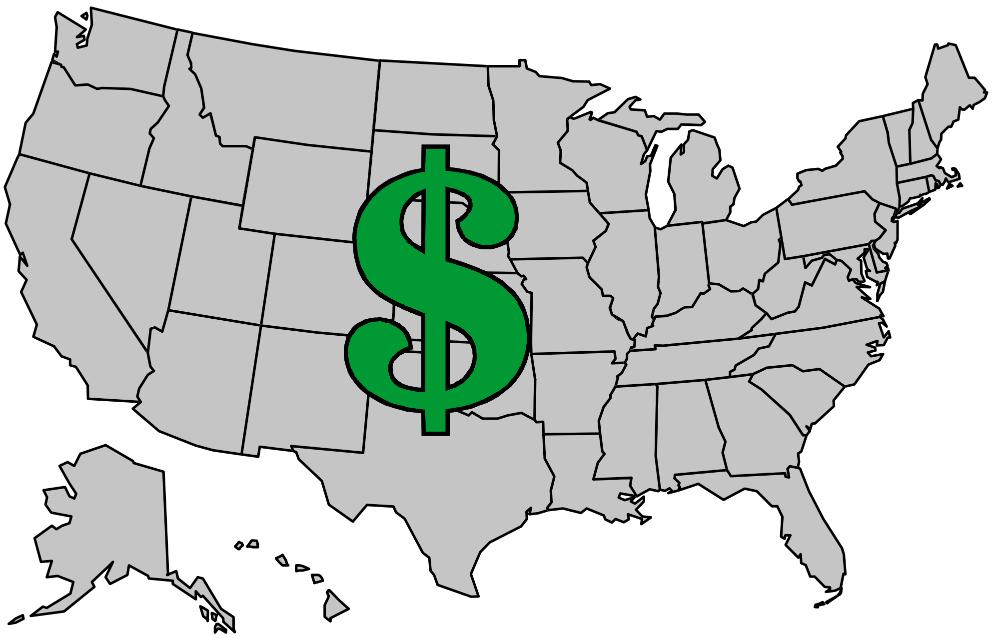
Mineral Revenue Distributions

Fiscal Year 1998

Royalty Management Program



U.S. Department of the Interior
Minerals Management Service

Mineral Revenue Distributions

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Contents

Executive Summary, **v**

Products and Units of Measurement, vi

About This Report, **vii**

Distribution of Federal and Indian Mineral Revenues, **1**
Outer Continental Shelf Lands, **1**
Public Domain Lands, **2**
Acquired Lands, **2**
Indian Lands, **2**
Alaska Native Lands, **2**

Glossary, **19**

Appendix, 23
Inch-Pound/Metric Conversion, **23**

Figures

1. Disbursement of mineral revenues, in millions, from Federal and Indian leases, Fiscal Years 1989-98, **viii**

2. Disbursement of mineral revenues, in millions, to the Indian Community, States, and the Federal Government, Fiscal Years 1989-98, **viii**

3. Disbursement of mineral revenues, in millions, from Federal and Indian leases, Fiscal Year 1998, **6**

4. Disbursement to States of royalties and other revenues from Federal onshore leases, in millions, Fiscal Year 1998, **7**

Tables

1. Formulas for the disbursement of revenues from Federal and Indian mineral leases, **3-5**

2. Disbursement of Federal and Indian mineral lease revenues, Fiscal Years 1982-98, **6**

3. Summary of mineral revenues distributed to other Federal agencies by the Minerals Management Service from Federal onshore acquired lands, Fiscal Years 1985-98, **7**

4. Summary of mineral revenues distributed to States from Federal mineral leases by revenue type, Fiscal Year 1998, **8-13**

5. Summary of mineral revenues distributed to States by the Bureau of Land Management and Minerals Management Service from Federal onshore mineral leases, Fiscal Years 1920-98, **14-15**

6. Distribution of Federal offshore rents, bonuses, royalties, escrow funds, and settlement payments under the provisions of the OCS Lands Act as amended, Fiscal Years 1986-98, **16-17**

U.S. DEPARTMENT OF THE INTERIOR
MARCH 3, 1849

U.S. DEPARTMENT OF THE INTERIOR
MINERAL REVENUES
OFFSHORE MINERALS
STEWARDSHIP
MINERALS MANAGEMENT SERVICE

Executive Summary

The U.S. Department of the Interior and the royalty management staff of the Minerals Management Service (MMS) continued to improve stewardship of the Nation's mineral resources in Fiscal Year (FY) 1998.

Total Distributions

The Department collected and disbursed nearly $6 billion in mineral rents, bonuses, and royalties in FY 1998 from 80,727 Federal and Indian leases. This represents a decline of $260.3 million, or 4.2 percent, from $6.2 billion in distributions in FY 1997.

The decline was primarily due to lower oil and gas prices during the year. The decline was offset, in part, by a moderate increase in revenues from Federal offshore and onshore oil and gas competitive lease sales.

Indian revenues addressed in this report are collected and processed by MMS from leases on Tribal lands and allotments, or collected by the Indian community and reviewed by MMS for accuracy.

Offshore Oil and Gas

Offshore oil and natural gas royalties fell 11.8 percent, or $400.6 million, in FY 1998. Domestic oil prices are materially influenced by the international market. The U.S. Department of Energy (DOE) advises that abundant petroleum supplies and a slowdown in much of the world economy caused oil prices to fall $6 per barrel in 1998. The world oil supply was expected to exceed world oil demand by 700,000 barrels per day during the year.

Domestic gas prices are governed by competition in U.S. and Canadian energy markets because gas, unlike oil, is not easily transported between countries outside North America. Natural gas prices fell in the last half of November and in December 1997 due to moderate weather and adequate gas inventories as the peak heating season approached. Gas prices continued to fall in January and February 1998 due to warmer-than-expected winter weather in the continental United States. With demand lower, gas inventories remained high throughout the peak heating season. Prices stabilized from March through May before falling again in June due to well-stocked gas inventories and a strong injection during the spring.

The decline in offshore royalties was offset, in part, by an increase in bonuses and rents from competitive oil and gas lease sales. Offshore bonuses and rents rose 19.7 percent, from $1.3 billion in FY 1997 to nearly $1.6 billion in FY 1998. The growth in revenues from competitive lease sales is attributed to advances in three-dimensional seismology, innovations in horizontal drilling, improved underwater techniques, recent subsalt discoveries in the Gulf of Mexico, and increased competition by independent producers in shallow water properties in the Gulf.

Federal Onshore and Indian Oil, Gas, and Coal

Federal onshore royalties fell 8.7 percent and Indian royalties dropped 4.8 percent in FY 1998. Most of the decline was associated with falling oil royalties as a result of excessive international supply.

Gas sales volume and royalties on Federal onshore lands experienced a modest increase in FY 1998. Bureau of Land Management officials advise that much of the increase was attributable to new coalbed methane completions in the Powder River Basin of Wyoming and to new wells in the southwestern part of the State in the Jonah Field and the Pinedale area.

Coal sales volume and royalties declined on both Federal onshore and Indian lands. Coal prices have fallen in 4 of the last 5 years as a result of continued gains in mining productivity. Wyoming continued as the largest producer of coal on Federal lands, accounting for 58.8 percent of Federal onshore coal royalties in FY 1998.

Federal onshore bonuses and rents increased $3.6 million in FY 1998. The increase was attributed to additional revenues from oil, gas, and coal competitive lease sales during the year.

Products and Units of Measurement

Product	Unit of Measurement
Amethyst	Grams
Carbon Dioxide	Mcf (thousand cubic feet)
Coal	Short tons (2,000 pounds)
Copper	Short tons
Garnet Gem	Kilograms
Gas	Mcf
Gas Plant Products	Gallons
Geothermal and Heated Water Sources	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	Short tons
Sodium	Short tons
Sulfur	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

The Mineral Revenue Distributions Report for Fiscal Year 1998 provides information addressing royalty, rent, bonus, and other revenue disbursements from Federal and Indian mineral leases. The Minerals Management Service, Royalty Management Program, distributes the report annually to congressional, Federal, State, Indian, and industry representatives. Many of the narratives, figures, and tables address current-year performance; however, 10 years of historical data are provided where appropriate as a service to our constituents. Numbers in parentheses may include current-year collections and credits, and prior-year adjustments.

The Appendix on page 23 provides factors to convert measurements to either English (inch-pound) units or the International System of Units (metric).

Mineral Lease Revenues

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

- **Bonuses.** Leases issued in areas known or believed 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" includes 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.

Other Minerals

Minerals referred to in this report as "Other Royalties" may include the following solid and fluid minerals: amethyst, asphalt, barite, bentonite, carbon dioxide, chat, clay, copper, feldspar, fluorspar, garnet concession, garnet gem, garnet sands, gas lost, gas plant products, geothermal energy, gilsonite, gold, granite, gypsum, helium, hot water, iron ore, langbeinite, lead, leonardite, limestone, magnesium, molybdenum, nitrogen, oil lost, oil shale, phosphate, potash, potassium products, purge liquor, quartz crystals, salt, sand and gravel, scoria, silica sand, silver, soda ash, sodium products, sulfur, sylvite, trona ore, tungsten, uranium, wavellite, and zinc. Gas plant products include gasoline, liquid petroleum gas, propane, butane, and other gas commodities measured in gallons.

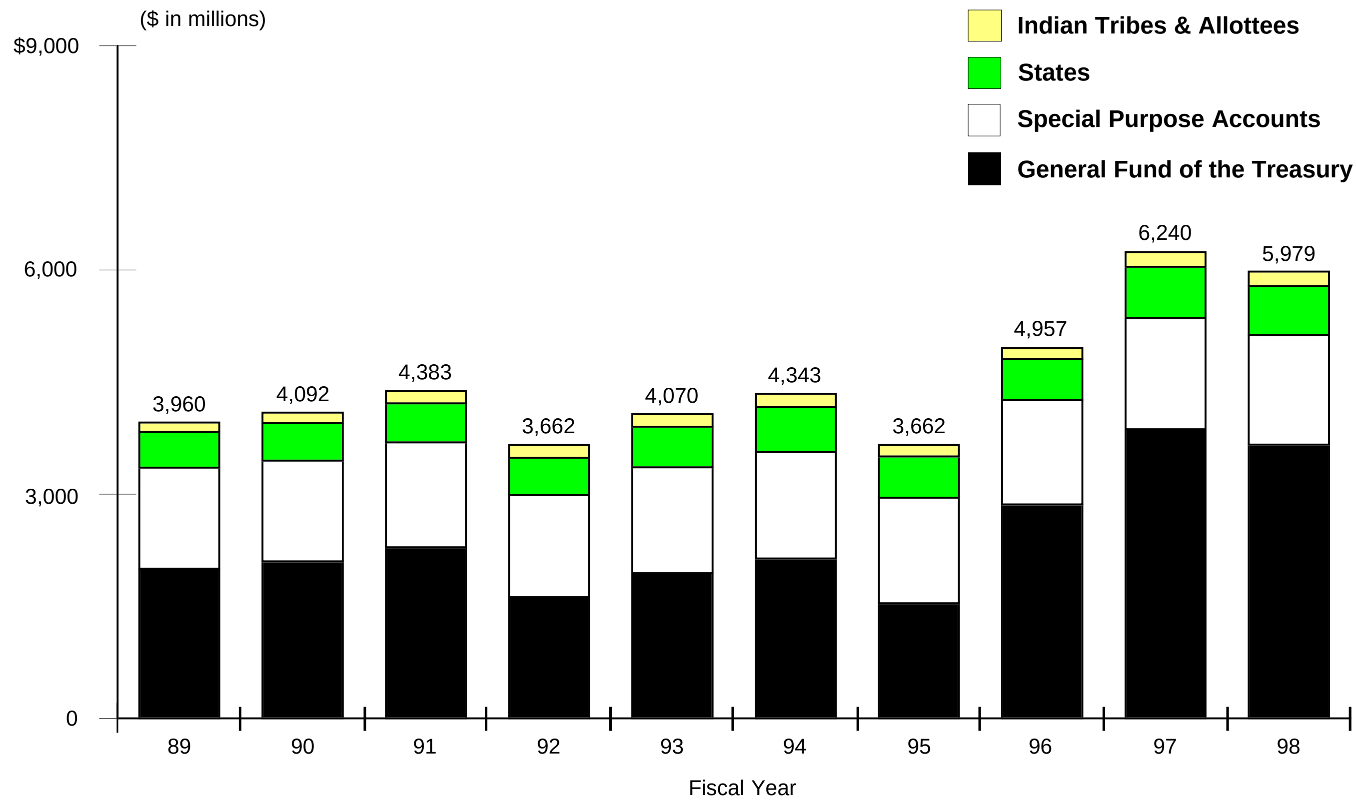

Figure 1. Disbursement of mineral revenues, in millions, from Federal and Indian leases, Fiscal Years 1989-98

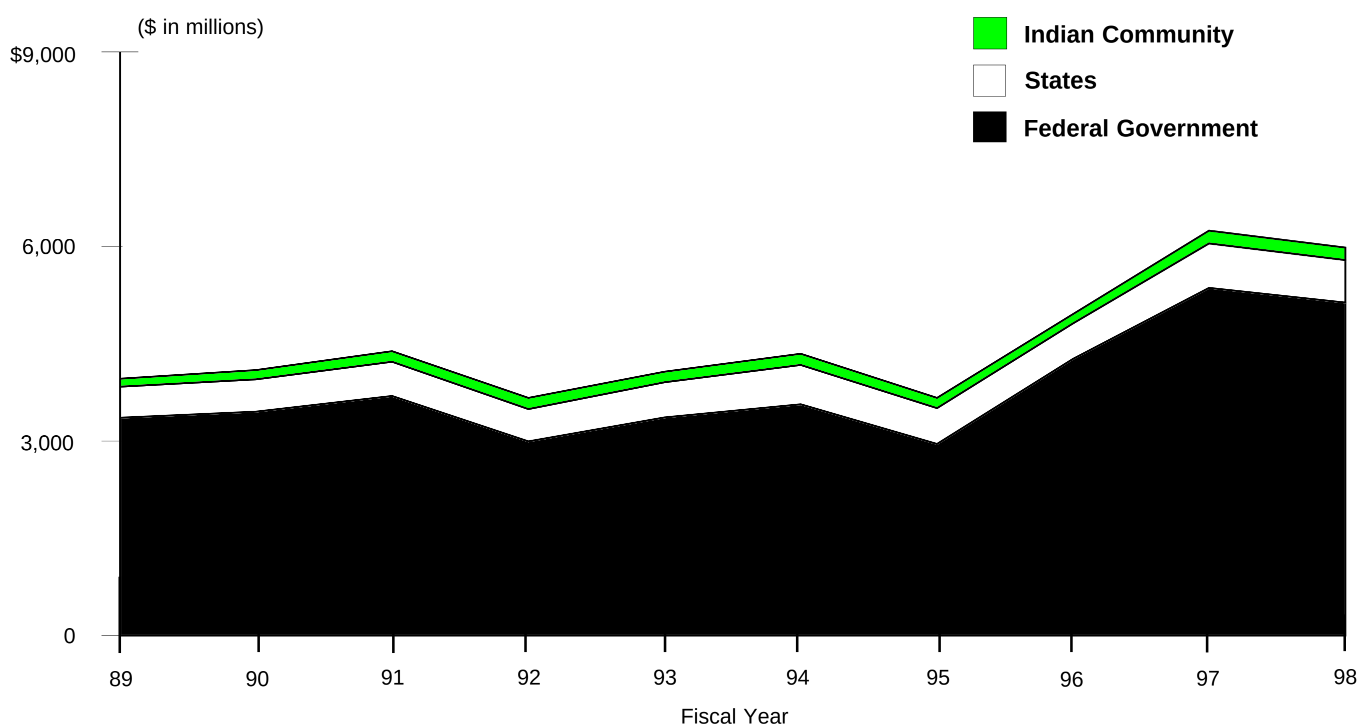

Figure 2. Disbursement of mineral revenues, in millions, to the Indian Community, States, and the Federal Government, Fiscal Years 1989-98

Distribution of Federal and Indian Mineral Revenues

Revenues collected in 1998 from mineral leases on Federal lands were 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. The Bureau of Indian Affairs (BIA) disbursed revenues collected from Indian leases to the appropriate Indian Tribes and allottees. Formulas for these disbursements are governed by legislation and regulations (table 1).

The General Fund of the Treasury received 61.3 percent, or $3.7 billion, of all revenues in Fiscal Year (FY) 1998. Payments to three special-purpose accounts amounted to $1.5 billion, or 24.5 percent of total mineral revenues. Another $656.2 million, or 11 percent, was disbursed to mineral-producing States from offshore and onshore mineral activity. Indian revenues directed to Tribal governments and individual allotment owners equaled 3.2 percent, or $191.5 million, during the fiscal year (table 2 and figure 3).

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, the Minerals Management Service (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. 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. Royalty, rent, and bonus revenues totaling $549.7 million were distributed to 32 States from Federal onshore lands in FY 1998 (tables 4 and 5, and figure 4).

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.

The MMS administers mineral leases from different land categories. Legislation and regulations govern formulas for the disbursement of revenues from these leases (table 1).

Outer Continental Shelf 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 and the National Historic Preservation Fund. Transfers to maintain the Land and Water Conservation Fund's annual authorization of $900 million totaled $897 million in FY 1998. Transfers to the National Historic Preservation Fund equaled $150 million during the year (table 2 and figure 3).

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 into 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 during 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 (table 1).

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

Over $106.5 million in OCS royalties and escrow funds was released to seven States in FY 1998 under the provisions of the OCSLA Amendments of 1985 (tables 4 and 6).

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, and 10 percent is directed into the General Fund of the Treasury through miscellaneous receipts (table 1).

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 (table 1).

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 (table 1).

Seventy-five percent of mineral receipts from leases on acquired lands within a national forest administered by the U.S. Department of Agriculture (USDA) is distributed to the General Fund of the Treasury. The remaining 25 percent is distributed to the State in which the lease is located (table 1).

Seventy-five percent of mineral revenues from leases on acquired lands within a national grassland administered by USDA is distributed to the General Fund of the Treasury. The remaining 25 percent is distributed to the county in which the lease is located (table 1).

Seventy-five percent of mineral receipts from acquired Flood Control Act lands administered by the U.S. Army Corps of Engineers (COE) is distributed to the State in which the lease is located. The remaining 25 percent is distributed to the General Fund of the Treasury (table 1).

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 (table 1).

All mineral receipts generated from leases on acquired reclamation project lands are paid to the Reclamation Fund (table 1).

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

Receipts from other acquired lands are deposited in a general Treasury account (table 1).

The COE and USDA distributed revenues from acquired lands under their jurisdiction to the States through the end of FY 1992. The MMS assumed distribution of acquired land revenues to the States from lands administered by COE and from national forests administered by USDA beginning in FY 1993. The USDA continued to distribute revenues to the States from acquired grasslands (table 3).

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 — Jicarilla Apache, Blackfeet, Navajo, and 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.

Table 1. Formulas for the disbursement of revenues from Federal and Indian mineral leases

	Outer Continental Shelf Lands
Special-Purpose Accounts	$150 million per year to the Historic Preservation Fund. Up to $900 million per year to the Land and Water Conservation Fund.
States	Section 8(g) of the Outer Continental Shelf Lands Act, as amended, provides for the following distribution of 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.
U.S. Treasury	The balance of revenues are directed to the General Fund of the U.S. Treasury.
	Public Domain Lands Other Than Alaska
Special-Purpose Accounts	40 percent to the Reclamation Fund.
States	50 percent to the State in which the lease is located.
U.S. Treasury	10 percent to the General Fund of the U.S. Treasury.
	Public Domain Lands - Alaska
States	90 percent to the State of Alaska.
U.S. Treasury	10 percent to the General Fund of the U.S. Treasury.

Table 1. Formulas for the disbursement of revenues from Federal and Indian mineral leases (cont.)

	Public Domain Lands - National Petroleum Reserve Alaska
States	50 percent to the State of Alaska.
U.S. Treasury	50 percent to the General Fund of the U.S. Treasury.
	Acquired Lands - National Forests
States	25 percent to the State in which the lease is located.
U.S. Treasury	75 percent to the General Fund of the U.S. Treasury.
	Acquired Lands - National Grasslands
Counties	25 percent to the county in which the lease is located.
U.S. Treasury	75 percent to the General Fund of the U.S. Treasury.
	Acquired Flood Control Act Lands Administered by U.S. Army Corps of Engineers
States	75 percent to the State in which the lease is located.
U.S. Treasury	25 percent to the General Fund of the U.S. Treasury.
	Acquired Lands - National Wildlife Refuges
Counties	Revenues disbursed according to one of three alternative formulas prescribed by statute.
U.S. Treasury	Remainder to the General Fund of the U.S. Treasury.

Table 1. Formulas for the disbursement of revenues from Federal and Indian mineral leases (cont.)

Acquired Reclamation Project Lands Administered by the Bureau of Reclamation

Special-Purpose Accounts	100 percent to the Reclamation Fund.

Acquired Military Lands - Leases Issued Before 1981

U.S. Treasury	100 percent to the General Fund of the U.S. Treasury.

Acquired Military Lands - Leases Issued Beginning January 1, 1981

Special-Purpose Accounts	40 percent to the Reclamation Fund.
States	50 percent to the State in which the lease is located.
U.S. Treasury	10 percent to the General Fund of the U.S. Treasury.

Acquired Lands - Other

U.S. Treasury	100 percent to the General Fund of the U.S. Treasury.

Alaska Native Lands - Cook Inlet Region, Inc.

Alaskan Natives	100 percent of Alaskan Native shares to Cook Inlet Region, Inc.

Indian Lands

Indian Tribes and Allottees	100 percent to Indian Tribes and allottees.

Table 2. Disbursement of Federal and Indian mineral lease revenues, Fiscal Years 1982-98

	Revenues in Thousands of Dollars						
	Historic Preserve Fund	Land & Water Conserve Fund	Reclamation Fund	Indian Tribes & Allottees	State Share	U.S. Treasury	Total
1982	$ 150,000	$ 825,950	$ 435,688	$ 203,000	$ 609,660	$ 5,476,020	$ 7,700,318
1983	150,000	814,693	391,891	169,600	454,359	9,582,227	11,562,770
1984	150,000	789,421	414,868	163,932	542,646	5,848,044	7,908,911
1985	150,000	784,279	415,688	160,479	548,937	4,744,317	6,803,700
1986	150,000	755,224	339,624	122,865	1,390,632	4,983,055	7,741,400
1987	150,000	823,576	265,294	100,499	990,113	4,030,979	6,360,461
1988	150,000	859,761	317,505	125,351	767,621	2,627,721	4,847,959
1989	150,000	862,761	337,865	121,954	480,272	2,006,837	3,959,689
1990	150,000	843,765	353,708	141,086	501,207	2,102,576	4,092,342
1991	150,000	885,000	368,474	164,310	524,207	2,291,085	4,383,076
1992	150,000	887,926	328,081	170,378	500,866	1,624,864	3,662,115
1993	150,000	900,000	366,593	164,385	543,717	1,945,730	4,070,425
1994	150,000	862,208	410,751	172,132	606,510	2,141,755	4,343,356
1995	150,000	896,987	367,284	153,319	553,012	1,541,048	3,661,650
1996	150,000	896,906	350,264	145,791	547,625	2,866,509	4,957,095
1997	150,000	896,979	442,834	196,462	685,554	3,867,865	6,239,694
1998	150,000	896,978	421,149	191,484	656,225	3,663,532	5,979,368
Total ..	**$2,550,000**	**$14,482,414**	**$6,327,561**	**$2,667,027**	**$10,903,163**	**$61,344,164**	**$98,274,329**

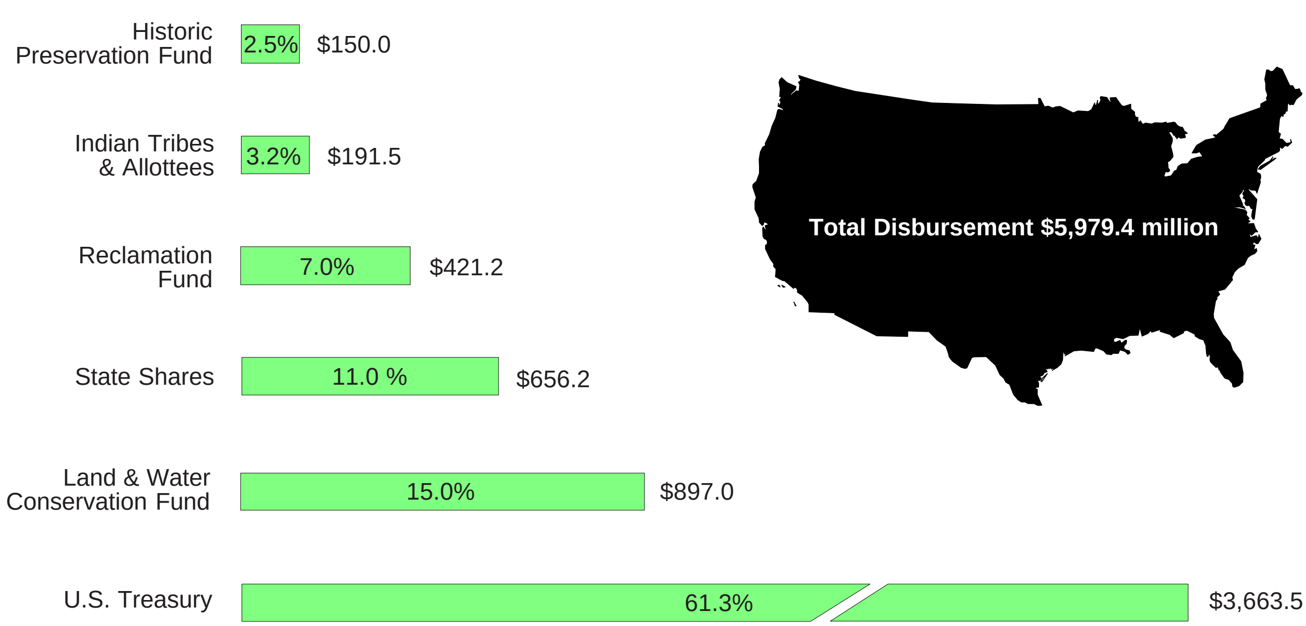

Figure 3. Disbursement of mineral revenues, in millions, from Federal and Indian leases, Fiscal Year 1998

Table 3. Summary of mineral revenues distributed to other Federal agencies by the Minerals Management Service from Federal onshore acquired lands, Fiscal Years 1985-98

	U.S. Army Corps of Engineers	U.S. Department of Agriculture
1985	$ 2,563,572	$ 73,531,777
1986	2,470,295	39,694,197
1987	1,313,384	47,591,946
1988	621,309	44,717,622
1989	2,002,190	91,939,261
1990	2,887,861	54,693,426
1991	1,181,910	37,184,243
1992	1,420,404	22,336,570
1993	---	18,075,994
1994	---	13,994,072
1995	---	18,675,702
1996	---	15,648,918
1997	---	22,769,532
1998	---	22,894,640
Total	**$14,460,925**	**$523,747,900**

NOTE: The U.S. Army Corps of Engineers (COE) and the U.S. Department of Agriculture (USDA) distributed revenues from acquired lands under their jurisdiction to the States through the end of Fiscal Year (FY) 1992. Beginning in FY 1993, the Minerals Management Service assumed distribution of acquired land revenues to the States from lands administered by COE and from national forests administered by USDA. The USDA continued to distribute revenues to the States from acquired grasslands.

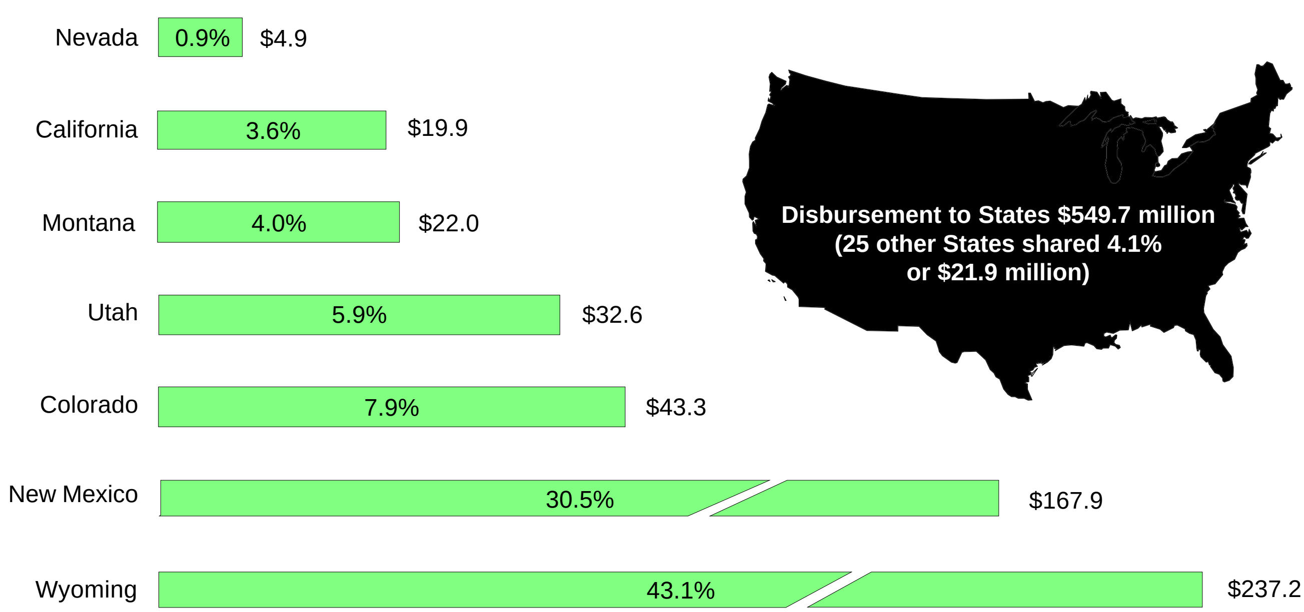

Figure 4. Disbursement to States of royalties and other revenues from Federal onshore leases, in millions, Fiscal Year 1998

Table 4. Summary of mineral revenues distributed to States from Federal mineral leases by revenue type, Fiscal Year 1998

	Coal Royalties	Gas Royalties	Oil Royalties	Other Royalties	Royalties Subtotal
Alabama					
Offshore	$ ---	$12,949,532	$ 6,571	$ 38,755	$12,994,858
Onshore	708,120	130,190	155,675	1,934	995,919
Total	708,120	13,079,722	162,246	40,689	13,990,777
Alaska					
Offshore	---	---	---	---	---
Onshore	---	1,929,465	482,859	13,707	2,426,031
Total	---	1,929,465	482,859	13,707	2,426,031
Arizona					
Onshore	---	---	---	386	386
Arkansas					
Onshore	---	1,009,931	1,328	699	1,011,958
California					
Offshore	---	292,582	1,958,980	17,140	2,268,702
Onshore	---	1,361,789	6,500,067	9,060,335	16,922,191
Total	---	1,654,371	8,459,047	9,077,475	19,190,893
Colorado					
Onshore	17,225,031	8,900,872	6,118,711	5,745,856	37,990,470
Florida					
Offshore	---	---	---	---	---
Onshore	---	---	---	---	---
Total	---	---	---	---	---
Georgia					
Onshore	---	---	---	---	---
Idaho					
Onshore	---	---	---	2,551,002	2,551,002
Illinois					
Onshore	---	---	49,396	---	49,396
Kansas					
Onshore	---	1,173,135	85,506	31,094	1,289,735
Kentucky					
Onshore	124,011	30,570	524	4	155,109
Louisiana					
Offshore	---	5,771,133	3,599,736	250,991	9,621,860
Onshore	---	324,891	323,361	48,059	696,311
Total	---	6,096,024	3,923,097	299,050	10,318,171

Table 4. Summary of mineral revenues distributed to States from Federal mineral leases by revenue type, Fiscal Year 1998 (cont.)

Rents	Bonuses	Other Revenues	Net Receipts Sharing	Total Disbursement	
					Alabama
$ 11,561	$ 209,450	$ 700,000	$ ---	$13,915,869	Offshore
29,041	24,172	(30,604)	(30,257)	988,271	Onshore
40,602	233,622	669,396	(30,257)	14,904,140	Total
					Alaska
148,365	3,138	13,408,683	---	13,560,186	Offshore
4,918	---	2,583,336	(569,762)	4,444,523	Onshore
153,283	3,138	15,992,019	(569,762)	18,004,709	Total
					Arizona
75,760	74,913	35,767	(2,338)	184,488	Onshore
					Arkansas
128,380	55,709	82,227	(46,066)	1,232,208	Onshore
					California
---	---	28,900,000	---	31,168,702	Offshore
193,660	334,867	3,527,330	(1,047,546)	19,930,502	Onshore
193,660	334,867	32,427,330	(1,047,546)	51,099,204	Total
					Colorado
1,958,954	3,822,456	1,411,286	(1,885,898)	43,297,268	Onshore
					Florida
1,775	---	---	---	1,775	Offshore
4,303	---	945	(290)	4,958	Onshore
6,078	---	945	(290)	6,733	Total
					Georgia
---	---	---	(3)	(3)	Onshore
					Idaho
4,979	6,615	15,000	(111,518)	2,466,078	Onshore
					Illinois
135	---	145	(5,268)	44,408	Onshore
					Kansas
2,949	600	16,961	(66,725)	1,243,520	Onshore
					Kentucky
4,079	1,097	12,737	(4,171)	168,851	Onshore
					Louisiana
412,229	1,744,928	8,400,000	---	20,179,017	Offshore
139,778	160,410	33,247	(33,739)	996,007	Onshore
552,007	1,905,338	8,433,247	(33,739)	21,175,024	Total

Table 4. Summary of mineral revenues distributed to States from Federal mineral leases by revenue type, Fiscal Year 1998 (cont.)

	Coal Royalties	Gas Royalties	Oil Royalties	Other Royalties	Royalties Subtotal
Michigan					
Onshore	$ ---	$ 489,446	$ 36,033	$ 16,601	$ 542,080
Minnesota					
Onshore	---	---	---	---	---
Mississippi					
Offshore	---	662,354	---	---	662,354
Onshore	---	118,918	248,268	---	367,186
Total	---	781,272	248,268	---	1,029,540
Missouri					
Onshore	---	---	---	884,099	884,099
Montana					
Onshore	15,245,019	1,734,688	2,152,769	37,721	19,170,197
Nebraska					
Onshore	---	---	8,544	---	8,544
Nevada					
Onshore	---	---	557,293	2,948,226	3,505,519
New Mexico					
Onshore	7,098,580	121,867,075	22,090,706	9,983,493	161,039,854
North Carolina					
Onshore	---	---	---	---	---
North Dakota					
Onshore	550,005	199,436	2,658,700	6,465	3,414,606
Ohio					
Onshore	---	149,674	13,742	---	163,416
Oklahoma					
Onshore	266,107	2,108,579	181,379	9,388	2,565,453
Oregon					
Onshore	---	---	---	---	---
Pennsylvania					
Onshore	---	17,502	42	---	17,544
South Dakota					
Onshore	---	32,383	204,510	---	236,893

Table 4. Summary of mineral revenues distributed to States from Federal mineral leases by revenue type, Fiscal Year 1998 (cont.)

Rents	Bonuses	Other Revenues	Net Receipts Sharing	Total Disbursement	
					Michigan
$ 33,566	$ ---	$ (1,270)	$ (34,125)	$ 540,251	Onshore
					Minnesota
374	19	12,166	(292)	12,267	Onshore
					Mississippi
16,445	746,856	200,000	---	1,625,655	Offshore
189,306	580,924	9,451	(24,606)	1,122,261	Onshore
205,751	1,327,780	209,451	(24,606)	2,747,916	Total
					Missouri
(749)	---	9,580	(31,435)	861,495	Onshore
					Montana
1,083,787	938,333	1,801,519	(1,033,880)	21,959,956	Onshore
					Nebraska
654	---	1,542	(802)	9,938	Onshore
					Nevada
1,527,597	186,189	(20,913)	(290,081)	4,908,311	Onshore
					New Mexico
1,644,354	6,848,190	4,151,390	(5,756,273)	167,927,515	Onshore
					North Carolina
---	---	119	(3)	116	Onshore
					North Dakota
103,766	103,264	1,217,836	(193,189)	4,646,283	Onshore
					Ohio
3,069	---	932	(10,834)	156,583	Onshore
					Oklahoma
167,699	504,784	(2,313,735)	(110,515)	813,686	Onshore
					Oregon
75,377	---	24,262	(1,986)	97,653	Onshore
					Pennsylvania
283	---	1,698	(1,643)	17,882	Onshore
					South Dakota
163,148	3,737	(21,837)	(28,935)	353,006	Onshore

Table 4. Summary of mineral revenues distributed to States from Federal mineral leases by revenue type, Fiscal Year 1998 (cont.)

	Coal Royalties	Gas Royalties	Oil Royalties	Other Royalties	Royalties Subtotal
Texas					
Offshore	$ ---	$ 9,077,644	$ 1,300,934	$ 93,460	$ 10,472,038
Onshore	---	74,811	208,229	16,838	299,878
Total	---	9,152,455	1,509,163	110,298	10,771,916
Utah					
Onshore	16,561,187	7,484,953	3,346,084	415,611	27,807,835
Virginia					
Onshore	---	72,983	---	3,220	76,203
Washington					
Onshore	694,293	---	---	---	694,293
West Virginia					
Onshore	---	153,980	61,313	86	215,379
Wisconsin					
Onshore	---	---	---	---	---
Wyoming					
Onshore	83,374,834	65,070,143	28,526,050	10,374,774	187,345,801
Offshore Total	**$ ---**	**$ 28,753,245**	**$ 6,866,221**	**$ 400,346**	**$ 36,019,812**
Onshore Total	**$141,847,187**	**$214,435,414**	**$74,011,089**	**$42,149,598**	**$472,443,288**
Offshore and Onshore Total	**$141,847,187**	**$243,188,659**	**$80,877,310**	**$42,549,944**	**$508,463,100**

Table 4. Summary of mineral revenues distributed to States from Federal mineral leases by revenue type, Fiscal Year 1998 (cont.)

Rents	Bonuses	Other Revenues	Net Receipts Sharing	Total Disbursement	
					Texas
$ 316,545	$ 1,885,989	$13,400,000	$ ---	$ 26,074,572	Offshore
107,450	20,898	39,813	(25,805)	442,234	Onshore
423,995	1,906,887	13,439,813	(25,805)	26,516,806	Total
					Utah
2,383,867	2,176,114	1,993,613	(1,740,620)	32,620,809	Onshore
					Virginia
1,522	---	179	(5,825)	72,079	Onshore
					Washington
11,360	---	9,265	(40,473)	674,445	Onshore
					West Virginia
23,157	---	60,921	(17,448)	282,009	Onshore
					Wisconsin
107	---	---	(11)	96	Onshore
					Wyoming
8,643,916	41,628,910	6,585,419	(7,024,518)	237,179,528	Onshore
$ 906,920	**$ 4,590,361**	**$65,008,683**	**$ ---**	**$106,525,776**	**Offshore Total**
$18,710,546	**$57,472,201**	**$21,250,327**	**$(20,176,880)**	**$549,699,482**	**Onshore Total**
$19,617,466	**$62,062,562**	**$86,259,010**	**$(20,176,880)**	**$656,225,258**	**Offshore and Onshore Total**

NOTE: The offshore royalty subtotal in table 4 includes only production royalties for oil, gas, and other commodities. Offshore minimum royalties in table 4 are listed under “Other Revenues.” Offshore royalty figures in table 6 include both production royalties and minimum royalties. The offshore royalty figures in table 6 will subsequently not equal the offshore royalty subtotals in table 4.

As indicated, “Other Revenues” in table 4 include minimum royalties; however, other revenue sources are also represented, including settlement payments, gas storage fees, estimated payments, and recoupments.

“Net Receipts Sharing” represents administrative costs withheld from State distributions under the provisions of Public Law 103-66.

Table 5. Summary of mineral revenues distributed to States by the Bureau of Land Management and Minerals Management Service from Federal onshore mineral leases, Fiscal Years 1920-98

	State Shares in Thousands of Dollars					
	1920-88	1989	1990	1991	1992	1993
Alabama	$ 2,065	$ 221	$ 991	$ 129	$ 996	$ 808
Alaska	293,291	9,429	8,048	9,953	7,745	6,940
Arizona	25,572	242	174	173	124	97
Arkansas	27,087	7,775	876	2,109	2,556	1,538
California	445,278	24,412	28,583	27,936	24,311	22,084
Colorado	565,523	32,616	36,356	57,944	44,558	35,916
Florida	1,049	186	56	49	79	102
Idaho	40,825	1,935	1,969	1,893	1,625	2,237
Illinois	---	---	---	---	---	191
Kansas	13,065	830	1,226	921	1,113	1,325
Kentucky	---	---	---	---	---	87
Louisiana	12,103	452	542	328	376	782
Michigan	953	668	724	669	764	698
Minnesota*	12	---	---	---	---	2
Mississippi	10,183	74	86	115	10	739
Missouri	---	---	---	---	---	475
Montana	261,179	19,958	20,318	23,227	18,998	22,378
Nebraska	2,338	115	127	---	---	---
Nevada	100,696	9,287	9,283	9,228	7,957	8,316
New Mexico	1,526,716	88,306	100,120	107,844	102,594	135,117
North Carolina	---	---	---	---	---	1
North Dakota	73,597	4,985	5,065	5,977	5,199	3,325
Ohio*	3	5	13	3	3	351
Oklahoma	27,220	1,912	1,817	1,716	1,243	2,778
Oregon	16,319	291	371	260	131	83
Pennsylvania	---	---	---	---	---	20
South Carolina	---	---	---	---	---	---
South Dakota	13,304	669	695	592	509	483
Tennessee*	13	---	---	---	---	1
Texas*	45	5	114	22	97	350
Utah	418,147	53,035	33,304	32,255	32,062	31,195
Virginia	36	20	20	19	19	151
Washington	3,826	208	155	231	887	458
West Virginia	28	---	---	---	---	264
Wisconsin*	2	---	---	---	---	2
Wyoming	2,107,972	175,786	201,151	196,931	178,518	186,956
Total	**$ 5,988,447**	**$ 433,422**	**$ 452,184**	**$ 480,524**	**$ 432,474**	**$ 466,250**

Table 5. Summary of mineral revenues distributed to States by the Bureau of Land Management and Minerals Management Service from Federal onshore mineral leases, Fiscal Years 1920-98 (cont.)

State Shares in Thousands of Dollars						
1994	1995	1996	1997	1998	1920-98	
$ 296	$ 442	$ 197	$ 599	$ 988	$ 7,732	Alabama
5,377	4,584	4,670	5,515	4,445	359,997	Alaska
94	112	41	69	184	26,882	Arizona
1,201	832	920	1,000	1,232	47,126	Arkansas
21,544	25,467	26,015	20,336	19,931	685,897	California
34,372	35,576	34,563	37,424	43,297	958,145	Colorado
81	87	27	4	5	1,725	Florida
2,509	2,361	2,159	2,211	2,466	62,190	Idaho
207	94	79	68	44	683	Illinois
1,057	871	1,094	1,329	1,244	24,075	Kansas
70	73	112	123	169	634	Kentucky
532	728	943	817	996	18,599	Louisiana
753	885	702	712	540	8,068	Michigan
25	17	6	13	12	87	Minnesota*
486	577	551	952	1,122	14,895	Mississippi
599	1,013	1,205	1,273	861	5,426	Missouri
23,995	24,623	20,271	20,379	21,960	477,286	Montana
6	14	14	16	10	2,640	Nebraska
7,542	8,136	5,759	5,707	4,908	176,819	Nevada
143,174	119,203	118,596	188,840	167,928	2,798,438	New Mexico
1	1	---	---	---	3	North Carolina
2,505	2,490	2,370	3,894	4,646	114,053	North Dakota
207	243	165	153	157	1,303	Ohio*
1,970	1,842	1,720	2,144	814	45,176	Oklahoma
56	48	66	45	98	17,768	Oregon
18	22	22	21	18	121	Pennsylvania
1	2	---	---	---	3	South Carolina
348	800	634	566	353	18,953	South Dakota
---	---	---	---	---	14	Tennessee*
515	455	648	637	442	3,330	Texas*
31,074	31,106	34,116	34,317	32,621	763,232	Utah
118	89	90	85	72	719	Virginia
123	371	468	818	674	8,219	Washington
261	197	197	327	282	1,556	West Virginia
---	1	1	1	---	7	Wisconsin*
242,066	214,182	199,333	239,027	237,180	4,179,102	Wyoming
$523,183	**$477,544**	**$457,754**	**$569,422**	**$549,699**	**$10,830,903**	**Total**

*Cumulative totals for these States may not include small-revenue shares that were disbursed during the previous decades.

NOTE: Figures represent actual payments to the States and not allocations. Mandated distributions to the States are based on percentage shares of royalties, rents, bonuses, and other mineral revenue collections. Beginning with Fiscal Year (FY) 1986, figures include interest accrued for late disbursements to the States. Beginning with FY 1991, figures represent payments to the States after the deduction of administrative costs required under the provisions of Public Law 103-66. Beginning with FY 1993, figures include distributions from acquired lands administered by the U.S. Army Corps of Engineers and from national forests administered by the U.S. Department of Agriculture.

SOURCE: Bureau of Land Management and Minerals Management Service, Department of the Interior.

Table 6. Distribution of Federal offshore rents, bonuses, royalties, escrow funds, and settlement payments under the provisions of the OCS Lands Act as amended, Fiscal Years 1986-98 (cont.)

	1986-95	1996	1997	1998	1986-98
Alabama					
Bonuses	$ 819,374	$ 124,382	$ ---	$ 209,450	$ 1,153,206
Rents	497,118	19,201	16,480	11,561	544,360
Royalties	24,193,459	10,179,916	12,722,041	12,994,858	60,090,274
Section 8(g) Escrow	66,000,000	---	---	---	66,000,000
Settlement Payments	3,010,000	490,000	700,000	700,000	4,900,000
Total	**$ 94,519,951**	**$10,813,499**	**$13,438,521**	**$13,915,869**	**$132,687,840**
Alaska					
Bonuses	$ 1,690,277	$ ---	$ 574,255	$ 3,138	$ 2,267,670
Rents	2,989,122	40,235	137,726	114,893	3,281,976
Royalties	26,375	101,266	8,683	8,683	145,007
Section 7 Escrow	322,900,000	---	---	---	322,900,000
Section 7 Rents	372,747	6,553	3,210,286	33,472	3,623,058
Section 8(g) Escrow	51,000,000	---	---	---	51,000,000
Settlement Payments	57,620,000	9,380,000	13,400,000	13,400,000	93,800,000
Total	**$436,598,521**	**$ 9,528,054**	**$17,330,950**	**$13,560,186**	**$477,017,711**
California					
Bonuses	$ 9	$ ---	$ ---	$ ---	$ 9
Rents	796,673	(429)	(2,932)	---	793,312
Royalties	26,146,248	4,735,950	3,698,576	2,268,702	36,849,476
Section 8(g) Escrow	338,000,000	---	---	---	338,000,000
Settlement Payments	124,270,000	20,230,000	28,900,000	28,900,000	202,300,000
Total	**$489,212,930**	**$24,965,521**	**$32,595,644**	**$31,168,702**	**$577,942,797**
Florida					
Bonuses	$ 2,216,037	$ ---	$ ---	$ ---	$ 2,216,037
Rents	140,973	10,194	11,962	1,775	164,904
Royalties	---	---	---	---	---
Section 8(g) Escrow	30,000	---	---	---	30,000
Settlement Payments	---	---	---	---	---
Total	**$ 2,387,010**	**$ 10,194**	**$ 11,962**	**$ 1,775**	**$ 2,410,941**

Table 6. Distribution of Federal offshore rents, bonuses, royalties, escrow funds, and settlement payments under the provisions of the OCS Lands Act as amended, Fiscal Years 1986-98 (cont.)

	1986-95	1996	1997	1998	1986-98
Louisiana					
Bonuses	$ 26,231,203	$ 4,666,400	$ 5,689,689	$ 1,744,928	$ 38,332,220
Rents	3,588,727	292,445	686,051	412,229	4,979,452
Royalties	141,360,610	12,283,395	11,855,454	9,621,860	175,121,319
Section 8(g) Escrow	572,000,000	---	---	---	572,000,000
Settlement Payments	36,120,000	5,880,000	8,400,000	8,400,000	58,800,000
Total	**$ 779,300,540**	**$23,122,240**	**$ 26,631,194**	**$ 20,179,017**	**$ 849,232,991**
Mississippi					
Bonuses	$ 28,123	$ ---	$ ---	$ 746,856	$ 774,979
Rents	126,603	4,587	4,587	16,445	152,222
Royalties	516,514	401,234	518,628	662,354	2,098,730
Section 8(g) Escrow	14,000,000	---	---	---	14,000,000
Settlement Payments	833,787	140,000	200,000	200,000	1,373,787
Total.	**$ 15,505,027**	**$ 545,821**	**$ 723,215**	**$ 1,625,655**	**$ 18,399,718**
Texas					
Bonuses	$ 15,558,786	$ 2,076,713	$ 1,098,845	$ 1,885,989	$ 20,620,333
Rents	2,869,938	209,000	227,346	316,545	3,622,829
Royalties	117,969,830	9,219,584	10,674,561	10,472,038	148,336,013
Section 8(g) Escrow	382,000,000	---	---	---	382,000,000
Settlement Payments	57,620,000	9,380,000	13,400,000	13,400,000	93,800,000
Total	**$ 576,018,554**	**$20,885,297**	**$ 25,400,752**	**$ 26,074,572**	**$ 648,379,175**
Totals					
Bonuses	$ 46,543,809	$ 6,867,495	$ 7,362,789	$ 4,590,361	$ 65,364,454
Rents	11,009,154	575,233	1,081,220	873,448	13,539,055
Royalties	310,213,036	36,921,345	39,477,943	36,028,495	422,640,819
Section 7 Escrow	322,900,000	---	---	---	322,900,000
Section 7 Rents.	372,747	6,553	3,210,286	33,472	3,623,058
Section 8(g) Escrow	1,423,030,000	---	---	---	1,423,030,000
Settlement Payments	279,473,787	45,500,000	65,000,000	65,000,000	454,973,787
Total	**$2,393,542,533**	**$89,870,626**	**$116,132,238**	**$106,525,776**	**$2,706,071,173**

Glossary

Allowance — An allowable deduction from value for royalty purposes.

Auditing and Financial System — A computer system application operated by the Minerals Management Service for collecting and disbursing royalties from producing leases and rents from nonproducing leases on Federal and Indian lands.

Barrel/bbl — A measure of volume for petroleum products. One barrel is equivalent to 42 U.S. gallons or 0.1589 cubic meters. One cubic meter equals 6.293 barrels.

BIA — Bureau of Indian Affairs. A Federal agency within the U.S. Department of the Interior responsible for facilitating the full development of the human and natural resource potential of Indian and Alaskan Native people to manage their own affairs under a trust relationship with the Federal Government.

Bonus — The cash consideration paid to the United States by the successful bidder for a mineral lease. The payment is made in addition to the rent and royalty obligations specified in the lease.

Bureau of Land Management — A Federal agency within the U.S. Department of the Interior that administers public lands and natural resources. Bureau of Land Management programs provide for the protection, orderly development, and use of public lands and resources under principles of multiple use and sustained yield.

Business Information System — A computer system application operated by the Minerals Management Service. The Business Information System is an enhanced version of the former State and Tribal Support System and is compatible with the post-Business Systems Planning Implementation architecture. The Business Information System provides States, Indian Tribes, and other Federal agencies with access to Auditing and Financial System data and selected Production Accounting and Auditing System data.

COE — U.S. Army Corps of Engineers. A major command within the U.S. Department of the Army responsible for planning, designing, building, and operating water resources and other civil works projects in cooperation with Federal agencies, State agencies, and local sponsors. COE further performs real estate services, conducts engineering research and development, furnishes emergency operations support in response to national disasters, and administers an environmental restoration program for the U.S. Department of Defense and the U.S. Environmental Protection Agency.

Competitive leasing — The Federal Government issues leases on Federal onshore lands where there are known mineral deposits, or where inference of probable mineralization may be derived from knowledge of the geology of the land. The lands are offered for lease by competitive bidding following publication of the offer of the lands for lease. The lease is issued to the highest bidder at a sale by public auction. The Federal Government offers leases of certain Outer Continental Shelf tracts by competitive sealed bid. The bids are received, announced, and recorded and the lease is generally issued to the highest bidder. See **Noncompetitive leasing**.

Cook Inlet Region, Inc. — One of 12 regional corporations established by the Alaska Native Claims Settlement Act in 1971 to manage real property and capital assets paid as compensation for the aboriginal land rights of Alaska Natives. The Cook Inlet Region, Inc., maintains land holdings containing significant proven reserves of oil, natural gas, coal, and other mineral commodities.

Department — U.S. Department of the Interior. A Cabinet-level department in the Executive Branch of the Federal Government, responsible for the administration of most of the nationally owned public lands and natural resources. The Department is further responsible for American Indian reservation communities and for individuals who live in Island Territories under U.S. administration.

DOE — U.S. Department of Energy. A Cabinet-level department in the Executive Branch of the Federal Government responsible for coordinating a comprehensive and balanced national energy plan. DOE is responsible for long-term research and development of energy technology; marketing Federal power; energy conservation; the nuclear weapons program; and a central energy data collection and analysis program.

Effective date — The date a lease or assignment becomes effective. The effective date for a lease is the first day of the month after the issue date or, upon applicant request, the first day of the month of issuance. The effective date for an assignment is the first day of the month after proper filing of all required documents.

Electronic data interchange — A process designed to exchange information electronically to reduce paper report volume, reduce errors and expedite error correction, and provide a more current database.

Explanation of payment reports — A series of reports produced by the Minerals Management Service Royalty Management Program, mailed twice each month to Indian Tribes and once each month to States. The reports for Indian allottees are produced and distributed twice each month by the Bureau of Indian Affairs with information supplied by the Royalty Management Program. The reports address the source and nature of mineral revenue disbursements.

Federal land — All land and interests in land owned by the Federal Government, including Outer Continental Shelf, public domain, acquired, and military lands.

Federal Oil and Gas Royalty Simplification and Fairness Act, 110 Stat. 1700 — Public Law 104-185 enacted to amend the Federal Oil and Gas Royalty Management Act of 1982 and revise Minerals Management Service procedures in several respects. See **FOGRMA**.

FOGRMA — Federal Oil and Gas Royalty Management Act of 1982, 30 U.S.C. 1701 *et seq*. Public Law 97-451 enacted to ensure that royalties from oil and gas produced from Federal and Indian lands and the Outer Continental Shelf are properly collected and accounted for under the direction of the Secretary of the Interior.

FY — Fiscal Year. A period of time used for accounting purposes. The Federal Government recognizes a fiscal year that begins October 1 of one year and ends September 30 of the following year.

Indian allotment — An allocation of a parcel of public lands or Indian reservation lands to an Indian for individual use. Revenue from mineral production from leases on Indian allotments is paid to the individual Indian allottee. See **Indian Allottee**.

Indian Allottee — Any Indian who holds title to land or an interest in land subject to Federal restrictions against alienation. See **Indian allotment**.

Indian Minerals Steering Committee — A senior policy forum of officials from the Bureau of Indian Affairs, Bureau of Land Management, and Minerals Management Service established by the Department of the Interior to improve the management of Indian minerals.

Lease — A legal document executed between a landowner, as lessor, and a company or individual, as lessee, that conveys the right to exploit the premises for minerals or other products for a specified period of time over a given area.

License — An authority granted by the United States to perform a particular act or series of acts upon public lands without the licensee possessing any estate or interest in the land itself.

Mcf — Thousand cubic feet.

Mineral — Naturally occurring organic or inorganic substances with characteristics and uses that bring them within the purview of mineral laws. Minerals may be obtained under applicable laws from public lands by purchase, lease, or preemptive entry.

Mineral Leasing Act for Acquired Lands of 1947, as amended, 30 U.S.C. 351 *et seq*. — An act that extends mineral leasing laws, including the Mineral Leasing Act of 1920 and subsequent amendments, to all lands acquired by the United States and authorizes mineral leasing on those lands. Mineral leases on acquired lands cannot be issued without the concurrence of the acquiring agency. The act requires disbursement of mineral receipts from acquired lands in the manner prescribed by legislation governing the type of land in question, including acquired national grasslands, and acquired national forest lands. See **MLA**.

Mineral permit — A permit that authorizes prospecting for certain leasable minerals on public lands described in the permit.

Minimum royalty — An 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 are no longer required in that lease year.

MLA — Mineral Leasing Act of 1920, as amended, 30 U.S.C. 181 *et seq.* An act, with subsequent amendments, that promotes the production of coal, gas, oil, oil shale, phosphate, potassium, and sodium on Federal public domain lands. The act establishes procedures to explore and develop each of these minerals and specifies terms and conditions for issuing permits and leases. Rental and royalty terms are specified for each mineral, an general conditions are established for pipeline right-of-way, lease diligence, royalty disposition, an holding restrictions. The act requires sharing royalty and other lease revenues with the States. The Secretary of the Interior is authorized to promulgate rules and regulations to implement and enforce the act.

MMS — Minerals Management Service. A Federal agency within the U.S. Department of the Interior that administers the Offshore Minerals Management Program and the Royalty Management Program. The Offshore Minerals Management Program is responsible for the Outer Continental Shelf leasing program and for ensuring that exploration and production of the Nation's offshore mineral resources are conducted in a safe manner with concern for the environment. The Royalty Management Program is responsible for the accurate and timely determination, collection, and distribution of royalties from Federal and Indian lands, and bonuses and rents from Federal lands.

Net profit share lease — An Outer Continental Shelf lease that provides for payments to the United States of a percentage share of the net profits from production of oil and gas from the tract. The percentage share may be fixed in the notice of the lease sale or may be a variable of the bid, depending on the bidding system used for the lease sale.

Noncompetitive leasing — Leases issued to qualified applicants for land not specifically known or presumed to contain mineral or petroleum deposits in quantity. See **Competitive leasing**.

OCS — Outer Continental Shelf. All submerged lands lying seaward and outside the area of lands beneath navigable waters. Lands beneath navigable waters are interpreted as extending from the coastline 3 nautical miles into the Arctic Ocean, the Atlantic Ocean, the Pacific Ocean, and the Gulf of Mexico, excluding the coastal waters off Texas and western Florida. Lands beneath navigable waters are interpreted as extending from the coastline 3 marine leagues into the Gulf of Mexico off Texas and western Florida.

OCSLA — Outer Continental Shelf Lands Act of 1953, as amended, 43 U.S.C. 1331 *et seq*. An act that establishes procedures for U.S. jurisdiction over Outer Continental Shelf lands and authorizes the Secretary of the Interior to issue exploration permits and mineral leases for oil, gas, sulfur, and other mineral resources on those lands. The Secretary is authorized to implement alternative bidding systems, including net profit share leases, to promote development of marginal oil and gas deposits. Significant amendments were enacted into the original law in 1978 and 1985. **See Net profit share lease**.

Office of Indian Royalty Assistance — An office within the Minerals Management Service responsible for providing royalty assistance and conducting an outreach program to ensure Royalty Management Program coordination and communication with Indian Tribes and allottees as part of the Secretary of the Interior's trust responsibility to Indian mineral owners.

Operator — The individual, partnership, firm, or corporation having control or management of operations on a leased area or portion thereof. The operator may be the lessee, designated agent of the lessee, a holder of rights under an approved operation agreement, or an agent of an operating rights holder.

OTFM — Office of Trust Funds Management. An office within the U.S. Department of the Interior responsible for the management and investment of Tribal and Indian trust funds for the Office of the Special Trustee for American Indians.

Production Accounting and Auditing System — An integrated system of both automated and manual applications operated by the Minerals Management Service to collect production and other operational data, and to ensure that royalties are paid on 100 percent of reported production.

Rent — Periodic payments made by the holder of a lease, during the primary lease term, for the right to use the land or resources for purposes established in the lease.

Report month — The month in which the Minerals Management Service receives production, sales, or royalty reports from operators and lessees.

Royalty — Payment, in value (money) or in kind (a volume of the commodity), of a stated proportionate interest in production from mineral deposits by the lessees to the lessor. The royalty rate 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.

Royalty-in-kind — A program operated under provisions of the Mineral Lands Leasing Act of 1920 and the Outer Continental Shelf Lands Act of 1953. The Federal Government, as lessor, may take part or all of its oil and gas royalties "in kind" (a volume of the commodity) as opposed to "in value" (money). Under the oil royalty-in-kind program, the Government sells oil at fair-market value to eligible refiners who do not have access to an adequate supply of crude oil at equitable prices. In addition, the Minerals Management Service initiated three RIK pilot programs in 1998, entering into contracts to sell selected Wyoming oil and selected Gulf of Mexico natural gas by competitive bid to gas marketers. The pilot was designed to reduce the administrative burden for both industry and the Government.

Royalty Management Program — See **MMS**.

Sales value — The proceeds received for the sale of a mineral.

Sales volume — The volume of mineral production measured at the royalty settlement point determined by the Bureau of Land Management for onshore production and the Minerals Management Service for offshore production.

State and Tribal Royalty Audit Committee — An organization of State and Tribal representatives who meet to discuss royalty management and audit issues.

Treasury — U.S. Department of the Treasury. A Cabinet-level department in the Executive Branch of the Federal Government responsible for the financial resources of the United States. The Treasury is responsible for regulating national banks, determining international economic policy, collecting income taxes and customs duties, reporting Government daily financial transactions, and manufacturing coins and bills for circulation.

USDA — U.S. Department of Agriculture. A Cabinet-level department in the Executive Branch of the Federal Government responsible for improving agricultural production capacity and income through rural development, credit, conservation, and environmental protection programs. The National Forest and National Grassland systems are part of the Department of Agriculture.

Appendix

Inch-Pound/Metric Conversion

Measurements in this report use English (inch-pound) units. Federal and industry organizations are moving toward International System Units, often referred to as metric units. This appendix provides factors for converting measurements to inch-pound or metric units. To obtain the metric equivalent, multiply the inch-pound unit by the conversion factor. To obtain the inch-pound equivalent, multiply the metric unit by the conversion factor.

To convert from inch-pound unit	Multiply by	To equal metric unit
acre	0.4047	hectare
barrel (42 U.S. gallons)	0.1589	cubic meter
barrel (42 U.S. gallons)	0.136	metric ton
cubic foot	0.0283	cubic meter
gallon	3.785	liter
mile	1.609	kilometer
ton, long (2,240 U.S. lb.)	1.016	metric ton
ton, short (2,000 U.S. lb.)	0.9072	metric ton

To convert from metric unit	Multiply by	To equal inch-pound unit
cubic meter	6.293	barrel (42 U.S. gallons)
cubic meter	35.33	cubic foot
hectare	2.471	acre
kilometer	0.6215	mile
liter	0.2642	gallon
metric ton	7.33	barrels (42 U.S. gallons)
metric ton	0.9843	long ton (2,240 U.S. lb.)
metric ton	1.1023	short ton (2,000 U.S. lb.)

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.