

Statistical Highlights

Fiscal Year 1999

Royalty Management Program



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Royalty Management Program

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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 Concession	Tickets
Gas	Mcf
Gas Plant Products	Gallons
Geothermal and Heated Water Sources	Millions of British thermal units (MBtu's)
Helium	Mcf
Nitrogen	Mcf
Oil	Barrels (42 U.S. gallons)
Phosphate	Short tons
Potash	Short tons
Quartz Crystals	Pounds
Sand and Gravel	Cubic yards or short tons
Sodium	Short tons
Sulfur	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 commodity 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 solution mining method. The majority of offshore sulfur is produced using the Frasch mining method.

Sodium figures include sodium borate compounds.

About This Report

Statistical Highlights provides information addressing Federal and American Indian mineral revenue disbursements, revenue collections, underpayment detection program receipts, lease numbers, lease acreage, and program operations in Fiscal Year (FY) 1999. The Minerals Management Service (MMS) Royalty Management Program (RMP) distributes the report annually to Congressional, Federal, State, American Indian, and industry representatives.

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

Mineral Lease Revenues

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

- **Bonuses** — Leases issued in areas known 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” also includes settlement payments, gas storage fees, estimated payments, recoupments, and fees for sand and gravel used for beach restoration.

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

Revenue Collections and Disbursements

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

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 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.

Since 1983, MMS has generally disbursed mineral revenues derived from leases on public domain lands and shared with the States in the month following receipt of the payment. Disbursements are made under the provisions of section 104 of the Federal Oil and Gas Royalty Management Act of 1982 (FOGRMA) which amended the revenue disbursement provisions of the Mineral Leasing Act of 1920 (MLA), 30 U.S.C. 191. The MMS deposits 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 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.

- **Offshore Lands** — Royalty, rent, and bonus revenues from Federal offshore mineral leases on the Outer Continental Shelf (OCS) are deposited to the General Fund of the Treasury through miscellaneous receipts. Under other applicable laws, specified amounts from total offshore revenues are transferred to the Land and Water Conservation Fund (LWCF). The LWCF, primarily administered by the National Park Service, provides revenues for the Federal Government, State governments, and local governments to purchase parks and recreation areas and to plan, acquire, and develop land and water resources for recreational use. Offshore mineral leasing provides approximately 70-90 percent of LWCF revenues.

The National Historic Preservation Fund (NHPF), administered by the National Park Service, is designed to expand and accelerate historic preservation plans and activities. The annual funding authorization of \$150 million to the 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.

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

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

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

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

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

Nearly \$93.9 million in Federal offshore revenues was released to seven States during FY 1999.

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

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

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

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

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

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

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

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

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

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

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

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

- **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 Nation, and the Southern Ute—are made directly by the lease payor to financial institutions contracted by the Tribes to receive their mineral payments.
- The BIA has authorized payors to make direct payments to selected individual 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.

RMP Underpayment Detection Programs

The accurate determination and collection of mineral revenues require both voluntary compliance by payors and sophisticated RMP audit and exception processing identification programs designed to detect the underpayment of revenues. Cumulative revenue collections from the first of the RMP underpayment detection programs in October 1981 through the end of FY 1999 totaled \$2.3 billion.

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

The RMP maintains cooperative agreements that provided audit funding in FY 1999 to 7 American

Indian Tribes and 10 States under the authority provided in sections 202 and 205 of FOGRMA. Cooperative audit agreements under section 202 were in effect at the end of FY 1999 with the following Tribes:

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

Cooperative agreements under section 205 were in effect in FY 1999 with the following States:

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

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

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

The RMP maintained an unfunded Memorandum of Understanding with Alaska and with the Assiniboine Sioux Tribe to share audit information in FY 1999.

This report includes revenues collected from cooperative State and Tribal agreement lease audits in FY 1999. The report further includes Federal expenditures to States and Tribes to fund the cooperative agreements during the year. Many lease audits require more than 1 year to complete. It is subsequently difficult to draw meaningful comparisons between collections and expenditures for a single year.

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

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

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

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

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

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

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

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

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

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

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

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

Program Operations Summary

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

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

Producing and Nonproducing Leases

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

Source Documents

Information addressed in this report was derived from a variety of sources. Disbursement data for FY 1999 and cumulative disbursement statistics for the period FY 1982-99 were compiled from U.S. Department of the Interior records that have been confirmed with Treasury. Federal onshore mineral revenue disbursements to States represent cumulative distributions by both MMS and the Bureau of Land Management. Disbursement information for FY 1999 is published in the following MMS reports:

- 1999 Mineral Revenues;
- 1999 Federal Offshore Statistics;
- FY 1999 State Mineral Summaries; and
- The FY 1999 MMS Annual Report to Congress submitted under the provisions of section 302 of FOGPMA and section 602 of OCSLA Amendments of 1978.

Mineral revenue collections for FY 1999 were derived from AFS and nonstandard American Indian collections administered by the RMP Accounting and Reports Division.

Information associated with current and historical collections from compliance and enforcement programs was gathered from RMP managers responsible for administration of the programs. Program operations information and lease statistics were assembled from the FY 1999 MMS Annual Report to Congress.

Statistical Highlights

Fiscal Year 1999



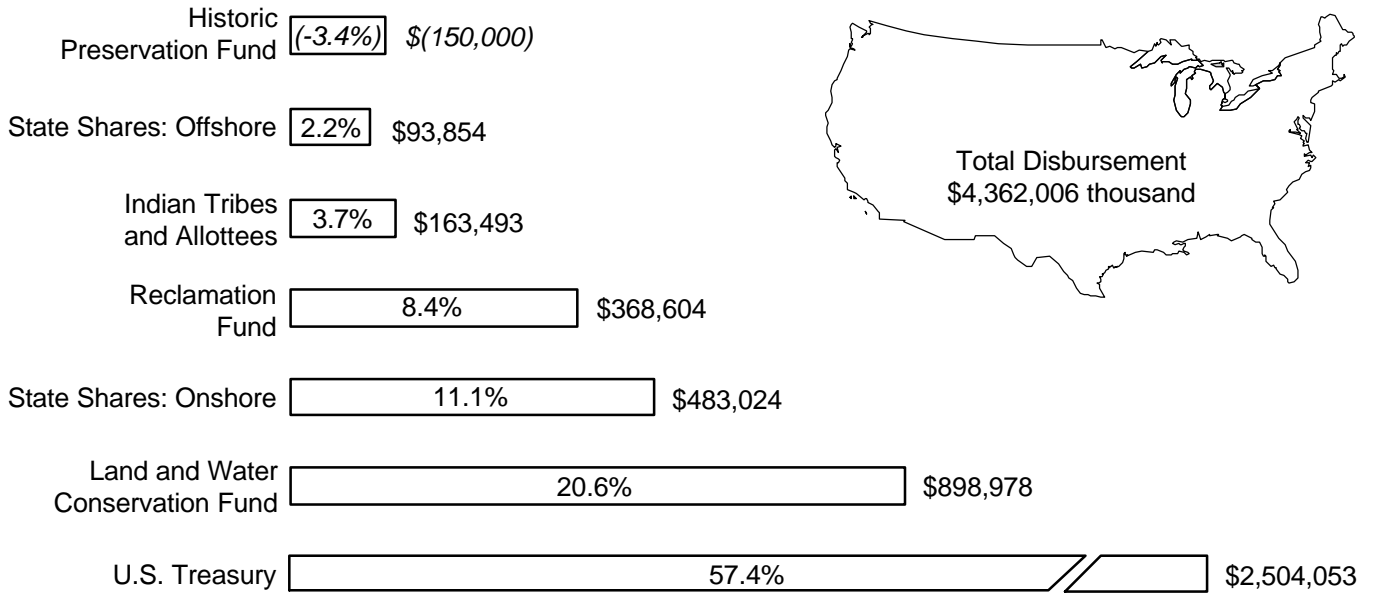


Figure 1. Disbursement of Federal and American Indian mineral lease revenues, in thousands, Fiscal Year 1999

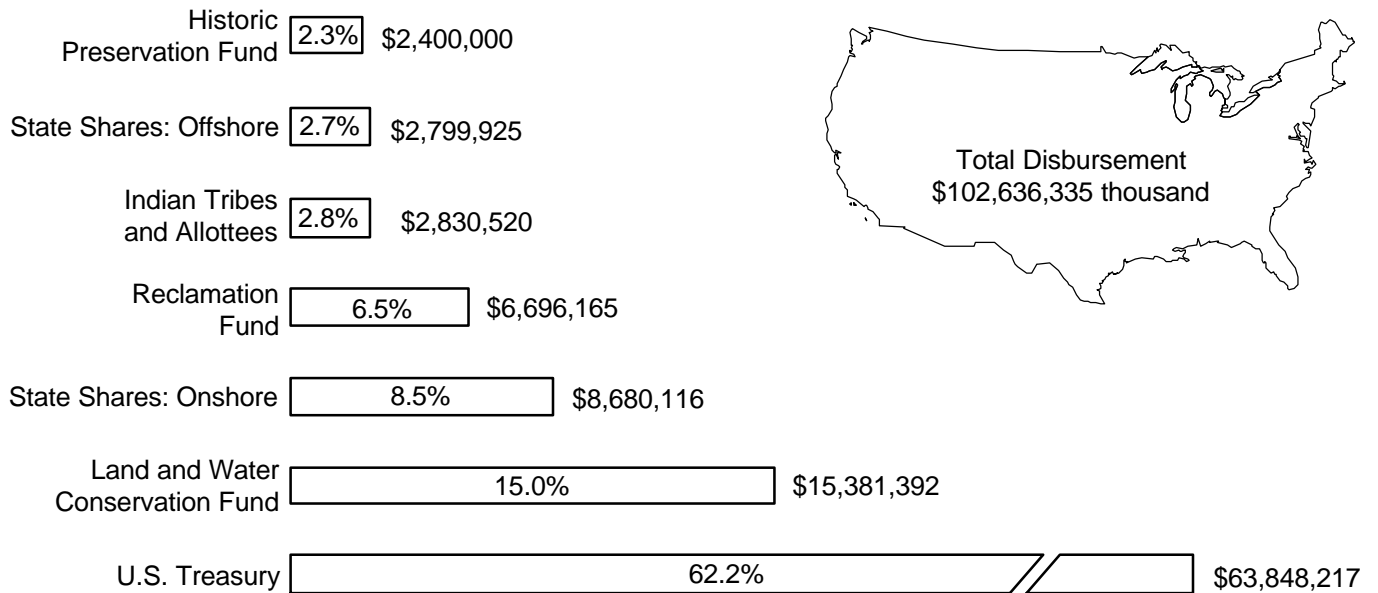


Figure 2. Disbursement of Federal and American Indian mineral lease revenues, in thousands, Fiscal Years 1982-99

Table 1. Disbursement of Federal and American Indian mineral lease revenues, in thousands, Fiscal Year 1999

		Percent of <u>Total</u>
! Offshore Federal Mineral Revenues		
Historic Preservation Fund	\$ (150,000)	(3.4)
Land & Water Conservation Fund	898,978	20.6
State Shares (7 States)	93,854	2.2
U.S. Treasury General Fund	<u>2,349,583</u>	53.9
Subtotal	\$ 3,192,415	
! Onshore Federal Revenues		
Reclamation Fund	\$ 368,604	8.4
State Shares (36 States)	483,024	11.1
U.S. Treasury General Fund	<u>154,470</u>	3.5
Subtotal	\$ 1,006,098	
! American Indian Tribal & Allottee Revenues		
41 Tribes and 20,000 Allottees	\$ <u>163,493</u>	<u>3.7</u>
Total	\$ 4,362,006	100.0

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.

Table 2. Disbursement of Federal and American Indian mineral lease revenues, in thousands, Fiscal Years 1982-99

		Percent of <u>Total</u>
! Offshore Federal Mineral Revenues		
Historic Preservation Fund	\$ 2,400,000	2.3
Land & Water Conservation Fund	15,381,392	15.0
State Shares (7 States)	2,799,925	2.7
U.S. Treasury General Fund	<u>61,349,037</u>	59.8
Subtotal	\$ 81,930,354	
! Onshore Federal Revenues		
Reclamation Fund	\$ 6,696,165	6.5
State Shares (38 States)	8,680,116	8.5
U.S. Treasury General Fund	<u>2,499,180</u>	2.4
Subtotal	\$ 17,875,461	
! American Indian Tribal & Allottee Revenues		
41 Tribes and 20,000 Allottees	\$ <u>2,830,520</u>	<u>2.8</u>
Total	\$ 102,636,335	100.0

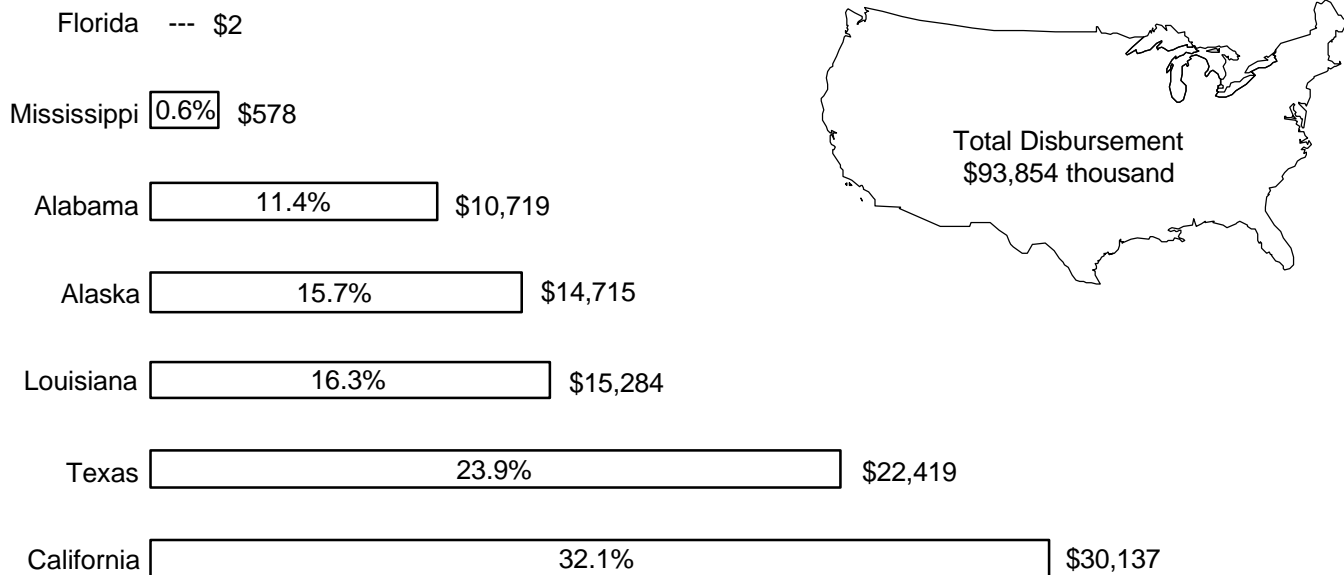


Figure 3. Disbursement of revenues, in thousands, to seven States from Federal offshore leases under the provisions of section 8(g) of the OCS Lands Act as amended, Fiscal Year 1999

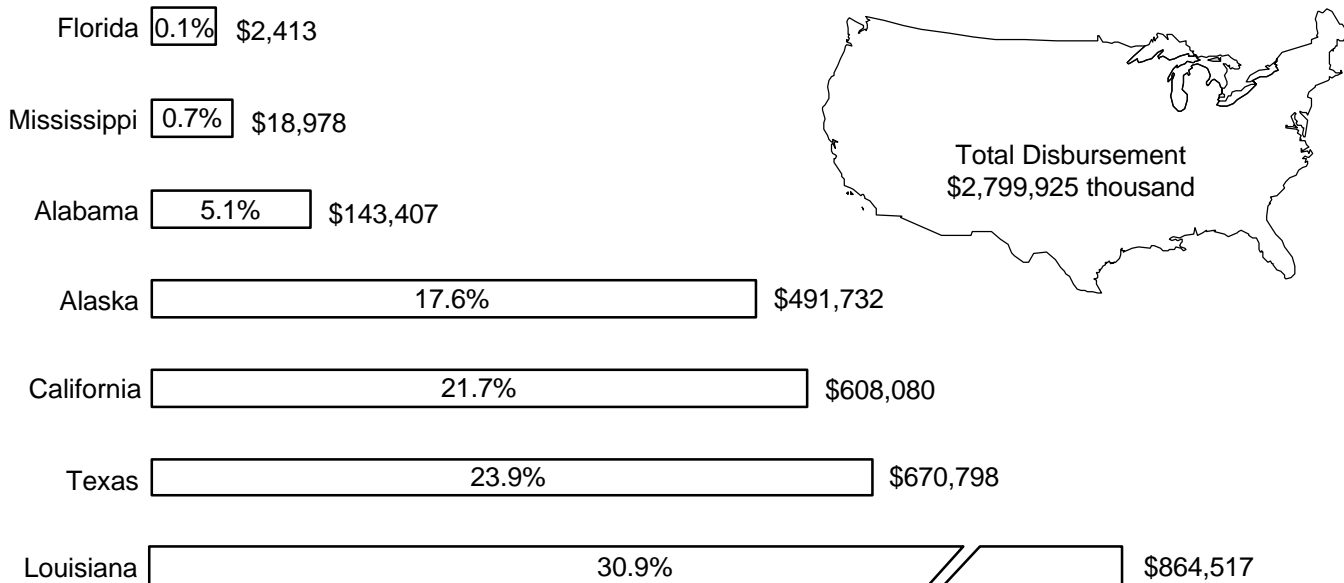


Figure 4. Disbursement of revenues, in thousands, to seven States from Federal offshore leases under the provisions of section 8(g) of the OCS Lands Act as amended, Fiscal Years 1986-99

Table 3. Disbursement of revenues, in thousands, to seven States from Federal offshore leases under the provisions of section 8(g) of the OCS Lands Act as amended, Fiscal Year 1999

		Percent of <u>Total</u>
Alabama	\$ 10,719	11.4
Alaska	14,715	15.7
California	30,137	32.1
Florida	2	---
Louisiana	15,284	16.3
Mississippi	578	0.6
Texas	<u>22,419</u>	<u>23.9</u>
Total	\$ 93,854	100.0

Table 4. Disbursement of revenues, in thousands, to seven States from Federal offshore leases under the provisions of section 8(g) of the OCS Lands Act as amended, Fiscal Years 1986-99

		Percent of <u>Total</u>
Alabama	\$ 143,407	5.1
Alaska	491,732	17.6
California	608,080	21.7
Florida	2,413	0.1
Louisiana	864,517	30.9
Mississippi	18,978	0.7
Texas	<u>670,798</u>	<u>23.9</u>
Total	\$ 2,799,925	100.0

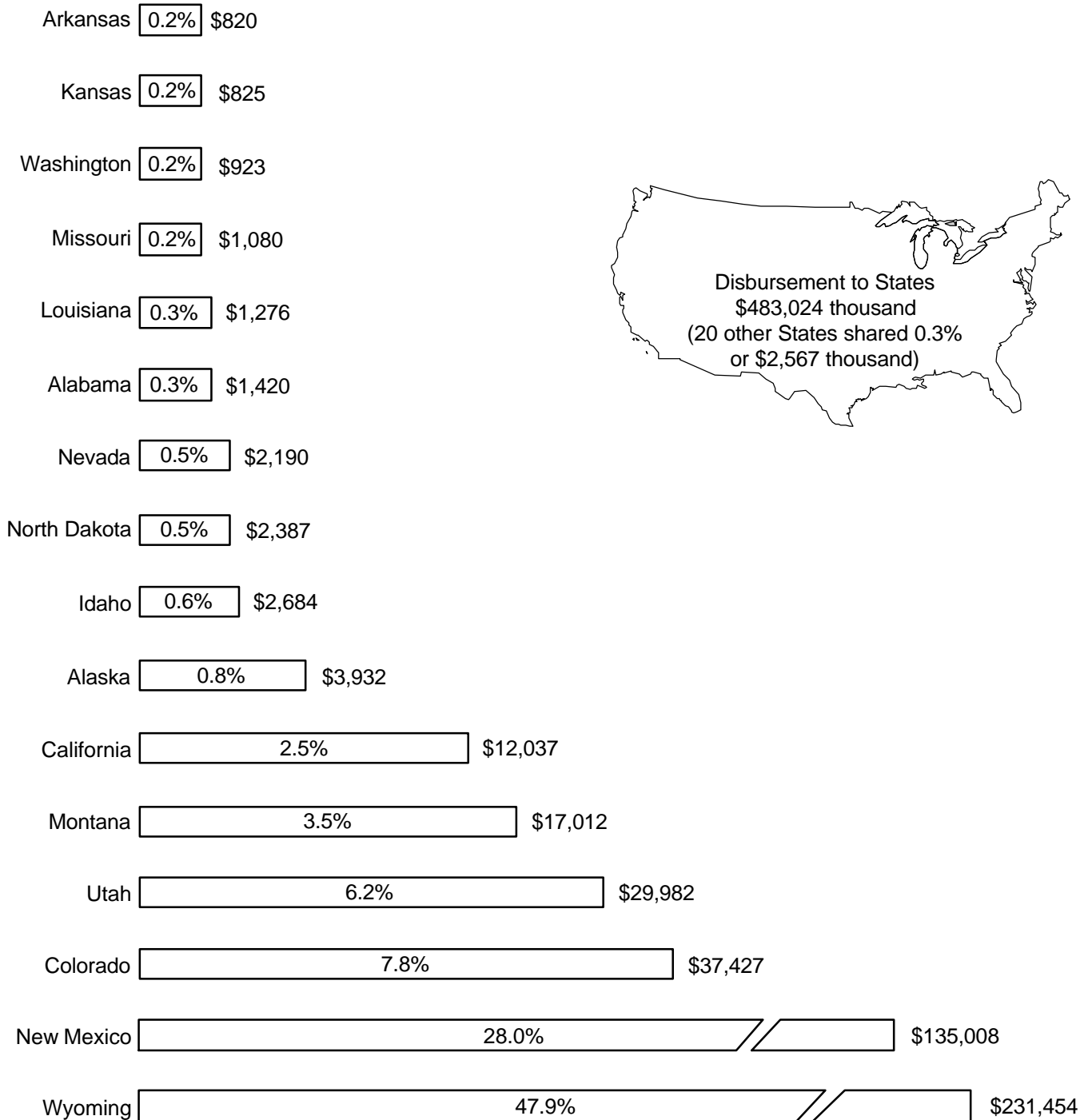


Figure 5. Disbursement of revenues, in thousands, to 36 States from Federal onshore leases by the Bureau of Land Management and the Minerals Management Service, Fiscal Year 1999

Table 5. Disbursement of revenues, in thousands, to 36 States from Federal onshore leases by the Bureau of Land Management and the Minerals Management Service, Fiscal Year 1999

		Percent of <u>Total</u>
Alabama	\$ 1,420	0.294
Alaska	3,932	0.814
Arizona	86	0.018
Arkansas	820	0.170
California	12,037	2.492
Colorado	37,427	7.748
Florida	1	---
Georgia*	---	---
Idaho	2,684	0.556
Illinois	107	0.022
Kansas	825	0.171
Kentucky	46	0.010
Louisiana	1,276	0.264
Michigan	418	0.086
Minnesota	12	0.002
Mississippi	413	0.086
Missouri	1,080	0.224
Montana	17,012	3.522
Nebraska	8	0.002
Nevada	2,190	0.453
New Mexico	135,008	27.951
North Carolina*	---	---
North Dakota	2,387	0.494
Ohio	118	0.024
Oklahoma	518	0.107
Oregon	39	0.008
Pennsylvania	23	0.005
South Dakota	267	0.055
Tennessee*	---	---
Texas	288	0.060
Utah	29,982	6.207
Virginia	49	0.010
Washington	923	0.191
West Virginia	174	0.036
Wisconsin*	---	---
Wyoming	<u>231,454</u>	<u>47.918</u>
Total*	\$ 483,024	100.0

* State cumulative revenue shares under \$500 disbursed in Fiscal Year 1999 are not included in this table.

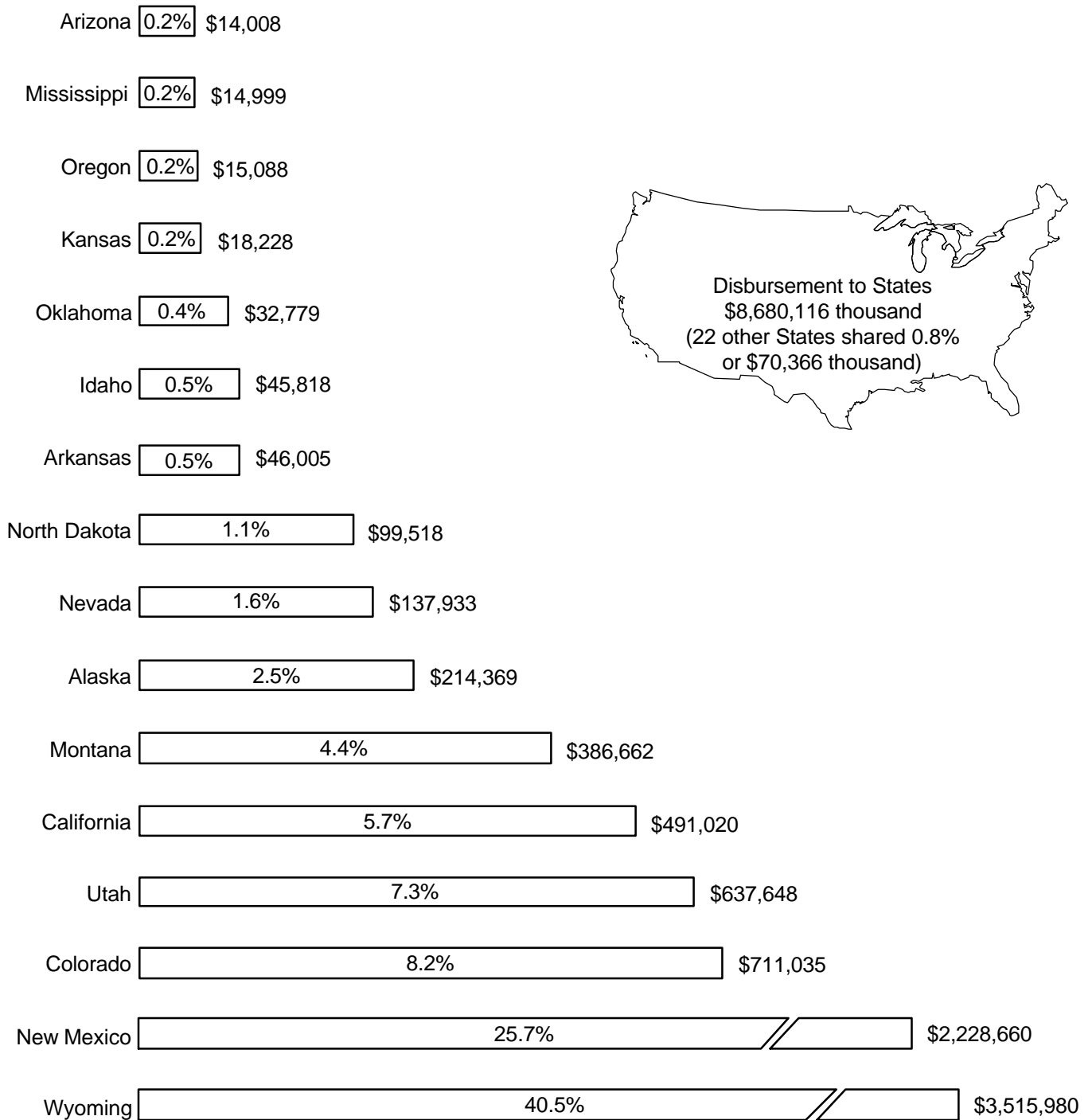


Figure 6. Disbursement of revenues, in thousands, to 38 States from Federal onshore leases by the Bureau of Land Management and the Minerals Management Service, Fiscal Years 1982-99

Table 6. Disbursement of revenues, in thousands, to 38 States from Federal onshore leases by the Bureau of Land Management and the Minerals Management Service, Fiscal Years 1982-99

		Percent of <u>Total</u>
Alabama	\$ 8,803	0.101
Alaska	214,369	2.470
Arizona	14,008	0.161
Arkansas	46,005	0.530
California	491,020	5.657
Colorado	711,035	8.191
Florida	1,331	0.015
Georgia*	---	---
Idaho	45,818	0.528
Illinois	790	0.009
Indiana*	---	---
Kansas	18,228	0.210
Kentucky	680	0.008
Louisiana	12,343	0.142
Michigan	8,158	0.094
Minnesota*	99	0.001
Mississippi	14,999	0.173
Missouri	6,506	0.075
Montana	386,662	4.455
Nebraska	1,939	0.022
Nevada	137,933	1.589
New Mexico	2,228,660	25.676
North Carolina*	3	---
North Dakota	99,518	1.147
Ohio*	1,421	0.016
Oklahoma	32,779	0.378
Oregon	15,088	0.174
Pennsylvania	144	0.002
South Carolina	3	---
South Dakota	13,209	0.152
Tennessee*	14	---
Texas*	3,618	0.042
Utah	637,648	7.346
Virginia	768	0.009
Washington	8,800	0.101
West Virginia	1,730	0.020
Wisconsin*	7	---
Wyoming	<u>3,515,980</u>	<u>40.506</u>
Total	\$ 8,680,116	100.0

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

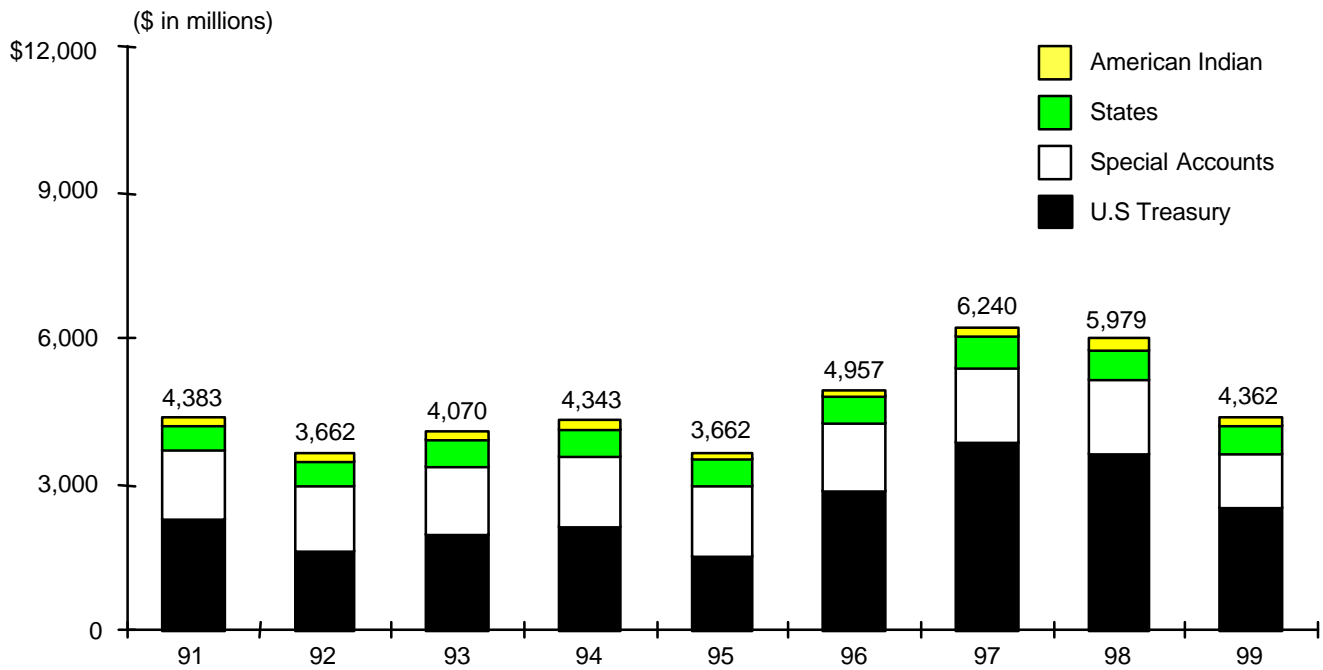
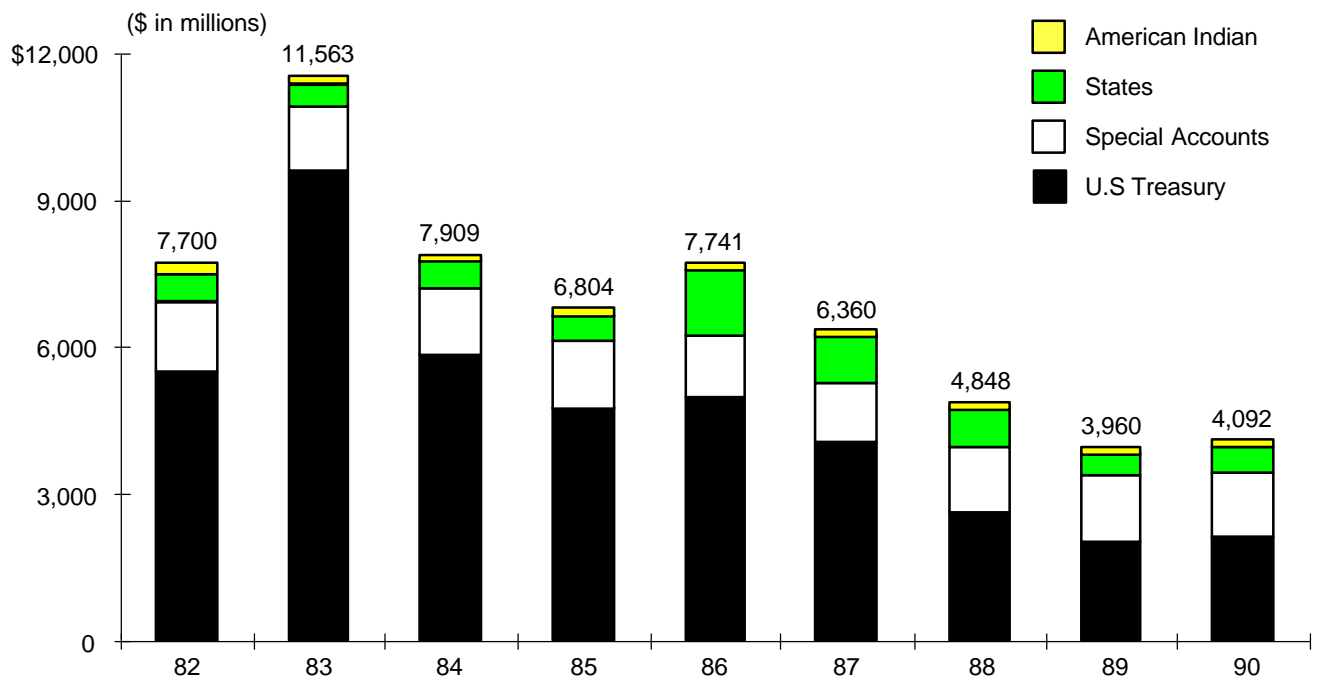
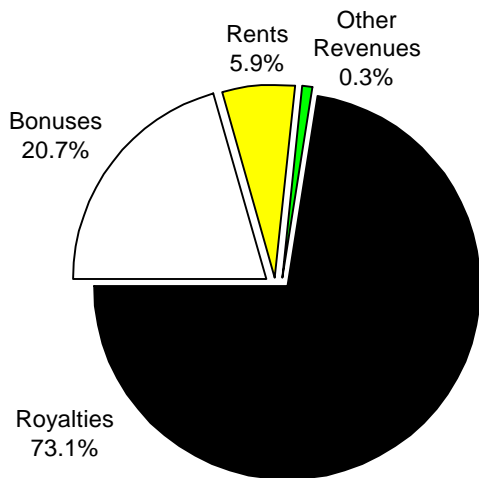


Figure 7. Disbursement of Federal and American Indian mineral lease revenues, Fiscal Years 1982-99

**Table 7. Disbursement of Federal and American Indian mineral lease revenues,
Fiscal Years 1982-99**

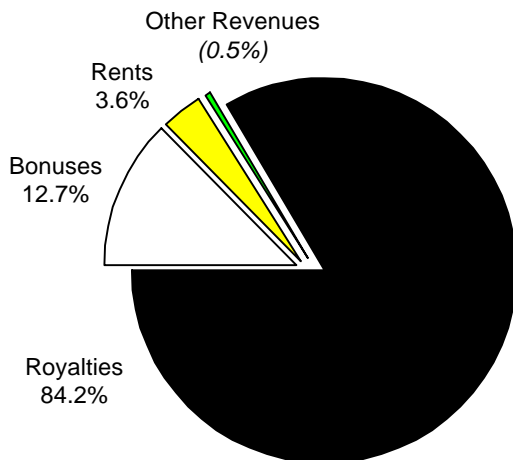
Revenues in Thousands of Dollars				
	Historic Preservation Fund	Land & Water Conservation Fund	Reclamation Fund	American Indian Tribes and Allottees
1982. . . . \$	150,000 \$	825,950 \$	435,688 \$	203,000
1983. . . .	150,000	814,693	391,891	169,600
1984. . . .	150,000	789,421	414,868	163,932
1985. . . .	150,000	784,279	415,688	160,479
1986. . . .	150,000	755,224	339,624	122,865
1987. . . .	150,000	823,576	265,294	100,499
1988. . . .	150,000	859,761	317,505	125,351
1989. . . .	150,000	862,761	337,865	121,954
1990. . . .	150,000	843,765	353,708	141,086
1991. . . .	150,000	885,000	368,474	164,310
1992. . . .	150,000	887,926	328,081	170,378
1993. . . .	150,000	900,000	366,593	164,385
1994. . . .	150,000	862,208	410,751	172,132
1995. . . .	150,000	896,987	367,284	153,319
1996. . . .	150,000	896,906	350,264	145,791
1997. . . .	150,000	896,979	442,834	196,462
1998. . . .	150,000	896,978	421,149	191,484
1999. . . .	(150,000)	898,978	368,604	163,493
Total	\$ 2,400,000 \$	15,381,392 \$	6,696,165 \$	2,830,520

Revenues in Thousands of Dollars				
	State Share: Offshore	State Share: Onshore	U.S. Treasury	Total
1982. . . . \$	--- \$	609,660 \$	5,476,020 \$	7,700,318
1983. . . .	---	454,359	9,582,227	11,562,770
1984. . . .	---	542,646	5,848,044	7,908,911
1985. . . .	---	548,937	4,744,317	6,803,700
1986. . . .	966,186	424,446	4,983,055	7,741,400
1987. . . .	613,083	377,030	4,030,979	6,360,461
1988. . . .	370,063	397,558	2,627,721	4,847,959
1989. . . .	46,850	433,422	2,006,837	3,959,689
1990. . . .	49,023	452,184	2,102,576	4,092,342
1991. . . .	43,683	480,524	2,291,085	4,383,076
1992. . . .	68,392	432,474	1,624,864	3,662,115
1993. . . .	77,467	466,250	1,945,730	4,070,425
1994. . . .	83,327	523,183	2,141,755	4,343,356
1995. . . .	75,468	477,544	1,541,048	3,661,650
1996. . . .	89,871	457,754	2,866,509	4,957,095
1997. . . .	116,132	569,422	3,867,865	6,239,694
1998. . . .	106,526	549,699	3,663,532	5,979,368
1999. . . .	93,854	483,024	2,504,053	4,362,006
Total	\$ 2,799,925 \$	8,680,116 \$	63,848,217 \$	102,636,335



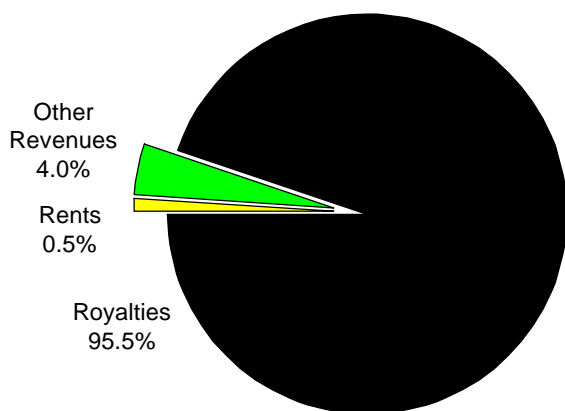
Royalties	\$2,459,624,875
Bonuses	695,310,407
Rents	199,377,666
Other Revenues	10,817,903
Total	\$3,365,130,851

Figure 8. Revenues from Federal offshore leases by source, Fiscal Year 1999



Royalties	\$ 885,229,851
Bonuses	133,839,918
Rents	37,388,882
Other Revenues	(5,300,713)
Total	\$1,051,157,938

Figure 9. Revenues from Federal onshore leases by source, Fiscal Year 1999

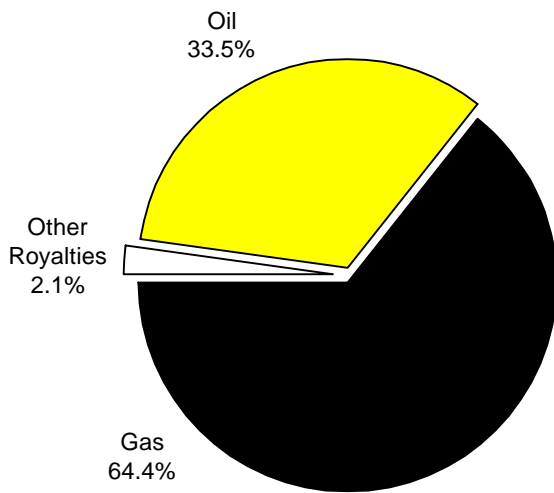


Royalties	\$152,150,457
Rents	793,756
Other Revenues	6,410,239
Total	\$159,354,452

Figure 10. Revenues from American Indian leases by source, Fiscal Year 1999

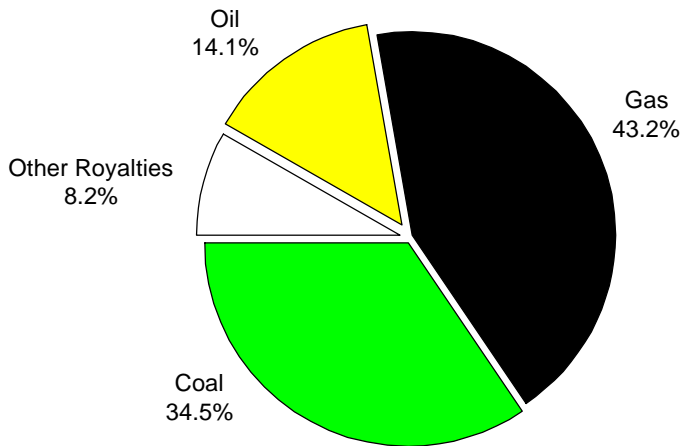
Table 8. Revenue collections by land category and source, Fiscal Year 1999

		Percent of <u>Total</u>
! Offshore Collections	\$ 3,365,130,851	73.5
! Onshore Collections	1,051,157,938	23.0
! American Indian Collections	<u>159,354,452</u>	<u>3.5</u>
Total Collections	\$ 4,575,643,241	100.0
		Percent of <u>Total</u>
! Offshore		
- Royalties		
Gas	\$ 1,585,248,242	34.7
Oil	822,800,207	18.0
Other	<u>51,576,426</u>	1.1
	\$ 2,459,624,875	
- Bonuses	695,310,407	15.2
- Rents	199,377,666	4.4
- Other Revenues	<u>10,817,903</u>	0.2
Offshore Subtotal ..	\$ 3,365,130,851	
! Onshore		
- Royalties		
Coal	\$ 304,967,170	6.7
Gas	382,774,467	8.4
Oil	124,732,076	2.7
Other	<u>72,756,138</u>	1.6
	\$ 885,229,851	
- Bonuses	133,839,918	2.9
- Rents	37,388,882	0.8
- Other Revenues	<u>(5,300,713)</u>	(0.1)
Onshore Subtotal ..	\$ 1,051,157,938	
! American Indian		
- Royalties		
Coal	\$ 56,681,063	1.2
Gas	62,762,075	1.4
Oil	23,716,061	0.5
Other	<u>8,991,258</u>	0.2
	\$ 152,150,457	
- Rents	793,756	---
- Other Revenues	<u>6,410,239</u>	<u>0.1</u>
American Indian Subtotal ..	\$ 159,354,452	
Total Collections ..	\$ 4,575,643,241	100.0



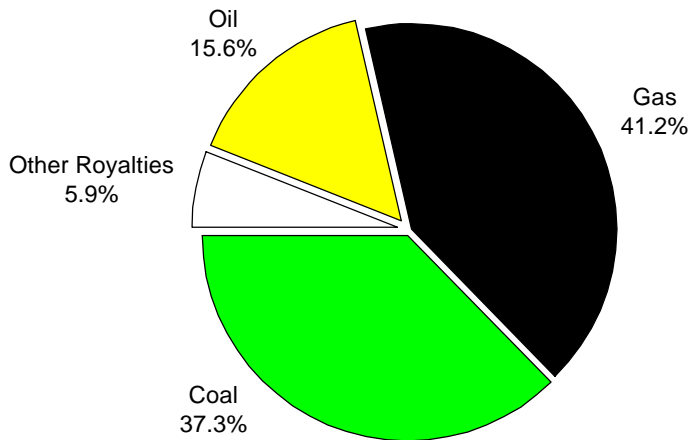
Gas	\$1,585,248,242
Oil	822,800,207
Other Royalties	51,576,426
Total	\$2,459,624,875

Figure 11. Royalties from Federal offshore leases by commodity, Fiscal Year 1999



Coal	\$304,967,170
Gas	382,774,467
Oil	124,732,076
Other Royalties	72,756,138
Total	\$885,229,851

Figure 12. Royalties from Federal onshore leases by commodity, Fiscal Year 1999



Coal	\$ 56,681,063
Gas	62,762,075
Oil	23,716,061
Other Royalties	8,991,258
Total	\$152,150,457

Figure 13. Royalties from American Indian leases by commodity, Fiscal Year 1999

Table 9. Revenue collections by source and land category, Fiscal Year 1999

			Percent of <u>Total</u>
! Royalties			
- Coal			
Onshore	\$ 304,967,170		
American Indian	<u>56,681,063</u>		
Coal Subtotal		\$ 361,648,233	7.9
- Gas			
Offshore	\$ 1,585,248,242		
Onshore	382,774,467		
American Indian	<u>62,762,075</u>		
Gas Subtotal		2,030,784,784	44.4
- Oil			
Offshore	\$ 822,800,207		
Onshore	124,732,076		
American Indian	<u>23,716,061</u>		
Oil Subtotal		971,248,344	21.2
- Other			
Offshore	\$ 51,576,426		
Onshore	72,756,138		
American Indian	<u>8,991,258</u>		
Other Subtotal		<u>133,323,822</u>	2.9
Royalty Subtotal		\$ 3,497,005,183	
! Bonuses			
Offshore	\$ 695,310,407		
Onshore	<u>133,839,918</u>		
Bonus Subtotal		829,150,325	18.1
! Rents			
Offshore	\$ 199,377,666		
Onshore	37,388,882		
American Indian	<u>793,756</u>		
Rent Subtotal		237,560,304	5.2
! Other Revenues			
Offshore	\$ 10,817,903		
Onshore	(5,300,713)		
American Indian	<u>6,410,239</u>		
Other Subtotal		<u>11,927,429</u>	<u>0.3</u>
Total Collections ..		\$ 4,575,643,241	100.0

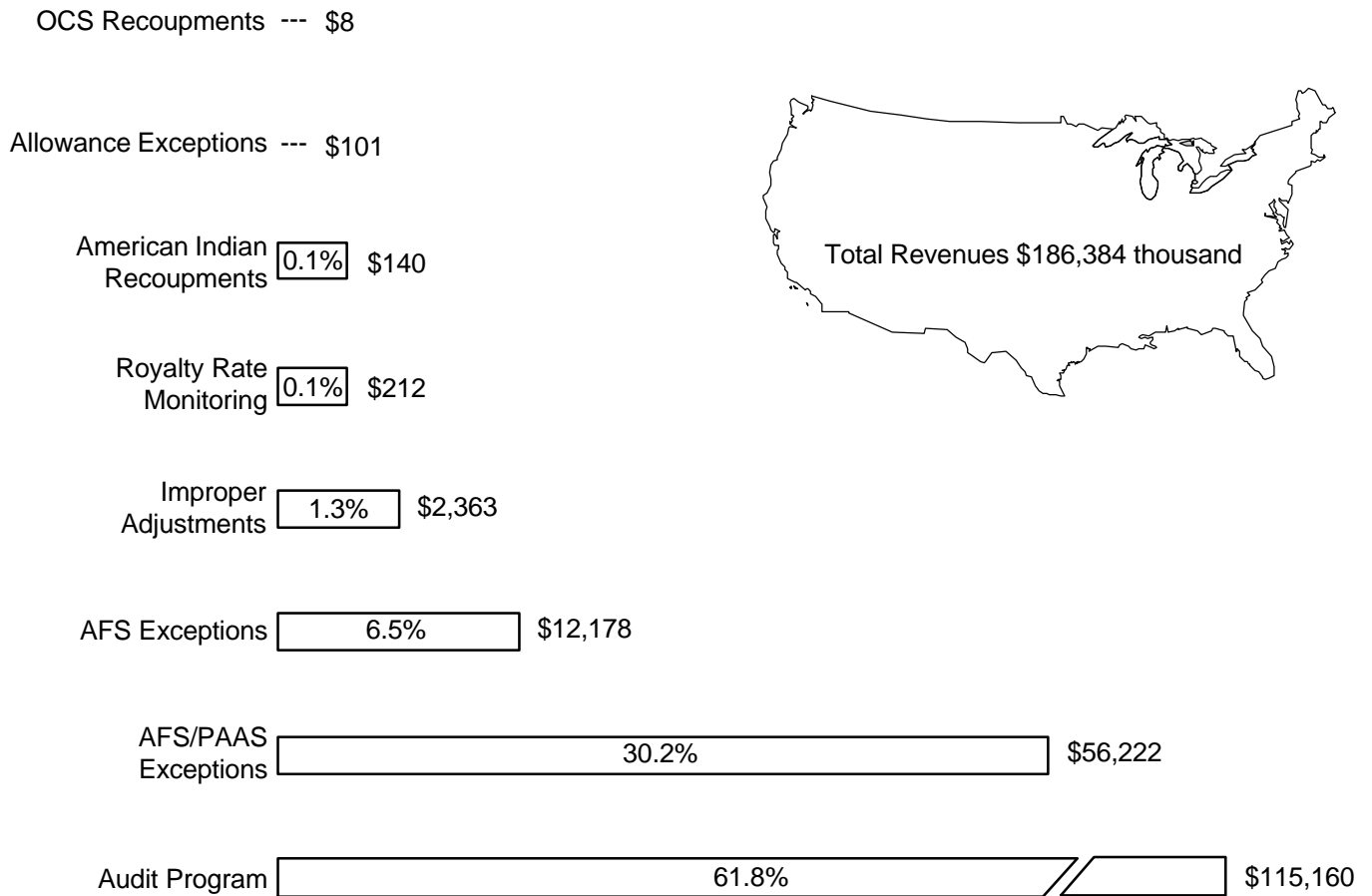


Figure 14. Revenues from principal RMP underpayment detection programs, in thousands, Fiscal Year 1999

**Table 10. Revenues from principal RMP underpayment detection programs,
in thousands, Fiscal Year 1999**

		<u>Percent of Total</u>
Audit Program		
! Audit Collections	\$ 115,160	61.8
! Refund Denials	---	---
Subtotal	\$ 115,160	
AFS (Sales)/PAAS (Production) Exceptions ...	\$ 56,222	30.2
AFS Exceptions		
Interest from late-payments, insufficient estimates, and lease term exceptions	\$ 12,178	6.5
Allowance Exceptions	\$ 101	---
Liquidated Damage Assessments for Incorrect Reporting		
! Payor Reports from AFS	\$ ---	---
! Operator Reports from PAAS	---	---
Subtotal	\$ ---	---
OCS Recoupments	\$ 8	---
American Indian Recoupments	\$ 140	0.1
Improper Adjustments	\$ 2,363	1.3
Royalty Rate Monitoring	\$ 212	0.1
Total Collections	\$ 186,384	100.0

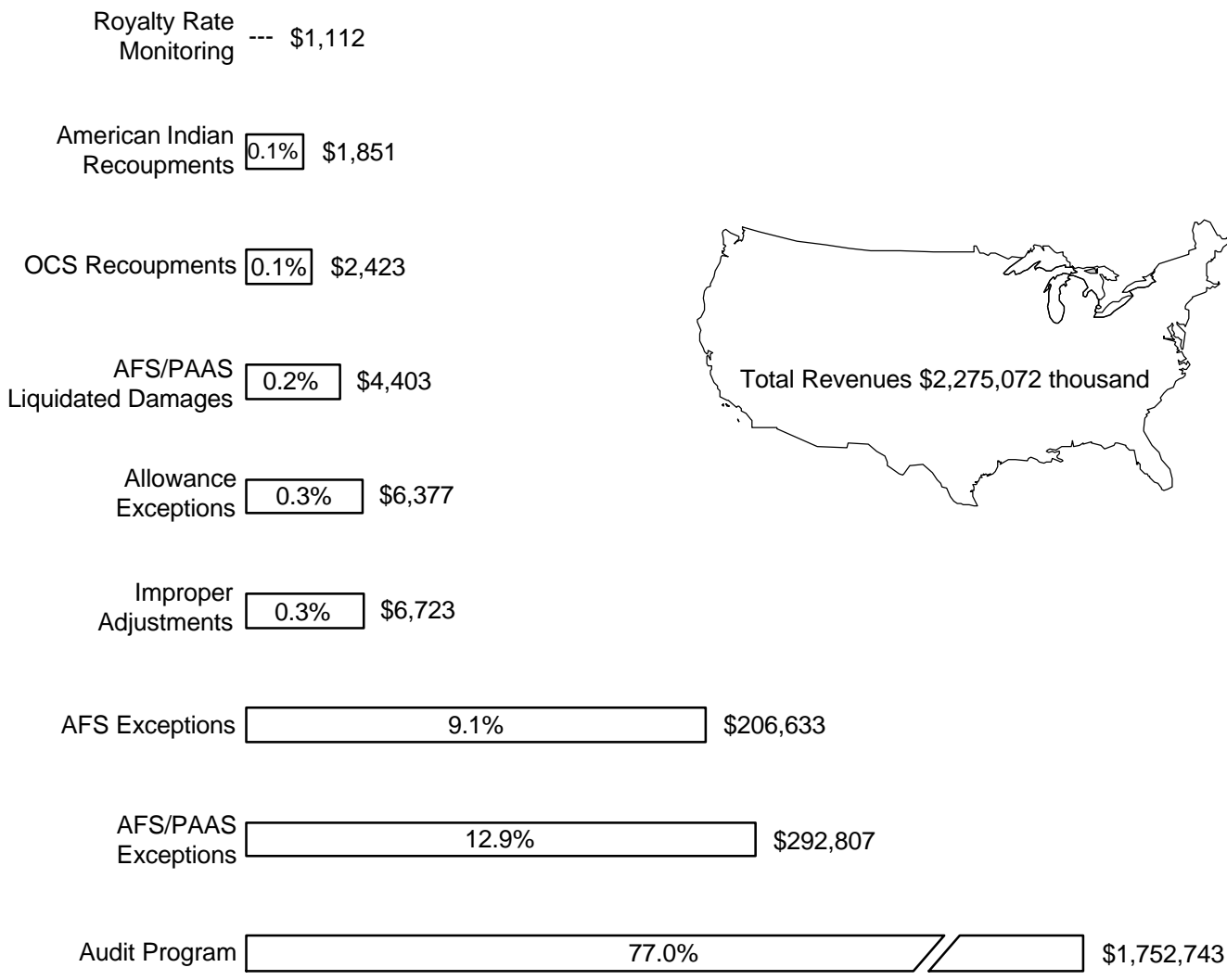
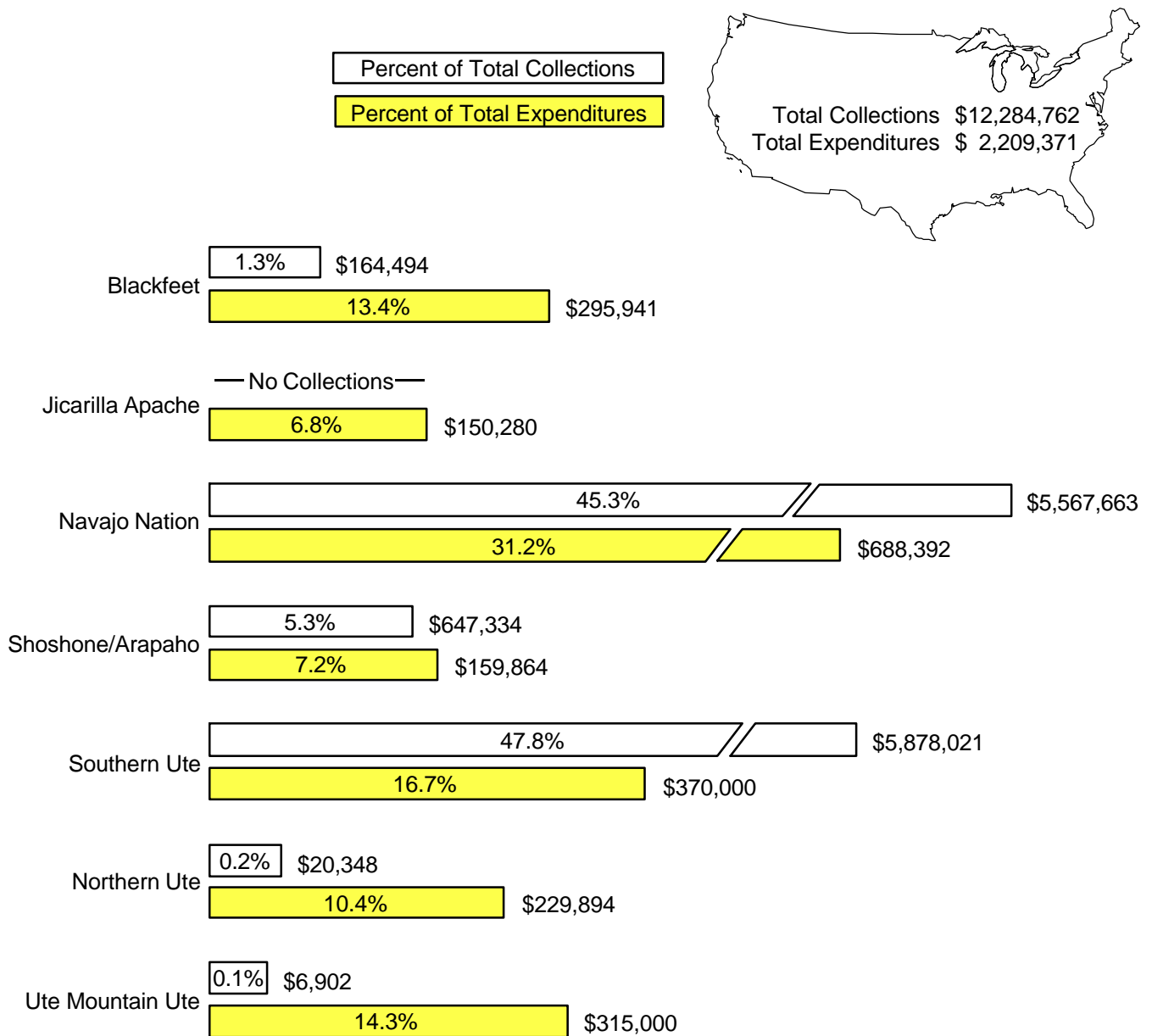


Figure 15. Revenues from principal RMP underpayment detection programs, in thousands, Fiscal Years 1982-99

**Table 11. Revenues from principal RMP underpayment detection programs,
in thousands, Fiscal Years 1982-99**

		<u>Percent of Total</u>
Audit Program		
! Audit Collections	\$ 1,608,080	70.7
! Refund Denials	<u>144,663</u>	6.3
Subtotal	\$ 1,752,743	
AFS (Sales)/PAAS (Production) Exceptions ...	\$ 292,807	12.9
AFS Exceptions		
Interest from late-payments, insufficient estimates, and lease term exceptions	\$ 206,633	9.1
Allowance Exceptions	\$ 6,377	0.3
Liquidated Damage Assessments for Incorrect Reporting		
! Payor Reports from AFS	\$ 2,586	0.1
! Operator Reports from PAAS	<u>1,817</u>	0.1
Subtotal	\$ 4,403	
OCS Recoupments	\$ 2,423	0.1
American Indian Recoupments	\$ 1,851	0.1
Improper Adjustments	\$ 6,723	0.3
Royalty Rate Monitoring	\$ <u>1,112</u>	<u>---</u>
Total Collections	\$ 2,275,072	100.0

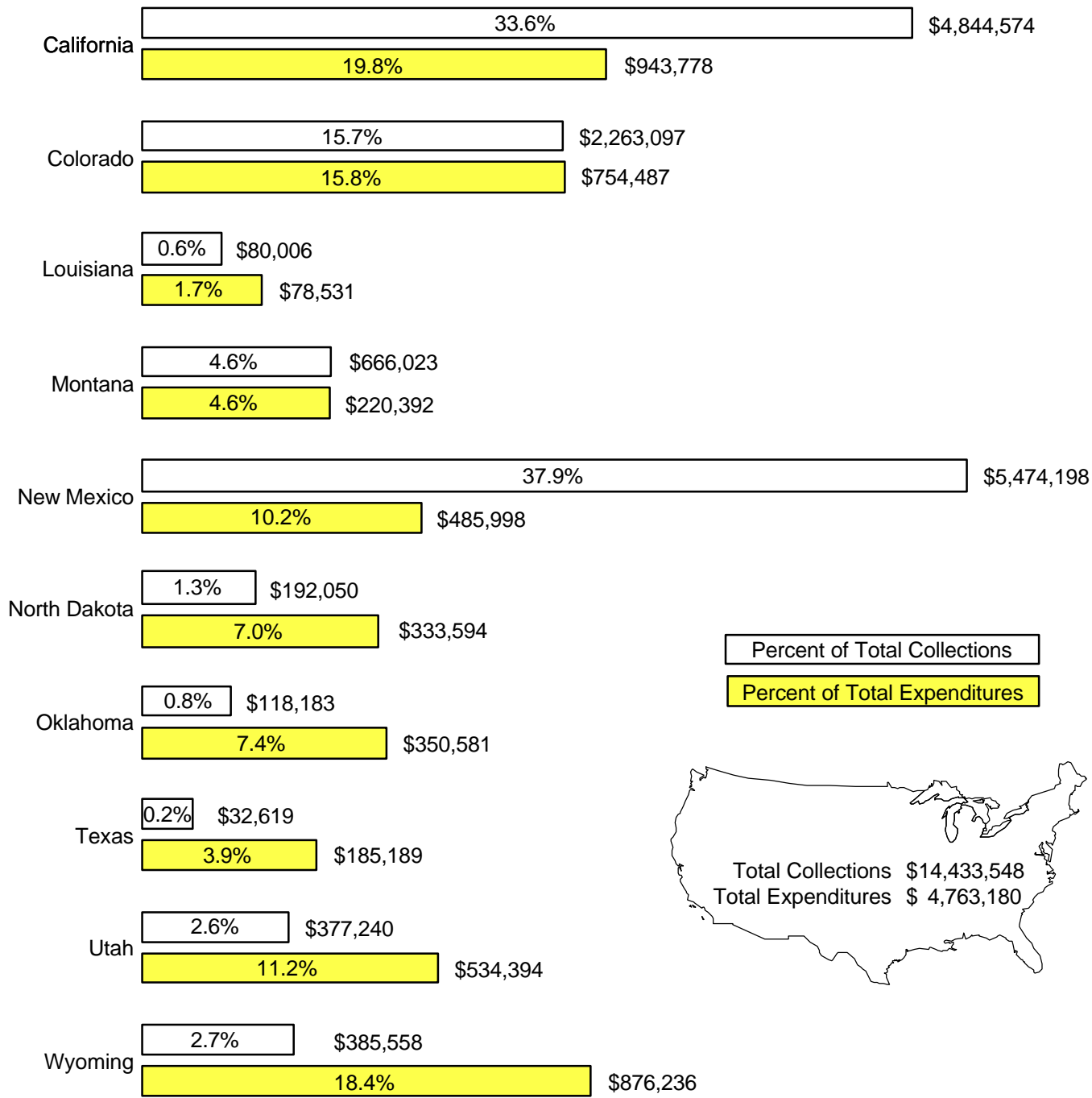


NOTE: Many audits require more than 1 year to complete. It is subsequently difficult to draw meaningful comparisons between collections and expenditures for a single year.

Figure 16. Audit collections and expenditures under section 202 of the Federal Oil and Gas Royalty Management Act of 1982, Fiscal Year 1999

Table 12. Audit collections and expenditures under section 202 of the Federal Oil and Gas Royalty Management Act of 1982, Fiscal Year 1999

		Percent of <u>Total</u>
Tribal Audit Collections		
Blackfeet	\$ 164,494	1.3
Jicarilla Apache	---	---
Navajo Nation	5,567,663	45.3
Shoshone/Arapaho	647,334	5.3
Southern Ute	5,878,021	47.8
Northern Ute	20,348	0.2
Ute Mountain Ute	<u>6,902</u>	<u>0.1</u>
Total Collections	\$12,284,762	100.0
 Federal Expenditures to Tribes		
Blackfeet	\$ 295,941	13.4
Jicarilla Apache	150,280	6.8
Navajo Nation	688,392	31.2
Shoshone/Arapaho	159,864	7.2
Southern Ute	370,000	16.7
Northern Ute	229,894	10.4
Ute Mountain Ute	<u>315,000</u>	<u>14.3</u>
Total Expenditures	\$ 2,209,371	100.0



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

Figure 17. Audit collections and expenditures under section 205 of the Federal Oil and Gas Royalty Management Act of 1982, Fiscal Year 1999

Table 13. Audit collections and expenditures under section 205 of the Federal Oil and Gas Royalty Management Act of 1982, Fiscal Year 1999

		Percent of <u>Total</u>
State Audit Collections		
California	\$ 4,844,574	33.6
Colorado	2,263,097	15.7
Louisiana	80,006	0.6
Montana	666,023	4.6
New Mexico	5,474,198	37.9
North Dakota	192,050	1.3
Oklahoma	118,183	0.8
Texas	32,619	0.2
Utah	377,240	2.6
Wyoming	<u>385,558</u>	<u>2.7</u>
Total Collections	\$ 14,433,548	100.0
 Federal Expenditures to States		
California	\$ 943,778	19.8
Colorado	754,487	15.8
Louisiana	78,531	1.7
Montana	220,392	4.6
New Mexico	485,998	10.2
North Dakota	333,594	7.0
Oklahoma	350,581	7.4
Texas	185,189	3.9
Utah	534,394	11.2
Wyoming	<u>876,236</u>	<u>18.4</u>
Total Expenditures	\$ 4,763,180	100.0

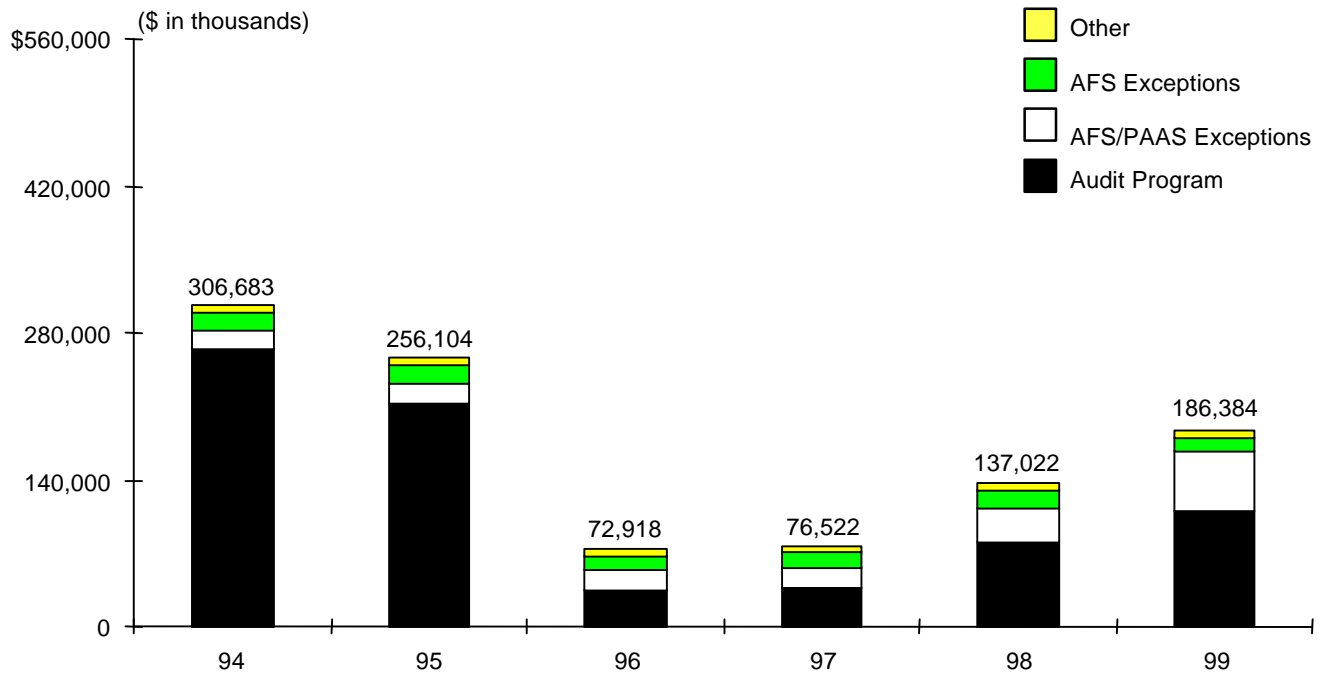
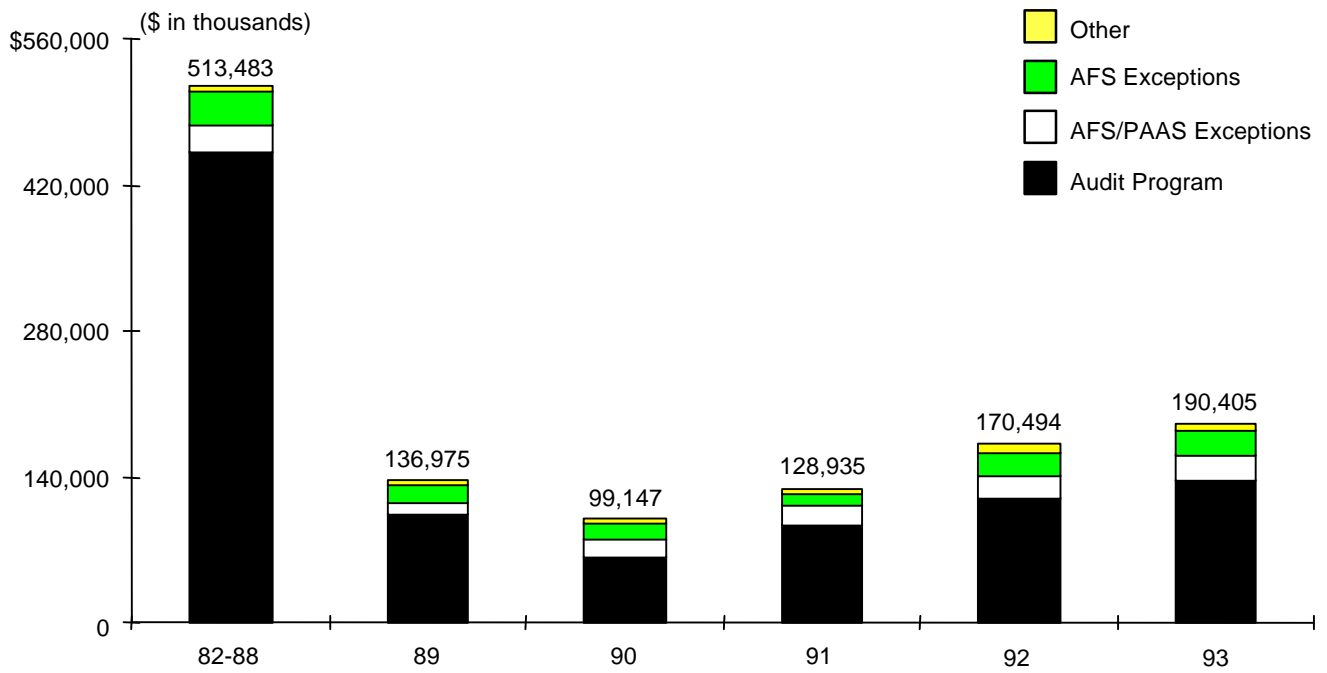


Figure 18. Revenues from principal Royalty Management Program underpayment detection programs, Fiscal Years 1982-99

Table 14. Revenues from principal Royalty Management Program underpayment detection programs, Fiscal Years 1982-99

Revenues in Thousands of Dollars						
	Audit Program	AFS/PAAS Comparison	AFS Exception Processing	Allowance Exception Processing	AFS/PAAS Liquidated Damages	
1982-84. . . \$	132,858 \$	---	---	---	---	---
1985. . .	75,433	2,900	2,656	---	---	---
1986. . .	115,930	6,415	8,104	---	---	---
1987. . .	79,384	6,415	7,281	---	11	11
1988. . .	52,201	10,074	13,494	---	327	327
1989. . .	107,416	12,506	16,939	---	114	114
1990. . .	65,966	18,529	14,528	---	124	124
1991. . .	97,003	20,204	11,251	---	477	477
1992. . .	122,670	22,984	21,641	2,210	781	781
1993. . .	140,493	24,644	22,559	721	913	913
1994. . .	267,787	19,174	15,836	2,179	884	884
1995. . .	215,634	20,305	16,844	595	766	766
1996. . .	39,728	18,370	13,283	---	4	4
1997. . .	40,160	21,340	13,870	26	2	2
1998. . .	84,920	32,725	16,169	545	---	---
1999. . .	115,160	56,222	12,178	101	---	---
Total. . . \$	1,752,743 \$	292,807 \$	206,633 \$	6,377 \$	4,403	4,403

Revenues in Thousands of Dollars					
	OCS Recoupments	American Indian Recoupments	Improper Adjustments	Royalty Rate Monitoring	Total
1982-84. . . \$	---	---	---	---	132,858
1985. . .	---	---	---	---	80,989
1986. . .	---	---	---	---	130,449
1987. . .	---	---	---	---	93,091
1988. . .	---	---	---	---	76,096
1989. . .	---	---	---	---	136,975
1990. . .	---	---	---	---	99,147
1991. . .	---	---	---	---	128,935
1992. . .	104	104	---	---	170,494
1993. . .	708	199	168	---	190,405
1994. . .	447	186	190	---	306,683
1995. . .	752	522	580	106	256,104
1996. . .	416	209	542	366	72,918
1997. . .	(15)	162	823	154	76,522
1998. . .	3	329	2,057	274	137,022
1999. . .	8	140	2,363	212	186,384
Total. . . \$	2,423 \$	1,851 \$	6,723 \$	1,112 \$	2,275,072

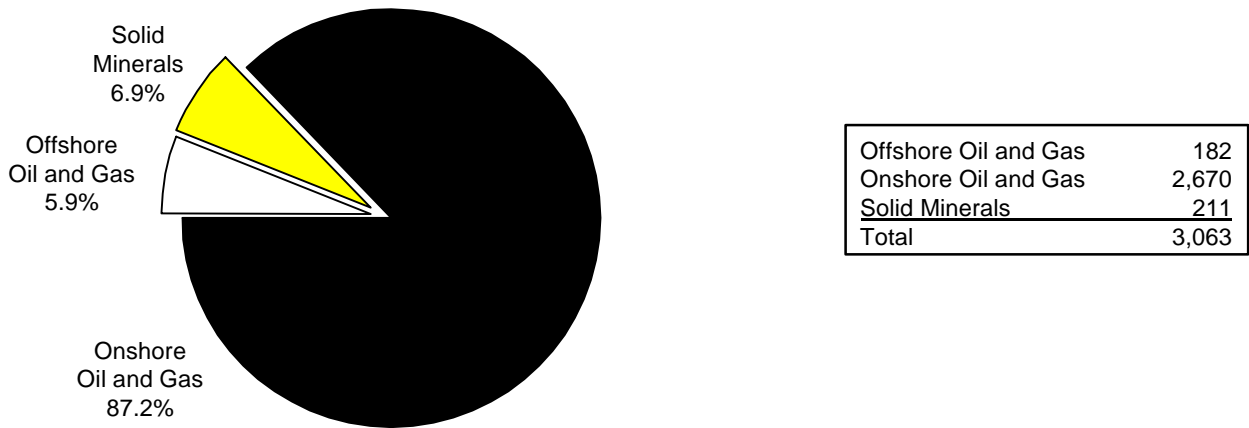


Figure 19. Fluid and solid mineral operators, Fiscal Year 1999

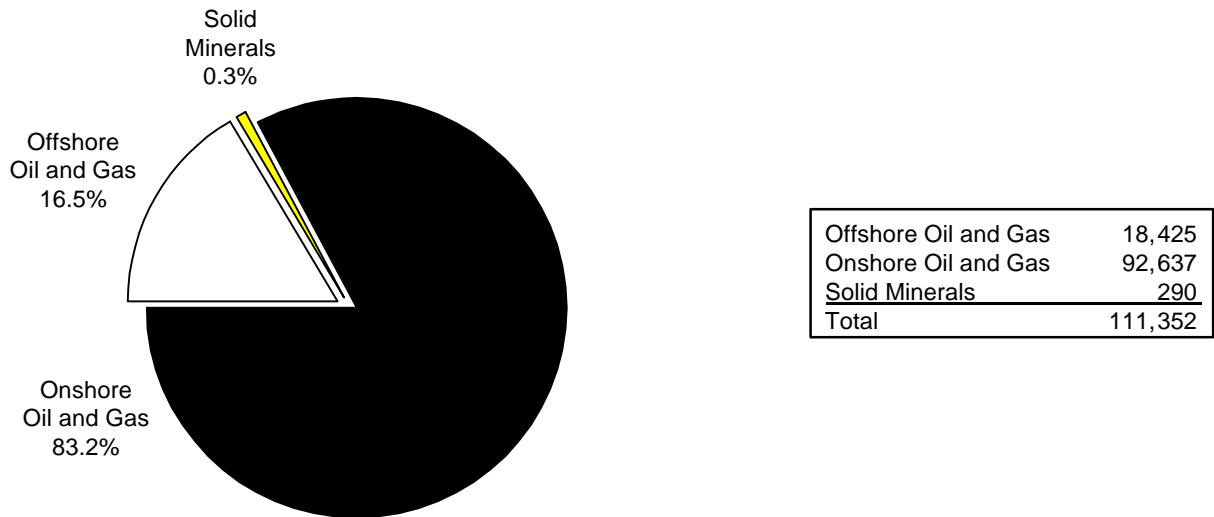


Figure 20. Mines and wells under RMP supervision, Fiscal Year 1999

Table 15. Program operations summary, Fiscal Year 1999

		Percent of <u>Total</u>
! Operators		
Offshore Oil and Gas	182	5.9
Onshore Oil and Gas	2,670	87.2
Solid Minerals	<u>211</u>	<u>6.9</u>
Total Operators	3,063	100.0
.....		
! Mines and Wells		
Offshore Oil and Gas Wells	18,425	16.5
Onshore Oil and Gas Wells	92,637	83.2
Solid Mineral Mines	<u>290</u>	<u>0.3</u>
Total Mines and Wells	111,352	100.0
! Average Oil and Gas Payors each month . . .	2,224	
! Average Oil and Gas Lines processed each month	262,734	
! Active Revenue Sources	59,910	
! Active Selling Arrangements	155,546	
! Average Payor and Lease database changes each month	4,184	

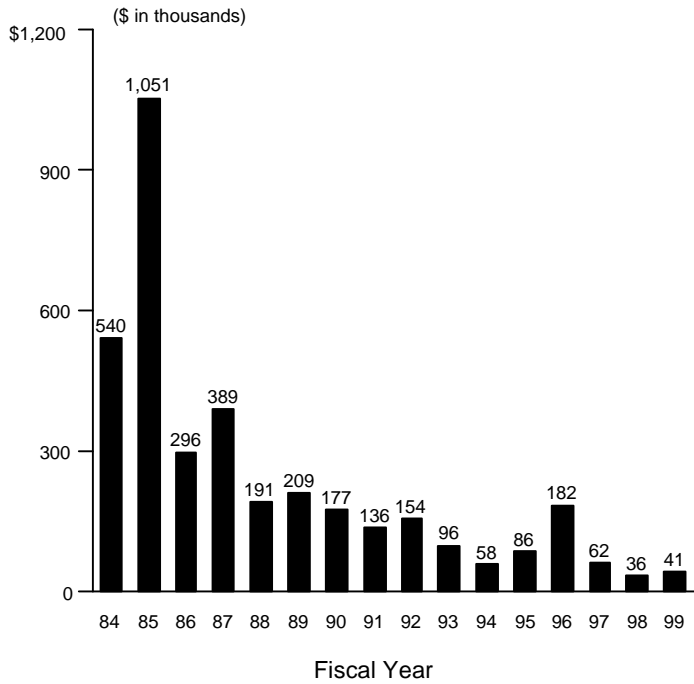


Figure 21. Late disbursement interest, Fiscal Years 1984-99

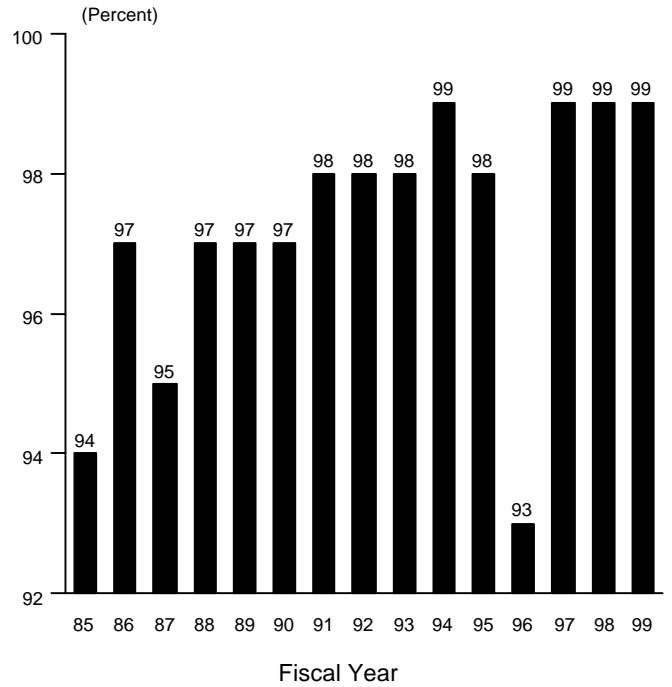


Figure 22. On time disbursement, Fiscal Years 1985-99

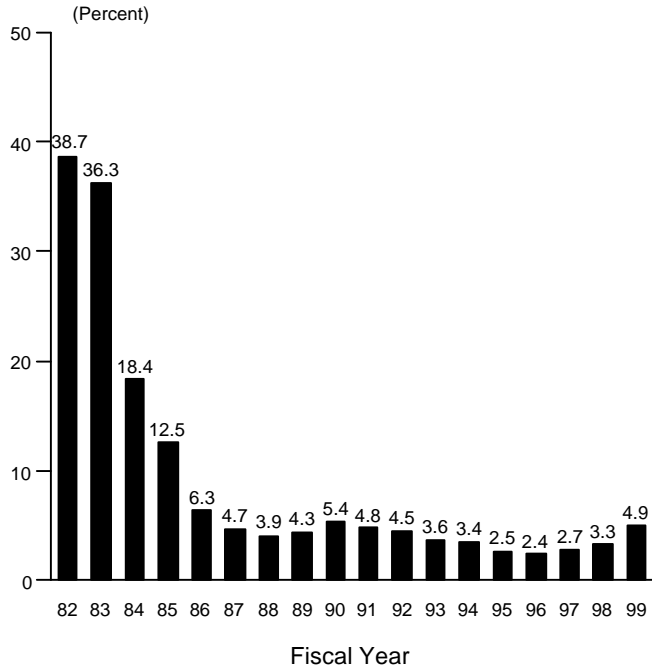


Figure 23. AFS error rates, Fiscal Years 1982-99

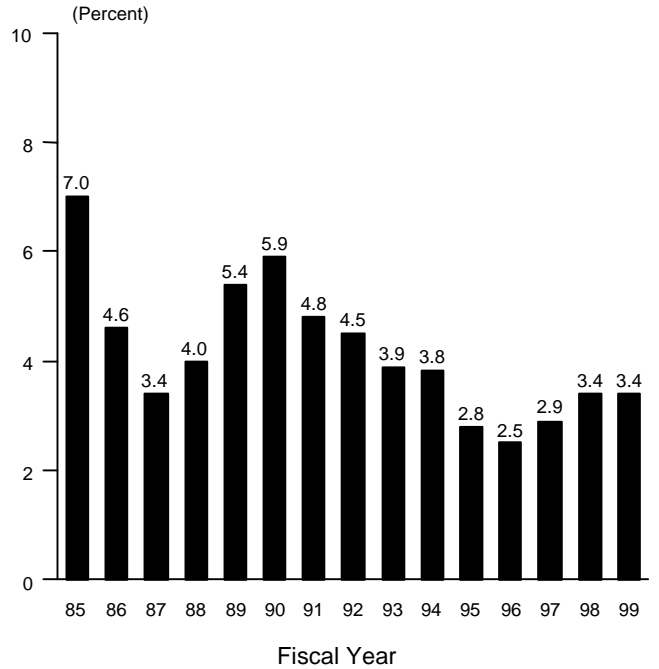
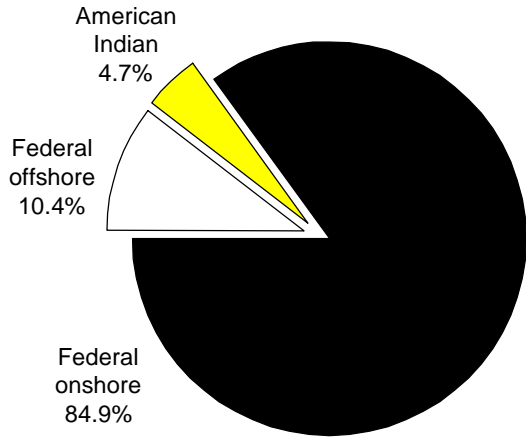


Figure 24. PAAS error rates, Fiscal Years 1985-99

Table 16. Program operations summary, Fiscal Years 1982-99

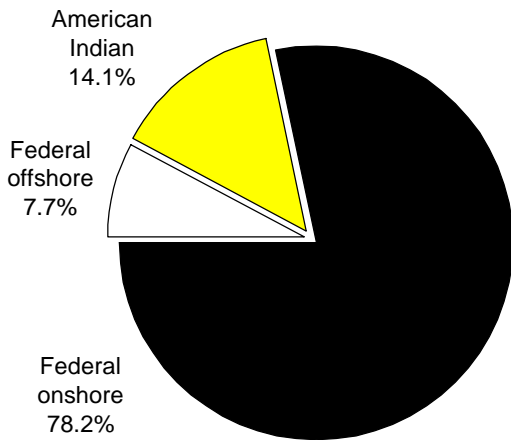
	Late Disbursement Interest <u>(In Thousands)</u>	On Time Disbursement <u>(Percent)</u>	AFS Error Rates <u>(Percent)</u>	PAAS Error Rates <u>(Percent)</u>
FY 1982 - 84	\$ 540	---	31.1	---
FY 1985	\$ 1,051	93.7	12.5	7.0
FY 1986	\$ 296	96.8	6.3	4.6
FY 1987	\$ 389	95.2	4.7	3.4
FY 1988	\$ 191	96.9	3.9	4.0
FY 1989	\$ 209	96.7	4.3	5.4
FY 1990	\$ 177	97.3	5.4	5.9
FY 1991	\$ 136	98.0	4.8	4.8
FY 1992	\$ 154	97.5	4.5	4.5
FY 1993	\$ 96	98.0	3.6	3.9
FY 1994	\$ 58	98.9	3.4	3.8
FY 1995	\$ 86	98.4	2.5	2.8
FY 1996*	\$ 182	92.9	2.4	2.5
FY 1997	\$ 62	98.9	2.7	2.9
FY 1998	\$ 36	99.3	3.3	3.4
FY 1999	\$ 41	99.2	4.9	3.4

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



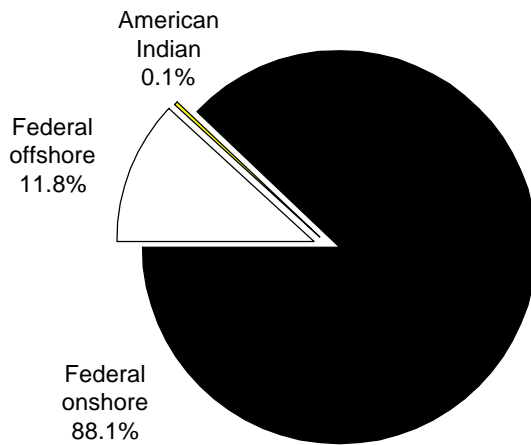
Federal onshore	68,096
Federal offshore	8,371
American Indian	3,743
Total	80,210

Figure 25. Producing and nonproducing Federal and American Indian leases, Fiscal Year 1999



Federal onshore	20,343
Federal offshore	2,000
American Indian	3,682
Total	26,025

Figure 26. Producing oil, gas, geothermal, and mining leases, Fiscal Year 1999



Federal onshore	47,753
Federal offshore	6,371
American Indian	61
Total	54,185

Figure 27. Nonproducing oil, gas, geothermal, and mining leases, Fiscal Year 1999

**Table 17. Producing and nonproducing Federal and American Indian leases,
end of Fiscal Year 1999**

		Percent of <u>Total</u>
! Producing and Nonproducing Oil, Gas, Geothermal and Mining Leases		
Federal onshore	68,096	84.9
Federal offshore	8,371	10.4
American Indian	<u>3,743</u>	<u>4.7</u>
Total	80,210	100.0
! Producing Oil, Gas, Geothermal and Mining Leases		
Federal onshore	20,343	78.2
Federal offshore	2,000	7.7
American Indian	<u>3,682</u>	<u>14.1</u>
Total	26,025	100.0
! Nonproducing Oil, Gas, Geothermal and Mining Leases		
Federal onshore	47,753	88.1
Federal offshore	6,371	11.8
American Indian	<u>61</u>	<u>0.1</u>
Total	54,185	100.0
! Producing Oil and Gas Leases		
Federal onshore	20,075	78.0
Federal offshore	1,999	7.8
American Indian	<u>3,650</u>	<u>14.2</u>
Total	25,724	100.0
! Nonproducing Oil and Gas Leases		
Federal onshore	47,075	88.0
Federal offshore	6,366	11.9
American Indian	<u>57</u>	<u>0.1</u>
Total	53,498	100.0



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



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

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

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