

Statistical Highlights

Fiscal Year 1997

Royalty Management Program



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Fiscal Year 1997

Royalty Management Program

U.S. Department of the Interior
Bruce Babbitt, Secretary

Land and Minerals Management
Bob Armstrong, Assistant Secretary

Minerals Management Service
Cynthia Quarterman, Director

Offshore Minerals Management Program
Carolita Kallaur, Associate Director

Royalty Management Program
Lucy Querques Denett, Associate Director



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If you would like additional copies of this report or if you have inquiries, please contact:

Minerals Management Service
Royalty Management Program, Mail Stop 3062
P.O. Box 25165
Denver, CO 80225-0165

Steve Rawlings
(303) 231-3230

Claire Schaeffer
(303) 231-3067

Mitchell Parker
(303) 231-3615

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Products and Units of Measurement

Product	Unit of Measurement
Amethyst	Grams
Carbon Dioxide	Mcf (thousand cubic feet)
Coal	Short tons (2,000 pounds)
Copper	Pounds or short tons
Gas	Mcf
Gas Plant Products	Gallons
Geothermal Steam and Hot Water	Millions of British Thermal Units
Helium	Mcf
Nitrogen	Mcf
Oil	Barrels (42 U.S. gallons)
Phosphate	Short tons
Potash	Short tons
Quartz Crystals	Pounds
Sand and Gravel	Cubic yards or short tons
Sodium	Short tons
Sulfur	Long tons (2,240 pounds) or short tons
All Other Solid Minerals	Short tons

NOTE: Sulfur is reported as either a fluid or solid mineral based on the method of extraction. Fluid mineral sulfur is produced by extracting the product from the oil and gas stream. All onshore sulfur and a limited amount of offshore sulfur are currently produced from the oil and gas stream. Solid mineral sulfur is extracted using the Frasch process. The majority of offshore sulfur is produced using the Frasch mining method.

Sodium product figures include sodium borate and carbonate compounds.

About This Report

Statistical Highlights provides information addressing Federal and Indian mineral revenue disbursements, revenue collections, underpayment detection program receipts, lease numbers, lease acreage, and program operations in Fiscal Year (FY) 1997. The Minerals Management Service (MMS) Royalty Management Program (RMP) distributes the report annually to Congressional, Federal, State, Indian, and industry representatives.

Some information in this report necessarily includes estimated data that may change after publication. Numbers in parentheses may include current year collections, credits, and prior-year adjustments.

Mineral Lease Revenues

The report addresses four types of mineral lease revenues: bonuses, rents, minimum royalties, and royalties.

- **Bonuses** — Leases issued in areas known to contain minerals are awarded through a competitive bidding process. Bonuses represent the cash amount successfully bid to win the rights to a lease.
- **Rents** — A rent schedule is established at the time a lease is issued. Rents are annual payments, normally a fixed dollar amount per acre, required to preserve the rights to a lease.
- **Minimum Royalties** — A Federal lease may further contain a minimum royalty provision. Minimum royalty is the annual payment, on a per-acre basis, required to maintain the rights to a lease until production exceeds a minimum value. Once annual production exceeds the minimum value, minimum royalty payments cease.

Minimum royalties are included under the entry "Other Revenues" in this report. "Other Revenues" include settlement payments, gas storage fees, estimated payments, and recoupments in addition to minimum royalties.

- **Royalties** — A royalty is due when production begins. Royalty payments represent a stated share or percentage of the value of the mineral produced. The royalty may be an established minimum, a step-scale, or a sliding-scale. A step-scale royalty rate increases by steps as the average production on the lease increases. A sliding-scale royalty rate is based on average production and applies to all production from the lease.

Revenue Collections and Disbursements

Revenues collected from mineral leases on Federal lands are distributed to States, to the U.S. Department of the Treasury (Treasury), and to a number of designated special-purpose accounts administered by Federal agencies, depending on the land category and the applicable law involved. The Bureau of Indian Affairs (BIA) disburses revenues collected from Indian leases to the appropriate Indian Tribes and allottees.

Royalty payments are generally due on the last day of the month following the month of production, unless that day falls on a weekend or holiday. Payments are then due on the first business day of the following month.

Since 1983, MMS has generally disbursed mineral revenues derived from leases on public domain lands and shared with the States in the month following receipt of the payment. Disbursements are made under the provisions of section 104 of the Federal Oil and Gas Royalty Management Act of 1982 (FOGRMA) which amended the revenue disbursement provisions of the Mineral Leasing Act of 1920 (MLA), 30 U.S.C. 191. The MMS deposits Indian revenues in accounts administered by the Office of Trust Funds Management (OTFM) where they are invested and subsequently distributed to Indian Tribes and allottees by BIA. Since revenues collected in one month are disbursed in the following month, collection totals in a given year will not equal disbursement totals for the same year.

The MMS administers mineral leases from different land categories. Legislation and regulations govern formulas for the disbursement of revenues from these leases.

- **Offshore Lands** — Royalty, rent, and bonus revenues from Federal offshore mineral leases on the Outer Continental Shelf (OCS) are deposited to the General Fund of the Treasury through miscellaneous receipts. Under other applicable laws, specified amounts from total offshore revenues are transferred to the Land and Water Conservation Fund (LWCF) and the National Historic Preservation Fund (NHPF).

The LWCF, primarily administered by the National Park Service, provides revenues for the Federal Government, State governments, and local governments to purchase parks and recreation areas and to plan, acquire, and develop land and water resources for recreational use. Offshore mineral leasing provides approximately 70-90 percent of LWCF revenues.

The NHPF, administered by the National Park Service, is designed to expand and accelerate historic preservation plans and activities. The NHPF provides revenues for matching grants-in-aid to States and local governments, and funds the National Trust for Historic Preservation. Offshore mineral leasing provides 100 percent of NHPF revenues.

Section 8(g) of the Outer Continental Shelf Lands Act (OCSLA) Amendments of 1978 provided that the States were to receive a "fair and equitable" division of revenues generated from the leasing of lands within 3 miles of the seaward boundary of a coastal State containing one or more oil and gas pools or fields underlying both the OCS and lands subject to the jurisdiction of the State.

The States and the Federal Government, however, could not reach agreement concerning the meaning of the term "fair and equitable." Revenues generated within the 3-mile boundary were placed into an escrow fund beginning in August 1979. Revenues from the Beaufort Sea in Alaska were placed in a second escrow fund under section 7, beginning in December 1979.

Congress resolved the dispute over the meaning of "fair and equitable" in the OCSLA Amendments of 1985, Public Law 99-272. The law provides for the following distribution of section 8(g) revenues to the States:

- Disbursement of escrow funds in FY 1986-87;
- A series of annual settlement payments disbursed to the States over a 15-year period from FY 1987 to FY 2001; and
- Recurring annual disbursements of 27 percent of royalty, rent, and bonus revenues received within each affected State's 8(g) zone.

Congress passed a second law, Public Law 100-202, permitting distribution of \$322.9 million in section 7 Beaufort Sea escrow funds to Alaska in FY 1988.

Over \$116.1 million in OCS revenues was released to seven States during FY 1997.

- **Public Domain Lands** — The majority of Federal lands are in the public domain. Under section 35 of MLA, States other than Alaska, receive 50 percent of all royalties, rents, and bonuses collected from any public domain leases located within their respective boundaries.

Forty percent of remaining mineral revenues is deposited in the Reclamation Fund administered by the Bureau of Reclamation. The Reclamation Fund provides revenues to build, maintain, and operate water and associated power projects on arid and semiarid Western lands. Federal onshore mineral leasing provides approximately 40-50 percent of Reclamation Fund revenues.

The remaining ten percent of mineral revenues from public domain leases is directed into the General Fund of the Treasury through miscellaneous receipts.

Alaska receives 90 percent of all royalties, rents, and bonuses paid for mineral production on public domain leases in Alaska. The State also receives 50 percent of all royalties, rents, and bonuses generated from the National Petroleum Reserve Alaska.

- **Acquired Lands** — The MMS collects all royalties, rents, and bonuses from leases issued under the Mineral Leasing Act for Acquired Lands of 1947, 30 U.S.C. 351 *et seq.*, on behalf of a number of Federal agencies. Revenues are disbursed according to laws applicable to the lands.

Seventy-five percent of mineral receipts from leases on acquired lands within a national forest administered by the U.S. Department of Agriculture is distributed to the General Fund of the Treasury. The remaining 25 percent is distributed to the State in which the lease is located.

Seventy-five percent of mineral revenues from leases on acquired lands within a national grassland administered by the U.S. Department of Agriculture is distributed to the General Fund of the Treasury. The remaining 25 percent is distributed to the county in which the lease is located.

Seventy-five percent of mineral receipts from acquired Flood Control Act lands administered by the U.S. Army Corps of Engineers is distributed to the State in which the lease is located. The remaining 25 percent is distributed to the General Fund of the Treasury.

Mineral revenues derived from leases on acquired National Wildlife Refuge lands are shared with the county in which the lease is located, according to one of three alternative formulas prescribed by statute. The remainder is deposited in the General Fund of the Treasury.

All mineral receipts generated from leases on acquired reclamation project lands are paid to the Reclamation Fund.

Mineral revenues collected from leases on acquired military lands issued before 1981 are deposited in the General Fund of the Treasury. Revenues collected from mineral leases on acquired military lands issued beginning January 1, 1981, are disbursed in the same manner as revenues from public domain leases.

Receipts from other acquired lands are deposited in a general Treasury account.

- **Indian Lands** — The BIA collects bonuses and rents from nonproducing leases. The MMS disburses mineral royalties and rents from producing Indian Tribal and allotted leases to OTFM. The BIA subsequently makes disbursements to Tribes and to individual Indian allottees, with the following exceptions:

- Oil and gas payments to four Tribes—the Jicarilla Apache, the Blackfeet, the Navajo Nation, and the Southern Ute—are made directly by the lease payor to financial institutions contracted by the Tribes to receive their mineral payments.
- The BIA has authorized payors to make direct payments to selected individual Indian allottees.
- The Osage Nation manages all mineral leases on its Tribal lands and collects its own revenues.
- Solid mineral royalties are paid directly to the applicable Tribes or to a designated BIA office.

- **Alaska Native Lands** — Payments to the Cook Inlet Region, Inc., in Alaska on behalf of Alaskan Natives for the interests the region holds in several former Federal leases, are made directly by lease payors to the corporation.

RMP Underpayment Detection Programs

The accurate determination and collection of mineral revenues require both voluntary compliance by payors and sophisticated RMP audit and exception processing identification programs designed to detect the underpayment of revenues. Cumulative revenue collections from the first of the RMP underpayment detection programs in October 1981 through the end of FY 1997 totaled nearly \$2 billion.

- **RMP Audit Programs** — The RMP administers an aggressive audit program. The majority of the RMP audit staff is located in cities where many of the top royalty payors maintain accounting centers.

The RMP maintains cooperative agreements that provided audit funding in FY 1997 to 7 Indian Tribes and 10 States under the authority provided in

sections 202 and 205 of FOGPMA. Cooperative audit agreements under section 202 were in effect at the end of FY 1997 with the following Tribes:

- Blackfeet
- Jicarilla Apache
- Navajo Nation
- Shoshone and Arapaho
- Southern Ute
- Ute
- Ute Mountain Ute

Cooperative agreements under section 205 were in effect in FY 1997 with the following States:

- California
- Colorado
- Louisiana
- Montana
- New Mexico
- North Dakota
- Oklahoma
- Texas
- Utah
- Wyoming

The cooperative agreements with the Navajo Nation, California, Colorado, Montana, New Mexico, North Dakota, Utah, and Wyoming include audits of geothermal steam, coal, and other solid mineral leases, including phosphate, potassium, and sodium.

The cooperative agreements with California, Louisiana, and Texas include the audit of royalties from offshore leases issued under section 8(g) of the OCSLA Amendments of 1985.

The RMP maintained an unfunded Memorandum of Understanding with Alaska and with the Fort Peck Tribe to share audit information in FY 1997.

This report includes revenues collected from cooperative State and Tribal agreement lease audits in FY 1997. The report further includes Federal expenditures to States and Tribes to fund the cooperative agreements during the year. Many lease audits require more than 1 year to complete. It is subsequently difficult to draw meaningful comparisons between collections and expenditures for a single year.

- **AFS/PAAS Exceptions** — The RMP corrects discrepancies, or exceptions, between sales reported to the Auditing and Financial System (AFS) by payors and production reported to the Production Accounting and Auditing System (PAAS) by lease and agreement operators.

- **AFS Exceptions** — The AFS exceptions identification program promotes accurate and timely reporting and payment. The program detects:

- Late payment of royalties, rents, and bills;
- Insufficient estimated royalty payments; and
- Discrepancies between payments and financial lease terms for rents, bonuses, advance royalties, and minimum royalties.

The RMP issues bills for interest when payments are received after the due dates and when advance estimated royalty payments are insufficient compared to actual royalties paid at a later date.

- **Allowance Exceptions** — All transportation and processing allowances deducted from royalties are subject to RMP review. The RMP currently employs a sophisticated Allowance Limit Exception Processing program to review royalty reports submitted by payors to determine compliance with regulatory allowance limits.

- **Liquidated Damage Assessments** — The RMP formerly issued bills for liquidated damage assessments when royalty or production reports were received after the due date or were submitted with errors. The assessments were in addition to interest on the amount paid late.

Effective October 1, 1995, RMP changed its assessment policy for late and incorrect reporting. Under the new policy, RMP no longer charges reporters for filing late royalty or production reports. In addition, reporters will normally not be charged for incorrect royalty and production reporting unless the overall error rate RMP calculates for a given month exceeds the FY 1995 average error rate of approximately 3 percent. While assessments for late reporting will cease, RMP will continue to assess interest when payments are late.

- **OCS Recoupments** — Section 10 of OCSLA required a payor to file a request with RMP for a recoupment of an overpayment within 2 years of the original payment. The RMP must provide 30 days' notification to Congress before approving the

recoupment. Payors who take a recoupment without authorization are contacted by RMP and must explain the recoupment within 30 days. Failure to respond to the notification or to justify the recoupment results in an assessment to recover the unauthorized amount.

Under the provisions of the Federal Oil and Gas Royalty Simplification and Fairness Act of 1996, Public Law 104-185, 110 Stat. 1700, payors will no longer be required to file a request for a recoupment with RMP. This provision will apply to payment receipt dates after August 12, 1996.

- **Indian Recoupments** — Payors who take a recoupment of an overpayment on an Indian lease cannot recoup more than 50 percent of the monthly revenue payment on an allotted lease or 100 percent of the monthly revenue payment on a Tribal lease.
- **Improper Adjustments** — The RMP compares every credit line submitted by a payor with the most recent payment line. Payors who submit a credit line that does not match the original payment line must repay the credit amount.
- **Royalty Rate Monitoring** — The RMP calculates a royalty rate from monthly sales information provided by payors. The calculated royalty rate is compared with the royalty rate in the lease.

If the calculated rate from the payor is lower than the lease rate, RMP notifies the payor of the error and provides 90 days to correct the mistake. The RMP bills payors for additional royalties based on the higher lease rate if the payor does not correct the error.

Program Operations Summary

This report provides a variety of information addressing RMP program operations. Current year information includes the number of operators, mines, and wells on Federal and Indian lands; active oil and gas payors; average oil and gas lines processed each month; and average payor and lease data base changes completed each month.

Current and historical information includes AFS and PAAS error rates, late disbursement interest, and on time disbursements.

Producing and Nonproducing Leases

Lease and acreage totals in this report represent both producing and nonproducing mineral leases within State boundaries or offshore areas. The totals include leases for Federal offshore, Federal onshore, and Indian lands.

Source Documents

Information addressed in this report was derived from a variety of sources. Disbursement data for FY 1997 and cumulative disbursement statistics for the period FY 1982-97 were compiled from U.S. Department of the Interior records that have been confirmed with Treasury. Federal onshore mineral revenue disbursements to States represent cumulative distributions by both MMS and the Bureau of Land Management. Disbursement information for FY 1997 is published in the following MMS reports:

- 1997 Mineral Revenues;
- 1997 Federal Offshore Statistics;
- FY 1997 State Mineral Summaries; and
- The FY 1997 MMS Annual Report to Congress submitted under the provisions of section 302 of FOGPMA and section 602 of OCSLA Amendments of 1978.

Mineral revenue collections for FY 1997 were derived from AFS, the RMP Monthly Activity Report, and nonstandard Indian collections administered by the RMP Accounting and Reports Division.

Information associated with current and historical collections from compliance and enforcement programs was gathered from RMP managers responsible for administration of the programs. Program operations information and lease statistics were assembled from the RMP Monthly Activity Report and the FY 1997 MMS Annual Report to Congress.

Statistical Highlights

Fiscal Year 1997



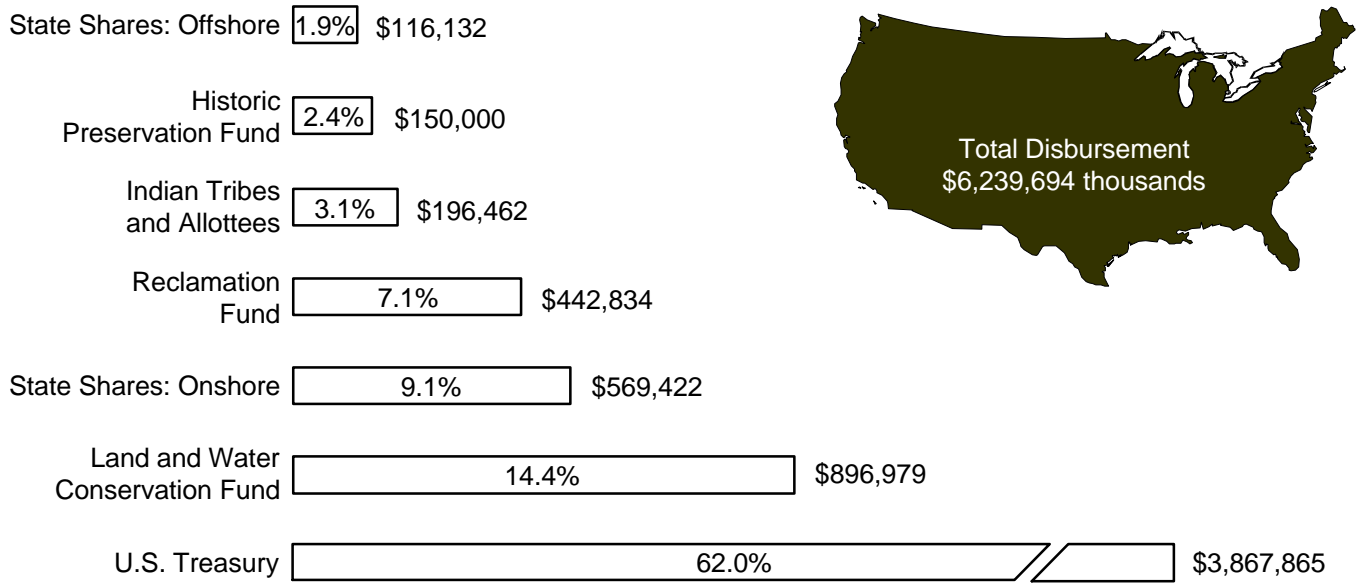


Figure 1. Disbursement of Federal and Indian mineral lease revenues, in thousands, Fiscal Year 1997

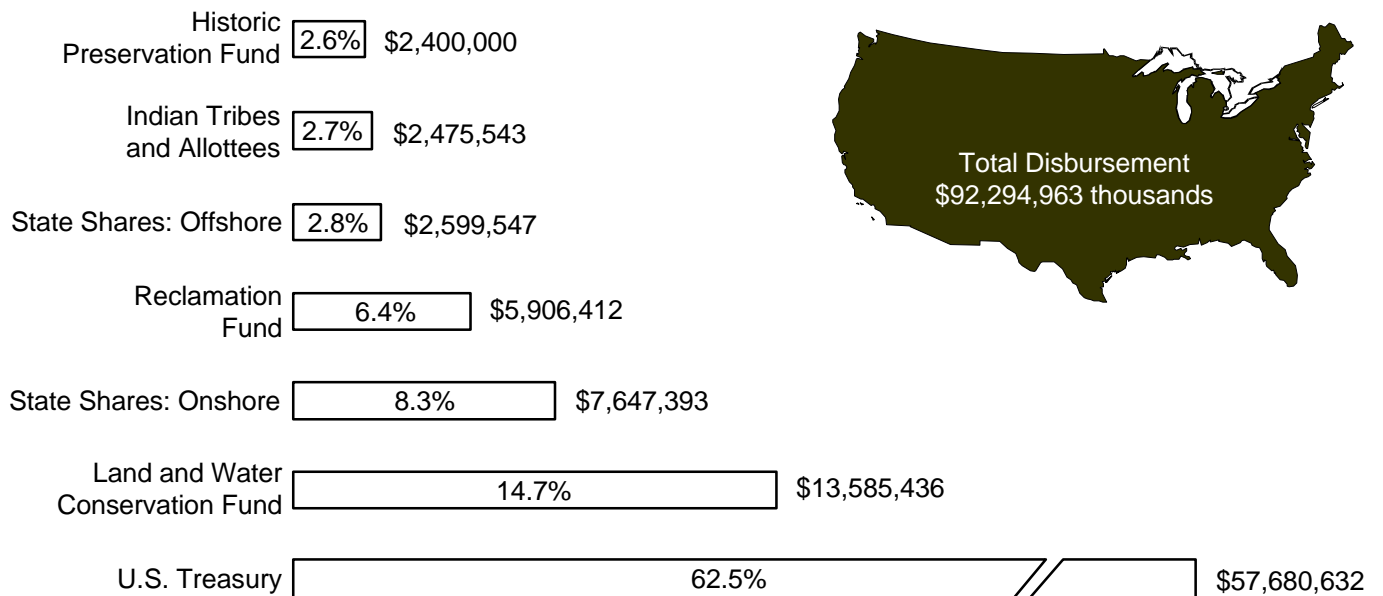


Figure 2. Disbursement of Federal and Indian mineral lease revenues, in thousands, Fiscal Years 1982-97

Table 1. Disbursement of Federal and Indian mineral lease revenues, in thousands, Fiscal Year 1997

		Percent of <u>Total</u>
● Offshore Federal Mineral Revenues		
Historic Preservation Fund	\$ 150,000	2.4
Land & Water Conservation Fund	896,979	14.4
State Shares (7 States)	116,132	1.9
U.S. Treasury General Fund	<u>3,669,056</u>	58.8
Subtotal	\$ 4,832,167	
● Onshore Federal Revenues		
Reclamation Fund	\$ 442,834	7.1
State Shares (33 States)	569,422	9.1
U.S. Treasury General Fund	<u>198,809</u>	3.2
Subtotal	\$ 1,211,065	
● Indian Tribal & Allottee Revenues		
41 Tribes and 20,000 Allottees	\$ <u>196,462</u>	<u>3.1</u>
Total	\$ 6,239,694	100.0

Table 2. Disbursement of Federal and Indian mineral lease revenues, in thousands, Fiscal Years 1982-97

		Percent of <u>Total</u>
● Offshore Federal Mineral Revenues		
Historic Preservation Fund	\$ 2,400,000	2.6
Land & Water Conservation Fund	13,585,436	14.7
State Shares (7 States)	2,599,547	2.8
U.S. Treasury General Fund	<u>55,521,176</u>	60.2
Subtotal	\$ 74,106,159	
● Onshore Federal Revenues		
Reclamation Fund	\$ 5,906,412	6.4
State Shares (38 States)	7,647,393	8.3
U.S. Treasury General Fund	<u>2,159,456</u>	2.3
Subtotal	\$ 15,713,261	
● Indian Tribal & Allottee Revenues		
41 Tribes and 20,000 Allottees	\$ <u>2,475,543</u>	<u>2.7</u>
Total	\$ 92,294,963	100.0

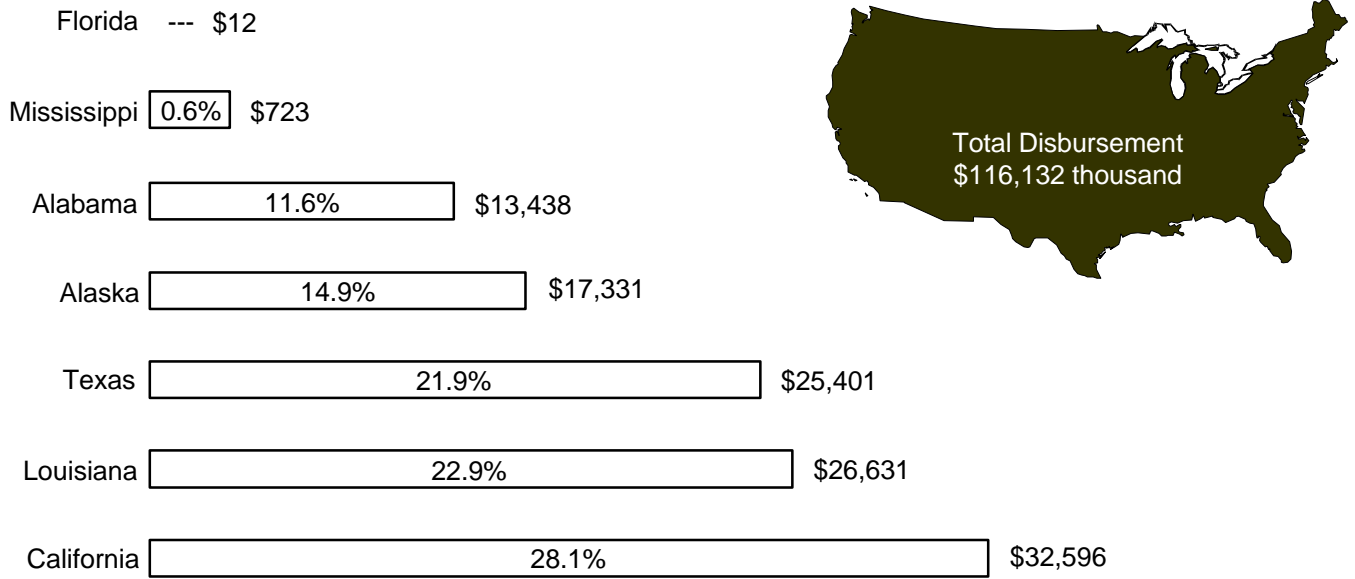


Figure 3. Disbursement of revenues, in thousands, to seven States from OCS leases under the provisions of section 8(g) of the OCS Lands Act as amended, Fiscal Year 1997

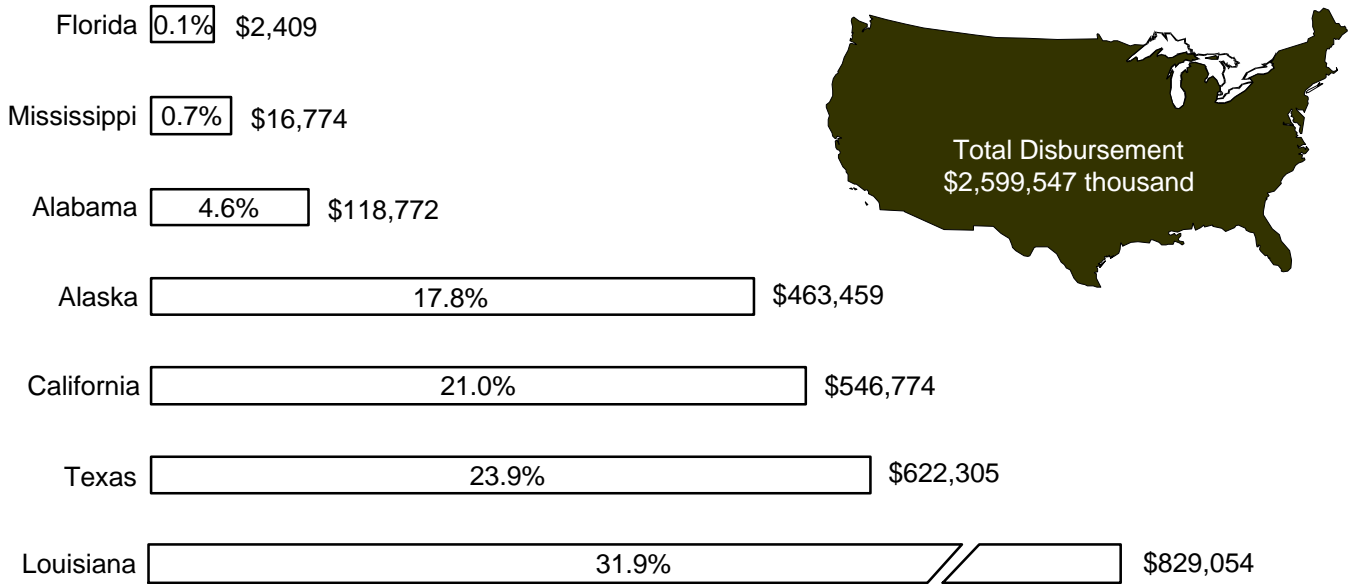


Figure 4. Disbursement of revenues, in thousands, to seven States from OCS leases under the provisions of section 8(g) of the OCS Lands Act as amended, Fiscal Years 1986-97

Table 3. Disbursement of revenues, in thousands, to seven States from OCS leases under the provisions of section 8(g) of the OCS Lands Act as amended, Fiscal Year 1997

		Percent of <u>Total</u>
Alabama	\$ 13,438	11.6
Alaska	17,331	14.9
California	32,596	28.1
Florida	12	---
Louisiana	26,631	22.9
Mississippi	723	0.6
Texas	<u>25,401</u>	<u>21.9</u>
Total	\$ 116,132	100.0

Table 4. Disbursement of revenues, in thousands, to seven States from OCS leases under the provisions of section 8(g) of the OCS Lands Act as amended, Fiscal Years 1986-97

		Percent of <u>Total</u>
Alabama	\$ 118,772	4.6
Alaska	463,459	17.8
California	546,774	21.0
Florida	2,409	0.1
Louisiana	829,054	31.9
Mississippi	16,774	0.7
Texas	<u>622,305</u>	<u>23.9</u>
Total	\$ 2,599,547	100.0

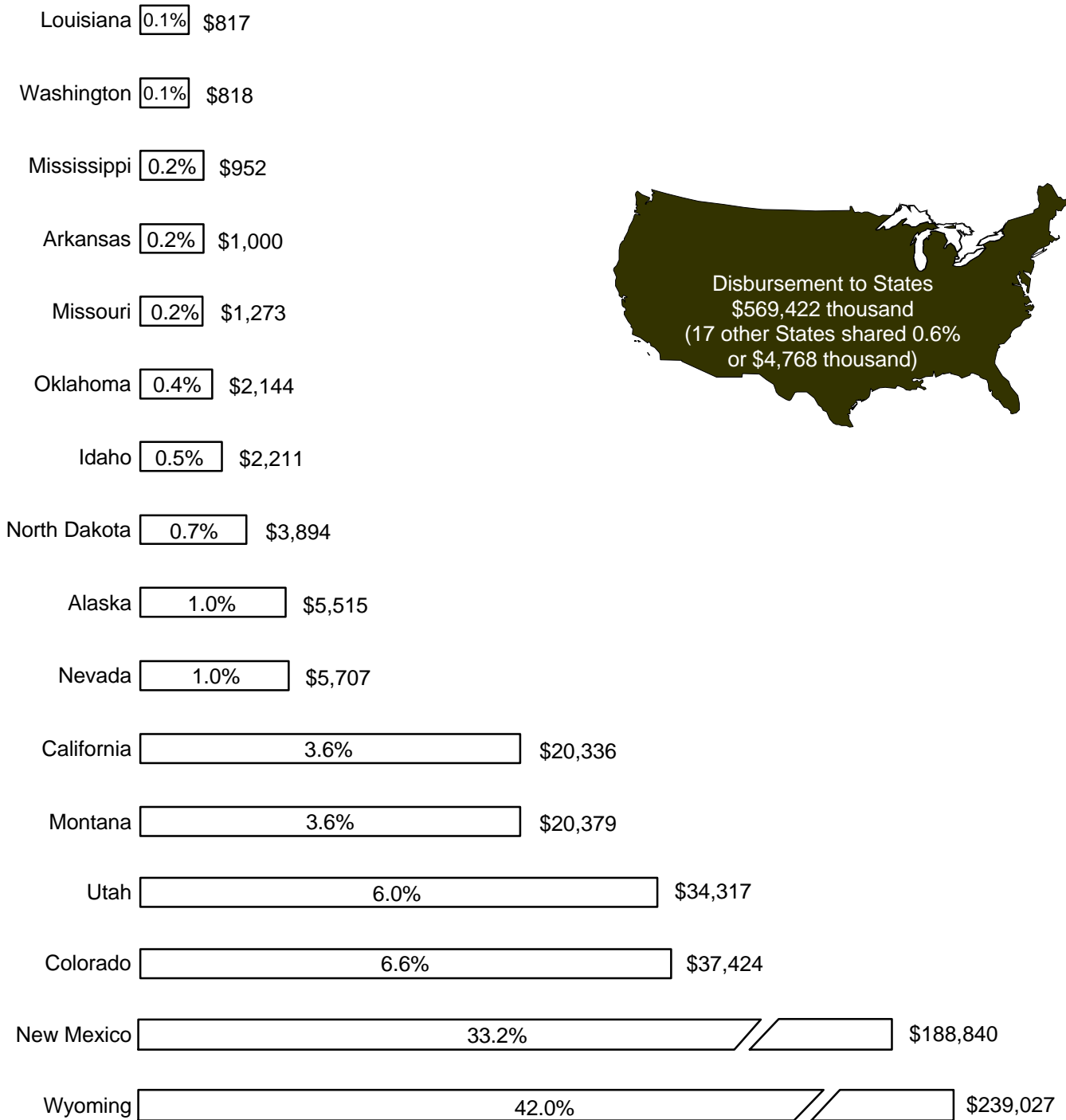


Figure 5. Disbursement of revenues, in thousands, to 33 States from Federal onshore leases by the Bureau of Land Management and the Minerals Management Service, Fiscal Year 1997

Table 5. Disbursement of revenues, in thousands, to 33 States from Federal onshore leases by the Bureau of Land Management and the Minerals Management Service, Fiscal Year 1997

		Percent of <u>Total</u>
Alabama	\$ 599	0.1
Alaska	5,515	1.0
Arizona	69	---
Arkansas	1,000	0.2
California	20,336	3.6
Colorado	37,424	6.6
Florida	4	---
Idaho	2,211	0.5
Illinois	68	---
Kansas	1,329	0.2
Kentucky	123	---
Louisiana	817	0.1
Michigan	712	0.1
Minnesota	13	---
Mississippi	952	0.2
Missouri	1,273	0.2
Montana	20,379	3.6
Nebraska	16	---
Nevada	5,707	1.0
New Mexico	188,840	33.2
North Dakota	3,894	0.7
Ohio	153	---
Oklahoma	2,144	0.4
Oregon	45	---
Pennsylvania	21	---
South Dakota	566	0.1
Texas	637	0.1
Utah	34,317	6.0
Virginia	85	---
Washington	818	0.1
West Virginia	327	---
Wisconsin	1	---
Wyoming	<u>239,027</u>	<u>42.0</u>
Total*	\$ 569,422	100.0

* State cumulative revenue shares under \$500 disbursed in Fiscal Year 1997 are not included in this table.

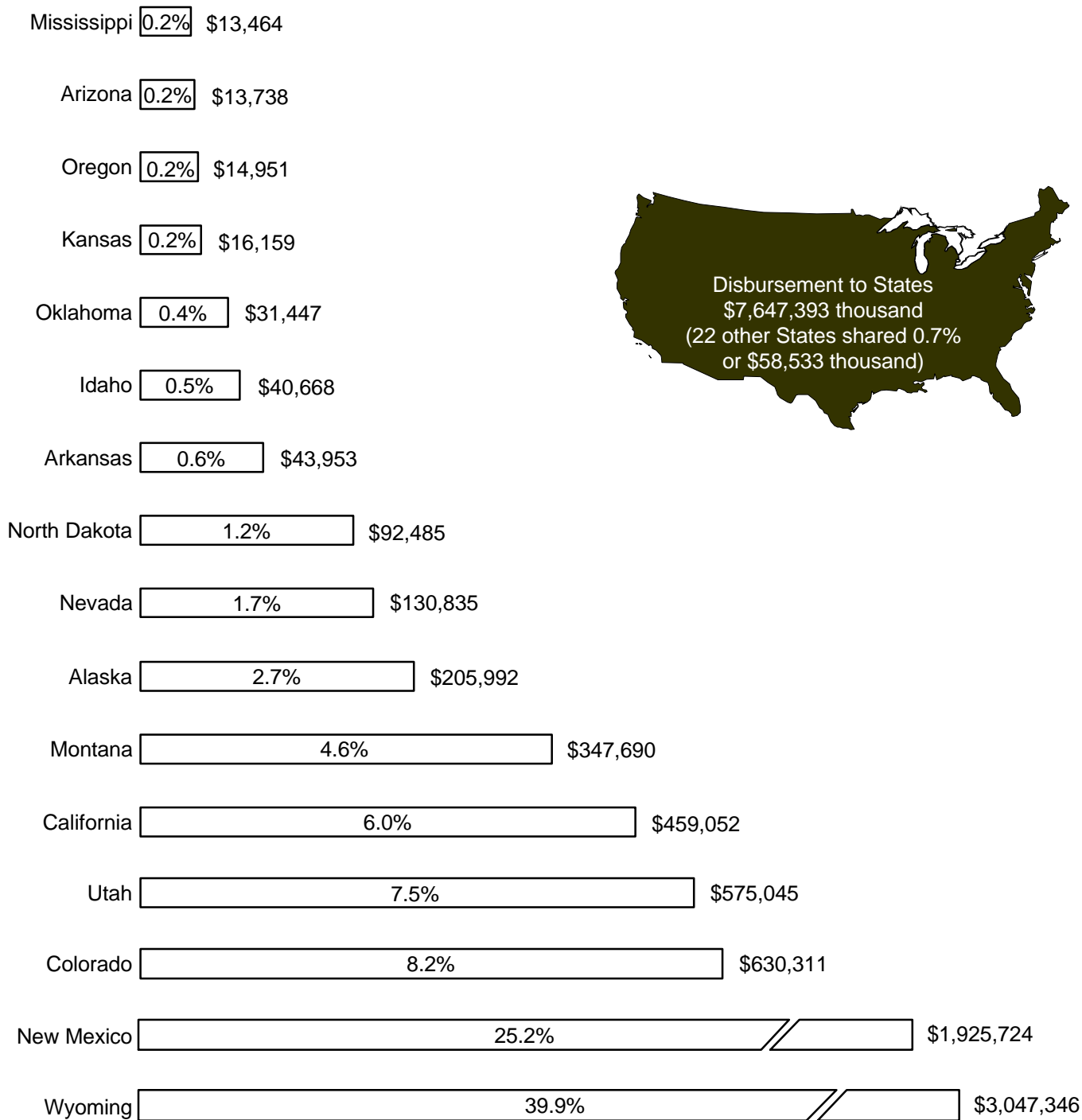


Figure 6. Disbursement of revenues, in thousands, to 38 States from Federal onshore leases by the Bureau of Land Management and the Minerals Management Service, Fiscal Years 1982-97

Table 6. Disbursement of revenues, in thousands, to 38 States from Federal onshore leases by the Bureau of Land Management and the Minerals Management Service, Fiscal Years 1982-97

		Percent of <u>Total</u>
Alabama	\$ 6,395	0.1
Alaska	205,992	2.7
Arizona	13,738	0.2
Arkansas	43,953	0.6
California	459,052	6.0
Colorado	630,311	8.2
Florida	1,325	---
Georgia*	---	---
Idaho	40,668	0.5
Illinois	639	---
Indiana*	---	---
Kansas	16,159	0.2
Kentucky	465	---
Louisiana	10,071	0.1
Michigan	7,200	0.1
Minnesota*	75	---
Mississippi	13,464	0.2
Missouri	4,565	0.1
Montana	347,690	4.6
Nebraska	1,921	---
Nevada	130,835	1.7
New Mexico	1,925,724	25.2
North Carolina	3	---
North Dakota	92,485	1.2
Ohio*	1,146	---
Oklahoma	31,447	0.4
Oregon	14,951	0.2
Pennsylvania	103	---
South Carolina	3	---
South Dakota	12,589	0.2
Tennessee*	14	---
Texas*	2,888	---
Utah	575,045	7.5
Virginia	647	---
Washington	7,203	0.1
West Virginia	1,274	---
Wisconsin*	7	---
Wyoming	<u>3,047,346</u>	<u>39.9</u>
Total	\$ 7,647,393	100.0

* Cumulative totals for these States may not include revenue shares under \$500 disbursed in current and prior years.

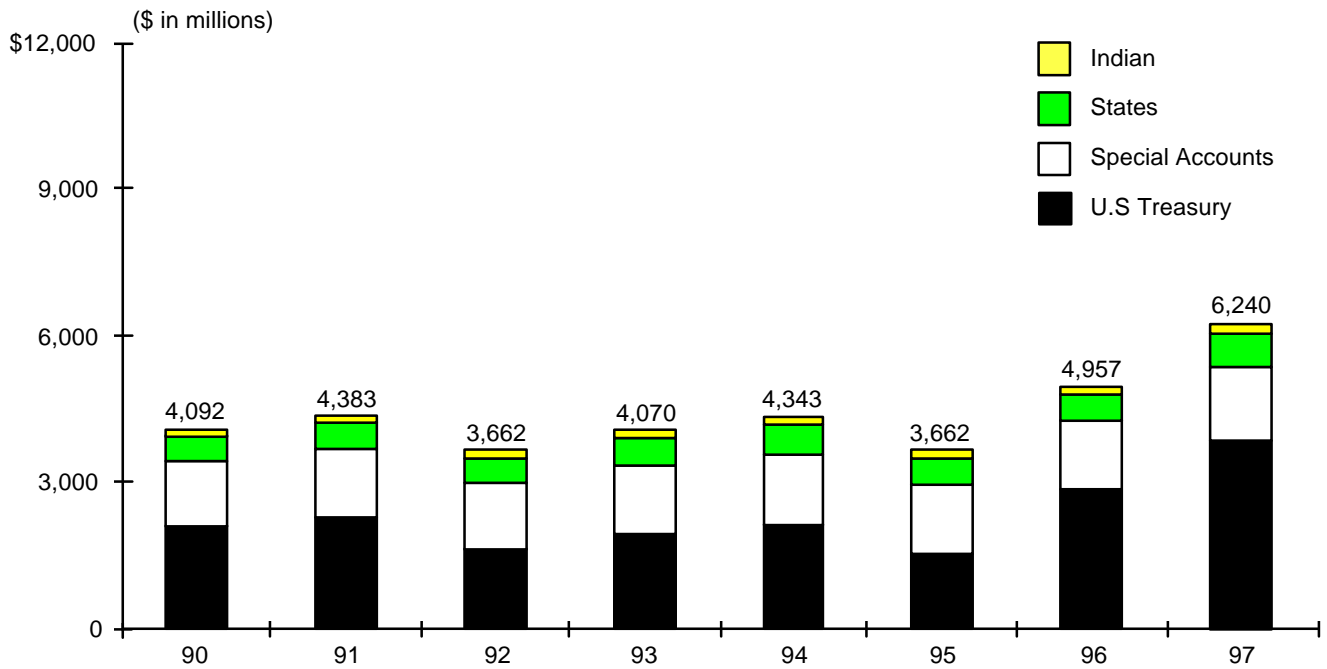
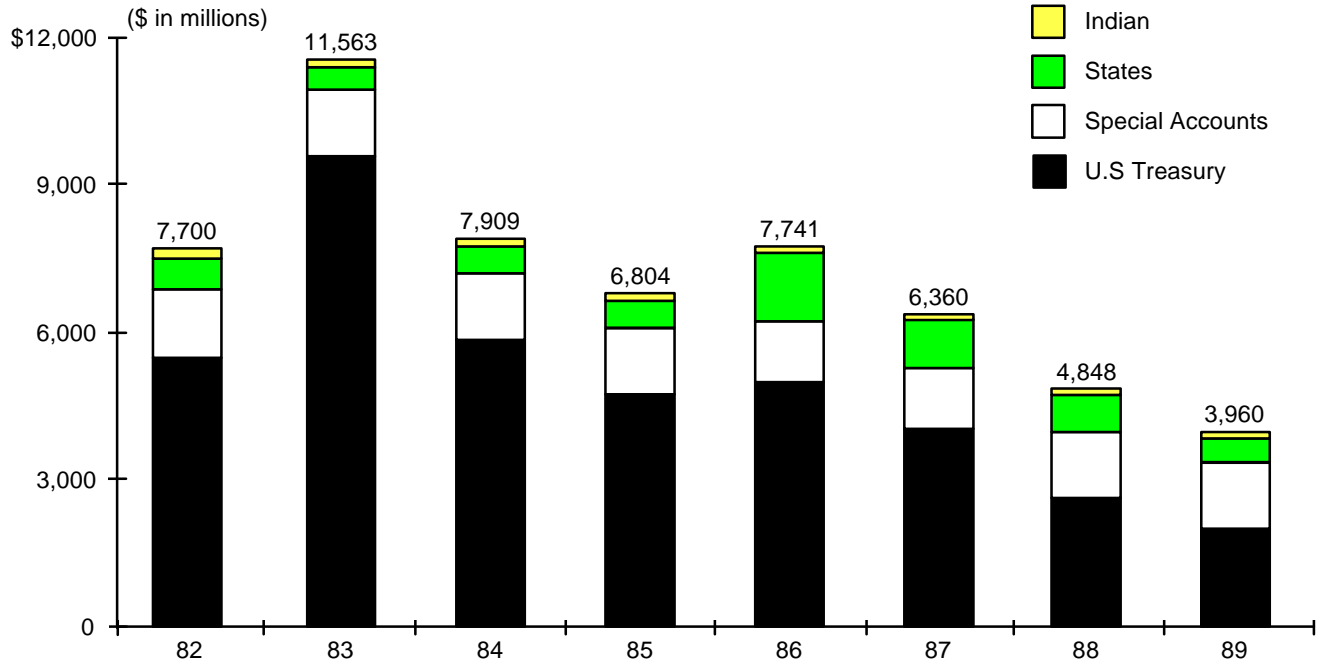
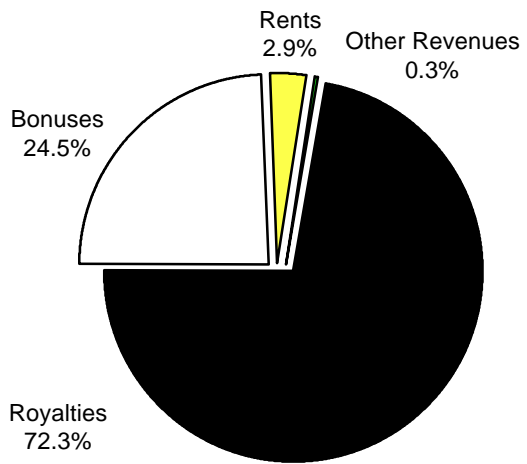


Figure 7. Disbursement of Federal and Indian mineral lease revenues, Fiscal Years 1982-97

**Table 7. Disbursement of Federal and Indian mineral lease revenues,
Fiscal Years 1982-97**

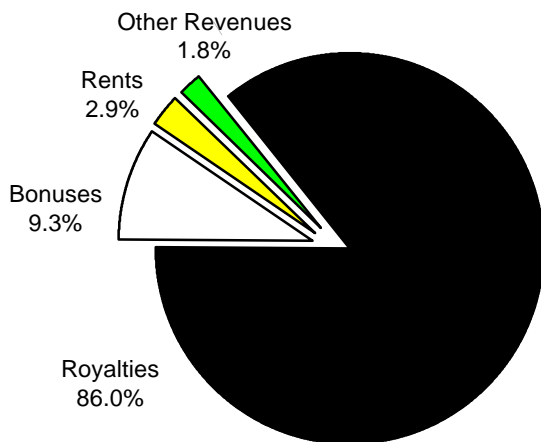
	Revenues in Thousands of Dollars			
	Historic Preservation Fund	Land & Water Conservation Fund	Reclamation Fund	Indian Tribes and Allottees
1982. . . .	\$ 150,000	\$ 825,950	\$ 435,688	\$ 203,000
1983. . . .	150,000	814,693	391,891	169,600
1984. . . .	150,000	789,421	414,868	163,932
1985. . . .	150,000	784,279	415,688	160,479
1986. . . .	150,000	755,224	339,624	122,865
1987. . . .	150,000	823,576	265,294	100,499
1988. . . .	150,000	859,761	317,505	125,351
1989. . . .	150,000	862,761	337,865	121,954
1990. . . .	150,000	843,765	353,708	141,086
1991. . . .	150,000	885,000	368,474	164,310
1992. . . .	150,000	887,926	328,081	170,378
1993. . . .	150,000	900,000	366,593	164,385
1994. . . .	150,000	862,208	410,751	172,132
1995. . . .	150,000	896,987	367,284	153,319
1996. . . .	150,000	896,906	350,264	145,791
1997. . . .	150,000	896,979	442,834	196,462
Total	\$ 2,400,000	\$ 13,585,436	\$ 5,906,412	\$ 2,475,543

	Revenues in Thousands of Dollars			
	State Share: Offshore	State Share: Onshore	U.S. Treasury	Total
1982. . . .	\$ ---	\$ 609,660	\$ 5,476,020	\$ 7,700,318
1983. . . .	---	454,359	9,582,227	11,562,770
1984. . . .	---	542,646	5,848,044	7,908,911
1985. . . .	---	548,937	4,744,317	6,803,700
1986. . . .	966,186	424,446	4,983,055	7,741,400
1987. . . .	613,083	377,030	4,030,979	6,360,461
1988. . . .	370,065	397,558	2,627,721	4,847,961
1989. . . .	46,850	433,422	2,006,837	3,959,689
1990. . . .	49,023	452,184	2,102,576	4,092,342
1991. . . .	43,683	480,524	2,291,085	4,383,076
1992. . . .	68,392	432,474	1,624,864	3,662,115
1993. . . .	77,467	466,250	1,945,730	4,070,425
1994. . . .	83,327	523,183	2,141,755	4,343,356
1995. . . .	75,468	477,544	1,541,048	3,661,650
1996. . . .	89,871	457,754	2,866,509	4,957,095
1997. . . .	116,132	569,422	3,867,865	6,239,694
Total	\$ 2,599,547	\$ 7,647,393	\$ 57,680,632	\$ 92,294,963



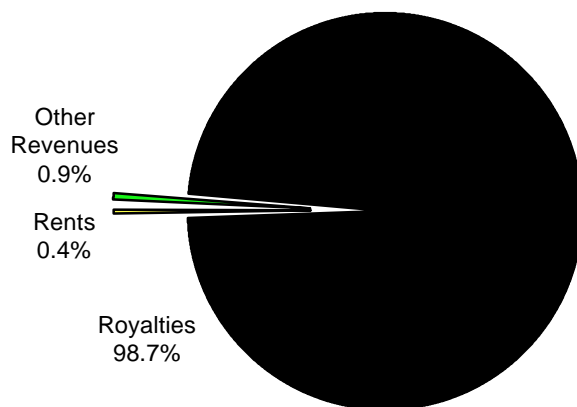
Royalties	\$3,487,260,815
Bonuses	1,179,101,394
Rents	140,980,011
Other Revenues	15,094,863
Total	\$4,822,437,083

Figure 8. Revenues from OCS leases by source, Fiscal Year 1997



Royalties	\$1,073,004,119
Bonuses	115,846,125
Rents	36,625,385
Other Revenues	22,617,263
Total	\$1,248,092,892

Figure 9. Revenues from Federal onshore leases by source, Fiscal Year 1997

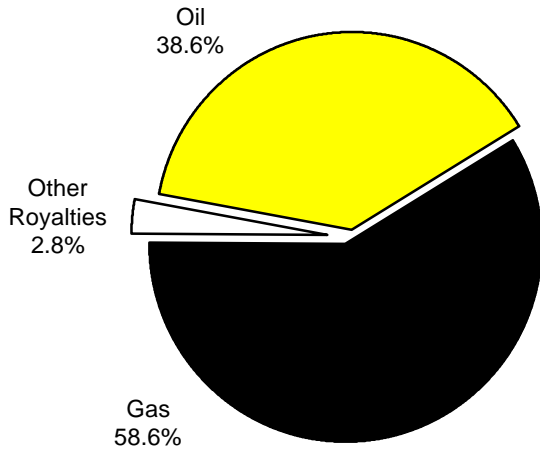


Royalties	\$205,458,298
Rents	950,020
Other Revenues	1,837,276
Total	\$208,245,594

Figure 10. Revenues from Indian leases by source, Fiscal Year 1997

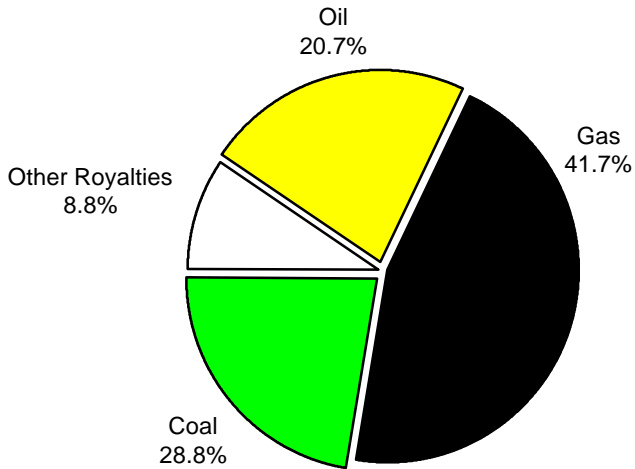
Table 8. Revenue collections by land category and source, Fiscal Year 1997

		Percent of <u>Total</u>
● Offshore Collections	\$ 4,822,437,083	76.8
● Onshore Collections	1,248,092,892	19.9
● Indian Collections	<u>208,245,594</u>	<u>3.3</u>
Total Collections	\$ 6,278,775,569	100.0
		Percent of <u>Total</u>
● Offshore		
- Royalties		
Gas	\$ 2,045,301,890	32.6
Oil	1,345,077,333	21.4
Other	<u>96,881,592</u>	1.6
	\$ 3,487,260,815	
- Bonuses	1,179,101,394	18.8
- Rents	140,980,011	2.3
- Other Revenues	<u>15,094,863</u>	0.2
Offshore Subtotal ..	\$ 4,822,437,083	
● Onshore		
- Royalties		
Coal	\$ 309,316,832	4.9
Gas	447,147,740	7.1
Oil	222,156,568	3.5
Other	<u>94,382,979</u>	1.5
	\$ 1,073,004,119	
- Bonuses	115,846,125	1.9
- Rents	36,625,385	0.6
- Other Revenues	<u>22,617,263</u>	0.4
Onshore Subtotal ..	\$ 1,248,092,892	
● Indian		
- Royalties		
Coal	\$ 68,706,598	1.1
Gas	76,025,322	1.2
Oil	52,220,194	0.8
Other	<u>8,506,184</u>	0.1
	\$ 205,458,298	
- Rents	950,020	---
- Other Revenues	<u>1,837,276</u>	---
Indian Subtotal	\$ 208,245,594	
Total Collections ..	\$ 6,278,775,569	100.0



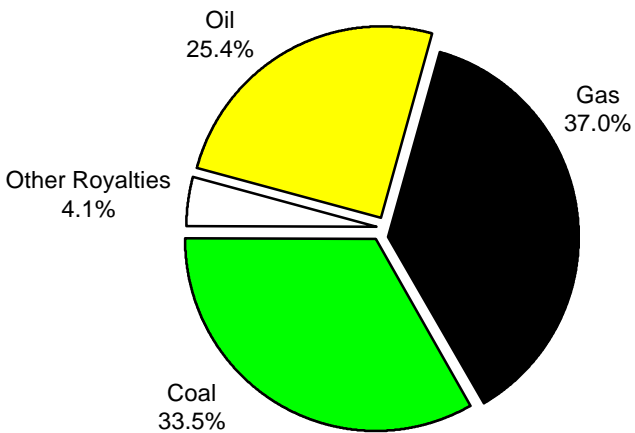
Gas	\$2,045,301,890
Oil	1,345,077,333
Other Royalties	<u>96,881,592</u>
Total	\$3,487,260,815

Figure 11. Royalties from OCS leases by commodity, Fiscal Year 1997



Coal	\$309,316,832
Gas	447,147,740
Oil	222,156,568
Other Royalties	<u>94,382,979</u>
Total	\$1,073,004,119

Figure 12. Royalties from Federal onshore leases by commodity, Fiscal Year 1997



Coal	\$ 68,706,598
Gas	76,025,322
Oil	52,220,194
Other Royalties	<u>8,506,184</u>
Total	\$205,458,298

Figure 13. Royalties from Indian leases by commodity, Fiscal Year 1997

Table 9. Revenue collections by source and land category, Fiscal Year 1997

			Percent of <u>Total</u>
• Royalties			
- Coal			
Onshore	\$ 309,316,832		
Indian	<u>68,706,598</u>		
Coal Subtotal		\$ 378,023,430	6.0
- Gas			
Offshore	\$ 2,045,301,890		
Onshore	447,147,740		
Indian	<u>76,025,322</u>		
Gas Subtotal		2,568,474,952	40.9
- Oil			
Offshore	\$ 1,345,077,333		
Onshore	222,156,568		
Indian	<u>52,220,194</u>		
Oil Subtotal		1,619,454,095	25.8
- Other			
Offshore	\$ 96,881,592		
Onshore	94,382,979		
Indian	<u>8,506,184</u>		
Other Subtotal		<u>199,770,755</u>	3.2
Royalty Subtotal		\$ 4,765,723,232	
• Bonuses			
Offshore	\$ 1,179,101,394		
Onshore	<u>115,846,125</u>		
Bonus Subtotal		1,294,947,519	20.6
• Rents			
Offshore	\$ 140,980,011		
Onshore	36,625,385		
Indian	<u>950,020</u>		
Rent Subtotal		178,555,416	2.9
• Other Revenues			
Offshore	\$ 15,094,863		
Onshore	22,617,263		
Indian	<u>1,837,276</u>		
Other Subtotal		<u>39,549,402</u>	<u>0.6</u>
Total Collections ..		\$ 6,278,775,569	100.0

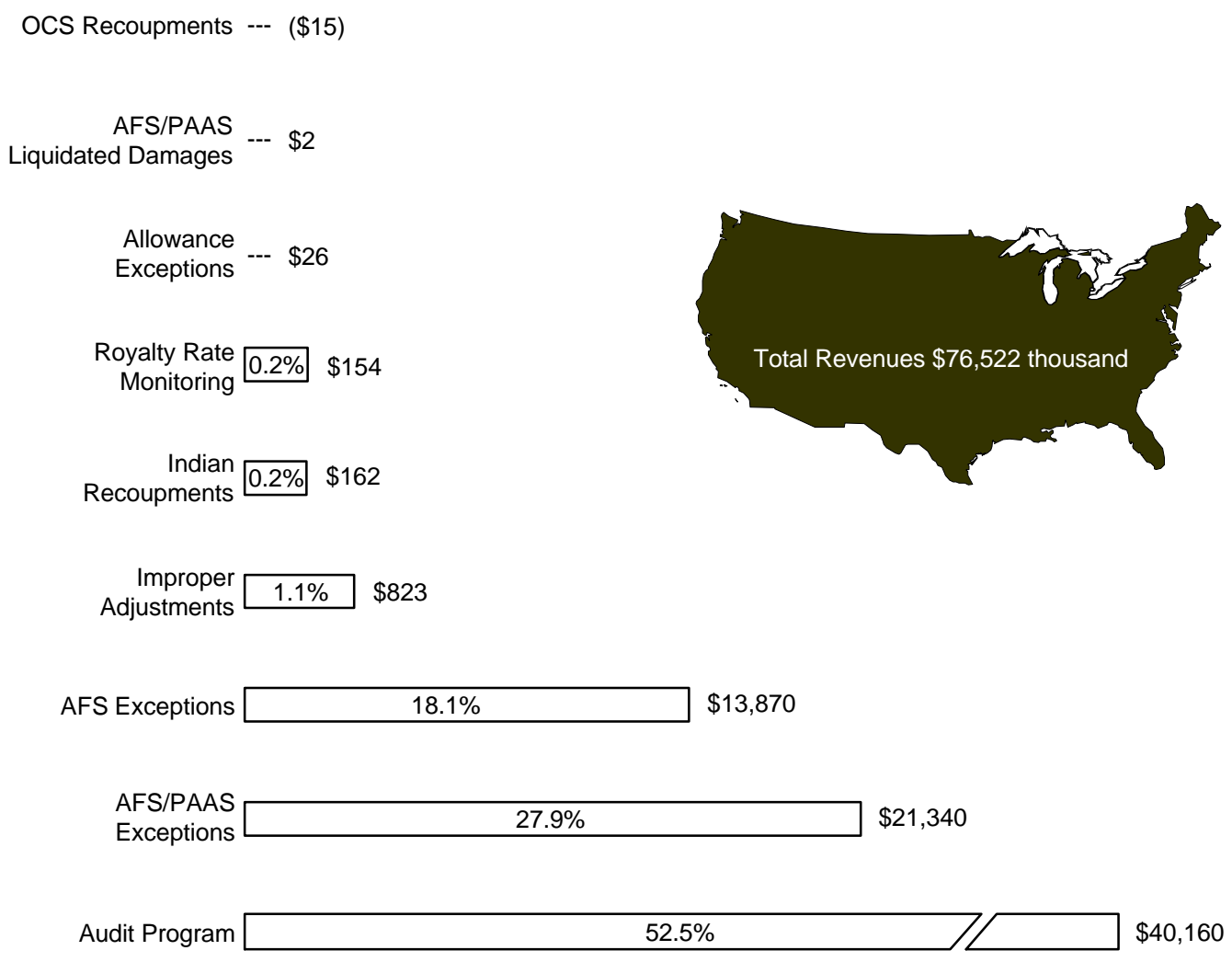


Figure 14. Revenues from principal RMP underpayment detection programs, in thousands, Fiscal Year 1997

**Table 10. Revenues from principal RMP underpayment detection programs,
in thousands, Fiscal Year 1997**

		<u>Percent of Total</u>
Audit Program		
● Audit Collections	\$ 40,160	52.5
● Refund Denials	---	---
Subtotal	\$ 40,160	
AFS (Sales)/PAAS (Production) Exceptions	\$ 21,340	27.9
AFS Exceptions		
Interest from late-payments, insufficient estimates, and lease term exceptions	\$ 13,870	18.1
Allowance Exceptions	\$ 26	---
Liquidated Damage Assessments for Incorrect Reporting		
● Payor Reports from AFS	\$ 2	---
● Operator Reports from PAAS	---	---
Subtotal	\$ 2	
OCS Recoupments	\$ (15)	---
Indian Recoupments	\$ 162	0.2
Improper Adjustments	\$ 823	1.1
Royalty Rate Monitoring	\$ 154	0.2
Total Collections	\$ 76,522	100.0

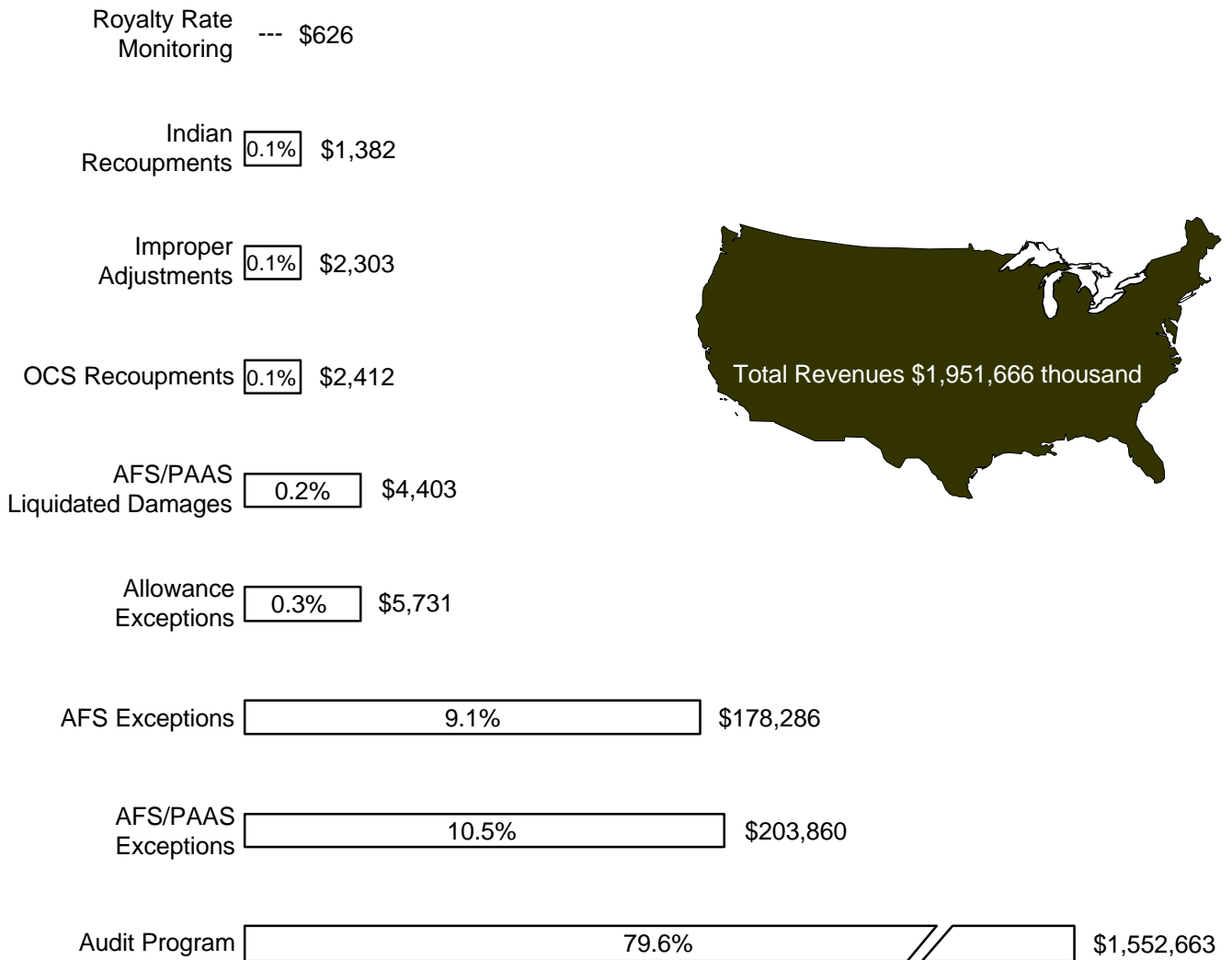
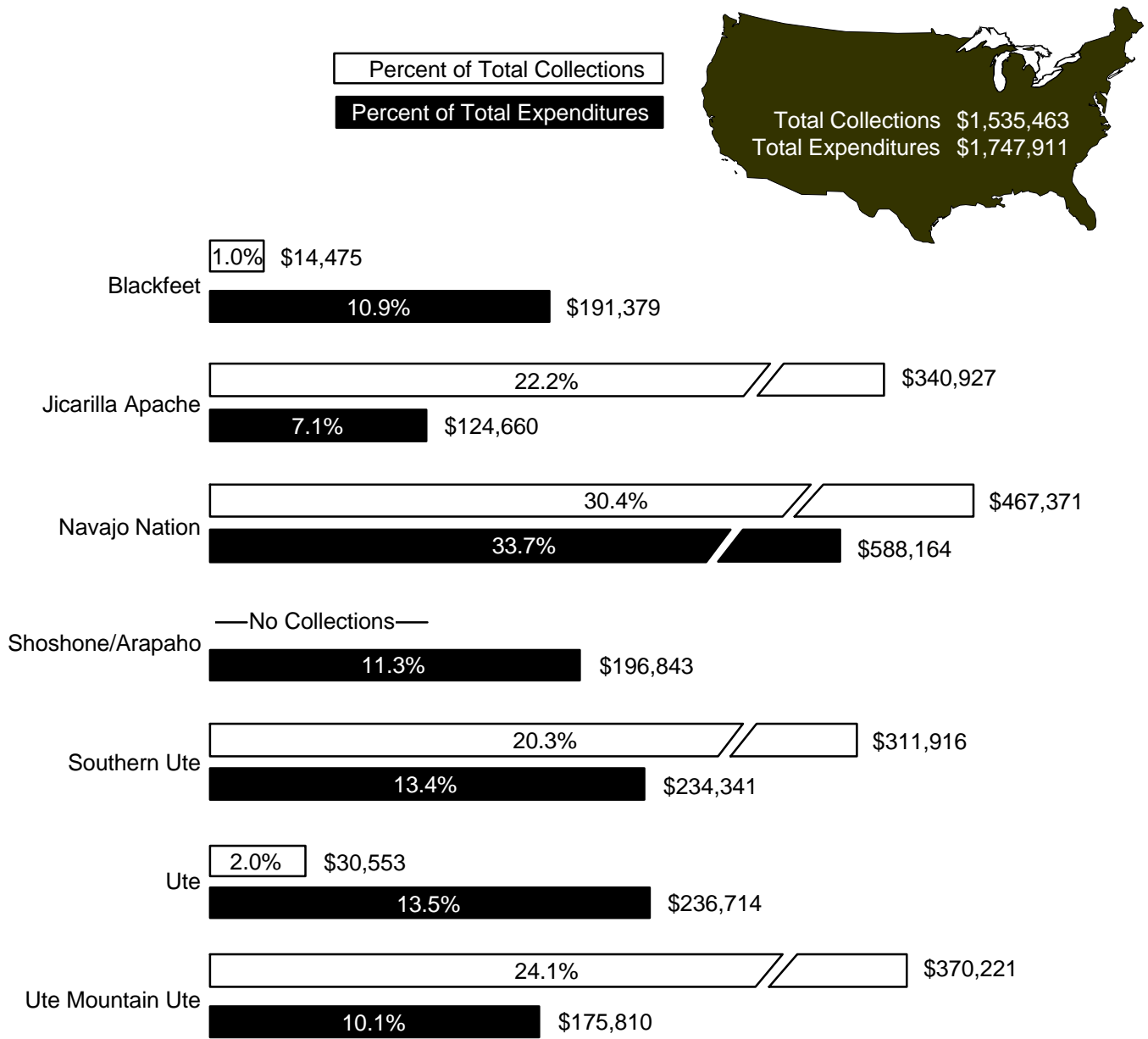


Figure 15. Revenues from principal RMP underpayment detection programs, in thousands, Fiscal Years 1982-97

**Table 11. Revenues from principal RMP underpayment detection programs,
in thousands, Fiscal Years 1982-97**

		<u>Percent of Total</u>
Audit Program		
● Audit Collections	\$ 1,408,000	72.2
● Refund Denials	<u>144,663</u>	7.4
Subtotal	\$ 1,552,663	
 AFS (Sales)/PAAS (Production) Exceptions	 \$ 203,860	 10.5
 AFS Exceptions		
Interest from late-payments, insufficient estimates, and lease term exceptions	\$ 178,286	9.1
 Allowance Exceptions	 \$ 5,731	 0.3
 Liquidated Damage Assessments for Incorrect Reporting		
● Payor Reports from AFS	\$ 2,586	0.1
● Operator Reports from PAAS	<u>1,817</u>	0.1
Subtotal	\$ 4,403	
 OCS Recoupments	 \$ 2,412	 0.1
 Indian Recoupments	 \$ 1,382	 0.1
 Improper Adjustments	 \$ 2,303	 0.1
 Royalty Rate Monitoring	 \$ <u>626</u>	 <u>---</u>
 Total Collections	 \$ 1,951,666	 100.0

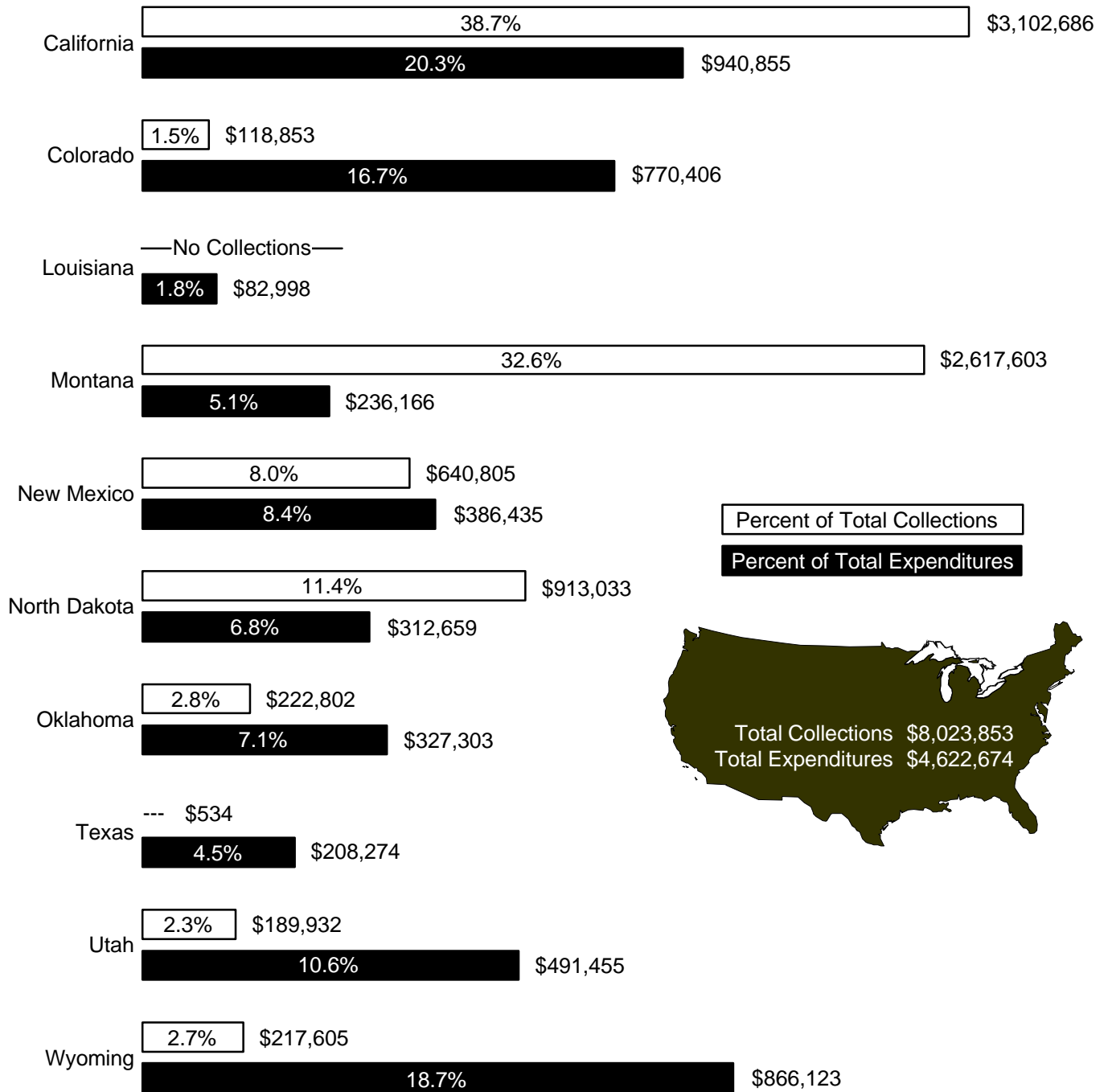


NOTE: Many audits require more than 1 year to complete. It is subsequently difficult to draw meaningful comparisons between collections and expenditures for a single year.

Figure 16. Audit collections and expenditures under section 202 of the Federal Oil and Gas Royalty Management Act of 1982, Fiscal Year 1997

Table 12. Audit collections and expenditures under section 202 of the Federal Oil and Gas Royalty Management Act of 1982, Fiscal Year 1997

		Percent of <u>Total</u>
Tribal Audit Collections		
Blackfeet	\$ 14,475	1.0
Jicarilla Apache	340,927	22.2
Navajo Nation	467,371	30.4
Shoshone/Arapaho	---	---
Southern Ute	311,916	20.3
Ute	30,553	2.0
Ute Mountain Ute	<u>370,221</u>	<u>24.1</u>
Total Collections	\$ 1,535,463	100.0
 Federal Expenditures to Tribes		
Blackfeet	\$ 191,379	10.9
Jicarilla Apache	124,660	7.1
Navajo Nation	588,164	33.7
Shoshone/Arapaho	196,843	11.3
Southern Ute	234,341	13.4
Ute	236,714	13.5
Ute Mountain Ute	<u>175,810</u>	<u>10.1</u>
Total Expenditures	\$ 1,747,911	100.0



NOTE: Many audits require more than 1 year to complete. It is subsequently difficult to draw meaningful comparisons between collections and expenditures for a single year.

Figure 17. Audit collections and expenditures under section 205 of the Federal Oil and Gas Royalty Management Act of 1982, Fiscal Year 1997

Table 13. Audit collections and expenditures under section 205 of the Federal Oil and Gas Royalty Management Act of 1982, Fiscal Year 1997

		Percent of <u>Total</u>
State Audit Collections		
California	\$ 3,102,686	38.7
Colorado	118,853	1.5
Louisiana	---	---
Montana	2,617,603	32.6
New Mexico	640,805	8.0
North Dakota	913,033	11.4
Oklahoma	222,802	2.8
Texas	534	---
Utah	189,932	2.3
Wyoming	<u>217,605</u>	<u>2.7</u>
Total Collections	\$ 8,023,853	100.0
 Federal Expenditures to States		
California	\$ 940,855	20.3
Colorado	770,406	16.7
Louisiana	82,998	1.8
Montana	236,166	5.1
New Mexico	386,435	8.4
North Dakota	312,659	6.8
Oklahoma	327,303	7.1
Texas	208,274	4.5
Utah	491,455	10.6
Wyoming	<u>866,123</u>	<u>18.7</u>
Total Expenditures	\$ 4,622,674	100.0

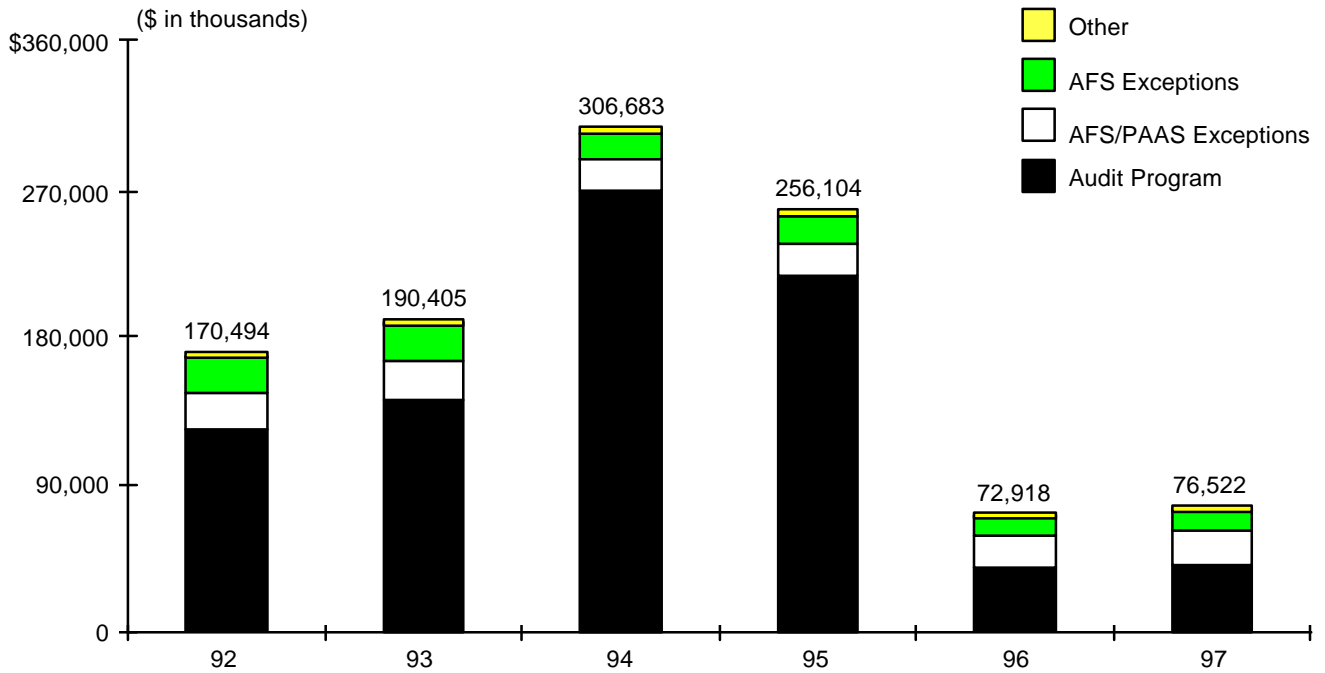
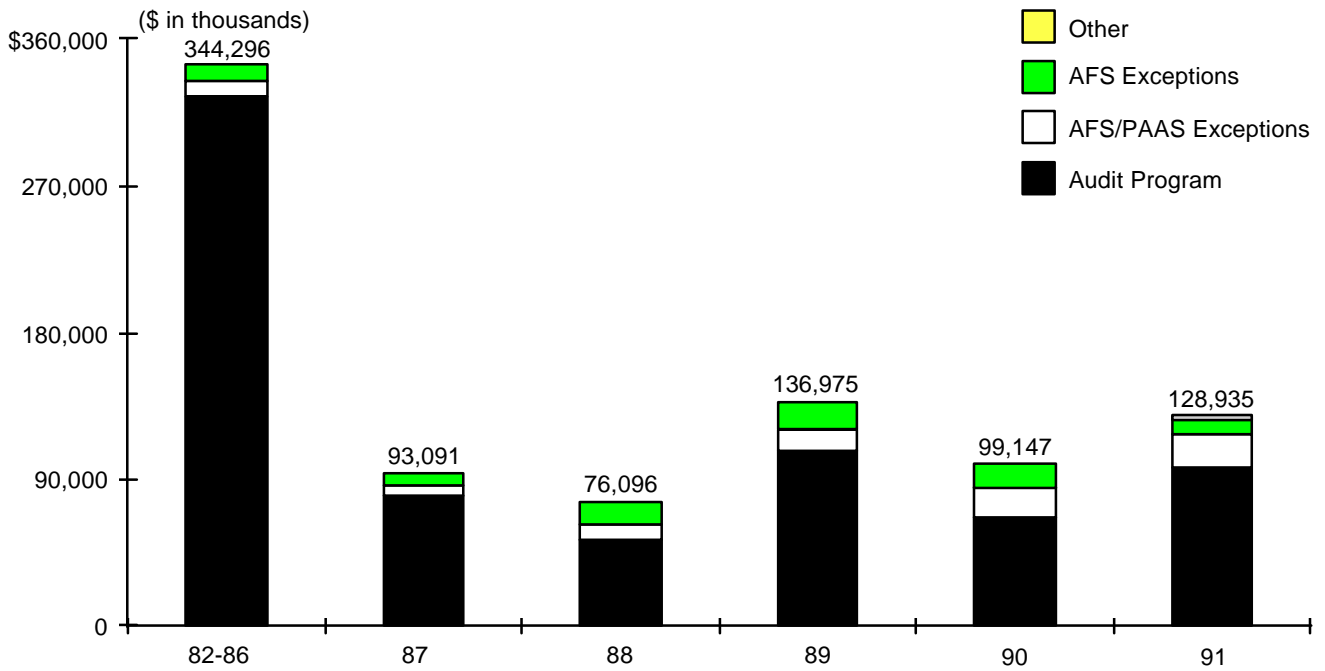
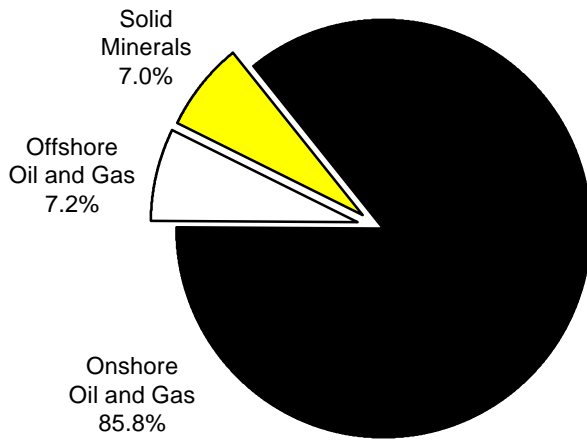


Figure 18. Revenues from principal Royalty Management Program underpayment detection programs, Fiscal Years 1982-97

Table 14. Revenues from principal Royalty Management Program underpayment detection programs, Fiscal Years 1982-97

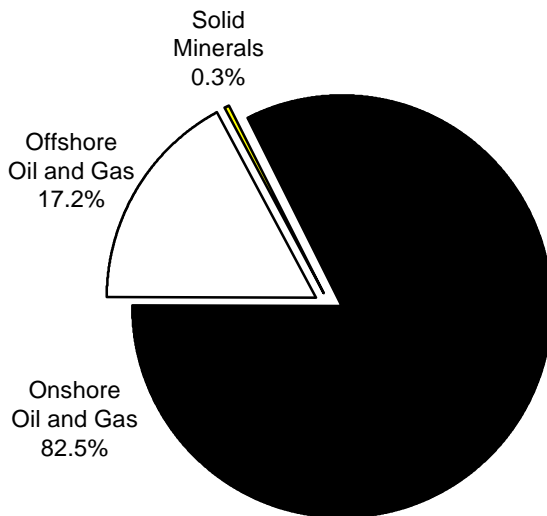
Revenues in Thousands of Dollars					
	Audit Program	AFS/PAAS Exceptions	AFS Exceptions	Allowance Exceptions	AFS/PAAS Liquidated Damages
1982-84. . .	\$ 132,858	\$ ---	\$ ---	\$ ---	\$ ---
1985. . . .	75,433	2,900	2,656	---	---
1986. . . .	115,930	6,415	8,104	---	---
1987. . . .	79,384	6,415	7,281	---	11
1988. . . .	52,201	10,074	13,494	---	327
1989. . . .	107,416	12,506	16,939	---	114
1990. . . .	65,966	18,529	14,528	---	124
1991. . . .	97,003	20,204	11,251	---	477
1992. . . .	122,670	22,984	21,641	2,210	781
1993. . . .	140,493	24,644	22,559	721	913
1994. . . .	267,787	19,174	15,836	2,179	884
1995. . . .	215,634	20,305	16,844	595	766
1996. . . .	39,728	18,370	13,283	---	4
1997. . . .	40,160	21,340	13,870	26	2
Total. . .	\$ 1,552,663	\$ 203,860	\$ 178,286	\$ 5,731	\$ 4,403

Revenues in Thousands of Dollars					
	OCS Recoupments	Indian Recoupments	Improper Adjustments	Royalty Rate Monitoring	Total
1982-84. . .	\$ ---	\$ ---	\$ ---	\$ ---	\$ 132,858
1985. . . .	---	---	---	---	80,989
1986. . . .	---	---	---	---	130,449
1987. . . .	---	---	---	---	93,091
1988. . . .	---	---	---	---	76,096
1989. . . .	---	---	---	---	136,975
1990. . . .	---	---	---	---	99,147
1991. . . .	---	---	---	---	128,935
1992. . . .	104	104	---	---	170,494
1993. . . .	708	199	168	---	190,405
1994. . . .	447	186	190	---	306,683
1995. . . .	752	522	580	106	256,104
1996. . . .	416	209	542	366	72,918
1997. . . .	(15)	162	823	154	76,522
Total. . .	\$ 2,412	\$ 1,382	\$ 2,303	\$ 626	\$ 1,951,666



Offshore Oil and Gas	219
Onshore Oil and Gas	2,594
Solid Minerals	212
Total	3,025

Figure 19. Fluid and solid mineral operators, Fiscal Year 1997

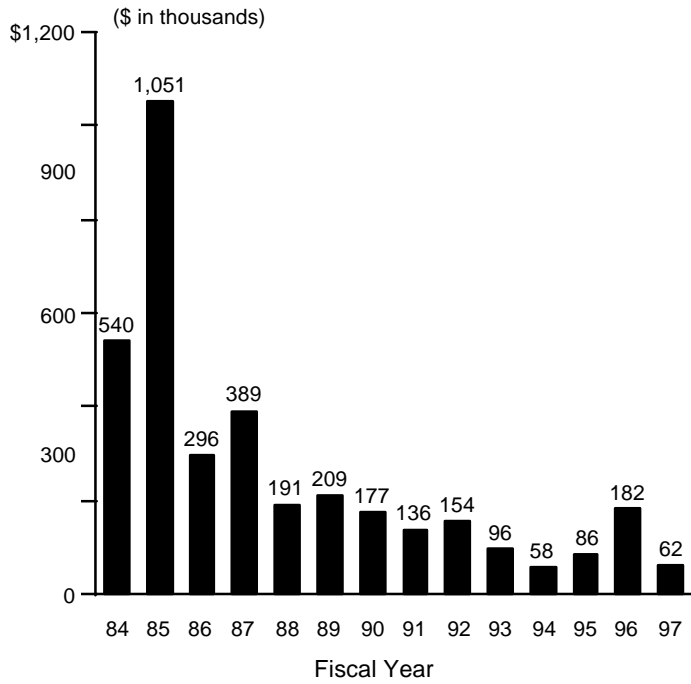


Offshore Oil and Gas	18,550
Onshore Oil and Gas	88,985
Solid Minerals	287
Total	107,822

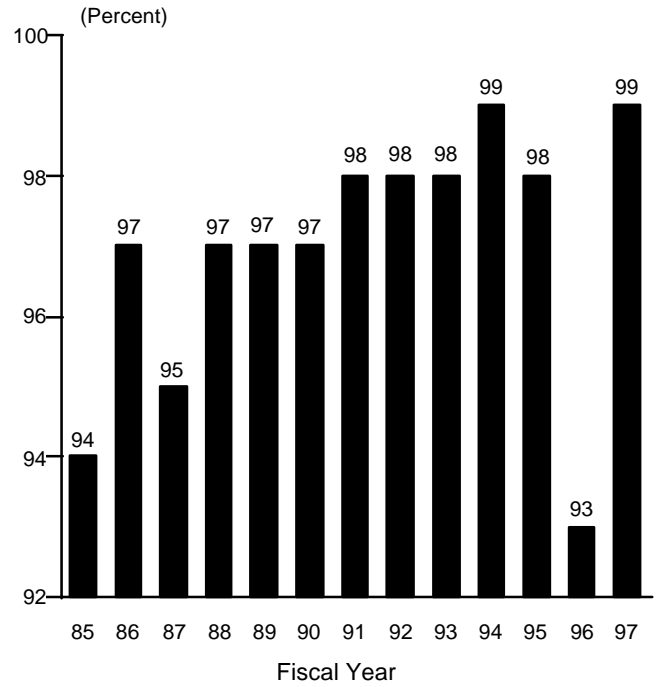
Figure 20. Mines and wells under RMP supervision, Fiscal Year 1997

Table 15. Program operations summary, Fiscal Year 1997

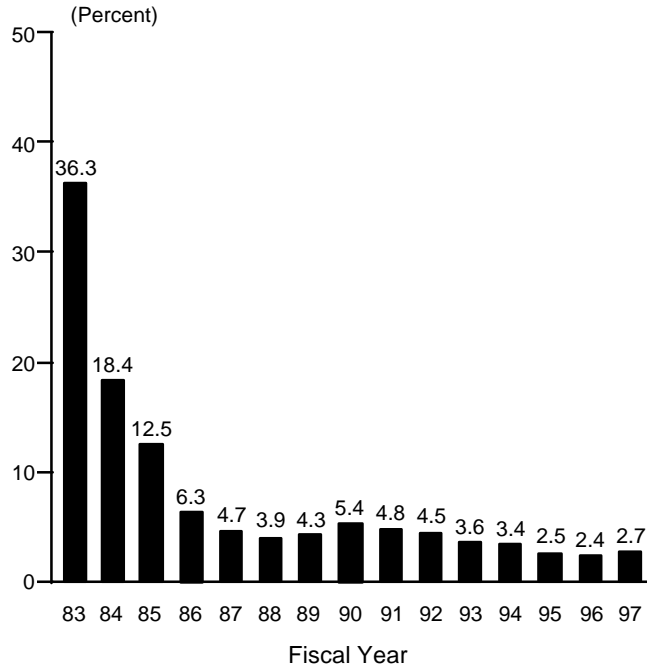
		<u>Percent of Total</u>
● Operators		
Offshore Oil and Gas	219	7.2
Onshore Oil and Gas	2,594	85.8
Solid Minerals	<u>212</u>	<u>7.0</u>
Total Operators	3,025	100.0
● Mines and Wells		
Offshore Oil and Gas Wells	18,550	17.2
Onshore Oil and Gas Wells	88,985	82.5
Solid Mineral Mines	<u>287</u>	<u>0.3</u>
Total Mines and Wells	107,822	100.0
● Average Oil and Gas Payors each month	2,166	
● Average Oil and Gas Lines processed each month	289,164	
● Active Revenue Sources	57,084	
● Active Selling Arrangements	146,141	
● Average Payor and Lease database changes each month	5,084	



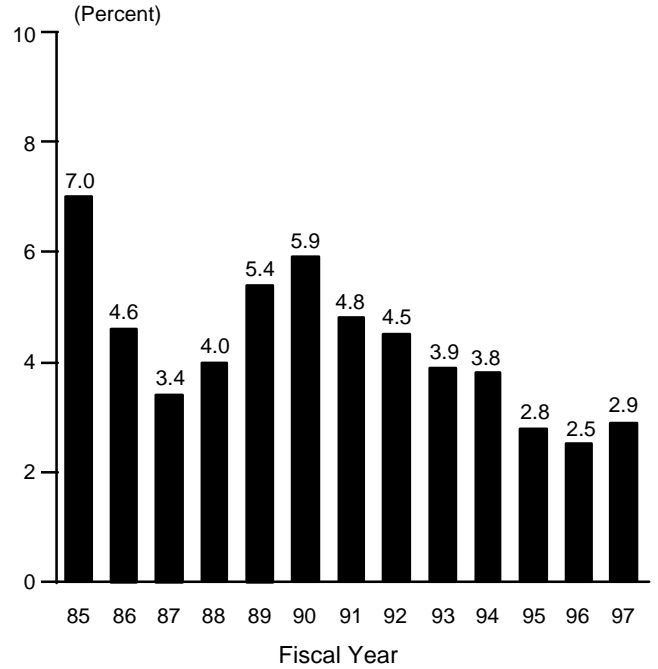
**Figure 21. Late disbursement interest
Fiscal Years 1984-97**



**Figure 22. On time disbursement
Fiscal Years 1985-97**



**Figure 23. AFS error rates
Fiscal Years 1983-97**

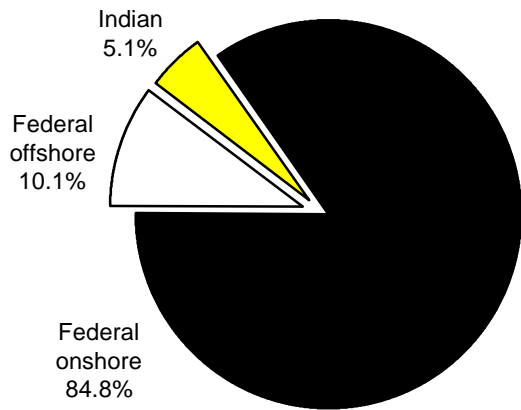


**Figure 24. PAAS error rates
Fiscal Years 1985-97**

Table 16. Program operations summary, Fiscal Years 1982-97

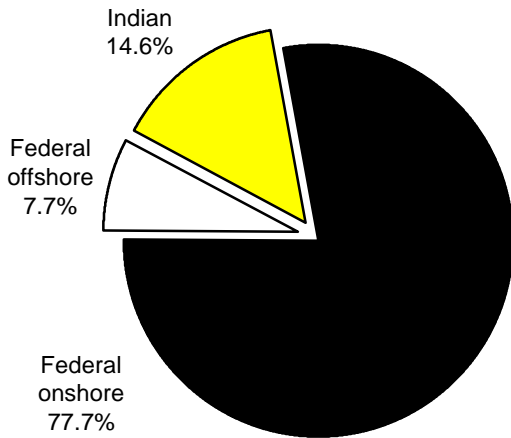
	Late Disbursement Interest (In Thousands)	On Time Disbursement (Percent)	AFS Error Rates (Percent)	PAAS Error Rates (Percent)
FY 1982	\$ ---	---	38.7	---
FY 1983	\$ ---	---	36.3	---
FY 1984	\$ 540	---	18.4	---
FY 1985	\$ 1,051	93.7	12.5	7.0
FY 1986	\$ 296	96.8	6.3	4.6
FY 1987	\$ 389	95.2	4.7	3.4
FY 1988	\$ 191	96.9	3.9	4.0
FY 1989	\$ 209	96.7	4.3	5.4
FY 1990	\$ 177	97.3	5.4	5.9
FY 1991	\$ 136	98.0	4.8	4.8
FY 1992	\$ 154	97.5	4.5	4.5
FY 1993	\$ 96	98.0	3.6	3.9
FY 1994	\$ 58	98.9	3.4	3.8
FY 1995	\$ 86	98.4	2.5	2.8
FY 1996*	\$ 182	92.9	2.4	2.5
FY 1997	\$ 62	98.9	2.7	2.9

* Higher late payment interest amounts and lower on time disbursement percentage due to employee furloughs a result of a lapse in appropriations during part of the first and second quarters of FY 1996.



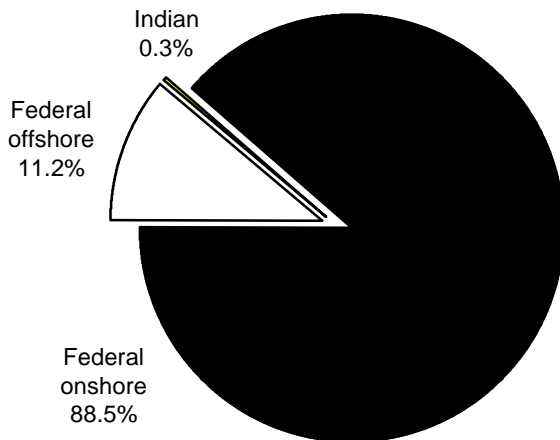
Federal onshore	64,906
Federal offshore	7,694
<u>Indian</u>	<u>3,912</u>
Total	76,512

Figure 25. Producing and nonproducing Federal and Indian leases, Fiscal Year 1997



Federal onshore	20,135
Federal offshore	2,009
<u>Indian</u>	<u>3,772</u>
Total	25,916

Figure 26. Producing oil, gas, and mining leases, Fiscal Year 1997



Federal onshore	44,771
Federal offshore	5,685
<u>Indian</u>	<u>140</u>
Total	50,596

Figure 27. Nonproducing oil, gas, and mining leases, Fiscal Year 1997

**Table 17. Producing and nonproducing Federal and Indian leases,
end of Fiscal Year 1997**

		Percent of <u>Total</u>
● Producing and Nonproducing Oil, Gas, and Mining Leases		
Federal onshore	64,906	84.8
Federal offshore	7,694	10.1
Indian	<u>3,912</u>	<u>5.1</u>
Total	76,512	100.0
 ● Producing Oil, Gas, and Mining Leases		
Federal onshore	20,135	77.7
Federal offshore	2,009	7.7
Indian	<u>3,772</u>	<u>14.6</u>
Total	25,916	100.0
 ● Nonproducing Oil, Gas, and Mining Leases		
Federal onshore	44,771	88.5
Federal offshore	5,685	11.2
Indian	<u>140</u>	<u>0.3</u>
Total	50,596	100.0
 ● Producing Oil and Gas Leases		
Federal onshore	19,863	77.6
Federal offshore	2,008	7.9
Indian	<u>3,720</u>	<u>14.5</u>
Total	25,591	100.0
 ● Nonproducing Oil and Gas Leases		
Federal onshore	43,708	88.4
Federal offshore	5,680	11.5
Indian	<u>62</u>	<u>0.1</u>
Total	49,450	100.0



As the Nation's principal conservation agency, the Department of the Interior has responsibility for most of our nationally owned public lands and natural resources. This includes fostering sound use of our land and water resources; protecting our fish, wildlife, and biological diversity; preserving the environmental and cultural values of our national parks and historical places; and providing for the enjoyment of life through outdoor recreation. The Department assesses our energy and mineral resources and works to ensure that their development is in the best interests of all our people by encouraging stewardship and citizen participation in their care. The Department also has a major responsibility for American Indian reservation communities and for people who live in island territories under U.S. administration.



As a bureau of the Department of the Interior, the Minerals Management Service's (MMS) primary responsibilities are to manage the mineral resources located on the Nation's Outer Continental Shelf (OCS), collect revenue from the Federal OCS and onshore Federal and Indian lands, and distribute those revenues.

Moreover, in working to meet its responsibilities, the **Offshore Minerals Management Program** administers the OCS competitive leasing program and oversees the safe and environmentally sound exploration and production of our Nation's offshore natural gas, oil and other mineral resources. The MMS **Royalty Management Program** meets its responsibilities by ensuring the efficient, timely and accurate collection and disbursement of revenue from mineral leasing and production due to Indian tribes and allottees, States and the U.S. Treasury.

The MMS strives to fulfill its responsibilities through the general guiding principles of: (1) being responsive to the public's concerns and interests by maintaining a dialogue with all potentially affected parties and (2) carrying out its programs with an emphasis on working to enhance the quality of life for all Americans by lending MMS assistance and expertise to economic development and environmental protection.