

United States (Gulf of Mexico)



The Resource Governance Index (RGI) measures the quality of governance in the oil, gas and mining sector of 58 countries. Learn more and explore findings at www.revenuewatch.org/rgi.

Background

With a federal system and multiple regulatory agencies, the legal and fiscal arrangements governing petroleum and mineral resources in the United States are complex. For this reason, the RGI has focused on petroleum extraction in the Gulf of Mexico, where 23 percent of U.S. crude oil is produced. The region is of

United States	2000	2005	2011
Population (million)	282.16	295.52	311.59
GDP (constant 2011 international \$ billion)	12,635.7	14,228.1	14,991.3
GDP per capita, PPP (constant 2005 international \$)	39,545	42,516	42,486
Oil and gas revenue (% total government revenue)	...	0%	0%
Extractive exports (% total exports)	4%	6%	14%

SOURCES: Oil and gas revenue as share of total government revenue from the Economist Intelligence Unit and the International Monetary Fund. All other data from the World Bank.

special concern following the 2010 BP oil spill, which exposed critical gaps in federal government oversight.

United States' Performance on the RGI

The U.S. received a "satisfactory" score of 92, ranking 2nd out of 58 countries. While the petroleum industry is frequently a topic of politicized debate, the U.S. scored well on all components.

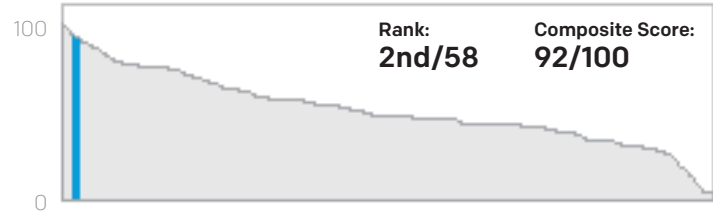
Institutional and Legal Setting

(Rank: 2nd/58 Score: 88/100)

The U.S. has a detailed regulatory framework governing petroleum extraction in the Gulf of Mexico. Although its systems of revenue collection are particularly complex, it earned a "satisfactory" score of 88.

In 2010 the U.S. Department of the Interior's Minerals Management Service (MMS) was divided into three new regulatory bodies: the Bureau of Ocean Energy Management (BOEM), the Bureau of Safety and Environmental Enforcement (BSEE), and the Office of Natural Resources Revenue (ONRR).

A percentage of revenues accruing from federal offshore ex-



traction is shared with coastal states, with some receiving additional revenues under the 2006 Gulf of Mexico Energy Security Act (GOMESA). Royalties, bonuses, rents, and other payments collected by ONRR are disbursed annually to the U.S. Treasury, individual states, American Indian tribes, and other federal conservation funds. Outside of ONRR's jurisdiction, federal income taxes are collected directly by the Internal Revenue Service.

Reporting Practices

(Rank: 1st/58 Score: 97/100)

The U.S. received a "satisfactory" score of 97, the product of detailed government disclosure on nearly all aspects of petroleum extraction in the Gulf.

Information on the leasing process and lease sales are publicly available, with bidding results and contract information available on the BOEM website. BOEM also provides regular reports on investments in exploration, the names of companies operating in the Gulf, and production data by company and state. These reports tend to be comprehensible, but the BOEM does not have access to the industry's real-time production data, making it difficult to determine accurate revenue figures.

Revenue information is reported annually by ONRR, though much of it is in aggregated form. ONRR also publishes historical data on key payments including royalties, bonuses, license fees, and acreage fees. A number of government agencies, such as the Energy Information Administration, publish additional data on the U.S. petroleum sector.

Under Section 1504 of the 2010 Dodd-Frank Wall Street Reform and Consumer Protection Act, oil, gas, and mining companies that file annual reports with the U.S. Securities and Exchange Commission are required to report the amounts they pay to the U.S. government and foreign governments for access to resources. Reports must be made on a country-by-country and project-by-project basis.

Safeguards and Quality Controls

(Rank: 4th/58 Score: 89/100)

Government oversight of Gulf petroleum production has improved, leading to a "satisfactory" score of 89.

As the licensing authority for offshore leases, BOEM has limited discretionary powers, although it may reject bids that do not meet its "fair market criteria." Both BOEM and BSEE have proce-

dures for appealing licensing decisions. Federal regulatory and revenue-collecting agencies, ONRR included, are also subject to audits, and the results are reported to Congress.

The Government Accountability Office, the Office of the Inspector General and other external organizations routinely oversee and monitor U.S. minerals management activities. Additionally, both houses of Congress have natural resources committees that regularly scrutinize petroleum management and revenue collection issues.

Enabling Environment

(Rank: 5th/58 Score: 90/100)

The U.S. performed relatively well on global measurement of

government effectiveness, democratic accountability and budget openness, receiving a “satisfactory” score of 90.

Subnational Transfers

(Rank: 4th/30 Score: 94/100)

Gulf states receive a share of petroleum revenues under various revenue-sharing regimes. Under Section 8(g) of the Outer Continental Shelf Lands Act, all coastal states receive 27 percent of revenues from federal leases on lands within three miles of their seaward boundaries. GOMESA also gives coastal states a 37.5 percent share of revenues from certain oil and gas leases in the Gulf. BOEM publishes annual reports on the transfers.

United States’ Composite, Component and Indicator Scores

Rank (out of 58)		Score (out of 100)
2	COMPOSITE SCORE	92
2	Institutional and Legal Setting	88
	Freedom of information law	100
	Comprehensive sector legislation	100
	EITI participation	33
	Independent licensing process	100
	Environmental and social impact assessments required	100
	Clarity in revenue collection	67
	Comprehensive public sector balance	100
	SOC financial reports required	..
	Fund rules defined in law	..
	Subnational transfer rules defined in law	100
1	Reporting Practices	97
	Licensing process	100
	Contracts	100
	Environmental and social impact assessments	100
	Exploration data	100
	Production volumes	100
	Production value	67
	Primary sources of revenue	100
	Secondary sources of revenue	100
	Subsidies	100
	Operating company names	100
	Comprehensive SOC reports	..
	SOC production data	..
	SOC revenue data	..
	SOC quasi fiscal activities	..
	SOC board of directors	..
	Fund rules	..

Rank (out of 58)		Score (out of 100)
	Comprehensive fund reports	..
	Subnational transfer rules	100
	Comprehensive subnational transfer reports	100
	Subnational reporting of transfers	100
4	Safeguards and Quality Controls	89
	Checks on licensing process	89
	Checks on budgetary process	100
	Quality of government reports	78
	Government disclosure of conflicts of interest	100
	Quality of SOC reports	..
	SOC reports audited	..
	SOC use of international accounting standards	..
	SOC disclosure of conflicts of interest	..
	Quality of fund reports	..
	Fund reports audited	..
	Government follows fund rules	..
	Checks on fund spending	..
	Fund disclosure of conflicts of interest	..
	Quality of subnational transfer reports	67
	Government follows subnational transfer rules	100
5	Enabling Environment	90
	Corruption (TI Corruption Perceptions Index & WGI control of corruption)	87
	Open Budget (IBP Index)	94
	Accountability & democracy (EIU Democracy Index & WGI voice and accountability)	89
	Government effectiveness (WGI)	90
	Rule of law (WGI)	91

■ Satisfactory ■ Weak
■ Partial ■ Failing