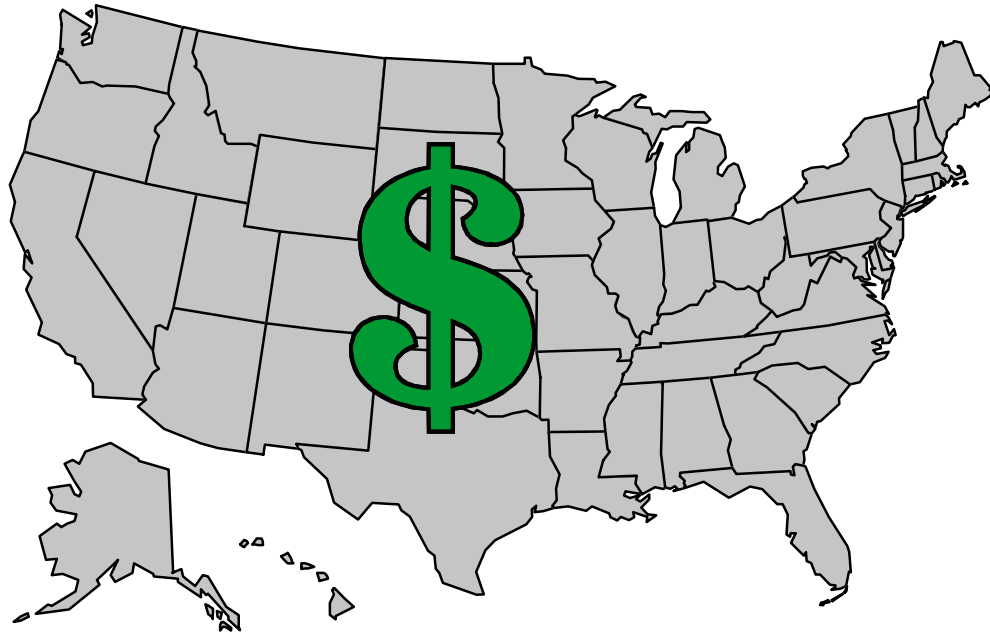


# Mineral Revenue Distributions

## Fiscal Year 1999

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### Royalty Management Program



# **Mineral Revenue Distributions**

**Fiscal Year 1999**

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Royalty Management Program

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Land and Minerals Management  
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For a copy of this report and other mineral statistical publications, please see:  
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## 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) 1999.

### **Total Distributions**

The Department collected and disbursed nearly \$4.4 billion in mineral rents, bonuses, and royalties in FY 1999 from 80,210 Federal and American Indian leases. This represents a decline of \$1.6 billion, or 27 percent, from nearly \$6 billion in distributions in FY 1998. The decline was attributed to lower oil and gas prices and reduced bonus collections from offshore competitive lease sales in 1999.

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

### **Federal Offshore Oil and Gas**

Offshore oil and natural gas royalties fell 19.5 percent, or \$581.7 million, in FY 1999. Domestic oil prices are materially influenced by the international market. The Organization of Petroleum Exporting Countries (OPEC) and non-OPEC countries declined to cut production in an effort to reduce supplies in 1998 and early 1999. The OPEC finally signed production accords to cut oil production in March 1999. Oil prices and royalties began to rebound in the latter half of FY 1999; however royalties remained below FY 1998 levels.

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. The Department of Energy reports that mild winter weather and below-normal heating demand last winter left natural gas storage levels well above 1998 figures. Gas storage at the end of March 1999 is estimated to be 160 billion cubic feet higher than it was a year ago. High cooling demand in the summer began to erode inventory stocks; however, gas supplies remained high, which kept prices below FY 1998 levels.

Offshore bonuses fell 49.7 percent, or \$687.9 million in FY 1999. Revenues from competitive oil and gas lease

sales were higher in FY 1997-98 due, in part, to higher oil and gas prices during that period, advances in three-dimensional seismology, innovations in horizontal drilling, improved underwater techniques, recent subsalt discoveries in the Gulf of Mexico, and deep water royalty relief provisions recently enacted by Congress. Offshore bonus receipts reached a 13-year high in FY 1998 with over 6.3 million acres leased.

Bonus receipts fell in FY 1999 as oil and gas prices plummeted in the first half of the year. In addition, record levels of offshore leasing in the Central and Western Gulf of Mexico during the period FY 1997-98 depleted the available inventory of unleased tracts.

### **Federal Onshore and American Indian Oil, Gas, and Coal**

Federal onshore oil and gas royalties fell \$102.4 million and American Indian oil and gas royalties were down \$34.5 million in FY 1999. The decline was associated with falling oil prices as a result of excessive international supply and lower gas prices as a result of a mild winter.

Coal royalties experienced a modest \$3.5 million decline on American Indian lands in FY 1999. Advances in technology and an emphasis on economy-of-scale have produced gains in coal mining productivity; however, these gains have resulted in a downward trend in coal prices that began two decades ago. Coal prices to the electric utility sector, that consumes 90 percent of coal produced in the United States, fell to a 20-year low in 1999.

Coal royalties rose \$20.9 million on Federal lands in FY 1999. Much of the growth occurred in Wyoming. Most of the coal mined in Wyoming comes from the southern Powder River Basin. Phase II emission requirements under the Clean Air Act have lead many utilities to switch to low sulfur coal, primarily produced from this Basin. Resource Data International of Boulder, Colorado, reports that 13 of the 20 largest coal mines in the United States are located in this Basin, including the nine largest mines in the Nation. Over 30 percent of all U.S. coal sales originate in the area.

Federal onshore bonuses increased \$16.8 million in FY 1999. The increase was attributed to additional revenues from oil, gas, and coal competitive lease sales during the year.

## Products and Units of Measurement

<u>Product</u>	<u>Unit of Measurement</u>
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 1999 provides information addressing royalty, rent, bonus, and other revenue disbursements from Federal and American Indian mineral leases. The Minerals Management Service, Royalty Management Program, distributes the report annually to congressional, Federal, State, American 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.

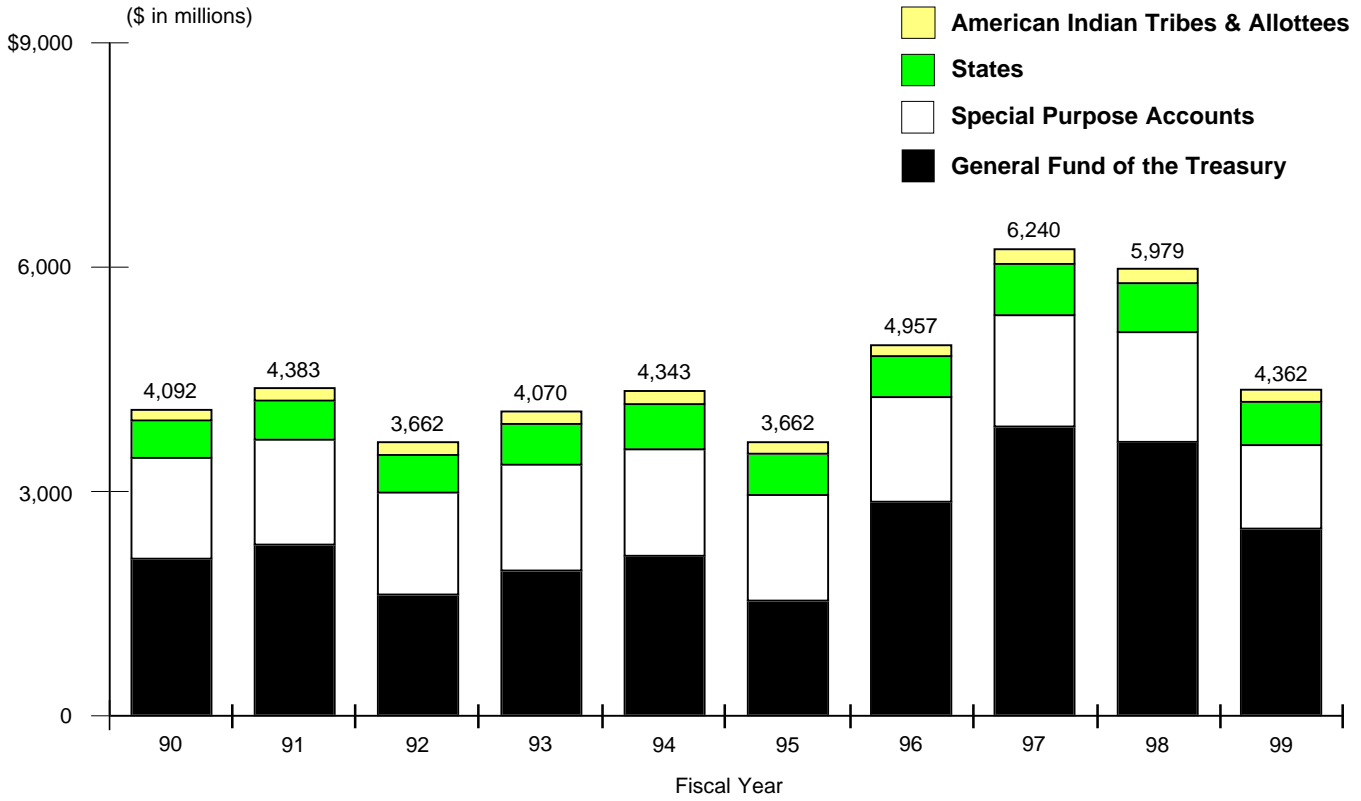
Minimum royalties are included under the entry “Other Revenues” in this report. “Other Revenues” includes settlement payments, gas storage fees, estimated payments, and recoupments in addition to minimum royalties.

- **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.

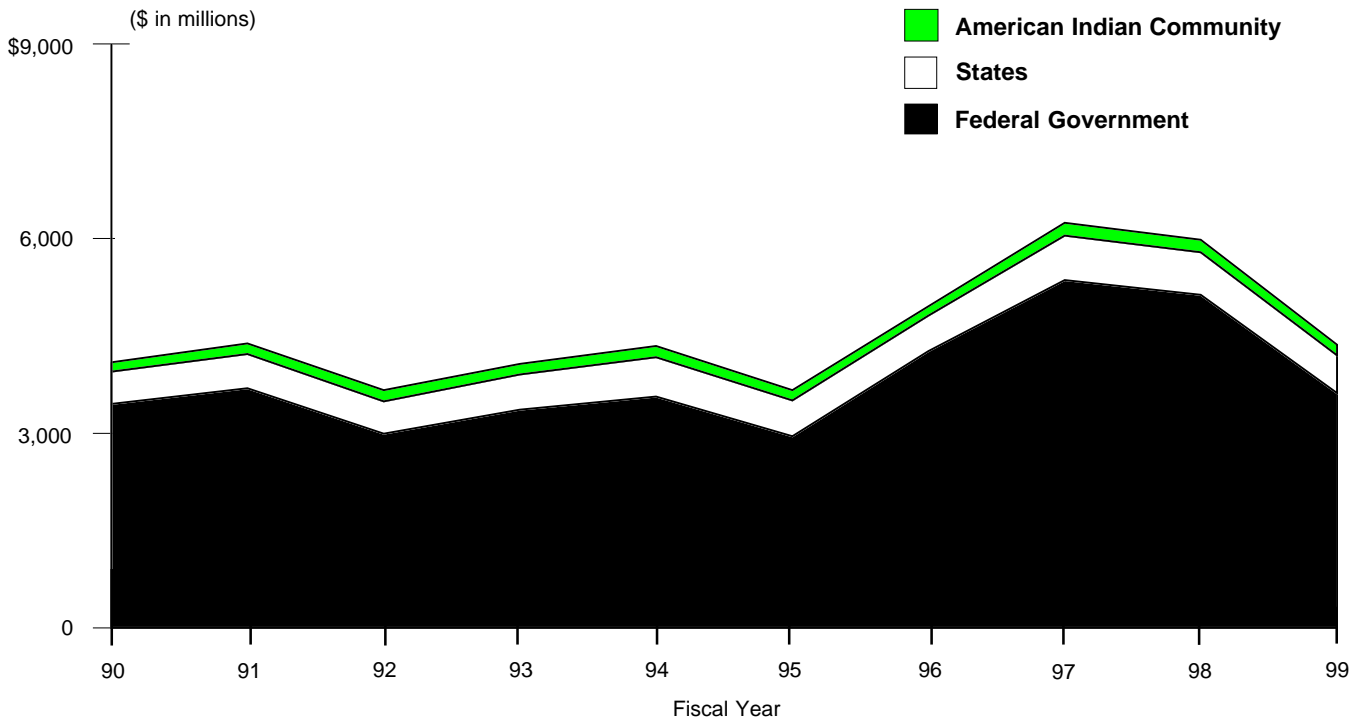
### ***Other Minerals***

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 American Indian leases, Fiscal Years 1990-99**



**Figure 2. Disbursement of mineral revenues, in millions, to the American Indian Community, States, and the Federal Government, Fiscal Years 1990-99**

# Distribution of Federal and American Indian Mineral Revenues

Revenues collected in 1999 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 American Indian leases to the appropriate American Indian Tribes and allotted tract mineral owners. Formulas for these disbursements are governed by legislation and regulations (table 1).

The General Fund of the Treasury received 57.4 percent, or \$2.5 billion, of all revenues in Fiscal Year (FY) 1999. Payments and recoupments associated with three special-purpose accounts amounted to \$1.1 billion, or 25.7 percent of total mineral revenues. Another \$576.9 million, or 13.2 percent, was disbursed to mineral-producing States from offshore and onshore mineral activity. American Indian revenues directed to Tribal governments and individual allotment owners equaled 3.7 percent, or \$163.5 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.

The MMS deposits American Indian revenues in accounts administered by the Office of Trust Funds Management (OTFM) where they are invested and subsequently distributed to American Indian Tribes and individual American Indian lessors 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, MMS transferred \$899 million to the Land and Water Conservation Fund in FY 1999. The annual funding authorization of \$150 million to the National Historic Preservation Fund (NHPF) expired at the end of FY 1997. A transfer of \$150 million was erroneously made in FY 1998 and recovered in FY 1999. No further transfers to the NHPF will be made (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.

Nearly \$93.9 million in OCS revenues were released to seven States in FY 1999 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 where 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).

### American Indian Lands

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

- Oil and gas payments to four Tribes — the Jicarilla Apache, the Blackfeet, the Navajo, 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 American Indian lessors.
- 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 American Indian mineral leases**


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<b><u>Outer Continental Shelf Lands</u></b>	
<b>Special-Purpose Accounts</b>	<p>\$150 million per year to the Historic Preservation Fund. Legislation authorizing the disbursement of revenue to the fund expired in FY 1997. Revenues were erroneously disbursed to the fund in FY 1998 and recouped in FY 1999. No additional revenues will be disbursed to the fund.</p> <p>Up to \$900 million per year to the Land and Water Conservation Fund.</p>
<b>States</b>	<p>Section 8(g) of the Outer Continental Shelf Lands Act, as amended, provides for the following distribution of revenues to the States:</p> <ul style="list-style-type: none"> <li>• Disbursement of escrow funds in FY 1986-87;</li> <li>• A series of annual settlement payments disbursed to the States over a 15-year period from FY 1987 to FY 2001; and</li> <li>• Recurring annual disbursements of 27 percent of royalty, rent, and bonus revenues received within each affected State's 8(g) zone.</li> </ul>
<b>U.S. Treasury</b>	<p>The balance of revenues are directed to the General Fund of the U.S. Treasury.</p>
<b><u>Public Domain Lands Other Than Alaska</u></b>	
<b>Special-Purpose Accounts</b>	40 percent to the Reclamation Fund.
<b>States</b>	50 percent to the State in which the lease is located.
<b>U.S. Treasury</b>	10 percent to the General Fund of the U.S. Treasury.
<b><u>Public Domain Lands - Alaska</u></b>	
<b>States</b>	90 percent to the State of Alaska.
<b>U.S. Treasury</b>	10 percent to the General Fund of the U.S. Treasury.

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

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**Public Domain Lands - National Petroleum Reserve Alaska**

<b>States</b>	50 percent to the State of Alaska.
<b>U.S. Treasury</b>	50 percent to the General Fund of the U.S. Treasury.

**Acquired Lands - National Forests**

<b>States</b>	25 percent to the State in which the lease is located.
<b>U.S. Treasury</b>	75 percent to the General Fund of the U.S. Treasury.

**Acquired Lands - National Grasslands**

<b>Counties</b>	25 percent to the county in which the lease is located.
<b>U.S. Treasury</b>	75 percent to the General Fund of the U.S. Treasury.

**Acquired Flood Control Act Lands Administered by U.S. Army Corps of Engineers**

<b>States</b>	75 percent to the State in which the lease is located.
<b>U.S. Treasury</b>	25 percent to the General Fund of the U.S. Treasury.

**Acquired Lands - National Wildlife Refuges**

<b>Counties</b>	Revenues disbursed according to one of three alternative formulas prescribed by statute.
<b>U.S. Treasury</b>	Remainder to the General Fund of the U.S. Treasury.

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

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**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.

**American Indian Lands**

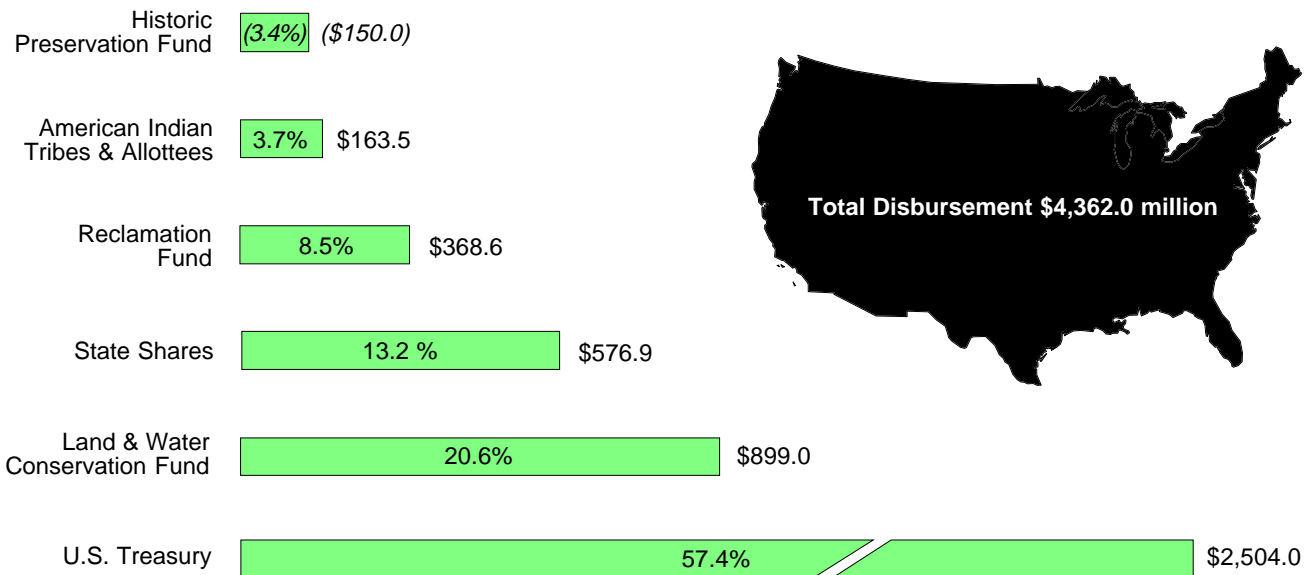
**American Indian Tribes and Allottees** 100 percent to American Indian Tribes and allottees.

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**Table 2. Disbursement of Federal and American Indian mineral lease revenues from the inception of the Minerals Management Service, Fiscal Years 1982-99**

Revenues in Thousands of Dollars							
	Historic Preserve Fund	Land & Water Conserve Fund	American Indian Reclamation Fund	American 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
1999 . . . .	(150,000)	898,978	368,604	163,493	576,878	2,504,053	4,362,006
<b>Total . .</b>	<b>\$2,400,000</b>	<b>\$15,381,392</b>	<b>\$6,696,165</b>	<b>\$2,830,520</b>	<b>\$11,480,041</b>	<b>\$63,848,217</b>	<b>\$102,636,335</b>

NOTE: The annual funding authorization of \$150 million for the National Historic Preservation Fund (NHPF) expired at the end of Fiscal Year (FY) 1997. A transfer of \$150 million was erroneously made to the NHPF in September of FY 1998. That transfer was recouped in February of FY 1999. No further transfers to the NHPF will be made.

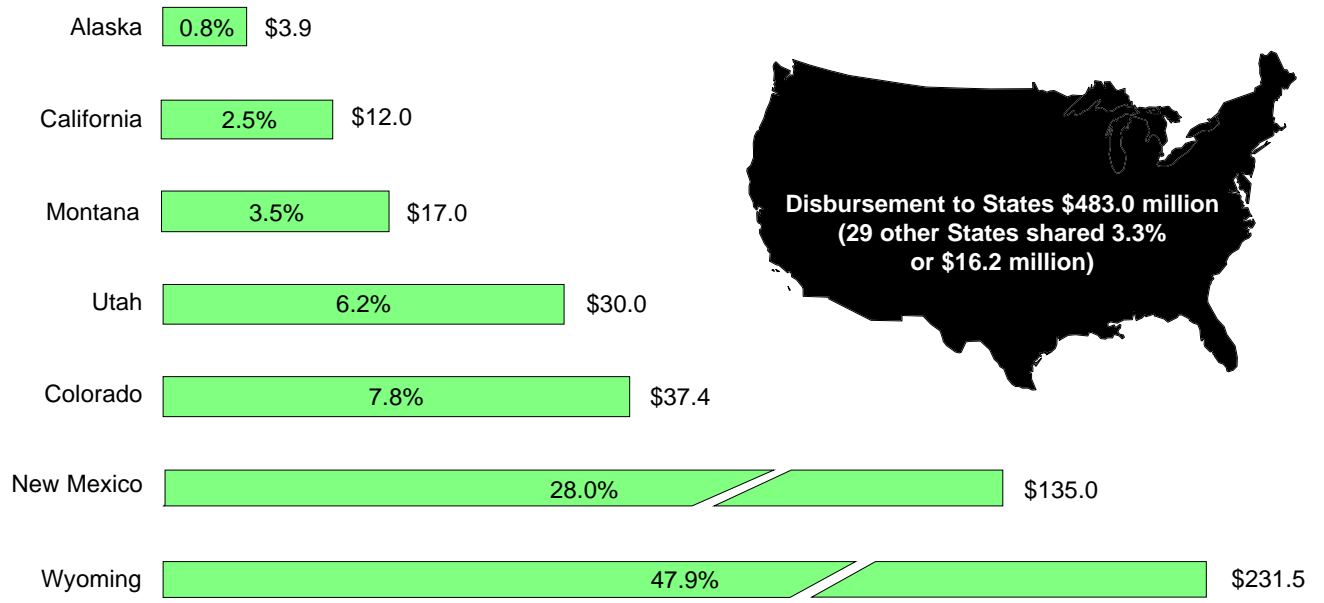


**Figure 3. Disbursement of mineral revenues, in millions, from Federal and American Indian leases, Fiscal Year 1999**

**Table 3. Summary of mineral revenues distributed to other Federal agencies by the Minerals Management Service from Federal onshore acquired lands, Fiscal Years 1985-99**

	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
1999 .....	---	11,752,578
<b>Total .....</b>	<b>\$14,460,925</b>	<b>\$535,500,478</b>

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 1999**



**Table 4. Summary of mineral revenues distributed to States from Federal mineral leases by revenue type, Fiscal Year 1999**

	Coal Royalties	Gas Royalties	Oil Royalties	Other Royalties	Royalties Subtotal
<b>Alabama</b>					
Offshore	\$ ---	\$ 9,951,142	\$ 4,183	\$ 43,953	\$ 9,999,278
Onshore	<u>1,243,655</u>	<u>106,201</u>	<u>32,001</u>	<u>1,116</u>	<u>1,382,973</u>
Total	1,243,655	10,057,343	36,184	45,069	11,382,251
<b>Alaska</b>					
Offshore	---	---	---	---	---
Onshore	---	<u>3,498,937</u>	<u>758,924</u>	<u>142,251</u>	<u>4,400,112</u>
Total	---	3,498,937	758,924	142,251	4,400,112
<b>Arizona</b>					
Onshore	---	---	---	199	199
<b>Arkansas</b>					
Onshore	---	691,302	592	193	692,087
<b>California</b>					
Offshore	---	95,232	1,123,838	5,237	1,224,307
Onshore	---	<u>609,641</u>	<u>4,742,446</u>	<u>7,135,767</u>	<u>12,487,854</u>
Total	---	704,873	5,866,284	7,141,004	13,712,161
<b>Colorado</b>					
Onshore	18,228,039	7,202,475	4,051,112	4,970,772	34,452,398
<b>Florida</b>					
Offshore	---	---	---	---	---
Onshore	---	---	---	---	---
Total	---	---	---	---	---
<b>Georgia</b>					
Onshore	---	---	---	---	---
<b>Idaho</b>					
Onshore	---	---	---	2,502,481	2,502,481
<b>Illinois</b>					
Onshore	---	---	109,905	---	109,905
<b>Kansas</b>					
Onshore	---	778,473	55,623	43,465	877,561
<b>Kentucky</b>					
Onshore	5,780	25,303	362	---	31,445
<b>Louisiana</b>					
Offshore	---	4,662,926	1,577,418	44,535	6,284,879
Onshore	---	<u>423,637</u>	<u>580,246</u>	<u>90,751</u>	<u>1,094,634</u>
Total	---	5,086,563	2,157,664	135,286	7,379,513

**Table 4. Summary of mineral revenues distributed to States from Federal mineral leases by revenue type, Fiscal Year 1999 (cont.)**

Rents	Bonuses	Other Revenues	Net Receipts Sharing	Total Disbursement	
					<b>Alabama</b>
\$ 19,557	\$ ---	\$ 700,000	\$ ---	\$10,718,835	Offshore
14,853	---	73,174	(51,229)	1,419,771	Onshore
<u>34,410</u>	---	<u>773,174</u>	<u>(51,229)</u>	<u>12,138,606</u>	Total
					<b>Alaska</b>
213,996	1,092,168	13,408,683	---	14,714,847	Offshore
7,073	---	(16,415)	(458,905)	3,931,865	Onshore
<u>221,069</u>	<u>1,092,168</u>	<u>13,392,268</u>	<u>(458,905)</u>	<u>18,646,712</u>	Total
					<b>Arizona</b>
71,020	---	22,579	(7,833)	85,965	Onshore
					<b>Arkansas</b>
145,189	31,435	12,142	(61,222)	819,631	Onshore
					<b>California</b>
---	---	28,912,930	---	30,137,237	Offshore
199,540	---	414,954	(1,065,501)	12,036,847	Onshore
<u>199,540</u>	---	<u>29,327,884</u>	<u>(1,065,501)</u>	<u>42,174,084</u>	Total
					<b>Colorado</b>
1,885,894	2,284,320	1,098,683	(2,294,683)	37,426,612	Onshore
					<b>Florida</b>
1,872	---	---	---	1,872	Offshore
82	---	1,218	(259)	1,041	Onshore
<u>1,954</u>	---	<u>1,218</u>	<u>(259)</u>	<u>2,913</u>	Total
					<b>Georgia</b>
(272)	---	379	---	107	Onshore
					<b>Idaho</b>
3,173	231,672	77,514	(130,397)	2,684,443	Onshore
					<b>Illinois</b>
172	---	757	(3,786)	107,048	Onshore
					<b>Kansas</b>
2,934	2,515	8,978	(66,660)	825,328	Onshore
					<b>Kentucky</b>
2,018	1	17,804	(5,587)	45,681	Onshore
					<b>Louisiana</b>
357,379	241,659	8,400,000	---	15,283,917	Offshore
76,149	111,128	35,078	(40,524)	1,276,465	Onshore
<u>433,528</u>	<u>352,787</u>	<u>8,435,078</u>	<u>(40,524)</u>	<u>16,560,382</u>	Total

**Table 4. Summary of mineral revenues distributed to States from Federal mineral leases by revenue type, Fiscal Year 1999 (cont.)**

	Coal Royalties	Gas Royalties	Oil Royalties	Other Royalties	Royalties Subtotal
<b>Michigan</b>					
Onshore	\$ ---	\$ 346,086	\$ 21,048	\$ 6,721	\$ 373,855
<b>Minnesota</b>					
Onshore	---	---	---	---	---
<b>Mississippi</b>					
Offshore	---	326,968	---	---	326,968
Onshore	---	97,151	158,200	---	255,351
Total	---	424,119	158,200	---	582,319
<b>Missouri</b>					
Onshore	---	---	---	1,100,491	1,100,491
<b>Montana</b>					
Onshore	12,904,684	1,472,105	1,675,613	49,691	16,102,093
<b>Nebraska</b>					
Onshore	---	---	6,306	---	6,306
<b>Nevada</b>					
Onshore	---	---	440,457	630,206	1,070,663
<b>New Mexico</b>					
Onshore	5,177,061	97,662,924	16,666,222	8,841,547	128,347,754
<b>North Carolina</b>					
Onshore	---	---	---	---	---
<b>North Dakota</b>					
Onshore	462,577	135,099	1,820,329	4,896	2,422,901
<b>Ohio</b>					
Onshore	---	114,945	9,602	---	124,547
<b>Oklahoma</b>					
Onshore	---	1,071,117	95,682	7,433	1,174,232
<b>Oregon</b>					
Onshore	---	---	---	---	---
<b>Pennsylvania</b>					
Onshore	---	20,827	166	---	20,993
<b>South Dakota</b>					
Onshore	---	30,139	154,181	---	184,320

**Table 4. Summary of mineral revenues distributed to States from Federal mineral leases by revenue type, Fiscal Year 1999 (cont.)**

Rents	Bonuses	Other Revenues	Net Receipts Sharing	Total Disbursement	
\$ 53,259	\$ 13,948	\$ 5,020	\$ (27,882)	\$ 418,200	<b>Michigan</b> Onshore
457	---	12,200	(213)	12,444	<b>Minnesota</b> Onshore
51,168	---	200,000	---	578,136	<b>Mississippi</b> Offshore
<u>174,997</u>	<u>10,575</u>	<u>3,451</u>	<u>(31,087)</u>	<u>413,287</u>	Onshore
226,165	10,575	203,451	(31,087)	991,423	Total
662	---	2,008	(22,860)	1,080,301	<b>Missouri</b> Onshore
1,002,402	547,241	530,041	(1,169,413)	17,012,364	<b>Montana</b> Onshore
247	---	1,752	(547)	7,758	<b>Nebraska</b> Onshore
1,082,705	140,184	157,773	(261,747)	2,189,578	<b>Nevada</b> Onshore
1,339,461	4,821,381	5,866,025	(5,366,767)	135,007,854	<b>New Mexico</b> Onshore
---	---	126	---	126	<b>North Carolina</b> Onshore
92,116	24,664	93,827	(246,424)	2,387,084	<b>North Dakota</b> Onshore
2,361	660	2,104	(11,748)	117,924	<b>Ohio</b> Onshore
53,525	110,917	(723,753)	(96,730)	518,191	<b>Oklahoma</b> Onshore
33,502	---	9,453	(4,462)	38,493	<b>Oregon</b> Onshore
283	---	3,086	(1,469)	22,893	<b>Pennsylvania</b> Onshore
79,410	3,640	19,006	(19,441)	266,935	<b>South Dakota</b> Onshore

**Table 4. Summary of mineral revenues distributed to States from Federal mineral leases by revenue type, Fiscal Year 1999 (cont.)**

	Coal Royalties	Gas Royalties	Oil Royalties	Other Royalties	Royalties Subtotal
<b>Tennessee</b>					
Onshore	\$ ---	\$ 7	\$ ---	\$ ---	\$ 7
<b>Texas</b>					
Offshore	---	7,328,035	490,426	12,402	7,830,863
Onshore	---	20,708	146,642	5,003	172,353
Total	---	7,348,743	637,068	17,405	8,003,216
<b>Utah</b>					
Onshore	16,744,284	7,779,287	2,303,479	318,389	27,145,439
<b>Virginia</b>					
Onshore	---	51,600	---	324	51,924
<b>Washington</b>					
Onshore	905,718	---	---	---	905,718
<b>West Virginia</b>					
Onshore	---	117,243	9,373	9	126,625
<b>Wisconsin</b>					
Onshore	---	---	---	---	---
<b>Wyoming</b>					
Onshore	<u>80,728,178</u>	<u>57,990,985</u>	<u>23,070,573</u>	<u>9,102,006</u>	<u>170,891,742</u>
<b>Offshore Total</b>	<b>\$ ---</b>	<b>\$ 22,364,303</b>	<b>\$ 3,195,865</b>	<b>\$ 106,127</b>	<b>\$ 25,666,295</b>
<b>Onshore Total</b>	<b><u>\$136,399,976</u></b>	<b><u>\$180,246,192</u></b>	<b><u>\$56,909,084</u></b>	<b><u>\$34,953,711</u></b>	<b><u>\$408,508,963</u></b>
<b>Offshore and Onshore Total</b>	<b>\$136,399,976</b>	<b>\$202,610,495</b>	<b>\$60,104,949</b>	<b>\$35,059,838</b>	<b>\$434,175,258</b>

**Table 4. Summary of mineral revenues distributed to States from Federal mineral leases by revenue type, Fiscal Year 1999 (cont.)**

Rents	Bonuses	Other Revenues	Net Receipts Sharing	Total Disbursement	
\$ ---	\$ ---	\$ ---	\$ ---	\$ 7	<b>Tennessee</b> Onshore
234,322	953,569	13,400,000	---	22,418,754	<b>Texas</b> Offshore
<u>98,333</u>	<u>21,181</u>	<u>13,672</u>	<u>(17,478)</u>	<u>288,061</u>	Onshore
332,655	974,750	13,413,672	(17,478)	22,706,815	Total
2,035,367	1,923,291	627,170	(1,749,015)	29,982,252	<b>Utah</b> Onshore
472	469	1,435	(5,470)	48,830	<b>Virginia</b> Onshore
34,914	17,894	856	(36,434)	922,948	<b>Washington</b> Onshore
17,169	12	47,935	(17,577)	174,164	<b>West Virginia</b> Onshore
45	---	---	---	45	<b>Wisconsin</b> Onshore
<u>8,884,214</u>	<u>53,553,362</u>	<u>5,255,767</u>	<u>(7,131,567)</u>	<u>231,453,518</u>	<b>Wyoming</b> Onshore
<b>\$ 878,294</b>	<b>\$ 2,287,396</b>	<b>\$65,021,613</b>	<b>\$ ---</b>	<b>\$ 93,853,598</b>	<b>Offshore Total</b>
<b><u>\$17,393,726</u></b>	<b><u>\$63,850,490</u></b>	<b><u>\$13,675,799</u></b>	<b><u>\$(20,404,917)</u></b>	<b><u>\$483,024,061</u></b>	<b>Onshore Total</b>
<b>\$18,272,020</b>	<b>\$66,137,886</b>	<b>\$78,697,412</b>	<b>\$(20,404,917)</b>	<b>\$576,877,659</b>	<b>Offshore and Onshore Total</b>

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 includes 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 1920-99**

	State Shares in Thousands of Dollars					
	1920-89	1990	1991	1992	1993	1994
Alabama	\$ 2,286	\$ 991	\$ 129	\$ 996	\$ 808	\$ 296
Alaska	302,720	8,048	9,953	7,745	6,940	5,377
Arizona	25,814	174	173	124	97	94
Arkansas	34,862	876	2,109	2,556	1,538	1,201
California	469,690	28,583	27,936	24,311	22,084	21,544
Colorado	598,139	36,356	57,944	44,558	35,916	34,372
Florida	1,235	56	49	79	102	81
Idaho	42,760	1,969	1,893	1,625	2,237	2,509
Illinois	---	---	---	---	191	207
Kansas	13,895	1,226	921	1,113	1,325	1,057
Kentucky	---	---	---	---	87	70
Louisiana	12,555	542	328	376	782	532
Michigan	1,621	724	669	764	698	753
Minnesota*	12	---	---	---	2	25
Mississippi	10,257	86	115	10	739	486
Missouri	---	---	---	---	475	599
Montana	281,137	20,318	23,227	18,998	22,378	23,995
Nebraska	2,453	127	---	---	---	6
Nevada	109,983	9,283	9,228	7,957	8,316	7,542
New Mexico	1,615,022	100,120	107,844	102,594	135,117	143,174
North Carolina	---	---	---	---	1	1
North Dakota	78,582	5,065	5,977	5,199	3,325	2,505
Ohio*	8	13	3	3	351	207
Oklahoma	29,132	1,817	1,716	1,243	2,778	1,970
Oregon	16,610	371	260	131	83	56
Pennsylvania	---	---	---	---	20	18
South Carolina	---	---	---	---	---	1
South Dakota	13,973	695	592	509	483	348
Tennessee*	13	---	---	---	1	---
Texas*	50	114	22	97	350	515
Utah	471,182	33,304	32,255	32,062	31,195	31,074
Virginia	56	20	19	19	151	118
Washington	4,034	155	231	887	458	123
West Virginia	28	---	---	---	264	261
Wisconsin*	2	---	---	---	2	---
Wyoming	<u>2,283,758</u>	<u>201,151</u>	<u>196,931</u>	<u>178,518</u>	<u>186,956</u>	<u>242,066</u>
<b>Total</b>	<b>\$6,421,869</b>	<b>\$452,184</b>	<b>\$480,524</b>	<b>\$432,474</b>	<b>\$466,250</b>	<b>\$523,183</b>

**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 1920-99 (cont.)**

State Shares in Thousands of Dollars						
1995	1996	1997	1998	1999	1920-99	
\$ 442	\$ 197	\$ 599	\$ 988	\$ 1,420	\$ 9,152	Alabama
4,584	4,670	5,515	4,445	3,932	363,929	Alaska
112	41	69	184	86	26,968	Arizona
832	920	1,000	1,232	820	47,946	Arkansas
25,467	26,015	20,336	19,931	12,037	697,934	California
35,576	34,563	37,424	43,297	37,427	995,572	Colorado
87	27	4	5	1	1,726	Florida
2,361	2,159	2,211	2,466	2,684	64,874	Idaho
94	79	68	44	107	790	Illinois
871	1,094	1,329	1,244	825	24,900	Kansas
73	112	123	169	46	680	Kentucky
728	943	817	996	1,276	19,875	Louisiana
885	702	712	540	418	8,486	Michigan
17	6	13	12	12	99	Minnesota*
577	551	952	1,122	413	15,308	Mississippi
1,013	1,205	1,273	861	1,080	6,506	Missouri
24,623	20,271	20,379	21,960	17,012	494,298	Montana
14	14	16	10	8	2,648	Nebraska
8,136	5,759	5,707	4,908	2,190	179,009	Nevada
119,203	118,596	188,840	167,928	135,008	2,933,446	New Mexico
1	---	---	---	---	3	North Carolina
2,490	2,370	3,894	4,646	2,387	116,440	North Dakota
243	165	153	157	118	1,421	Ohio*
1,842	1,720	2,144	814	518	45,694	Oklahoma
48	66	45	98	39	17,807	Oregon
22	22	21	18	23	144	Pennsylvania
2	---	---	---	---	3	South Carolina
800	634	566	353	267	19,220	South Dakota
---	---	---	---	---	14	Tennessee*
455	648	637	442	288	3,618	Texas*
31,106	34,116	34,317	32,621	29,982	793,214	Utah
89	90	85	72	49	768	Virginia
371	468	818	674	923	9,142	Washington
197	197	327	282	174	1,730	West Virginia
1	1	1	---	---	7	Wisconsin*
<u>214,182</u>	<u>199,333</u>	<u>239,027</u>	<u>237,180</u>	<u>231,454</u>	<u>4,410,556</u>	Wyoming
<b>\$477,544</b>	<b>\$457,754</b>	<b>\$569,422</b>	<b>\$549,699</b>	<b>\$483,024</b>	<b>\$11,313,927</b>	<b>Total</b>

\*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, U.S. 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 1986-99**

	1986-96	1997	1998	1999	1986-99
<b>Alabama</b>					
Bonuses .....	\$ 943,756	\$ ---	\$ 209,450	\$ ---	\$ 1,153,206
Rents .....	516,319	16,480	11,561	19,557	563,917
Royalties .....	34,373,375	12,722,041	12,994,858	9,999,278	70,089,552
Section 8(g) Escrow .....	66,000,000	---	---	---	66,000,000
Settlement Payments ...	<u>3,500,000</u>	<u>700,000</u>	<u>700,000</u>	<u>700,000</u>	<u>5,600,000</u>
<b>Total .....</b>	<b>\$105,333,450</b>	<b>\$13,438,521</b>	<b>\$13,915,869</b>	<b>\$10,718,835</b>	<b>\$143,406,675</b>
<b>Alaska</b>					
Bonuses .....	\$ 1,690,277	\$ 574,255	\$ 3,138	\$ 1,092,168	\$ 3,359,838
Rents .....	3,029,357	137,726	114,893	203,781	3,485,757
Royalties .....	127,641	8,683	8,683	8,683	153,690
Section 7 Escrow .....	322,900,000	---	---	---	322,900,000
Section 7 Rents .....	379,300	3,210,286	33,472	10,215	3,633,273
Section 8(g) Escrow .....	51,000,000	---	---	---	51,000,000
Settlement Payments ...	<u>67,000,000</u>	<u>13,400,000</u>	<u>13,400,000</u>	<u>13,400,000</u>	<u>107,200,000</u>
<b>Total .....</b>	<b>\$446,126,575</b>	<b>\$17,330,950</b>	<b>\$13,560,186</b>	<b>\$14,714,847</b>	<b>\$491,732,558</b>
<b>California</b>					
Bonuses .....	\$ 9	\$ ---	\$ ---	\$ ---	\$ 9
Rents .....	796,244	(2,932)	---	---	793,312
Royalties .....	30,882,198	3,698,576	2,268,702	1,237,237	38,086,713
Section 8(g) Escrow .....	338,000,000	---	---	---	338,000,000
Settlement Payments ...	<u>144,500,000</u>	<u>28,900,000</u>	<u>28,900,000</u>	<u>28,900,000</u>	<u>231,200,000</u>
<b>Total .....</b>	<b>\$514,178,451</b>	<b>\$32,595,644</b>	<b>\$31,168,702</b>	<b>\$30,137,237</b>	<b>\$608,080,034</b>
<b>Florida</b>					
Bonuses .....	\$ 2,216,037	\$ ---	\$ ---	\$ ---	\$ 2,216,037
Rents .....	151,167	11,962	1,775	1,872	166,776
Royalties .....	---	---	---	---	---
Section 8(g) Escrow .....	30,000	---	---	---	30,000
Settlement Payments ...	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>
<b>Total .....</b>	<b>\$ 2,397,204</b>	<b>\$ 11,962</b>	<b>\$ 1,775</b>	<b>\$ 1,872</b>	<b>\$ 2,412,813</b>

**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 1986-99 (cont.)**

	1986-96	1997	1998	1999	1986-99
<b>Louisiana</b>					
Bonuses .....	\$ 30,897,603	\$ 5,689,689	\$ 1,744,928	\$ 241,659	\$ 38,573,879
Rents .....	3,881,172	686,051	412,229	357,379	5,336,831
Royalties .....	153,644,005	11,855,454	9,621,860	6,284,879	181,406,198
Section 8(g) Escrow ...	572,000,000	---	---	---	572,000,000
Settlement Payments ..	<u>42,000,000</u>	<u>8,400,000</u>	<u>8,400,000</u>	<u>8,400,000</u>	<u>67,200,000</u>
<b>Total .....</b>	<b>\$ 802,422,780</b>	<b>\$26,631,194</b>	<b>\$ 20,179,017</b>	<b>\$15,283,917</b>	<b>\$ 864,516,908</b>
<b>Mississippi</b>					
Bonuses .....	\$ 28,123	\$ ---	\$ 746,856	\$ ---	\$ 774,979
Rents .....	131,190	4,587	16,445	51,168	203,390
Royalties .....	917,748	518,628	662,354	326,968	2,425,698
Section 8(g) Escrow ...	14,000,000	---	---	---	14,000,000
Settlement Payments ..	<u>973,787</u>	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>1,573,787</u>
<b>Total. ....</b>	<b>\$ 16,050,848</b>	<b>\$ 723,215</b>	<b>\$ 1,625,655</b>	<b>\$ 578,136</b>	<b>\$ 18,977,854</b>
<b>Texas</b>					
Bonuses .....	\$ 17,635,499	\$ 1,098,845	\$ 1,885,989	\$ 953,569	\$ 21,573,902
Rents .....	3,078,938	227,346	316,545	234,322	3,857,151
Royalties .....	127,189,414	10,674,561	10,472,038	7,830,863	156,166,876
Section 8(g) Escrow ...	382,000,000	---	---	---	382,000,000
Settlement Payments ..	<u>67,000,000</u>	<u>13,400,000</u>	<u>13,400,000</u>	<u>13,400,000</u>	<u>107,200,000</u>
<b>Total .....</b>	<b>\$ 596,903,851</b>	<b>\$25,400,752</b>	<b>\$ 26,074,572</b>	<b>\$22,418,754</b>	<b>\$ 670,797,929</b>
<b>Totals</b>					
Bonuses .....	\$ 53,411,304	\$ 7,362,789	\$ 4,590,361	\$ 2,287,396	\$ 67,651,850
Rents .....	11,584,387	1,081,220	873,448	868,079	14,407,134
Royalties .....	347,134,381	39,477,943	36,028,495	25,687,908	448,328,727
Section 7 Escrow .....	322,900,000	---	---	---	322,900,000
Section 7 Rents. ....	379,300	3,210,286	33,472	10,215	3,633,273
Section 8(g) Escrow ...	1,423,030,000	---	---	---	1,423,030,000
Settlement Payments ..	<u>324,973,787</u>	<u>65,000,000</u>	<u>65,000,000</u>	<u>65,000,000</u>	<u>519,973,787</u>
<b>Total .....</b>	<b>\$2,483,413,159</b>	<b>\$16,132,238</b>	<b>\$106,525,776</b>	<b>\$93,853,598</b>	<b>\$2,799,924,771</b>



# Glossary

**Acquired lands** — Lands in Federal ownership that the Federal Government obtained by deed through purchase, gift, exchange, or condemnation proceedings.

**Allowance** — An allowable deduction from value for royalty purposes.

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

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

**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 American 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 American 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.

**British thermal unit/Btu** — The amount of energy required to raise the temperature of 1 pound of water 1 degree Fahrenheit when near 39.2°F. An average Btu content of fuel is a heat value per unit quantity of fuel, determined from tests of fuel samples.

**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, American 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.

**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 American Indian Tribes and once each month to States. The reports for American Indian allotted tract mineral owners 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 American 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.

**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, and general conditions are established for pipeline right-of-way, lease diligence, royalty disposition, and 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 American 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.

**NHPF** — National Historic Preservation Fund. A fund, administered by the National Park Service, designed to expand and accelerate historic preservation plans and activities. NHPF provides revenues for matching grants-in-aid to States and local governments, and funds the National Trust for Historic Preservation. Offshore mineral leasing provided 100 percent of fund revenues through Fiscal Year 1997.

**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 American Indian Tribes and allotted tract mineral owners as part of the Secretary of the Interior's trust responsibility to American Indian mineral owners.

**OPEC** — Organization of Petroleum Exporting Countries. A cartel whose current members include: Algeria, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, United Arab Emirates, and Venezuela.

**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 American 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 the 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.

**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.

# 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.

<b>To convert from inch-pound unit</b>	<b>Multiply by</b>	<b>To equal metric unit</b>
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
<b>To convert from metric unit</b>	<b>Multiply by</b>	<b>To equal inch-pound unit</b>
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.