

Coal Revenues 1999

Report on Coal Receipts from Federal and Indian Leases



Photo courtesy of Basin Electric

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About This Report

The Coal Revenues report provides information addressing royalty receipts from Federal and American Indian mineral leases. The Minerals Management Service (MMS), Royalty Management Program distributes the report annually to Congressional, Federal, State, American Indian, and industry representatives. 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.

Sales Volume, Sales Value and Royalties

Sales volume represents the volume of a commodity reported sold during the year. Sales value represents the dollar value of the commodity reported sold during the year. Selected sales volume and sales value figures in this report have been adjusted to resolve distortions that may be created by communitization and unitization agreements, nonstandard leases and agreements, and prior-period adjustments. A royalty is due when production begins. Royalty payments represent a stated share or percentage of the value of the mineral produced.

Revenue Collections and Disbursements

Revenues collected from coal leases on Federal lands are distributed to States, to the U.S. Department of the Treasury and to the Reclamation Fund. The Bureau of Indian Affairs (BIA) disbursed revenues collected from American Indian leases to the appropriate American Indian Tribes and American Indian allottees or heirs. Formulas for these disbursements are governed by legislation and regulations. 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.

Public Domain Lands

The majority of Federal lands are in the public domain. Under section 35 of Mineral Leasing Act of 1920 (MLA), 30 U.S.C. 191, 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. The remaining 10 percent is directed into the General Fund of the Treasury through miscellaneous receipts.

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.

American Indian Lands

The Bureau of Indian Affairs (BIA) collects bonuses and rents from nonproducing leases. Solid mineral royalties are paid directly to the applicable Tribes or to a designated BIA office.

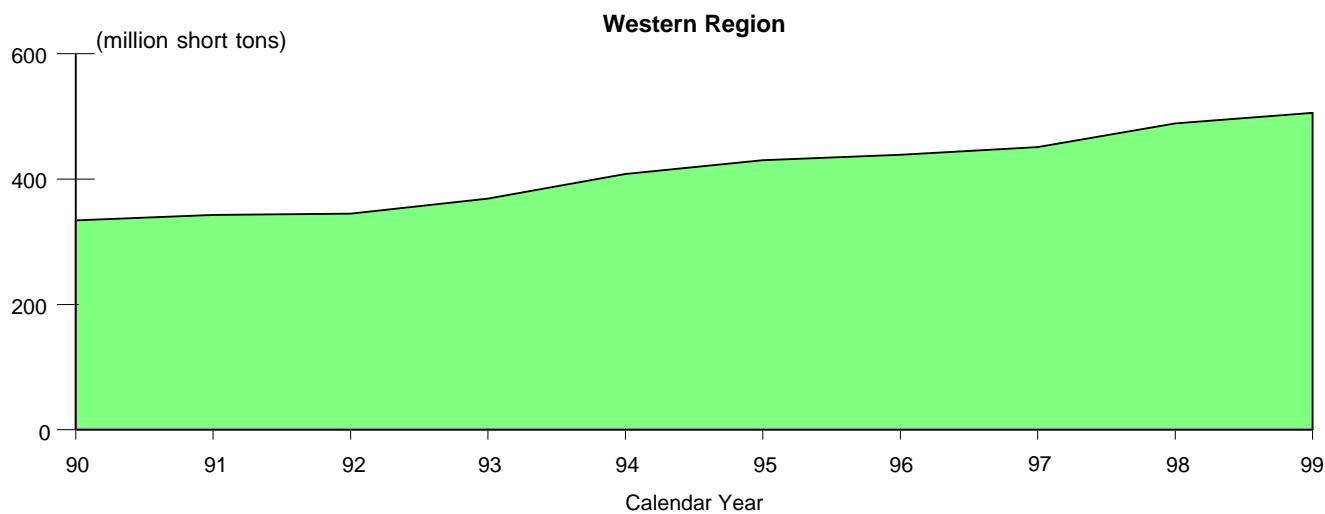
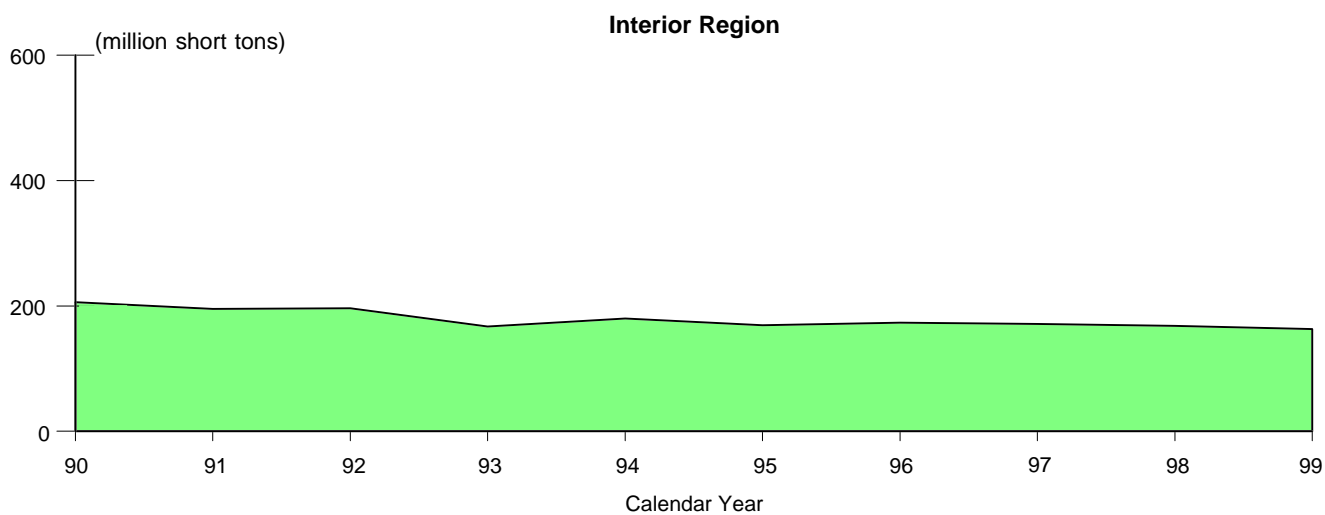
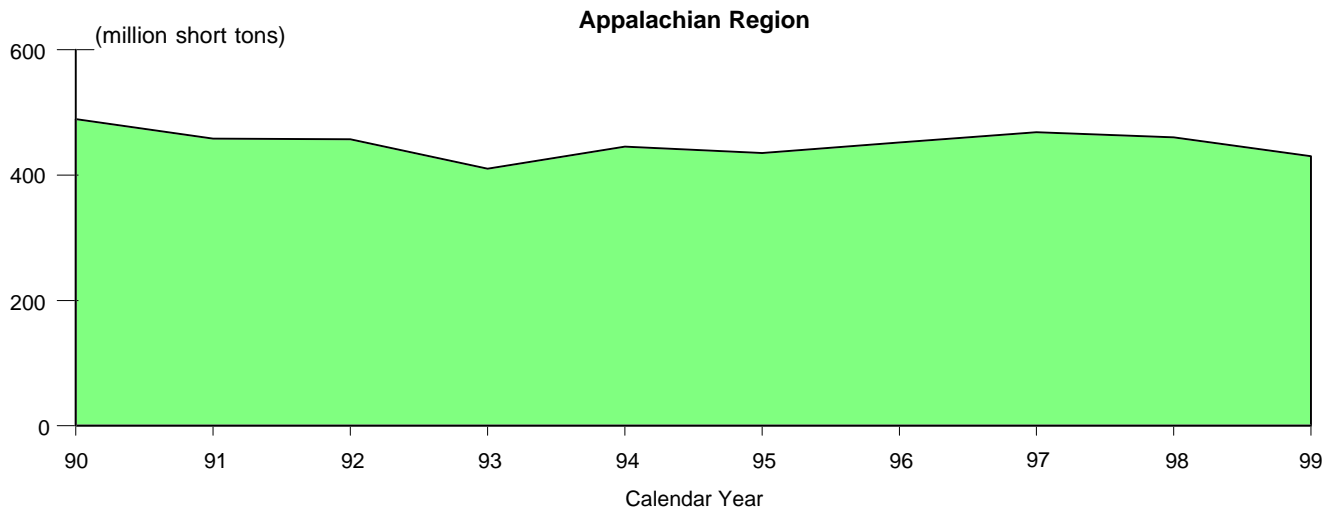


Figure 1. Comparison of United States coal production by region, Calendar Years 1990-99

Coal Revenues 1999

The Minerals Management Service (MMS) is pleased to present the 1999 Coal Report. The MMS Royalty Management Program collected nearly \$372.4 million in royalties from Federal and American Indian coal leases in 1999 (table 1 and figure 2). This represents an increase of 7.7 percent, or \$26.7 million, from \$345.7 million in coal royalty collections in 1998 (table 1). The growth is due to higher coal sales volume on Federal lands.

Coal Industry Overview

The Department of Energy (DOE) reports that domestic coal production in the United States remained stable at 1.1 billion short tons in 1999. Federal and American Indian coal production accounted for approximately 38 percent of this amount, or 414.5 million short tons (table 1 and figure 3).

The electric power industry consumes over 90 percent of all coal in the United States. Phase II emission requirements in the Clean Air Act Amendments of 1990 have led many utilities to switch to low sulfur coal from western lands in Wyoming, Montana, Colorado, and Utah. Low sulfur western coal reduces sulfur emissions by up to 85 percent in contrast to many types of eastern coal. Gains in western U.S. coal production have subsequently been offset by continuing declines in eastern coal production (figure 1).

Technology and an emphasis on economy-of-scale have produced gains in coal mining productivity. The DOE reports that mine productivity has increased an average of 6.2 percent per year since 1977. The DOE further advises that the current trend in the coal mining industry is to close smaller, marginal mines in favor of larger, more efficient mining operations. The coal mines of the Northern Great Plains, with thick seams and low overburden ratios, produce higher labor productivity than many older eastern coal mining operations. Higher productivity has translated into lower coal prices in the industry. Although demand for U.S. coal remains strong, coal

prices continue a downward trend that began nearly two decades ago.

Resource Data International (RDI) of Boulder, Colorado, forecasts that gas-fired generation will increase and will eventually account for one third of the electrical generation market over the next 16 years. Forecasters at RDI believe that regional differences in access to coal and natural gas supplies are expected to allow natural gas prices to compete with coal in some regions in the country, particularly in the Northeast. Technology and environmental regulations may eventually result in the displacement of coal from the electrical generation market.

The DOE produced a study in 1998 entitled “Impacts of the Kyoto Protocol on U.S. Energy Markets and Economic Activity.” The Kyoto Protocol, or Treaty, has been negotiated by more than 160 nations. The Kyoto Protocol is designed to reduce the net emissions of certain greenhouse gases, primarily carbon dioxide, to mitigate the effects of global warming. This will require participating developed countries to develop an emission control plan to meet their respective carbon reduction goals during a five-year period from 2008-2012.

The United States has agreed, in principle, to reduce greenhouse gas emissions from 1990 levels by 7 percent during the 2008-2012 period. The Kyoto Protocol, however, has not been submitted for debate and ratification by the United States Senate.

According to the DOE analysis, if the provisions of the Kyoto Protocol are adopted in the United States, domestic electricity prices will significantly increase and electric producers will probably replace coal with natural gas and renewable energy resources.

Federal and American Indian Coal Revenues

Sales volume on Federal and American Indian lands rose 11.7 percent, or 43.4 million short tons, from

371.1 million short tons in 1998 to 414.5 million short tons in 1999 (table 1 and figure 3). Much of the increase was in Wyoming where more than 75 percent of all Federal coal is produced. As indicated earlier, Phase II emission requirements in the Clean Air Act Amendments of 1990 have led many utilities to switch to low sulfur coal. Much of this coal is produced in the Powder River Basin of Wyoming and Montana. Sales volume in Wyoming increased 16.6 percent, from 266.4 million short tons in 1998 to 310.6 million short tons in 1999 (table 1).

Federal and American Indian coal royalties rose 7.7 percent, or \$26.7 million in 1999 (table 1 and figure 2). The disparity between the 11.7 percent increase in sales volume and the 7.7 percent increase in royalties is due to lower coal prices. Gains in mining productivity have resulted in a downward trend in coal prices in recent years.

Federal onshore coal sales volume jumped 13.2 percent, or 45.2 million short tons, while royalties rose 9.3 percent, or \$26.4 million (table 1 and figure 4). An increase in Federal onshore sales volume was reported in Alabama, New Mexico, Washington, and Wyoming. Again, the incongruity between the increase in sales volume and the increase in royalties is due to lower coal prices.

American Indian coal sales volume declined 6.4 percent while coal royalties rose 0.3 percent,

or \$210,100 from 1998 to 1999 (table 1 and figure 5). Sales volume and royalty gains on American Indian lands in Arizona were offset by sales volume and royalty declines on American Indian lands in Montana and New Mexico (table 1). The decline is associated with production patterns by operators in those States. Many American Indian leases are contiguous with State and fee leases. Operators often shift production from one lease tract to another as a result of mining operation plans or to accommodate reclamation projects.

Federal and American Indian Coal Leases

There were 140 producing coal leases on 383,118 acres on Federal and American Indian lands at the end of 1999. These numbers represent a net decrease of 17 leases on 22,234 acres over corresponding totals in 1998 (tables 2 and 3, and figures 6 and 7). All of the decline occurred on Federal lands in Colorado, Montana, New Mexico, North Dakota, and Utah (tables 2 and 3, and figures 6 and 7). The decline in leases in acreage reflects the trend in the coal mining industry to close smaller, marginal mines.

Producing coal lease activity on American Indian lands remained stable in 1999 with 6 leases on 115,767 acres (tables 2 and 3).

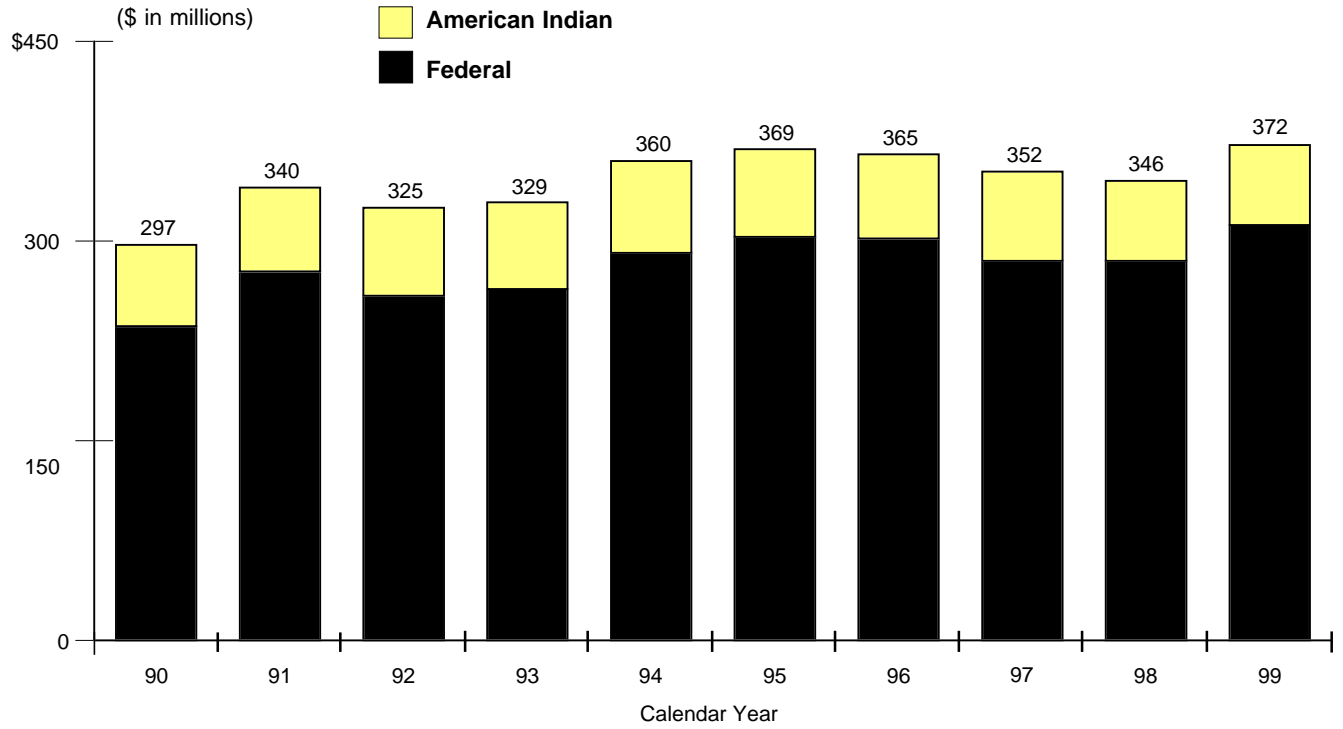


Figure 2. Revenues from Federal onshore and American Indian leases by source, Calendar Years 1990-99

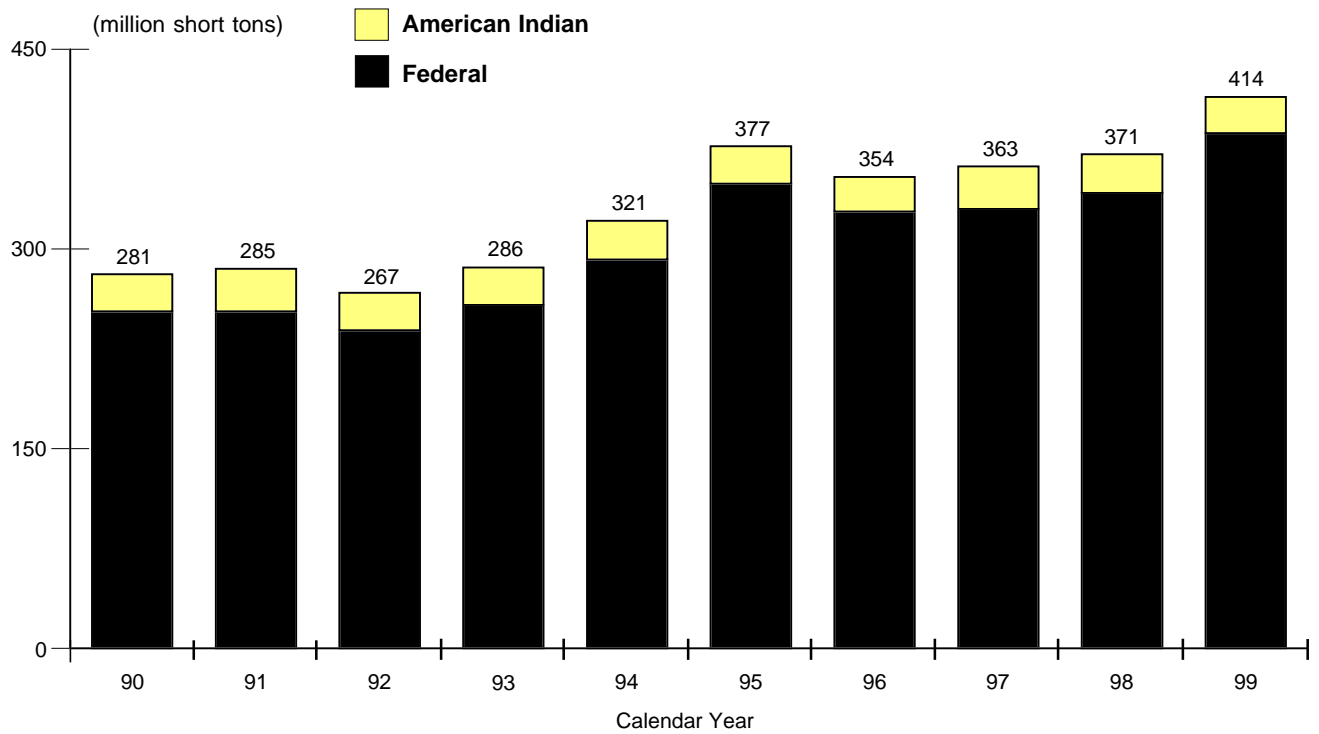


Figure 3. Sales volume from Federal onshore and American Indian leases by source, Calendar Years 1990-99

Table 1. Summary of coal sales volume, sales value, and royalties, by State, from Federal onshore and American Indian mineral leases, Calendar Years 1920-99

	1920-89	1990	1991	1992	1993	1994
Onshore						
Alabama						
Sales Volume	1,963,466	556,776	62,204	317,072	468,669	7,188
Sales Value \$	17,805,978	\$ 22,159,423	\$ 2,557,991	\$ 13,555,272	\$ 25,143,222	\$ 329,671
Royalties \$	938,089	\$ 1,549,602	\$ 213,649	\$ 813,493	\$ 984,015	\$ 17,799
Alaska						
Sales Volume	18,376,127	---	---	---	---	---
Sales Value \$	131,760,234	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---
Royalties \$	2,075,108	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---
California						
Sales Volume	1,257	---	---	---	---	---
Sales Value \$	3,190	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---
Royalties \$	299	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---
Colorado						
Sales Volume	163,418,782	19,705,001	20,982,289	12,741,936	12,900,971	15,473,926
Sales Value \$	\$2,765,098,397	\$449,787,755	\$404,839,793	\$378,510,873	\$293,928,242	\$357,276,193
Royalties \$	\$ 154,198,856	\$ 37,925,085	\$ 41,113,763	\$ 30,744,661	\$ 24,343,484	\$ 30,730,514
Idaho						
Sales Volume	31,574	---	---	---	---	---
Sales Value \$	88,984	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---
Royalties \$	7,228	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---
Illinois						
Sales Volume	24,170	---	---	---	---	---
Sales Value \$	92,128	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---
Royalties \$	3,138	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---
Kentucky						
Sales Volume	3,375,417	124,650	166,538	407,074	105,983	100,615
Sales Value \$	\$ 35,293,284	\$ 3,124,887	\$ 4,529,508	\$ 10,536,059	\$ 2,831,522	\$ 2,708,834
Royalties \$	\$ 1,760,178	\$ 258,737	\$ 184,432	\$ 781,241	\$ 178,379	\$ 176,527
Montana						
Sales Volume	270,563,714	27,245,871	25,648,160	23,992,585	25,954,525	30,614,717
Sales Value \$	\$2,904,968,641	\$309,093,161	\$300,736,843	\$274,694,506	\$310,316,224	\$339,668,336
Royalties \$	\$ 186,001,304	\$ 29,154,703	\$ 35,584,991	\$ 34,095,502	\$ 38,664,936	\$ 41,959,365
Nevada						
Sales Volume	141	---	---	---	---	---
Sales Value \$	207	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---
Royalties \$	133	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---

Table 1. Summary of coal sales volume, sales value, and royalties, by State, from Federal onshore and American Indian mineral leases, Calendar Years 1920-99 (cont.)

	1995	1996	1997	1998	1999	1920-99	
							Onshore
							Alabama
	38,375	49,377	183,813	442,007	684,136	4,773,083	Sales Volume
\$	1,535,007	\$ 2,314,737	\$ 8,658,593	\$ 20,743,373	\$ 31,648,188	\$ 146,451,455	Sales Value
\$	144,547	\$ 169,544	\$ 631,571	\$ 1,519,784	\$ 2,342,573	\$ 9,324,666	Royalties
							Alaska
	---	---	---	---	---	18,376,127	Sales Volume
\$	---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 131,760,234	Sales Value
\$	---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 2,075,108	Royalties
							California
	---	---	---	---	---	1,257	Sales Volume
\$	---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 3,190	Sales Value
\$	---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 299	Royalties
							Colorado
	18,916,944	18,765,590	22,264,286	23,093,477	23,058,955	351,322,157	Sales Volume
\$	349,725,830	\$ 379,452,858	\$ 453,164,797	\$ 426,876,308	\$ 423,823,594	\$ 6,682,484,640	Sales Value
\$	24,612,602	\$ 28,560,925	\$ 33,460,092	\$ 35,241,221	\$ 36,787,888	\$ 477,719,091	Royalties
							Idaho
	---	---	---	---	---	31,574	Sales Volume
\$	---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 88,984	Sales Value
\$	---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 7,228	Royalties
							Illinois
	---	---	---	---	---	24,170	Sales Volume
\$	---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 92,128	Sales Value
\$	---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 3,138	Royalties
							Kentucky
	215,391	249,333	506,389	54,980	20,121	5,326,491	Sales Volume
\$	5,164,667	\$ 5,998,568	\$ 12,765,063	\$ 1,457,964	\$ 559,372	\$ 84,969,728	Sales Value
\$	302,741	\$ 268,385	\$ 770,371	\$ 99,445	\$ 38,901	\$ 4,819,337	Royalties
							Montana
	28,038,058	24,816,378	24,501,632	19,060,891	18,947,842	519,384,373	Sales Volume
\$	314,577,643	\$ 282,031,013	\$ 260,189,439	\$ 206,452,677	\$ 209,612,094	\$ 5,712,340,577	Sales Value
\$	38,419,606	\$ 32,935,987	\$ 32,213,772	\$ 25,806,586	\$ 25,865,404	\$ 520,702,156	Royalties
							Nevada
	---	---	---	---	---	141	Sales Volume
\$	---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 207	Sales Value
\$	---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 133	Royalties

Table 1. Summary of coal sales volume, sales value, and royalties, by State, from Federal onshore and American Indian mineral leases, Calendar Years 1920-99 (cont.)

	1920-89	1990	1991	1992	1993	1994
Onshore (cont.)						
New Mexico						
Sales Volume	70,760,130	6,562,018	3,505,140	3,810,064	4,600,430	6,465,599
Sales Value	\$ 1,144,031,883	\$ 183,376,050	\$ 112,802,351	\$ 109,031,081	\$ 144,734,772	\$ 183,233,639
Royalties	\$ 111,128,875	\$ 21,997,591	\$ 14,088,167	\$ 13,628,931	\$ 16,827,125	\$ 22,910,454
North Dakota						
Sales Volume	66,398,460	5,535,560	6,415,502	6,300,575	2,147,490	1,695,918
Sales Value	\$ 393,798,463	\$ 49,701,309	\$ 51,290,391	\$ 45,817,186	\$ 16,022,784	\$ 11,162,857
Royalties	\$ 35,764,536	\$ 4,742,167	\$ 5,757,355	\$ 2,870,833	\$ 1,063,332	\$ 760,624
Ohio						
Sales Volume	489,461	---	---	---	---	---
Sales Value	\$ 2,066,465	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---
Royalties	\$ 89,459	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---
Oklahoma						
Sales Volume	9,401,094	145,041	423,165	563,337	477,756	1,050,832
Sales Value	\$ 150,386,869	\$ 4,259,929	\$ 15,707,553	\$ 16,622,840	\$ 16,809,072	\$ 31,002,119
Royalties	\$ 6,563,389	\$ 264,376	\$ 1,223,282	\$ 399,483	\$ 531,724	\$ 1,011,297
Oregon						
Sales Volume	20,603	---	---	---	---	---
Sales Value	\$ 374,084	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---
Royalties	\$ 24,147	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---
South Dakota						
Sales Volume	41,435	---	---	---	---	---
Sales Value	\$ 69,381	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---
Royalties	\$ 7,119	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---
Utah						
Sales Volume	235,854,200	17,265,793	17,421,604	18,038,117	18,856,003	22,138,833
Sales Value	\$ 3,809,626,086	\$ 439,206,512	\$ 432,563,452	\$ 451,895,213	\$ 469,454,895	\$ 486,256,622
Royalties	\$ 147,074,237	\$ 28,808,738	\$ 30,277,111	\$ 30,306,592	\$ 31,024,952	\$ 33,993,292
Virginia						
Sales Volume	48,696	---	---	---	---	---
Sales Value	\$ 1,744,956	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---
Royalties	\$ 115,833	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---
Washington						
Sales Volume	5,456,943	874,986	681,332	1,626,497	686,337	280,398
Sales Value	\$ 94,297,395	\$ 22,662,137	\$ 16,808,460	\$ 29,934,159	\$ 16,086,103	\$ 6,796,617
Royalties	\$ 1,169,415	\$ 173,787	\$ 1,089,915	\$ 2,184,653	\$ 115,583	\$ 502,197

Table 1. Summary of coal sales volume, sales value, and royalties, by State, from Federal onshore and American Indian mineral leases, Calendar Years 1920-99 (cont.)

1995	1996	1997	1998	1999	1920-99	
Onshore (cont.)						
New Mexico						
6,242,364	5,861,991	6,029,029	5,025,422	7,043,054	125,905,241	Sales Volume
\$ 183,915,920	\$ 169,569,454	\$ 182,388,571	\$ 132,250,816	\$ 149,566,717	\$ 2,694,901,254	Sales Value
\$ 22,036,406	\$ 20,844,809	\$ 22,154,041	\$ 16,250,837	\$ 17,349,022	\$ 299,216,258	Royalties
North Dakota						
2,055,226	1,835,184	3,312,647	2,476,105	2,223,304	100,395,971	Sales Volume
\$ 16,457,010	\$ 15,376,728	\$ 29,616,267	\$ 21,879,937	\$ 21,588,278	\$ 672,711,210	Sales Value
\$ 891,418	\$ 1,012,891	\$ 1,182,506	\$ 1,163,685	\$ 1,040,555	\$ 56,249,902	Royalties
Ohio						
---	---	---	---	---	489,461	Sales Volume
\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 2,066,465	Sales Value
\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 89,459	Royalties
Oklahoma						
520,795	769,297	576,674	694,889	575,098	15,197,978	Sales Volume
\$ 15,856,469	\$ 26,221,224	\$ 16,812,850	\$ 20,925,495	\$ 16,199,635	\$ 330,804,055	Sales Value
\$ 645,440	\$ 746,551	\$ 461,214	\$ 537,338	\$ 441,447	\$ 12,825,541	Royalties
Oregon						
---	---	---	---	---	20,603	Sales Volume
\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 374,084	Sales Value
\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 24,147	Royalties
South Dakota						
---	---	---	---	---	41,435	Sales Volume
\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 69,381	Sales Value
\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 7,119	Royalties
Utah						
23,577,179	26,403,884	23,886,795	24,273,905	22,904,713	450,621,026	Sales Volume
\$ 546,283,017	\$ 582,264,498	\$ 507,480,897	\$ 510,670,233	\$ 477,492,630	\$ 8,713,194,055	Sales Value
\$ 37,691,167	\$ 39,456,175	\$ 34,635,367	\$ 35,311,293	\$ 31,520,284	\$ 480,099,208	Royalties
Virginia						
---	---	---	---	---	48,696	Sales Volume
\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 1,744,956	Sales Value
\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 115,833	Royalties
Washington						
426,643	570,668	947,003	601,385	1,351,028	13,503,220	Sales Volume
\$ 9,323,994	\$ 16,946,521	\$ 24,122,456	\$ 16,044,926	\$ 40,053,611	\$ 293,076,379	Sales Value
\$ 658,644	\$ 1,233,841	\$ 1,723,179	\$ 1,150,777	\$ 2,923,324	\$ 12,925,315	Royalties

Table 1. Summary of coal sales volume, sales value, and royalties, by State, from Federal onshore and American Indian mineral leases, Calendar Years 1920-99 (cont.)

	1920-89	1990	1991	1992	1993	1994
Onshore (cont.)						
Wyoming						
Sales Volume	1,128,878,689	175,013,698	177,695,331	170,712,594	191,365,381	214,691,710
Sales Value	\$11,516,898,267	\$1,314,225,312	\$1,278,358,963	\$1,198,565,813	\$1,292,147,079	\$1,433,629,577
Royalties	\$ 439,012,112	\$ 111,192,225	\$ 147,158,539	\$ 143,718,541	\$ 150,508,600	\$ 159,208,542
Onshore Total						
Sales Volume	1,975,104,359	253,029,394	253,001,265	238,509,851	257,563,545	292,519,736
Sales Value	\$22,968,404,892	\$2,797,596,475	\$2,620,195,305	\$2,529,163,002	\$2,587,473,915	\$2,852,064,465
Royalties	\$ 1,085,933,455	\$ 236,067,011	\$ 276,691,204	\$ 259,543,930	\$ 264,242,130	\$ 291,270,611
	1928-89	1990	1991	1992	1993	1994
American Indian						
Arizona						
Sales Volume	175,713,320	12,621,393	17,877,672	12,951,372	12,257,727	12,263,813
Sales Value	\$ 2,174,484,496	\$ 243,469,458	\$ 284,020,527	\$ 264,235,116	\$ 264,025,579	\$ 262,693,707
Royalties	\$ 106,634,271	\$ 29,236,716	\$ 33,174,586	\$ 33,054,106	\$ 32,999,499	\$ 32,838,562
Colorado						
Sales Volume	1,659	---	---	---	---	---
Sales Value	\$ 7,723	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---
Royalties	\$ 198	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---
Montana						
Sales Volume	48,756,994	2,730,964	2,979,447	2,299,856	3,517,511	4,133,947
Sales Value	\$ 397,741,625	\$ 18,422,448	\$ 18,395,721	\$ 11,591,274	\$ 28,040,475	\$ 23,726,452
Royalties	\$ 25,120,142	\$ 1,499,932	\$ 1,367,295	\$ 1,175,285	\$ 1,785,621	\$ 1,979,487
New Mexico						
Sales Volume	193,791,539	12,173,961	11,233,313	12,893,539	12,316,224	12,523,652
Sales Value	\$ 2,143,046,589	\$ 269,740,481	\$ 241,543,336	\$ 272,059,280	\$ 249,852,677	\$ 271,684,975
Royalties	\$ 131,911,158	\$ 30,054,848	\$ 28,341,403	\$ 31,689,497	\$ 29,964,701	\$ 34,086,364
North Dakota						
Sales Volume	2,921	---	---	---	---	---
Sales Value	\$ 8,834	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---
Royalties	\$ 540	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---
Oklahoma						
Sales Volume	9,375,686	---	---	---	---	---
Sales Value	\$ 37,232,091	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---
Royalties	\$ 1,050,777	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---

Table 1. Summary of coal sales volume, sales value, and royalties, by State, from Federal onshore and American Indian mineral leases, Calendar Years 1920-99 (cont.)

1995	1996	1997	1998	1999	1920-99	
Onshore (cont.)						
Wyoming						
268,483,700	248,866,650	248,062,056	266,442,898	310,579,555	3,400,792,262	Sales Volume
\$ 1,478,211,828	\$ 1,450,325,503	\$ 1,320,279,624	\$ 1,424,743,314	\$ 1,631,042,634	\$ 25,338,427,914	Sales Value
\$ 178,202,333	\$ 176,655,794	\$ 158,319,997	\$ 168,231,302	\$ 193,451,263	\$ 2,025,659,248	Royalties
Onshore Total						
348,514,675	328,188,352	330,270,324	342,165,959	387,387,806	5,006,255,266	Sales Volume
\$ 2,921,051,385	\$ 2,930,501,104	\$ 2,815,478,557	\$ 2,782,045,043	\$ 3,001,586,753	\$ 50,805,560,896	Sales Value
\$ 303,604,904	\$ 301,884,902	\$ 285,552,110	\$ 285,312,268	\$ 311,760,661	\$ 3,901,863,186	Royalties
1995	1996	1997	1998	1999	1928-99	
American Indian						
Arizona						
12,249,420	12,184,822	12,152,262	11,369,978	14,011,682	305,653,461	Sales Volume
\$ 258,409,920	\$ 274,794,525	\$ 267,106,711	\$ 260,659,009	\$ 305,084,973	\$ 4,858,984,021	Sales Value
\$ 32,301,238	\$ 33,226,179	\$ 32,293,201	\$ 32,582,376	\$ 38,552,380	\$ 436,893,114	Royalties
Colorado						
---	---	---	---	---	1,659	Sales Volume
\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	7,723	Sales Value
\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	198	Royalties
Montana						
4,468,127	4,681,254	6,093,862	6,958,887	3,783,418	90,404,267	Sales Volume
\$ 25,943,606	\$ 27,284,017	\$ 34,305,902	\$ 41,157,599	\$ 24,057,368	\$ 650,666,487	Sales Value
\$ 2,037,249	\$ 2,139,868	\$ 2,790,151	\$ 3,134,896	\$ 1,889,866	\$ 44,919,792	Royalties
New Mexico						
11,647,591	9,438,892	14,037,282	10,604,698	9,281,474	309,942,165	Sales Volume
\$ 247,836,433	\$ 219,211,160	\$ 245,901,054	\$ 199,475,859	\$ 161,518,047	\$ 4,521,869,891	Sales Value
\$ 31,351,861	\$ 27,697,824	\$ 31,543,282	\$ 24,704,631	\$ 20,189,757	\$ 421,535,326	Royalties
North Dakota						
---	---	---	---	---	2,921	Sales Volume
\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	8,834	Sales Value
\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	540	Royalties
Oklahoma						
---	---	---	---	---	9,375,686	Sales Volume
\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	37,232,091	Sales Value
\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	1,050,777	Royalties

Table 1. Summary of coal sales volume, sales value, and royalties, by State, from Federal onshore and American Indian mineral leases, Calendar Years 1920-99 (cont.)

	1928-89	1990	1991	1992	1993	1994
American Indian (cont.)						
South Dakota						
Sales Volume	15,876	---	---	---	---	---
Sales Value \$	72,302 \$	---	---	---	---	---
Royalties \$	3,175 \$	---	---	---	---	---
American Indian Total						
Sales Volume	427,657,995	27,526,318	32,090,432	28,144,767	28,091,462	28,921,412
Sales Value \$	4,752,593,660 \$	531,632,387 \$	543,959,584 \$	547,885,670 \$	541,918,731 \$	558,105,134 \$
Royalties \$	264,720,261 \$	60,791,496 \$	62,883,284 \$	65,918,888 \$	64,749,821 \$	68,904,413 \$
	1920-89	1990	1991	1992	1993	1994
Federal and American Indian Total						
Sales Volume	2,402,762,354	280,555,712	285,091,697	266,654,618	285,655,007	321,441,148
Sales Value \$	27,720,998,552 \$	3,329,228,862 \$	3,164,154,889 \$	3,077,048,672 \$	3,129,392,646 \$	3,410,169,599 \$
Royalties \$	1,350,653,716 \$	296,858,507 \$	339,574,488 \$	325,462,818 \$	328,991,951 \$	360,175,024 \$

New Mexico 5.6% \$17.3

Montana 8.3% \$25.9

Utah 10.1% \$31.5

Colorado 11.8% \$36.8

Wyoming 62.0% \$193.5

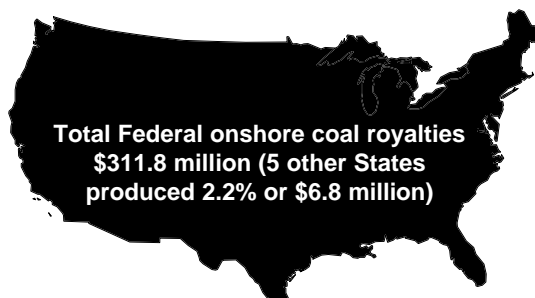


Figure 4. Federal onshore coal royalties by State, in millions, Calendar Year 1999

Table 1. Summary of coal sales volume, sales value, and royalties, by State, from Federal onshore and American Indian mineral leases, Calendar Years 1920-99 (cont.)

	1995	1996	1997	1998	1999	1928-99	
							American Indian (cont.)
							South Dakota
	---	---	---	---	---		15,876 Sales Volume
\$	---	\$	---	\$	---	\$	72,302 Sales Value
\$	---	\$	---	\$	---	\$	3,175 Royalties
							American Indian Total
	28,365,138	26,304,968	32,283,406	28,933,563	27,076,574	715,396,035	Sales Volume
\$	532,189,959	\$ 521,289,702	\$ 547,313,667	\$ 501,292,467	\$ 490,660,388	\$10,068,841,349	Sales Value
\$	65,690,348	\$ 63,063,871	\$ 66,626,634	\$ 60,421,903	\$ 60,632,003	\$ 904,402,922	Royalties
	1995	1996	1997	1998	1999	1920-99	
							Federal and American Indian Total
	376,879,813	354,493,320	362,553,730	371,099,522	414,464,380	5,721,651,301	Sales Volume
\$	3,453,241,344	\$3,451,790,806	\$3,362,792,224	\$3,283,337,510	\$3,492,247,141	\$60,874,402,245	Sales Value
\$	369,295,252	\$ 364,948,773	\$ 352,178,744	\$ 345,734,171	\$ 372,392,664	\$ 4,806,266,108	Royalties

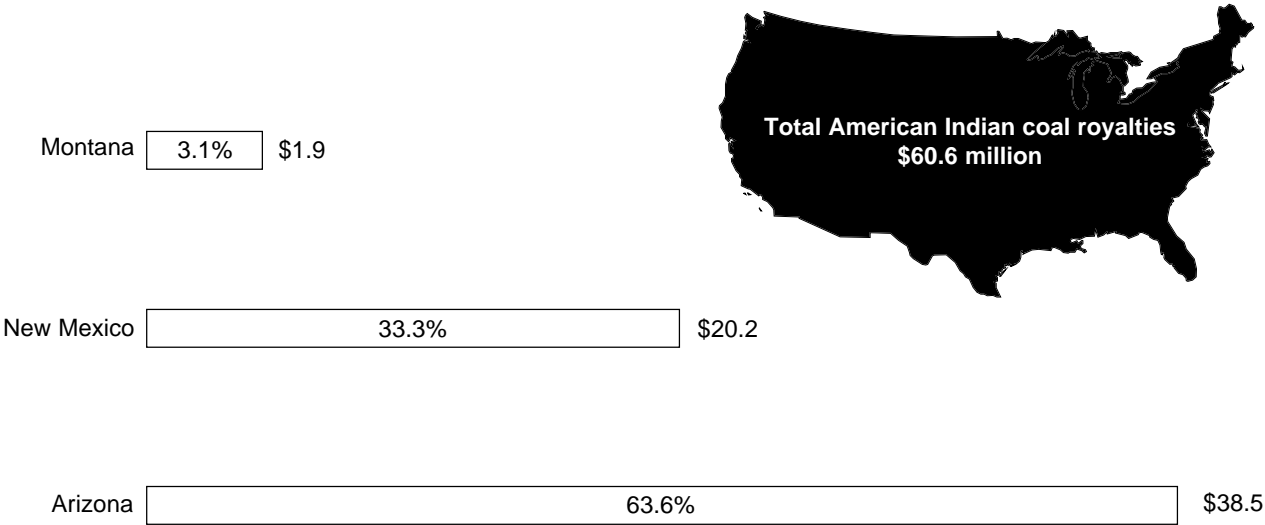


Figure 5. American Indian coal royalties by State, in millions, Calendar Year 1999

Table 2. Producing Federal onshore and American Indian coal leases as of December 31, 1999

	Federal		American Indian		Total	
	No.	Acres	No.	Acres	No.	Acres
Alabama	1	1,609	---	---	1	1,609
Arizona	---	---	3	64,858	3	64,858
Colorado	31	48,941	---	---	31	48,941
Kentucky	2	2,250	---	---	2	2,250
Montana	14	26,461	1	14,746	15	41,207
New Mexico	6	13,837	2	36,163	8	50,000
North Dakota	5	3,512	---	---	5	3,512
Oklahoma	6	13,084	---	---	6	13,084
Utah	21	38,247	---	---	21	38,247
Washington	2	521	---	---	2	521
Wyoming	<u>46</u>	<u>118,889</u>	<u>---</u>	<u>---</u>	<u>46</u>	<u>118,889</u>
Total	134	267,351	6	115,767	140	383,118

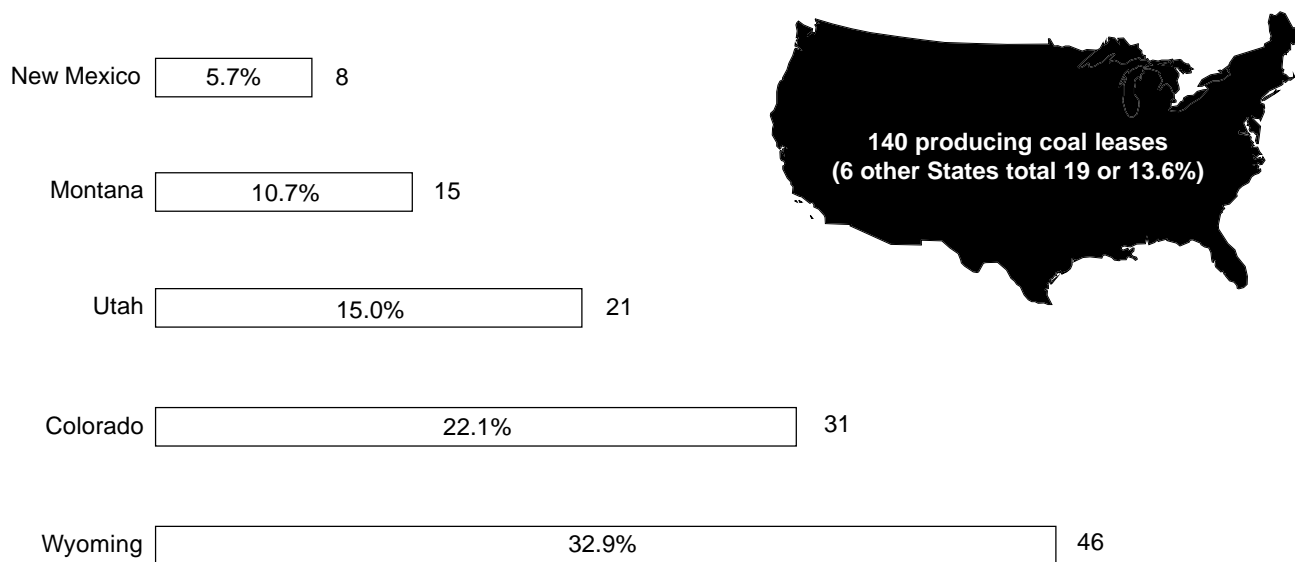


Figure 6. Producing Federal onshore and American Indian coal leases as of December 31, 1999

Table 3. Producing Federal onshore and American Indian coal leases as of December 31, 1990-99

	Federal		American Indian		Total	
	No.	Acres	No.	Acres	No.	Acres
1990	128	255,586	6	115,630	134	371,216
1991	134	273,408	6	113,194	140	386,602
1992	138	279,785	6	123,998	144	403,783
1993	133	268,030	6	123,998	139	392,028
1994	136	276,650	6	123,517	142	400,167
1995	142	294,568	6	123,517	148	418,085
1996	134	275,910	6	115,630	140	391,540
1997	158	305,430	6	115,630	164	421,060
1998	151	289,722	6	115,630	157	405,352
1999	134	267,351	6	115,767	140	383,118

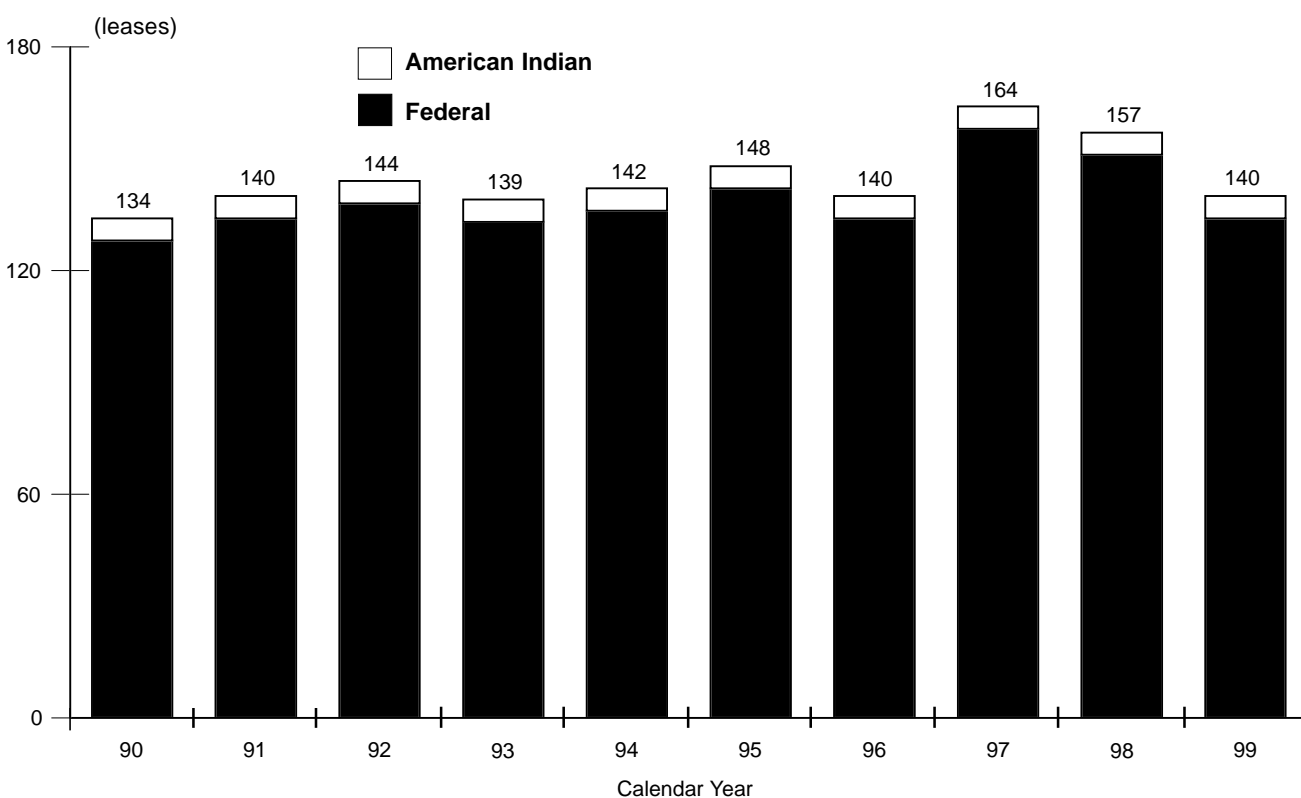
**Figure 7. Producing Federal onshore and American Indian coal leases by source, Calendar Years 1990-99**

Table 4. General Federal onshore and American Indian coal lease terms

Coal Leases on Federal Lands: Leases Issued Through August 4, 1976

Customary Royalty Rate	\$0.15 per ton underground and \$0.175 per ton surface mines.
Annual Rent and Other Fees	Rent \$1 per acre credited against royalty payments for the lease year. Minimum royalty: per lease terms.
Duration of Lease	Indefinite period with 20-year readjustments.
Size of Lease	Not more than 46,080 acres in one state and not more than 100,000 acres in the United States for one or more leases.
Bonding Requirements	Nonproducing leases: \$5,000 or amount equal to annual rent rounded to \$1,000, whichever is greater. Producing leases: 3 months production royalty.

Coal Leases on Federal Lands: Leases Issued or Readjusted After August 4, 1976

Customary Royalty Rate	Readjusted and new leases: 8% of value of production for underground mines and 12 1/2% of value of production for surface mines.
Annual Rent and Other Fees	Rent \$3 per acre not credited against royalty payments. Lease filing fee: \$250. Transfer fee: \$50.
Duration of Lease	20 years; continued if producing in commercial quantities, subject to readjustment every 10 years.
Size of Lease	No more than 46,080 acres in one state and no more than 100,000 total acres in the United States.
Bonding Requirements	Nonproducing leases: \$5,000 or amount equal to annual rent rounded to \$1,000, whichever is greater. Producing leases: 3 months production royalty.

Coal Leases on American Indian Lands

Customary Royalty Rate	Varies according to lease terms and amendments.
Annual Rent and Other Fees	Rent varies. Average rent \$2 per acre. Advance royalty varies.
Duration of Lease	Varies by lease terms.
Size of Lease	Varies.
Bonding Requirements	Lease: \$500 to \$2,000 depending on acreage. State: \$75,000 depending on acreage. Nationwide: \$75,000 or determined by the Secretary.

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

American 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.

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.

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.

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**.

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.

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.

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. The Department of Energy is responsible for long-

term research and development of energy technology; marketing Federal power; energy conservation; the nuclear weapons program; and a central energy data collection and analysis program.

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

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.

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.

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

Mineral Leasing Act for Acquired Lands of 1947, as amended, 30 U.S.C. 351 *et seq.* — An act that extends mineral leasing laws, including the Mineral Leasing Act of 1920 and subsequent amendments, to all lands acquired by the United States and authorizes mineral leasing on those lands. Mineral leases on acquired lands cannot be issued without the

concurrence of the acquiring agency. The act requires disbursement of mineral receipts from acquired lands in the manner prescribed by legislation governing the type of land in question, including acquired national grasslands, and acquired national forest lands. See **MLA**.

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

Minimum royalty — An annual payment, on a per-acre basis, required to maintain the rights to a lease until production exceeds a minimum value. Once annual production exceeds the minimum value, minimum royalty payments are no longer required in that lease year.

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

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

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**.

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.

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 **Acquired lands**.

RDI — Resource Data International. A strategic information firm, located in Boulder, Colorado, that specializes in energy information systems, industry studies, and consulting services. The RDI client base

includes electric utilities, energy resource firms, investment firms, technology vendors, natural gas companies, coal companies and railroads. RDI is a Financial Times Energy company.

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.

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.



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.