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MMS Collects and Distributes $11 Billion in Revenues for FY 2007

Prices Move Oil Receipts Up, Natural Gas Receipts Down Compared to FY 2006

DENVER – The Department of the Interior's Minerals Management Service (MMS) today announced that it had collected and disbursed more than $11 billion for Fiscal Year (FY) 2007. The revenues come from energy production on Federal and American Indian lands and the Outer Continental Shelf (OCS).

The Minerals Management Service is the Federal bureau responsible for collecting, auditing and disbursing revenues from mineral leases on Federal and American Indian lands. The revenue is distributed to American Indians and states on a regular basis, and is generated from royalties, rents, bonuses (revenue generated from oil and gas lease sales), and other money collected by MMS. Revenues are also distributed to various Federal special-use accounts, such as the Land and Water Conservation Fund, the Historic Preservation Fund and the Reclamation Fund, and to the General Fund of the U.S. Treasury.

For FY 2007, MMS collected a total of $11,428,640,050, including a record $4.4 billion in oil royalty revenue, surpassing the $3.9 billion received the previous fiscal year. Additional revenues came from natural gas royalties at $4.6 billion; bonus revenues of $900 million; and annual rental revenues of $267 million.

The $11.4 billion received in FY 2007 compares with the approximately $12.6 billion collected in FY 2006. Preliminary analysis indicates several factors contributed to the change:

- Significantly lower offshore and onshore natural gas prices during the year. (FY 2007 NYMEX natural gas market prices were about 23 percent lower than FY 2006 prices. The decrease in natural gas prices from onshore production was even more dramatic with a drop of over 38 percent.) The lower prices for natural gas resulted in receipts of $4.6 billion compared to $5.7 billion in FY 2006;

- A decline of more than $600 million in onshore and offshore oil and gas bonus receipts primarily because MMS held one fewer oil and gas lease sale on the Outer Continental Shelf;

- A reduction of approximately $300 million because MMS resumed crude oil deliveries to the nation's Strategic Petroleum Reserve (SPR) to help enhance the nation's energy security. MMS does not receive any revenues for the SPR contributions.

- And an approximate $75 million reduction in bonus revenues received from onshore coal lease sales.

While the overall level of crude oil market prices has increased dramatically in recent months, that increase did not start until late September 2007, and did not have a significant affect on crude oil royalty revenues in FY2007.

The data is available on the **web**.