Estimated disbursements were made monthly from December 2001 through March 2002 (please see Enclosure 1 for details). During the recovery period, we will continue to make estimated payments to States at least through May.

The DOI has committed to the court to focus MMS' resources on getting the Indian mineral revenue stream back on track as soon as possible. To this end, we are working diligently to reduce the Indian backlog expeditiously and believe that we will make substantial progress in distributing the backlogged Indian revenue by the end of May.

Recovering from a four-month shutdown as well as processing current month workload simultaneously will be incredibly difficult. Adding to the difficulty is the fact that a substantial part of a new computer system entailing new business processes had been brought up and used for the first time the month previous to the shutdown. This was an unstable system at the time of the shutdown; it still is.



J.M. Chan

There is much to be done and again, we are asking for your understanding. We are committed to do the best we can to get to a stable environment as quickly as our resources will permit.

Please check our website at <http://www.mrm.mms.gov> for current information during this recovery period. Also, if you have any questions concerning your payments, please call Katherine Martinez, Accounting Services Manager, at 303-231-3042.

Sincerely,

A handwritten signature in black ink, appearing to read "Johmie Burton". The signature is written in a cursive, flowing style with a long horizontal stroke at the end.

R. M. "Johmie" Burton
Director

Enclosure

STATE	Fund Code	Estimates				Estimated Total
		December	January	February	March	
Alabama	803	760,000.00	321,000.00	514,000.00	417,000.00	2,012,000.00
	805				23,000.00	23,000.00
Alaska	801	366,000.00	224,000.00	359,000.00	291,000.00	1,240,000.00
	803				133,000.00	133,000.00
	917	117,000.00	0.00	108,000.00	155,000.00	380,000.00
Arkansas	801				222,000.00	222,000.00
California	801	1,472,000.00	643,000.00	1,029,000.00	836,000.00	3,980,000.00
	803	176,000.00	0.00	137,000.00	196,000.00	509,000.00
Colorado	801	3,930,000.00	1,784,000.00	2,854,000.00	2,319,000.00	10,887,000.00
Idaho	801	223,000.00	0.00	132,000.00	189,000.00	544,000.00
Kansas	801	118,000.00	0.00	0.00	235,000.00	353,000.00
Louisiana	801				184,000.00	184,000.00
	803	1,411,000.00	638,000.00	1,021,000.00	830,000.00	3,900,000.00
Michigan	801				27,000.00	27,000.00
Mississippi	803				97,000.00	97,000.00
	805				80,000.00	80,000.00
Missouri	805				111,000.00	111,000.00
Montana	801	2,192,000.00	1,024,000.00	1,638,000.00	1,331,000.00	6,185,000.00
Nevada	801	380,000.00	168,000.00	268,000.00	218,000.00	1,034,000.00
New Mexico	801	19,962,000.00	9,835,000.00	15,736,000.00	17,414,968.00	62,947,968.00
N. Dakota	801	330,000.00	157,000.00	251,000.00	204,000.00	942,000.00
Oklahoma	801	126,000.00	0.00	0.00	183,000.00	309,000.00
S. Dakota	801				92,000.00	92,000.00
Texas	801				77,000.00	77,000.00
	805	144,000.00	0.00	106,000.00	152,000.00	402,000.00
	803	939,000.00	370,000.00	593,000.00	482,000.00	2,384,000.00
Utah	801	2,995,000.00	1,205,000.00	1,927,000.00	1,566,000.00	7,693,000.00
Washington	801	132,000.00	0.00	0.00	141,000.00	273,000.00
W. Virginia	837				22,000.00	22,000.00
Wyoming	801	23,562,000.00	11,375,000.00	46,179,000.00	14,788,000.00	95,904,000.00
						0.00
Total		59,335,000.00	27,744,000.00	72,852,000.00	43,015,968.00	202,946,968.00



COMMISSIONER

DEPARTMENT OF THE TREASURY
FINANCIAL MANAGEMENT SERVICE
WASHINGTON, D.C. 20227

April 25, 2002

Ms. Lucy Querques Denett
Acting Director
Minerals Management Service
U.S. Department of the Interior
Washington, DC 20240

Dear Ms. Denett:

In your March 7, 2002, letter you stated that one of the adverse consequences of the court ordered shutdown of your Financial System was Minerals Management Service's (MMS) inability to refer debts to the Department of the Treasury (Treasury) for collection as required by the Debt Collection Improvement Act of 1996 (DCIA). You requested concurrence to cease referring delinquent debt to Treasury until the MMS Financial Systems were restored.

Per a discussion between Kenneth Vogel (MMS) and Richard Harris (Financial Management Service (FMS), Debt Management Services, Business and Agency Liaison Division), your Financial System is once again operational and MMS is able to refer debts. This is in accordance with your March 7 letter which states that "[w]hen the Financial System is restored, the MMS will resume its collection process and resume referring debt to the Treasury."

FMS is currently working with the Department of the Interior to identify debts that are eligible for referral to Treasury for offset and cross-servicing, as required by the DCIA. FMS' Agency Liaison and Reporting Branch will be contacting your staff to assist you in reaching your established referral goals for FY 2002.

If you have any questions or need further assistance, please do not hesitate to contact Dean Balamaci, Director, Business and Agency Liaison Division, 401 14th Street, SW, Room 444, Washington, DC 20227; or call (202) 874-6660.

Sincerely,

Richard L. Gregg

DATE OF DATAFAX	TRIBAL 14X6803	ALASKA NATIVE 14X6140	ALLOTTED 14X6039	DAILY TOTAL	IDD NO.
5/2/2002	49,982.45	0.00	116,549.30	166,531.75	1115-1137
5/3/2002	127,257.49	0.00	(86,573.96)	40,683.53	1138-1156
5/6/2002	7,616.66	0.00	5,720.81	13,337.47	1157-1165
5/7/2002	5,685.20	0.00	39,754.23	45,439.43	1166-1179
5/8/2002				0.00	
5/9/2002				0.00	
5/10/2002				0.00	
5/13/2002				0.00	
5/14/2002				0.00	
5/15/2002				0.00	
5/16/2002				0.00	
5/17/2002				0.00	
5/20/2002				0.00	
5/21/2002				0.00	
5/22/2002				0.00	
5/23/2002				0.00	
5/24/2002				0.00	
5/28/2002				0.00	
5/29/2002				0.00	
5/30/2002				0.00	
5/31/2002				0.00	
6/3/2002				0.00	
	190,541.80	0.00	75,450.38	265,992.18	



United States Department of the Interior

MINERALS MANAGEMENT SERVICE
Washington, DC 20240



JUL 16 2002

Dear Governor:

Dear Treasurer:

I would like to take this opportunity to bring you up to date on the Minerals Management Service's (MMS) progress to eliminate the backlog of mineral revenue reporting and distribution of revenues due to the court-ordered Internet connection shutdown. I am pleased to inform you that MMS has made significant progress in recovering from the court-ordered system shutdown, which prevented MMS from providing detailed supporting mineral revenue data along with accurate mineral revenue payments to states for several months. As you know, the MMS made estimated payments to the states from December 2001 to June 2002 to minimize the disruption of mineral revenue to states. With the progress we have made these past 4 months, MMS anticipates that it will complete the reconciliation process by September 2002.

We are working diligently to provide the states with both mineral revenue payments owed to them as well as detailed information about those payments. To date:

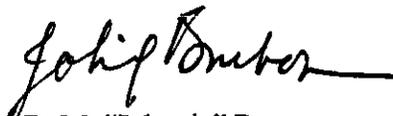
- We have provided states with monthly estimated payments to approximate, to the best of our ability, the revenue states would have received without the system shutdown.
- The MMS is reconciling the state estimated payments to the mineral revenue data processed since the system was restored. As a result, MMS has reconciled \$288 million, or 90 percent, of the total \$327 million estimated payments made to states from December 2001 to May 2002. In addition, any overpayments due to estimates will be collected via offset, and any late amounts due to states will be paid with interest.
- States were provided with mineral revenue distribution data that included details from actual reported royalty information for the estimated payments made from December 2001 to May 2002.



Effective with the October state disbursement cycle, MMS anticipates that estimated payments will no longer be necessary and we will disburse mineral revenues to states with supporting explanation of payment reports on a monthly basis.

I appreciate your patience and continued cooperation during this time. Please call me at 202-208-3500 if you need any additional information.

Sincerely,

A handwritten signature in black ink, appearing to read "Johnnie Burton", with a long horizontal flourish extending to the right.

R. M. "Johnnie" Burton
Director

Issue: What steps would be necessary to accomplish an offline estimated Federal distribution to the State recipients?

December

1. Calculate an average disbursement amount for each distributee code in each State based on the last four Federal distributions (i.e., August, September, October and November 2001).
 - Eliminate identified significant anomalies (e.g., lease sale bonuses and settlement amounts) from the calculation.

NOTE: The last four months were used to lessen the effect of price reductions and increases, to include summer and fall production months, and to include months prior to and after implementation of the new financial system.
2. Multiply each State amount by 75%.
3. Eliminate any State totals that are less than 100,000 in any given distributee code.
4. Round the amounts to the nearest \$1000 and create an 1166 for the resulting totals.
5. Provide the 1166 to G/L to be input for payment.
6. Do not run a Federal distribution process through the system for December.

NOTE: This means other Federal Agencies and the General Fund will not be paid in December.
7. Send no EOPs for December but do send a letter explaining that the payment is an estimate and that actuals will appear on January's EOP.

January

1. Run a system-generated month-end Federal distribution.

NOTE: This distribution will automatically include the actual amounts for December and will reflect an excessive amount of interest for the December disbursement because nearly all of the December amounts will be considered late by the system.
2. In order to eliminate the excessive interest amounts calculated by the system, manually incorporate the estimated December payments into the principal amounts used by the system to calculate LDI as follows:
 - In each State, divide the estimated payment amount among the principal amounts starting with the most delinquent. Reduce the number of days late for each principal amount that can be covered by the estimated payment by the number of days since the estimated payment was made. Manually recalculate the interest due.
3. Create an 1166 from the January Vouchered ZDF615 report.
4. Subtract the estimate amounts paid to each State in December for each Distributee Code from the 1166 amounts including a reduction of the amount of interest due.
5. Provide the 1166 to G/L to be input for payment.
6. Post the system-generated EOPs on BRIO but send an explanation to the States that the amounts reflected on the reports are the sum of the estimated payment in December and the January payment.

Potential Problems

1. The estimates could be significantly incorrect. In the event we overpay a State or a Distributee Code within a State, it will be necessary to manually track and recoup the overpayment against future revenues.
2. Reconciling the EOPs (inaccurate in November) will be even more difficult in January.
3. States due less than \$100,000 will not receive a payment in December.
4. The EOPs required by law will be one month late for December.
5. The Payable Detail Line table will include interest lines that will never disburse.

Receipt Date for 2014's Once the System comes back up

Background:

Due to the system shut down, MRM has documents in various stages of receipt.

- Documents that were received prior to the shut down on December 6, 2001, but not yet processed.
- Paper documents that have been keyed, but not loaded into the system.
- X12 files that have been received via the VAN.
- Electronic reports that customers have been unable to send to Peregrin.

Once the system is turned back on, a determination needed to be made of what date to use as the receipt date for these documents.

The document receipt date is important to various areas:

1. Royalty error correction – estimate lines will reject if they are received outside the normal reporting period (November estimate lines must be received by the end of December; December estimate lines must be received by the end of January; etc.).
2. Late disbursement interest to States is calculated using the later of the payment receipt date or the document receipt date.
3. Interest EP – insufficient/over-sufficient estimate interest is based on the receipt date of the document (the report must be received in a certain “window” to get the benefit of the estimate, and for insufficient estimates the interest charge stops at the receipt date of the report). For late payment interest, the receipt date is important because customer reporting outside a certain “window”, are not allowed the extended due date.
4. IOR EP – reports received in one reporting month are grouped together for analysis of over-recoupments.

Discussion:

The major topic of discussion dealt with the electronic reports that have not been sent to Peregrin. For the first three categories of documents, the actual document receipt date is known and will be entered into the system. There was not a lot of discussion on these documents as everyone agreed to use the actual document receipt date.

For electronic documents, the following receipt date options were discussed:

1. Using December 31, 2001, for all documents.
2. Using January 1, 2002, for all documents.

3. Using the actual receipt date of the document. This would be the date MRM receives the document from Peregrin after the system is turned back on.

Pros and cons of each option were discussed.

1. Using December 31, 2001, causes problems for AS because late disbursement interest will be calculated incorrectly. Late disbursement interest to States is calculated based on the later of the payment receipt date or the royalty receipt date. If we received the payment in December (which we did for many customers) and we date the document as being received in December, then late disbursement interest calculates starting February 1, 2002. Since the system does not know we did a manual distribution to States, the system will improperly calculate late disbursement interest.
2. Using January 1, 2002, became a problem for AS when distribution by the end of February became doubtful. This date does not help FS since this would put October sales month reporting outside the estimate window and therefore estimate interest and late payment interest would be incorrect (without December reports, any customer with an estimate would be paid interest on their estimate balance since their estimate appears to be over-sufficient; when late payment runs, the customers will be billed too much since they will not receive the extended estimate due date).
3. Using any date other than the actual receipt date distorts the correct financial picture. MRM was not processing documents during the shut down, so how can documents be dated as received.
4. Using the actual receipt date does not distort the system and is more accurate, does not affect AS as far as late disbursement interest, affects RS in that estimate lines will reject, and FS for interest calculations.

Based on the above, a decision was made to use the actual receipt date of the document.

Workload effects

By using the actual receipt date of these documents, the workload of FM employees will be effected in these areas: Suggested rewrite follows

- 1) AS – late disbursement interest. The system will calculate late disbursement interest based on correct document/payment receipt dates. No additional workload for AS in regard to late disbursement interest with the actual receipt date. Since MRM did manual distributions to States these amounts will need to be manually deducted from the current disbursement process and late disbursement calculations will need to be reviewed and adjusted. There is one area for concern – when the system comes up, there will be a large volume of documents and payments to process. If all of the documents are not cleared and money applied in time for distribution within 30 days,

the system will calculate late disbursement interest. Given the extreme backlog, it is very possible we will not get everything done to achieve a timely distribution. Another estimated payment may be necessary until the backlogs of payments/documents are manageable.

- 2) AS – late disbursement interest. The system will not calculate any late disbursement interest since the receipt date is so late in the process. Therefore there is no additional workload for AS in regard to late disbursement interest. Since MRM did manual distributions to States, there is a good argument against having any late disbursement interest. There is one area for concern – when the system comes up, there will be a large volume of documents and payments to process. If all of the documents are not cleared and money applied in time for distribution within 30 days, the system will calculate late disbursement interest. Given the extreme backlog, it is very possible we will not get everything done to achieve a timely distribution. Will this be something we want to pay or to recalculate since the system shut down was not our fault?
- 3) RS – rejected estimate lines. Estimate lines will reject if they are received more than one month after the sales date listed on the 2014. RS employees can manually override this error.
- 4) FS – interest. All interest calculations will be incorrect. When the month of December is run for estimate interest (October sales month), there will be very few reports and thus the Federal over-sufficient estimate calculation will pay most customers for their estimate balance. When the month of January is run for late payment (November sales with estimates), late payment interest will not take into account any estimate since the estimate window is already past. Therefore, we will charge customers late payment interest from January 1st rather than February 1st which will result in too much interest being billed.
- 5) FS – IOR. All lines accepted in one processing month will be grouped together and reviewed for over-recoupment. If we come up in February, documents for December, January, and maybe February will be sent in and processed in the same month. Individual months may have been over-recouped but when combined with the other months, there may be no over-recoupment. This is probably all right since the revenues to the Indians for that month will be for everything that cleared so the over-recoupment module must look at all this revenue. It should be noted that some tribes or allottees could complain that each report month should have been treated separately and the payors should be required to repay any overpayments and establish a recoupable balance.

System assistance

System changes that could alleviate these manual problems:

- 1) AS – late disbursement interest. No system changes needed for this issue. Will be resolved manually.
- 2) RS – rejected estimate lines. RS employees believe the workload is manageable without any code changes. There are very few lines reporting estimate changes. RS can manually over-ride the errors on the lines that reject because the receipt date is over one month later than the sales date. System changes such as changing the edit to warning versus fatal or changing the logic to open up the report period versus looking at a one month difference were determined not to be cost effective.
- 3) FS - interest. The estimate interest process could be altered to change the estimate window from the second month to several months out for the months when the system was down. Therefore, the December estimate process would take into account the reports received once the system is turned on.

For example, if the system comes up in February, the code could be changed for the months we are down and if the sales date outside these months, the existing code is used. In this way, instead of looking at an estimate window of the sales date plus 2 months (October sales must be reported in December), the code could say for the sales month of October 2001, the estimate window is the sales date plus 4 months (October sales now must be reported by the end of February). For the month of November 2001, the estimate window would be the sales date plus 3 months. As long as we come up in February, the December sales do not need any code changes since they will work like the system is currently coded (the estimate window is December plus 2 months, February).

For Indian reporting, the current coding works since it looks at first time reporting. Since most of the documents coming after the system is turned on will be first time reporting, the lines will be grouped by sales month and compared to the estimate for the insufficient calculation.

The current logic will also hold for cutting off the insufficient estimate interest at the earlier date of the end of the month or the receipt date of the document. For the months when we were down, insufficient estimate interest will be charged until the end of the month.

- 4) FS – interest. The late payment interest process could also be altered to accept an extended due date for all leases with an estimate and a sales month of October 2001 through the month we come up minus 2 months (e.g., we come up in February, October 2001 through February 2002 minus 2 months or December 2001) regardless of when the report came in. In this way for any document that is received by the end of February, the extended due date is given for leases with estimates. Therefore, October sales that are paid in December will not be considered late even though the report came in after December. The same will be true for November sales that are paid in January. Customers that did not pay in the correct month will still be given the extended due date but will be charged for the days after the extended period

(October sales on leases having an estimate that are paid January 15th will be charged late payment interest from January 1st – January 15th).

5) FS – IOR. No system changes are needed for this issue.

Downsides to this approach

Cost to modify the interest process. However, since we are still in testing and still modifying the interest process, this change should be minimal as we do not think the code changes are significant. Additionally, the time and cost to manually calculate and correct the interest would be prohibitive.

Customers who never intended to report on time will be given the extended due date for late payment interest. However, there is no way to determine who intentionally reported late versus those that were affected by the shut down. Also, the effect is minimal given the fact that if the customer had not reported on time, we would have paid over-sufficient estimate interest and then charged for one more month of late payment interest. The net effect of this is a 1-percentage point interest difference in the government's favor but this is a small difference.

Estimated Payments to States

December 2001 – July 2002

December – Estimated based on the actual distribution amounts for the months of August, September, and October 2001 taking 90% of the average actual distributions over that period.

January – Estimated based on the actual distributions for the months of September, October, and November 2001 taking 50% of the average actual distributions over that period. The estimate percentage dropped because actual Federal receipts dropped by that amount from October to December.

February – Estimated based on the actual Federal receipts in January using the average State share percentage of Federal receipts throughout all of FY 2001. On average, States received 10% of all Federal receipts during FY 2001. 10% of the January 2002 actual Federal receipts equated to 80% of the average actual distributions for the months of September, October, and November 2001.

March – Estimated based on the actual Federal receipts in February using the average State share percentage of Federal receipts throughout all of FY 2001. 10% of the February 2002 actual receipts equated to 65% of the September, October, and November 2001 average actual distributions.

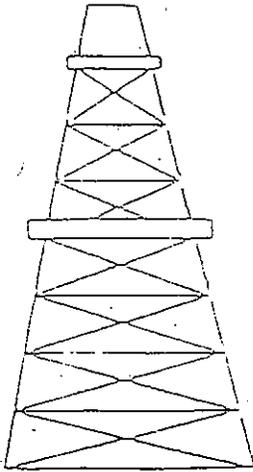
April - Estimated based on actual Federal receipts in March using the average State share % of Federal receipts throughout all of FY 2001. 10% of the March 2002 actual receipts equated to 63% of the Sept, Oct, and Nov 2001 average actual distributions.

May - Estimated based on actual Federal receipts in April using the average State share % of Federal receipts throughout all of FY 2001. 10% of the April 2002 actual receipts equated to 72% of the Sept, Oct, and Nov 2001 average actual distributions.

June – Using the same methodology and May's actual Federal receipts, 10% of the May 2002 actual receipts equated to 79% of the Sep, Oct, and Nov 2001 average actual distributions. For those States that received actual distribution amounts for this month (i.e., the estimate balances paid earlier had been recouped) we paid no estimate or a partial estimate. (Of the \$44.8 million estimate calculated, we paid \$42.1 million.)

July - Using the same methodology and June's actual Federal receipts, 10% of the June 2002 actual receipts equated to 87% of the Sep, Oct, and Nov 2001 average actual distributions. However, at this point, we had recouped most of the States' previously paid estimate balances and, as a result of the July Federal distribution process, would pay \$39 million in actual amounts. We analyzed the individual States' receipts from the distribution file and based on that analysis and, to keep distributions at a consistent level, we distributed an additional \$9.8 million in estimates for a total July distribution of \$48.8 million.

August – No estimates paid.



MINERALS MANAGEMENT SERVICE
ROYALTY MANAGEMENT PROGRAM
ROYALTY ACCOUNTING DIVISION
P.O. BOX 25165 - MS 3130
DENVER, COLORADO 80225

Transmission Number: (303) 231-3711

To: Triscilla Taylor

Agency/Phone Solicitor's Office

FAX Number: (202) 208-1505

From: Mark Proust

This document has 2 page(s), including the cover sheet.

Date: 4/20/04 Time: 1:30

Notes: I believe this is the paper you referenced?

Mark