

Glossary of Mineral Terms and Abbreviations

A

ACH	Automated Clearing House—A computerized financial system operated to effect the electronic transfer of funds between banks. ACH is designed to accommodate a large volume of small-dollar transactions. Payors remit payments to ACH; funds become available to the recipient the following day.
Acquired lands	Lands in Federal ownership that the Federal Government obtained by deed through purchase, gift, exchange, or condemnation proceedings.
ADP	Automated data processing
AFEE	Automated front-end enhancement
AGA	American Gas Association
Agreement	An arrangement approved by the Minerals Management Service between lessees or operating rights holders of different leases under which production from the leases is pooled for various purposes. Unitization and communitization agreements are the most common.
AIRS	Automated Inspection Record System—A computer system application operated by the Bureau of Land Management for storage and retrieval of oil and gas inspection and enforcement records.
ALEP	Allowance Limit Exception Processing—An automated program developed by the Minerals Management Service that employs royalty reports submitted by payors to determine compliance with regulatory allowance limits.
Allocation of Receipts	The determination of revenues to be paid to counties, States, American Indian Tribes or allottees, special-purpose accounts administered by Federal agencies, or the General Fund of the U.S. Department of the Treasury from mineral receipts collected during the fiscal year as required by law.

Allocated Production	A lease's proportionate share of total unit or communitized production and sales from wells committed to a unitization or communitization agreement, regardless of the physical location of the wells. The share proportion is stated in the agreement.
Allotted Lands	Lands in which title has been conveyed to an individual American Indian allottee which are administered by the Bureau of Indian Affairs for the benefit of the individual American Indian owner.
Allowance	An allowable deduction from value for royalty purposes. (See <i>Processing allowance and Transportation allowance</i>)
ANSI	American National Standards Institute
API	American Petroleum Institute—A trade association representing all segments of the petroleum industry, from exploration through marketing. API is the largest association in the petroleum industry.
Application	A formal request for rights to public lands or resources, or for the eventual title to those lands or resources.
Arm's-length Contract	A contract or agreement between independent, nonaffiliated parties of opposing economic interests. In mineral leasing, an arm's-length contract or agreement normally involves the sale or transportation of mineral resources.

B

Bbl	Barrel—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 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.
Bid	An offer for a lease submitted by a potential lessee in the form of a cash bonus dollar amount or other commitments as specified in the final notice of sale.
BIS	Business Information System
BLM	Bureau of Land Management—A Federal agency within the Department of the Interior that administers public lands and natural resources. BLM

programs provide for the protection, orderly development, and use of public lands and resources under principles of multiple use and sustained yield.

BLS

Bureau of Labor Statistics

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.

Bonuses

The MRM collects four types of mineral lease revenues: bonuses, rents, minimum royalties, and royalties. 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.

BS&W

Basic sediment and water

Btu

British thermal unit—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.

C

CFR

Code of Federal Regulations—A codification of the general and permanent rules published in the Federal Register by the executive departments and agencies of the Federal Government.

CIRI

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. CIRI maintains land holdings containing significant proven reserves of oil, natural gas, coal, and other mineral commodities.

COE

U.S. Army Corps of Engineers

Communitization agreement

A voluntary arrangement that combines small tracts of Federal or American Indian lands, in many cases with non-Federal and non-American Indian lands, to obtain a permit to drill under applicable well-spacing rules. Production is allocated to participating tracts on the basis of surface acreage.

Compensatory royalty

Money paid to compensate the lessor for royalties lost due to drainage in lieu of drilling a well that would otherwise be required under the express or implied covenants of a lease to protect the lease from drainage.

Compensatory Royalty agreement	An agreement with the lessee or owner of adjacent land to compensate the government or American Indian owners of unleased Federal or American Indian land for drainage by a well located on adjacent land.
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 .)
Cooperative agreement	An agreement or plan of development and operation for the recovery of oil and gas in which separate ownership units are independently operated without allocation of production.
CY	Calendar year

D

Development contract	An agreement between a lessee and a lessor that combines more than one solid mineral lease into a unitized area under a standard royalty rate. The mine operator then reports to the Minerals Management Service Production Accounting and Auditing System under the terms of the development contract rather than the individual leases.
Disposition	The sale or transfer of a mineral from a lease site.
DOE	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.
DOI	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.
DOJ	Department of Justice—A Cabinet-level department in the Executive Branch of the Federal Government that serves as counsel for the United

States. DOJ is responsible for investigating, apprehending, and prosecuting offenders; representing the United States Government in Federal courts and before the Supreme Court; enforcing immigration laws; and operating the Federal prison system.

E

EDI	Electronic data interchange
EEZ	Exclusive Economic Zone
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.
EFT	Electronic funds transfer—The automated exchange of funds between computer systems which obviates the necessity for the physical exchange of cash, checks, or other forms of money.
EIS	Environmental impact statement—A statement prepared by a Federal agency in compliance with the National Environmental Policy Act for any major action that could have a significant effect on the human or natural environment.
EOP	Explanation of payment—A series of reports produced by the Minerals Management Service Royalty Management Program, mailed twice each month to Tribes and once each month to States. The reports for individual American Indian 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.
EOR	Enhanced oil recovery—The introduction of an artificial drive and displacement mechanism into a reservoir to produce oil that is not recoverable by primary recovery methods. The purpose of EOR is to restore formation pressure and fluid flow to a substantial portion of a reservoir by injecting fluids into injection wells located in a rock that has fluid communication with production wells. Water flooding, chemical flooding, gas injection, and thermal recovery represent principal EOR methods. Chemical flooding, most types of gas injection, and thermal methods are often called advanced EOR methods because they not only restore formation pressure but also improve displacement of oil by overcoming forces that keep the oil trapped in rock pores.

Exclusive Economic Zone An area contiguous to the territorial sea of the United States, the Commonwealth of Puerto Rico, the Commonwealth of Northern Mariana Islands, and U.S. overseas territories and possessions that extends 200 nautical miles from the coastline.

F

°F Degree(s) Fahrenheit

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

Fee lands Lands in private ownership.

FERC Federal Energy Regulatory Commission—An independent agency created through the Department of Energy Organization Act in 1977. FERC regulates the transportation of natural gas in interstate commerce; the transportation of oil by pipeline in interstate commerce; the transmission and wholesale sales of electricity in interstate commerce; the licensing of private, municipal, and State hydroelectric projects; and provides oversight of related environmental matters.

Field A geographical area in which one or more oil or gas wells produce. A field may refer to surface area only or to an underground productive formation. A single field may include several reservoirs separated either horizontally or vertically.

Flaring A process to dispose of surplus combustible vapors by igniting and burning them in the atmosphere. Flaring in significant quantities is rarely used due to the high value of gas, as well as stringent air pollution controls.

FOGRMA Federal Oil and Gas Royalty Management Act of 1982—Public Law 97-451, 30 U.S.C. 1701 *et seq.*, 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.

FOGRSFA Federal Oil and Gas Royalty Simplification and Fairness Act (also referred to as RSFA) —Public Law 104-185, 110 Stat. 1700, enacted to amend the Federal Oil and Gas Royalty Management Act of 1982 and revise Minerals Management Service procedures in several respects.

FY Fiscal year

G

GAO	General Accounting Office—An organization established by the Budget and Accounting Act of 1921 to serve as the investigative arm of Congress responsible for independently auditing Government agencies. GAO is charged with examining all matters relating to the receipt and disbursement of public funds.
Gas storage agreement	An agreement that provides for the temporary storage of natural gas in a subsurface structure such as a salt dome.
Gathering lines	Pipelines and other equipment normally used to transport oil or gas from a well on a lease to a central accumulation point on or near the lease site where production is measured for royalty purposes. An oil gathering system includes oil and gas separators, emulsion treaters, gathering tanks, and similar equipment. Gas gathering lines collect gas from the wells under fluctuating pressures. The gas passes through compressors to regulate pressure before the gas is introduced into trunk or transmission lines. A gas gathering system generally includes regulators, compressors, dehydrators, and associated equipment.
Geothermal resource	Hot water, steam, byproducts, and associated energy extracted from geothermal reservoirs in the earth's crust. Geothermal resources are used in turbine generators to produce electricity. The resource may also be used to provide process heat for agricultural, industrial, and space heating applications.
GDP	Gross domestic product

H

Hydrocarbons	Compounds consisting of molecules of hydrogen and carbon. Hydrocarbons exist in a variety of compounds because of the strong affinity of the carbon atom for other atoms and for itself. The smallest molecules of hydrocarbons are gaseous, while the largest are solids. Both oil and unprocessed “wet” natural gas are mixtures of many hydrocarbons.
Hydroelectric power	Electricity generated by an electric plant whose turbines are driven by falling water.

I

IBLA	Interior Board of Land Appeals—A board that exercises the delegated authority of the Secretary of the Interior, including the authority to hear appeals from decisions of the Director, Minerals Management Service, concerning computation and collection of royalties on Federal and American Indian mineral leases, and appeals from decisions of administrative law judges in civil penalty proceedings. In addition, the IBLA serves as the Secretary’s designee to decide appeals from decisions of officers of the Bureau of Land Management concerning the public lands and mineral resources, and from decisions of officers of the Office of Surface Mining Reclamation and Enforcement and of Departmental administrative law judges concerning regulation of surface coal mining activities.
IDVS	Interagency Data Verification System
IIITA	Initiative for Indian Tribes and Allottees
IMDA	Indian Mineral Development Act of 1982, 25 U.S.C. 2101 <i>et seq.</i> —An act that permits Tribes to enter into certain agreements for the disposition of Tribal mineral resources and for other purposes.
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 <i>Indian Allottee</i>)
Indian Allottee	Any American Indian who holds title to land or an interest in land subject to Federal restrictions against alienation. (See <i>Indian Allotment</i>)
Indian land	Lands owned by American Indians, including either Tribal lands held in trust by the United States or subject to Federal restrictions against alienation, or allotted land owned by an individual American Indian with Federal restrictions against alienation. The Bureau of Indian Affairs monitors American Indian leases.
IPAA	Independent Petroleum Association of America

K

KGRA	Known geothermal resource area
KGS	Known geological structure

L

LACT	Lease automatic custody transfer
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.
Lease amendment	A modification of lease terms or conditions after issuance, including land description, rental obligations, royalty obligations, or other lease provisions.
Lease sale	A process conducted by the Bureau of Indian Affairs for American Indian lands, the Bureau of Land Management for Federal onshore lands, and the Minerals Management Service for Federal offshore lands, in which leases of certain mineral tracts are offered for lease by competitive sealed bidding and during which bids are received, announced, and recorded.
Lease term	The duration of the contract specified in a lease. Many oil and gas leases extend for a primary period of 5–10 years, and thereafter continue for as long as there is production in paying quantities. Many solid mineral leases extend for a period of 20 years and are subject to readjustment or renewal every 10–20 years thereafter.
Lessee	The person or company authorized by the lease terms to produce specific minerals from the leased land; the owner of the working interest under the lease instrument. The lessee is responsible for paying royalties but may authorize others to do so on the lessee's behalf.
Lessor	The owner of the leased land or mineral rights. The lessor typically retains a reserved royalty interest and a reversion upon expiration of the lease.
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. (See <i>Right-of-way</i>)
LMU	Logical mining unit
LWCF	Land and Water Conservation Fund—The Land and Water Conservation Act of 1965 created a fund currently administered by the National Park Service to provide revenues for the Federal Government, State governments, and local governments to purchase parks and recreation areas and to plan, acquire, and develop land and water resources for recreational use. Approximately 10–30 percent of the legislated yearly

minimum of \$900 million is provided through revenues from surplus property sales and receipts from the motorboat fuels tax. The remaining 70–90 percent of the legislated yearly minimum is provided from offshore mineral leasing under the provisions of the Outer Continental Shelf Lands Act, as amended.

M

Major portion analysis	A requirement found in most American Indian mineral lease terms to pay royalties on the higher of the price received by the lessee or the price paid for a major portion of like-quality production from the same field or area.
Mcf	Thousand cubic feet
Military acquired lands	Lands acquired with military funds under military acquisition laws.
Mineral Leasing Act for Acquired Lands, of 1947 as amended (30 U.S.C. 351 <i>et seq.</i>)	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 <i>Mineral Leasing Act of 1920, as amended</i>)
Mineral Leasing Act of 1920, as amended (30 U.S.C. 181 <i>et seq.</i>)	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.
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.

Mining claim A mineral entry and appropriation of public land under the Mining Law of 1872, as amended. There are four types of mining claims or sites: lode claims, placer claims, mill sites, and tunnel sites. Only tunnel sites may not be patented. A valid lode or placer claim contains a discovery of a valuable mineral deposit that requires filing a Notice of Location document under the Mining Law of 1872, as amended. A valid mill site is used for the support of a mining or milling operation. A valid tunnel site must be diligently worked and maintained and may result in the location of lode claims. (See *Notice of Location*)

Mining Law of 1872, as amended The principal Federal law governing locatable minerals in the United States. The law provides U.S. citizens with an opportunity to explore, discover, and purchase certain valuable metallic and nonmetallic minerals on Federal lands that are not closed to mineral entry. The law establishes standards and guidelines to claim mineral rights, and includes provisions for local rules to be developed consistent with Federal laws. (See *Mining claim*)

MMbd Million barrels per day

MMcf Million cubic feet

MMS Minerals Management Service—A Federal agency within the U.S. Department of the Interior that administers the Offshore Minerals Management Program and the Minerals Revenue 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 is conducted in a safe manner with concern for the environment. The Minerals Revenue 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.

MRM Minerals Revenue Management—A program administered by the Minerals Management Service responsible for the accurate and timely determination, collection, distribution of royalties from Federal and American Indian lands and bonuses and rents from Federal lands. (See *MMS*)

N

Net profit share lease An Outer Continental Shelf lease that provides for payment to the United States of a percentage share of the net profits for 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, currently 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 provides 100 percent of fund revenues.

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*)

NPS National Park Service—A Federal agency within the Department of the Interior responsible for protecting and managing a diverse system of national parks, monuments, preserves, lakeshores, seashores, rivers, battlefields, historical parks, and sites that cover more than 83 million acres in 49 States, the District of Columbia, American Samoa, Guam, Puerto Rico, Saipan, and the Virgin Islands.

O

OCS Outer Continental Shelf—All submerged lands seaward and outside the area of lands beneath navigable waters. Lands beneath navigable waters are interpreted as extending from the coastline three 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 three 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*)

OIG Office of Inspector General—An office within the Department of the Interior that performs internal audits and investigations in order to provide information and recommendations to improve operations and to detect and deter illegal activities.

OIP Offshore Inspection Program—A program developed by the Minerals Management Service to promote safe and pollution-free operations on the

Outer Continental Shelf, ensure fair and consistent inspections, and verify operator compliance with agency requirements.

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

OMM Offshore Minerals Management—A program administered by the Minerals Management Service responsible for the Outer Continental Shelf leasing program and for ensuring that exploration and production of the Nation’s offshore mineral resources is conducted in a safe manner with concern for the environment. (See *MMS*)

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

Operating agreement A written document between parties holding operating rights with one of the parties normally designated as the operator. The agreement contains detailed provisions for the drilling of a well, the sharing of expenses, and acceptable accounting methods.

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

OSMRE Office of Surface Mining Reclamation and Enforcement—A Federal agency within the Department of the Interior responsible for ensuring that coal mines are operated in a manner that protects citizens and the environment during mining, and that the land is restored to beneficial use following mining. OSMRE provides support and oversight for approved State regulatory and abandoned mine reclamation programs, and directly administers these activities on Federal and American Indian lands.

OTFM Office of Trust Funds Management—OTFM is responsible for professional, technical, and managerial leadership of financial activities, programs, and functions associated with funds held in trust for individual American Indians and American Indian Tribes.

P

Participating area	The part of a unit area considered to be productive in paying quantities or that is necessary for unit operations. Production is allocated in the manner described in the unit agreement.
Payor	A person or company reporting and paying royalties on production from a Federal or American Indian lease.
Planning area	A subdivision of an offshore area used as the initial basis for considering blocks to be offered for lease.
Pooling agreement	An industry term for a communitization or unitization agreement. (See <i>Communitization agreement and Unitization agreement</i>)
Processing allowance	An allowable deduction from royalty value that includes reasonable, actual costs incurred by the payor for processing a mineral commodity. (See <i>Transportation allowance</i>)
Producible lease	A lease where one well or several wells have discovered hydrocarbons in paying quantities, but for which there is no production during the reporting period.
Producing lease	A lease that is producing oil, gas, or other minerals in quantities sufficient to generate royalties.
Production	For fluid minerals, the phase of oil and gas operations involved with well fluids extraction, separation, treatment, measurement, etc. For solid minerals, all economic mineral quantities removed from their original position. Solid mineral production does not include pit inventory, or minerals left in place.
Production month	The month in which minerals are produced.
PSI	Pounds per square inch
Public lands	Any land and interest in land owned by the United States and administered by the Secretary of the Interior through the Bureau of Land Management and the Minerals Management Service, without regard to the manner through which the United States acquired ownership, except (1) lands located on the Outer Continental Shelf, and (2) lands held for the benefit of American Indians, Aleuts, and Eskimos. The Bureau of Land Management considers acquired lands to be a category of public lands. The Minerals Management Service distinguishes public domain lands from acquired lands for purposes of various statutory revenue distributions. (See <i>Acquired lands</i>)

R

- Reclamation Fund** A fund created under the Reclamation Act of 1902 that provides revenues to build, maintain, and operate water and associated power projects on arid and semiarid Western lands. The fund was originally supported by proceeds from sales of U.S. public lands. The Mineral Leasing Act of 1920, as amended, further augmented the fund, by allocating a portion (currently 40 percent) of royalties from oil, gas, and other mineral leases on U.S. public domain lands. (See *Mineral Leasing Act of 1920, as amended*)
- Renewable energy** Energy obtained from sources that may be renewed, including wood, waste, geothermal, wind, photovoltaic, and solar thermal energy.
- Rent** The MRM collects four types of mineral lease revenues: bonuses, rents, minimum royalties, and royalties. 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 while the lease is not in production.
- Report month** The month in which the Minerals Management Service receives production, sales, or royalty reports from operators and lessees.
- Right-of-way** A permit or an easement that authorizes the use of leased or unleased land for specified purposes, including the construction of a pipeline or road.
- RIK** Royalty-in-kind—A program operated under the provisions of the Mineral 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 RIK 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. The Minerals Management Service conducted a gas RIK pilot program in 1995, entering into contracts to sell selected Gulf of Mexico natural gas by competitive bid to gas marketers. Two additional oil and gas pilot programs began in 1998, and a third gas pilot program began in 1999.
- Royalties** The MRM collects four types of mineral lease revenues: bonuses, rents, minimum royalties, and royalties. A royalty is due when production begins. Royalty payments represent a stated share or percentage of the amount or 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.

Royalty Report	Report of Sales and Royalty Remittance (Form MMS-2014). A Minerals Management Service report used for reporting royalties, certain rents, and other lease-related transactions.
Royalty settlement point	A measurement point approved by the Bureau of Land Management and the Minerals Management Service to calculate royalties based on the quantity and quality of production at that measurement point.
RQS	Royalty Management Program Query System
RSFA	(See <i>Federal Oil and Gas Royalty Simplification and Fairness Act</i>)

S

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. (See <i>Royalty settlement point</i>)
Secretarial Order	A document issued by the Secretary of the Interior affecting the management of public lands by Department of the Interior offices and bureaus.
SEMP	Safety and Environmental Management Program—A program in which offshore operators develop a plan describing the company’s overall safety and pollution-prevention policies and procedures. The purpose of the program is to reduce the risk and occurrence of accidents and pollution associated with offshore oil and gas drilling and production operations through active risk management.
Solicitor	Office of the Solicitor—An office within the Department of the Interior that serves as the principal legal adviser for the Secretary of the Interior. The Solicitor’s Office is divided into six divisions, including the Division of Mineral Resources, which is responsible for legal matters arising in conjunction with mineral leasing and royalty management programs of the Bureau of Land Management and the Minerals Management Service.
Spacing	The regulation, for conservation purposes, of the number and location of wells over a reservoir.
Specimen	A small mass of coal, rock, ore, or mineral that indicates the nature and quality of deposit from which it was derived. A specimen identifies the various minerals present.

Spot sales	Contracts for the purchase and sale of oil, gas, or solid minerals on a short-term basis.
SPR	Strategic Petroleum Reserve—Petroleum stocks maintained by the Department of Energy for use during periods of major supply disruptions.
State lands	Lands owned by a State.
STATSS	State and Tribal Support System
Stipulations	Specific measures imposed upon a lessee that apply to a lease. Stipulations are attached as a provision of a lease and may apply to some or all tracts in a sale. For example, a stipulation may limit drilling or mining to a certain time period of the year.
STRAC	State and Tribal Royalty Audit Committee—An organization of State and Tribal representatives who meet to discuss royalty management and audit issues.
Surety	An individual or organization that is legally responsible for the debt, default, or delinquency of another. A Federal surety must hold a certificate of authority acceptable with the Department of the Treasury.
Suspension	A lease temporarily rendered inactive due to forces of nature, economic conditions, environmental impact studies, or other reasons. Wells are shut in. If both operations and production are suspended, royalty reporting and payment requirements are held in abeyance during this period, and the term of a lease is extended for the period of suspension. If either operations or production (but not both) is suspended, rent and minimum royalty obligations continue.

T

Termination	Termination of a non-producing lease for failure to pay timely rental.
TIMS	Technical Information Management System—An integrated computer system application operated by the Minerals Management Service that serves as the information management system for the Offshore Minerals Management Program. TIMS provides the means to collect and analyze offshore lease information, provide data for environmental studies, and collect and analyze information produced through inspections of offshore platforms and drilling rigs.
Transportation Allowance	An allowable deduction from royalty value that includes reasonable, actual costs incurred by the payor for moving a mineral commodity to a point of sale remote from the lease, unit area, or communitized area, or

away from a processing plant. The allowance excludes costs to gather the commodity. (See *Processing allowance*)

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.

Tribal lands Lands owned by the United States in trust for a group or Tribe of American Indians. The Tribe holds equitable title to the lands.

U

Unitization agreement An agreement among owners and leaseholders of separate oil or gas interests to operate as a unit in developing a potentially productive area with optimum efficiency. Leasehold interests may be separate. Costs and benefits are allocated as defined in the agreement, usually among all participating productive leases on the basis of surface acreage ownership.

U.S.C. United States Code—The U.S.C. contains all laws of a general and permanent nature arranged into an official code of the laws of the United States

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.

USGS United States Geological Survey—A Federal agency within the Department of the Interior that provides geologic, topographic, and hydrologic information that contributes to the effective management of the Nation’s natural resources and promotes the health, safety, and welfare of its citizens. USGS provides maps, databases, and descriptions and analyses of the water, energy and minerals, land surface, underlying geologic structure, and dynamic processes of the Earth.

W

Withdrawal Lands removed by the Executive Branch or Congress from settlement, location, sale, or entry under the public land laws and the mineral leasing laws.