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Interior Secretary James Watt today announced the establishment of a 11Commission on Fiscal Accountability of the Nation's Energy Resources11 to develop solutions to minerals management problems, focusing on royalty accounting and oil theft.

"The serious allegations of waste and revenue loss resulting from inadequate fiscal accounting of America's energy resources have been of concern for many years to the Interior Department. the Congress, the General Accounting Office, the Indian community, the State governments which share in oil and gas revenues, and the Nation's taxpayers, but little has been done to correct the deficiencies of the past, .. Secretary Watt said.

"This Commission will review all current and proposed Departmental efforts to assure that they prove effective solutions to the problem," he added.

Secretary Watt said that the chairman of the five-member Commission will be David F. Linowes of Scarsdale, New York, and Champaign, Illinois, an international authority in accounting and auditing and a recognized expert in privacy protection. He was the founding partner of Leopold and Linowes, Certified Public Accountants, and was national partner of Laventhol and Horwath, worldwide auditors and consultants. He chaired the U.S. Privacy Protection Commission from 1975 through 1977, which resulted in several privacy protection bills now before Congress.

Serving with Linowes on the Commission will be:

-- Elmer B. Staats of Washington, D.C., Comptroller General of the United States from 1966 until his retirement March 3; and an official of the Bureau of the Budget during most of the period between 1939 and 1966, including service as Deputy Director from 1950 to 1953 and· from 1959 to 1966.

-- Michel T. Halbouty of Houston, internationally renowned earth scientist and engineer whose career and accomplishments in the fields of geology and petroleum engineering have earned him recognition as one of the world's outstanding geo-scientists.

-- Charles J. Mankin of Norman, Oklahoma, Director of the Oklahoma Geological Survey, Executive Director of the Energy Resources Center and Professor of Geology at the University of Oklahoma, and past President of the Association of American State Geologists.

A fifth member of comparable stature will be named by the Secretary soon.

Watt said that the magnitude of the problem to be addressed by the Commission is seen in the fact that the royalty management program must collect and account for about $4 billion in royalties from federal and Indian mineral leases this year, with projections of up to $20 billion by 1990.

The Commission on Fiscal Accountability of the Nation's Energy Resources will report directly to Secretary Watt. It is to complete its assignments within six months. Its charge is to evaluate the Department's royalty accounting system, recommend improvements in internal controls relating to the

generation of revenues and to review Departmental actions to guard against oil theft. The Commission will produce an advisory report for the Secretary.

The Commission will have assistance from a special investigations team being set up by the Interior Department's Office of the Inspector General. The team will identify the nature and extent of known or suspected oil thefts and losses of petroleum which affect royalty payments to the government and track the audits of royalty paying oil companies being performed by the Office of Inspector General (OIG) audit teams and CPA firms contracted by the OIG.

Joining Inspector General Richard Mulberry on the special investigations team will be representatives from the Federal Bureau of Investigation, Office of the Attorney General, the Department of Energy, and the American Institute of Certified Public Accountants. The team's efforts will be coordinated with those of the Commission on Fiscal Accountability of the Nation's Energy Resources.

Watt met on February 25 with the Western Governors' Conference and briefed them on the high priority he attaches to the problems of royalty losses which affect state revenues. An outgrowth of that meeting was creation of a special joint working group to address the problems. Staffed by the Intergovernmental Operating Committee, the Group will report to the Governors and the Secretary by September.

Watt noted that the Commission will maintain close coordination with the President's Council on Integrity and Efficiency and will have the full support of the Office of Management and Budget.

As Commission Chairman, Linowes will draw on a broad background of experience in many fields. He headed economic development missions for the State Department to Turkey in 1967, India in 1970, Greece in 1971, and for the United Nations to Pakistan and Iran in 1968. He has been Chairman of the Trial Board of the American Institute of Certified Public Accountants, as well as Treasurer and Vice President of that organization. He currently holds the Harold Boeschenstein chair in Political Economy and Public Policy at the University of Illinois.

Each of the Commission members brings an exceptional background to his new assignment, Secretary Watt pointed out.

Staats held high posts under nine Presidents before his retirement in March. Besides his services as Comptroller General and in the Bureau of the Budget, he was executive director of the Operations Coordinating Board of the National Security Council from 1954 to 1958. He's well known in academic circles, having been a lecturer in government and public administration at American University and George Washington University; on the honorary faculty and a member of the Board of Advisers of the Industrial College of the Armed Forces; on the Visiting Committees of Harvard University, the University of California, University of Chicago, University of Florida, University of Illinois and the University of Pittsburgh, and a trustee of the National Institute of Public Affairs at American University, and McPherson College. He also has been on the Board of Governors of the International Organization of Supreme Audit Institutions. Staats holds numerous national awards and honors for his public service, including the Presidential Citizens Medal, given him by President Reagan in a ceremony March 23 in the Oval Office.

Halbouty, a graduate of Texas A and M University, holds bachelors and masters degrees in both geology and petroleum engineering, a professional geological engineering degree and a doctor of engineering degree from Montana College of Mineral Science and Technology. He has contributed several books and over 230 scientific articles to the literature of petroleum geology and petroleum engineering. As

Chairman of President Reagan's Energy Policy Advisory Task Force and later as leader of the transition team on energy, Halbouty has given much of his time and expertise to help insure the Nation's economic stability. He is a member of numerous scientific and technical societies and has served as an officer of many of these organizations. In particular, he was president of the American Association of Petroleum Geologists. He is also a member of the National Academy of Engineering.

Besides holding his other posts, Mankin is past president of the American Geological Institute. He has served on several committees of the American Association of Petroleum Geologists, is a member of the Research Committee of the Interstate Oil Compact Commission, and is on the Board of Directors and the Executive Committee of the Gulf Universities Research Consortium. He also is on the U.S. National Committee on Geology and is Chairman of the Board on Mineral and Energy Resources of the National Academy of Sciences.
