

FEDERALLY FUNDED PROGRAM - MINERALS AUDIT PROGRAM (MAP)



- Protecting Sovereign Wealth, Ensuring Accountability, and Benefiting the Community
- Presented by Sebastian J. Chaco, Minerals Royalty & Audit Manager, Minerals Audit Program

PROGRAM OVERVIEW



- Federal Partnership: Operating under a Cooperative Agreement with the Department of the Interior – Office of Natural Resources Revenue
- Departmental Alignment: Operating under the Navajo Division of Natural Resources, Minerals Department.
- Core Function: Conducting comprehensive compliance reviews and audits of oil, gas and coal royalties.
- Fiduciary Duty: Ensuring energy and mineral royalty compliance across all Navajo Nation Trust lands.

DIRECT BENEFITS TO THE NAVAJO COMMUNITY



- Protecting the General Fund: Securing accurate revenue allocation that directly funds local community infrastructure, chapters, and schools.
- Preventing Revenue Leakage: Ensuring corporate entities do not underpay royalties on tribal natural assets.
- Securing the Future: Protecting funds designated for the Navajo Nation Permanent Fund to insulate future generations.
- Environmental Accountability: Bridging fiscal tracking with compliance checks to hold operators accountable to land use standards.

OVERALL ACCOMPLISHMENTS



- Revenue Projections: Assisted Minerals Administration with developing precise, data-driven annual revenue projections used for fiscal year budget allocations.
- Transitioned From Paper To Electronic: Successfully implemented electronic workpapers and document storage using the Microsoft 365 platform.
- Passed External Peer Review: Successfully passed the external peer review conducted by Acuity Consulting, Inc.
- Past Five Years Additional Royalties Collected: MAP collected a total of \$768,652.22 in additional royalties from audits/compliance reviews.

PROJECT PORTFOLIO: COMPLETED AND ONGOING



- Completed: Compliance Reviews (CRs)
 - For the period June 2021 to June 2026, MAP completed 10 CRs, ONRR completed 29 CRs.
- Ongoing: Compliance Reviews
 - As of June 2026, MAP has twelve (12) ongoing CRs, ONRR has one (1) ongoing CR.
- Completed: Audits
 - For the period June 2021 to March 2024, MAP completed four (4) audits. For the period June 2021 to June 2026, ONRR completed one (1) audit.
- Ongoing: Audits
 - For the period March 2024 to current, MAP is not conducting audits due to low staffing and the new Generally Accepted Government Auditing Standards (GAGAS) for 2024 which require a system of quality management. MAP is unable to fulfill the requirement at its current staffing levels. Once MAP is fully staffed and trained then will start conducting audits. ONRR is assisting with audits and has one (1) ongoing audit.

BUILDING CAPACITY: TRAINING METRICS



- Technical Staff Development: 100% of MAP audit team trained in advanced, industry-standard energy asset valuation techniques with the assistance of ONRR.
- Leadership Training: MAP frequently trained in leadership courses from ONRR and outside training partners.
- Maintaining GAGAS CPE Requirement: MAP adheres to the GAGAS 80-hour CPE requirement.
- Attend Oil and Gas Conferences: MAP attends oil and gas conferences, notably, the North American Petroleum Accounting Conference, to keep updated on the latest trends in the oil and gas industry.

FEDERAL INDIAN MINERALS OFFICE (FIMO)



- Provides Indian Trust services to individual beneficiaries in the management of their oil and gas mineral resources. Indian allotted oil and gas management functions are under one line of authority.
- Bureau of Indian Affairs (BIA), the Office of Natural Resources Revenue (ONRR), Bureau of Land Management (BLM) and the Bureau of Trust Funds Administration (BTFA), work together under a Memorandum of Understanding (MOU) to provide full customer service for Indian allotted mineral interest.
- FIMO-Farmington provides services for individual Navajo mineral owners in the Four Corners region.
- Located in Farmington, NM gives personnel an understanding of local market conditions and ensures familiarity with mineral sales and royalties distributions to Navajo mineral owners.

FEDERAL INDIAN MINERALS OFFICE (FIMO)



- FIMO works with BLM and other agencies to inspect all Navajo allotted oil and gas leased lands, enforce mining regulations about operational, surface and environmental issues, approve applications for permits to drill, approve gathering systems, alternate measurement methods, right of way designs, and abandonments, conduct physical inspections of oil and gas sale facilities, and investigate oil theft and other undesirable events.
- FIMO manages Navajo allotted leases by processing ownership changes, obtaining proper bonding, collecting bonuses, overseeing lease sales, assessing values, monitoring rentals, and canceling leases.
- FMIO also conducts compliance activities for Navajo mineral owners which include accounting for mineral royalties, reviewing volumes used to compute royalties on Indian leases, and ensuring methods used to compute royalties follow federal laws, regulations and lease terms.

FEDERAL INDIAN MINERALS OFFICE (FIMO)



- Location: 304 N. Auburn Avenue, Suite C, Farmington, NM 87401
- Point of Contact: Jennifer Benally, 505-350-2983
- Hours of Operation: Monday through Friday, 8:00am to 4:00pm, closed during lunch hour 12:00pm to 1:00pm.

SUMMARY



- Sovereignty First: Accountability in natural resources directly strengthens Navajo self-determination.
- Proven Results: Measurable fiscal protections that benefit local families and preserve future capital.
- Continuous Excellence: Committed to rigorous compliance, team training, and building the MAP program up to excellent standards.