

Frequently Asked Questions (FAQ)

Subpart 3173

§ 3173.14(a)

Question: BLM has not defined “revenue distribution.” What does it mean by this?

Answer: It is how the royalty is distributed (see Attachment 1). There are different types of leases issued under different authorities, and each type typically has a unique allocation of how the royalty is distributed. For example, the typical lease issued in the lower 48 states under the Mineral Leasing Act has a royalty distribution of 40% to the Federal Land and Water Conservation Fund, 10% to the General Treasury, and 50% to the State in which the lease resides. On the other hand, a lease acquired by the U.S. Forest Service has a royalty distribution of 75% to the General Treasury and 25% to the state in which the lease resides. In the rare instance where an operator wants to commingle two Federal leases that were issued under different authorities, as described in the examples, the leases would not qualify for commingling under § 3173.14(a) (1)(i) even if they both had the same royalty rate.

Attachment 1 – Royalty Distribution

The distribution of royalty generated from Federal leases depends on the type of lease. If a request for approval commingling is received that proposes to commingle production from leases with different royalty distributions, the request should be considered the same way as if the leases had different royalty factors—*i.e.*, approval should not be granted under Category 1, even if commingling would have no effect on the royalty revenue initially flowing to the Federal government. In other words, leases, CAs, and unit PAs with different royalty distributions should not be commingled unless the request involves low-volume properties or overriding considerations.

Royalties are distributed as shown in the following table:

Type of Lease	Royalty Distribution (%)				
	Reclam. Fund	General Treasury	State	Tribe/ Allottees	County
Public Land – not Alaska (30 U.S.C. 191(a))	40	10	50		
Public Land –		10	90		

Alaska (30 U.S.C. 191(a))					
Public Land – Alaska NPR-A (42 U.S.C. 6506a)		50	50		
Public Land – State Selected Land (Utah) (43 U.S.C. 852)		10	90		
Public Land – State Selected Land (Alaska) (43 U.S.C. 1635(k)(2))		10	90 ¹		
Public Land – Red River, Oklahoma (65 Stat. 252)			37.5	62.5 ²	
Acquired Land – National Forest (30 U.S.C. 355/16 U.S.C. 499-500)		75	25		
Acquired Land – National Grassland (30 U.S.C. 355/7		75			25

¹ When selection tentatively approved

² Kiowa, Comanche, and Apache Indians

U.S.C. 1012))					
Acquired Land – Army Corps of Engineers (30 U.S.C. 355/33 U.S.C. 701c-3)		25	75		
Acquired Land – National Wildlife Refuge (30 U.S.C. 355/16 U.S.C. 715s)		³			⁴
Acquired Land – Bureau of Reclamation (30 U.S.C. 355/43 U.S.C. 392a)	100				
Acquired Land – Other (no statutory disposition) (31 U.S.C. 3302(b))		100			
Acquired Military Land – Lease issued Pre-1981 (31 U.S.C. 3302(b))		100			
Acquired Military Land – Lease issued in 1981 and after (30 U.S.C. 355)	40	10	50		
GSA Excess/Surplus,		100			

³ Remaining percentage not paid to county

⁴ Based on 1 of 3 formulae

Public or Acquired Land (40 U.S.C. 483(b) and 484(c))					
Indian Land				100	