

State of Montana

Department of Natural Resources and Conservation

Trust Land Management Division



**MINERALS MANAGEMENT BUREAU**

**Annual Report**

**for FISCAL YEAR 2004**



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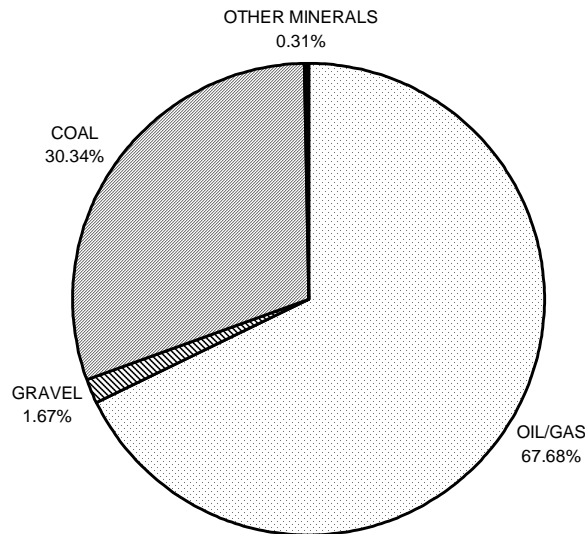
### **I - INTRODUCTION**

This report was prepared by the Minerals Management Bureau (MMB) within the Trust Lands Management Division and contains information gathered by the Bureau regarding State of Montana mineral leases. The report provides production and revenue information for each lease type managed by the Bureau. Within each lease type, there are reports providing income by county, area office, and grant. The revenue and pricing information was compiled using the cash basis method of accounting. Production information was compiled using information reported on DNRC Form 5s for each royalty month.

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## II – Revenue Sources

### TOTAL REVENUE BY MINERAL TYPE Fiscal Year 2004

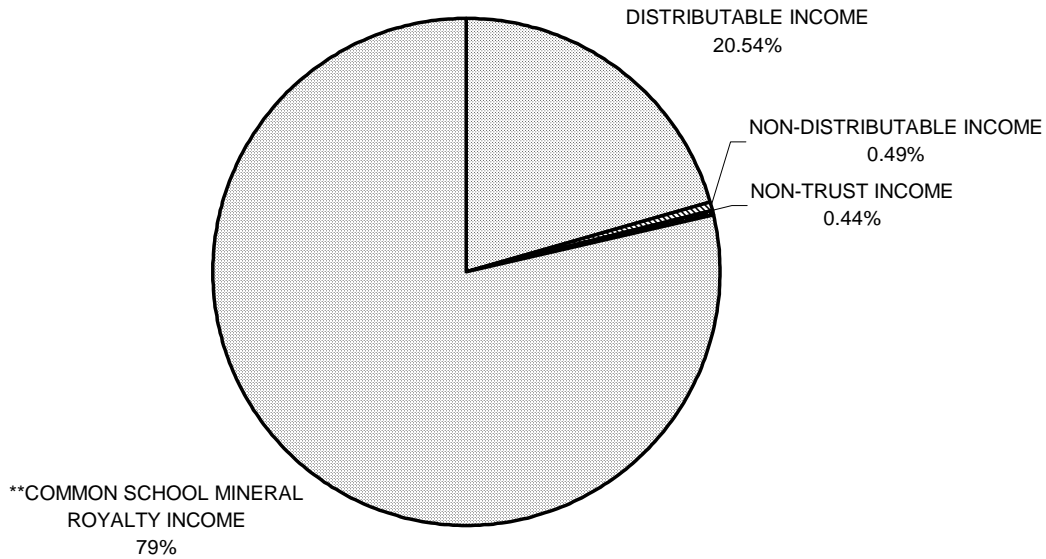


| Mineral Type & Revenue Source     |                           | FY2003                     | FY2004                     | % Change<br>From FY03 |
|-----------------------------------|---------------------------|----------------------------|----------------------------|-----------------------|
| <b>Oil &amp; Gas -</b>            | Rentals/Bonuses/Penalties | \$2,402,510                | \$3,187,540                | 32.7%                 |
|                                   | Royalties                 | 5,759,027                  | 7,703,137                  | 33.8%                 |
|                                   | Seismic                   | 9,744                      | 4,690                      | -51.9%                |
|                                   | <b>Total</b>              | <b>\$8,171,281</b>         | <b>\$10,895,367</b>        | 33.3%                 |
| <b>Gravel -</b>                   | Rentals                   | \$175                      | \$600                      | 242.9%                |
|                                   | Royalties *               | 168,078                    | 173,178                    | 3.0%                  |
|                                   | <b>Total</b>              | <b>\$168,253</b>           | <b>\$173,778</b>           | 3.3%                  |
| <b>Coal -</b>                     | Rentals/Bonuses           | \$43,897                   | \$43,897                   | 0.0%                  |
|                                   | Royalties                 | 3,877,054                  | 4,676,964                  | 20.6%                 |
|                                   | <b>Total</b>              | <b>\$3,920,951</b>         | <b>\$4,720,861</b>         | 20.4%                 |
| <b>Other Minerals –</b>           |                           |                            |                            |                       |
| <b>Land Use License</b>           |                           |                            |                            |                       |
|                                   | Rentals/Penalties         | \$800                      | \$2,000                    | 150.0%                |
|                                   | Royalties                 | 2,450                      | 5,470                      | 123.3%                |
|                                   | <b>Total</b>              | <b>\$3,250</b>             | <b>\$7,470</b>             | 129.8%                |
| <b>Metalliferous Minerals</b>     |                           |                            |                            |                       |
|                                   | Rentals/Penalties         | \$3,270                    | \$1,260                    | -61.5%                |
|                                   | Royalties                 | 750                        | 750                        | 0.0%                  |
|                                   | <b>Total</b>              | <b>\$4,020</b>             | <b>\$2,010</b>             | -50.0%                |
| <b>Non-Metalliferous Minerals</b> |                           |                            |                            |                       |
|                                   | Rentals/Penalties         | \$13,009                   | \$11,279                   | -13.3%                |
|                                   | Royalties                 | 1,784                      | 223                        | -87.5%                |
|                                   | <b>Total</b>              | <b>\$14,793</b>            | <b>\$11,502</b>            | -22.2%                |
| <b>GRAND TOTAL</b>                |                           | <b><u>\$12,282,548</u></b> | <b><u>\$15,810,987</u></b> | 28.7%                 |

\* Oil and gas royalties include interest and shut-in payments.

# TOTAL REVENUE BY SOURCE

## Fiscal Year 2004



### TOTAL REVENUE TO SCHOOL TRUST BENEFICIARIES

## \$15,741,828

**TOTAL NON-DISTRIBUTABLE INCOME**

\$77,436  
0.5%

**TOTAL DISTRIBUTABLE INCOME**

\$3,248,042  
12,416,350\*\*  
\$15,664,392  
99.5%

**TRUST LAND REVENUE**

|                       |              |                           |                     |
|-----------------------|--------------|---------------------------|---------------------|
| Common Schools **     | \$15,535,518 | State Normal School       | \$15,180            |
| University of Montana | 6,597        | School for Deaf and Blind | 2,291               |
| M.S.U. Morrill        | 64,704       | State Industrial School   | 26,001              |
| M.S.U. 2nd Grant      | 2,928        | Public Buildings          | <u>53,450</u>       |
| School of Mines       | 35,159       | <b>Total</b>              | <b>\$15,741,828</b> |

**NON-TRUST LAND REVENUE \***

|  |                 |
|--|-----------------|
| Agricultural Experiment Station                | \$33,252        |
| Department of Transportation                   | 4,595           |
| Department of Public Health and Human Services | 101             |
| DNRC – Water Resources Division                | <u>31,211</u>   |
| <b>Total</b>                                   | <b>\$69,159</b> |

**TOTAL REVENUE**

**\$15,810,987**

\* Non-Trust Land income consists of revenue the Department of Natural Resources and Conservation collects as an administrator for various entities. These funds are distributed to the entity upon collection.

\*\* Pursuant to Chapter 418, Montana Session Laws of 2001 (SB495), common school mineral royalties are deposited into the guarantee account and distributed.

### III - LEASES

The number of mineral leases in FY 2004 increased 2 percent to 2,988, compared to 2,928 in FY 2003. There are 2,852 oil and gas leases, 556 of which are currently producing. Oil and gas leases increased 2 percent in FY 2004 to 2,852. The overall number of producing mineral leases increased by nearly 1 percent in FY 2004 when compared to FY 2003. Below is a schedule summarizing lease types and corresponding acreages.

MMB activities related to existing leases include collecting royalty and rental payments, auditing, reviewing and approving assignments and tracking working interest ownership; reviewing and preparing for approval communitization agreements and unit operating agreements; and coordinating with field offices the review and approval of all proposed physical operations on state leases.

#### ACREAGE LEASED FOR OIL, GAS, AND OTHER MINERALS June 30, 2004

|                          | Number<br>of Leases | % Change<br>from FY2003 | Acreage<br>Leased | % Change<br>from FY2003 | Producing<br>Leases | % Change<br>from FY2003 | Producing<br>Acreage | % Change<br>from FY2003 |
|--------------------------|---------------------|-------------------------|-------------------|-------------------------|---------------------|-------------------------|----------------------|-------------------------|
| Coal Leases              | 32                  | 0.0%                    | 15,270            | 0.0%                    | 3                   | 0.0%                    | 1,070                | -37.4%                  |
| Gravel Permits *         | 46                  | -11.5%                  | 692               | 3.9%                    | 31                  | 0.0%                    | 582                  | 12.8%                   |
| Land Use Licenses        | 14                  | 55.6%                   | 17,401            | 689.2%                  | 2                   | 0.0%                    | 960                  | 0.0%                    |
| Metalliferous Leases **  | 9                   | -10.0%                  | 2,779             | -18.7%                  | 0                   | 0.0%                    | 0                    | 0.0%                    |
| Non-Metalliferous Leases | 9                   | -10.0%                  | 3,343             | -16.1%                  | 3                   | 0.0%                    | 200                  | 0.0%                    |
| Seismic Permits          | 26                  | 30.0%                   | 47,830            | 38.4%                   | NA                  | NA                      | NA                   | NA                      |
| Oil and Gas Leases       | <u>2,852</u>        | 2.0%                    | <u>1,196,772</u>  | 3.6%                    | <u>556</u>          | 0.9%                    | <u>203,223</u>       | 1.2%                    |
| Total Leases             | <u>2,988</u>        | 2.0%                    |                   |                         | <u>596</u>          | 0.8%                    |                      |                         |
| Total Acres              |                     |                         | <u>1,284,087</u>  |                         |                     |                         | <u>206,035</u>       |                         |

\* Small Volume Permits and Permits to Test for Aggregate are not included. During FY04, DNRC field offices issued 16 Small Volume Permits and 6 Permits to Test for Aggregate.

\*\* Receive advance royalties, but none of the current metalliferous leases are actually producing minerals.

NOTE: Producing leases, licenses and permits are described as follows:

**Gravel Permits** - Includes permits that produced or paid royalties during the fiscal year. Does not include small volume or test permits.

**Coal Leases** - Includes leases that produced during the fiscal year. Does not include advance royalties.

**Land Use Licenses** - Includes salt water disposal where we received royalties or advance royalties.

**Metalliferous Leases** - Includes leases that produced during the fiscal year. Does not include advance royalties.

**Non-Metalliferous Leases** - Includes leases that produced during the fiscal year. Does not include advance royalties.

**Oil and Gas Leases** - Includes any lease with a well that is capable of production.

# FIELD REVIEWS CONDUCTED BY FIELD OFFICE AND MINERAL TYPE

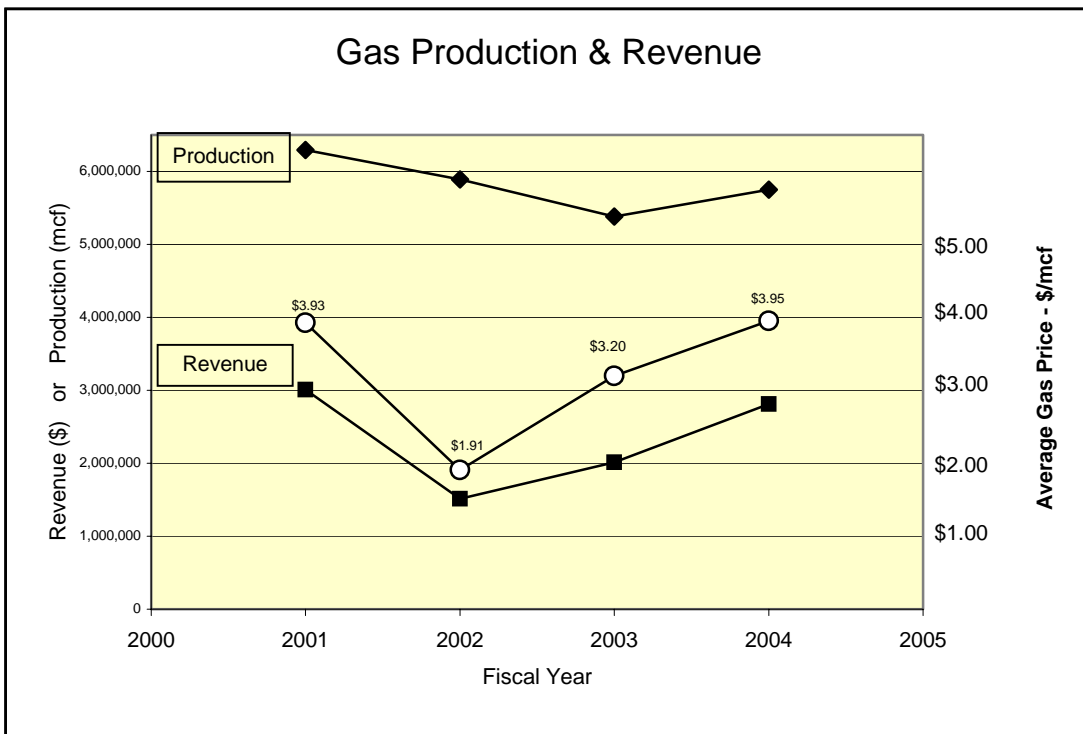
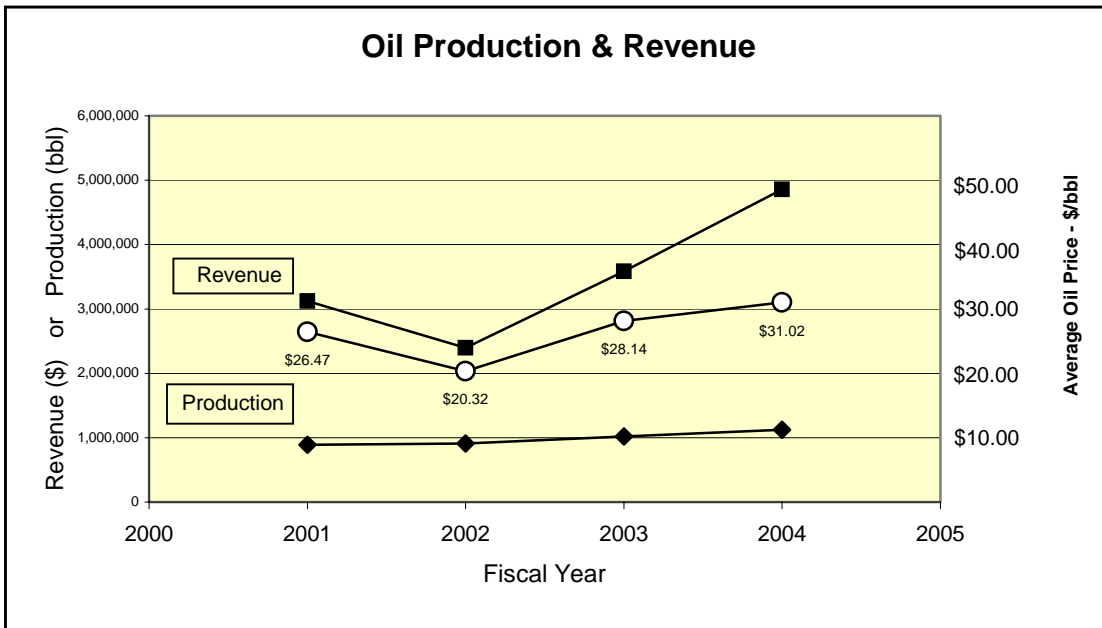
Fiscal Year 2004

| AREA OFFICE        | UNIT OFFICE              | Oil & Gas Leases  | O&G Wells & Pipelines | Seismic          | Coal            | M & NM Leases   | LUL's           | Gravel Permits   | Gravel Renewals  | Small Volume     | Test Permits    | TOTAL             |
|--------------------|--------------------------|-------------------|-----------------------|------------------|-----------------|-----------------|-----------------|------------------|------------------|------------------|-----------------|-------------------|
| <b>CLO</b>         |                          |                   |                       |                  |                 |                 |                 |                  |                  |                  |                 |                   |
|                    | Bozeman                  |                   |                       |                  |                 |                 |                 |                  | 3                | 1                | 1               | 5                 |
|                    | Conrad                   | 8                 | 8                     | 3                |                 |                 |                 |                  |                  |                  |                 | 19                |
|                    | Dillon                   |                   |                       |                  |                 |                 |                 |                  | 6                | 2                |                 | 8                 |
|                    | Helena                   | 10                |                       |                  |                 |                 |                 | 2                |                  | 2                | 1               | 15                |
|                    | <b>Area Office Total</b> | <b>18</b>         | <b>8</b>              | <b>3</b>         | <b>0</b>        | <b>0</b>        | <b>0</b>        | <b>2</b>         | <b>9</b>         | <b>5</b>         | <b>2</b>        | <b>47</b>         |
| <b>ELO</b>         |                          |                   |                       |                  |                 |                 |                 |                  |                  |                  |                 |                   |
|                    |                          | 45                | 39                    | 1                |                 |                 | 2               | 2                |                  |                  |                 | 89                |
|                    | <b>Area Office Total</b> | <b>45</b>         | <b>39</b>             | <b>1</b>         | <b>0</b>        | <b>0</b>        | <b>2</b>        | <b>2</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>        | <b>89</b>         |
| <b>NELO</b>        |                          |                   |                       |                  |                 |                 |                 |                  |                  |                  |                 |                   |
|                    | Glasgow                  | 69                | 6                     | 2                |                 |                 | 2               | 2                |                  |                  | 2               | 83                |
|                    | Havre                    | 28                | 14                    | 17               |                 |                 | 2               |                  | 1                |                  |                 | 62                |
|                    | Lewistown                | 61                | 1                     | 1                |                 |                 |                 | 2                |                  | 1                | 2               | 68                |
|                    | <b>Area Office Total</b> | <b>158</b>        | <b>21</b>             | <b>20</b>        | <b>0</b>        | <b>0</b>        | <b>4</b>        | <b>4</b>         | <b>1</b>         | <b>1</b>         | <b>4</b>        | <b>213</b>        |
| <b>NWLO</b>        |                          |                   |                       |                  |                 |                 |                 |                  |                  |                  |                 |                   |
|                    | Kalispell                |                   |                       |                  |                 |                 |                 | 1                |                  |                  |                 | 1                 |
|                    | Libby                    |                   |                       |                  |                 |                 |                 |                  |                  | 1                |                 | 1                 |
|                    | Plains                   |                   |                       |                  |                 |                 |                 | 1                | 1                | 3                |                 | 5                 |
|                    | Stillwater               |                   |                       |                  |                 |                 |                 |                  |                  | 3                |                 | 3                 |
|                    | Swan River               |                   |                       |                  |                 |                 |                 |                  |                  |                  |                 | 0                 |
|                    | <b>Area Office Total</b> | <b>0</b>          | <b>0</b>              | <b>0</b>         | <b>0</b>        | <b>0</b>        | <b>0</b>        | <b>2</b>         | <b>1</b>         | <b>7</b>         | <b>0</b>        | <b>10</b>         |
| <b>SLO</b>         |                          |                   |                       |                  |                 |                 |                 |                  |                  |                  |                 |                   |
|                    |                          | 56                | 32                    | 1                |                 |                 | 2               | 2                | 3                |                  |                 | 96                |
|                    | <b>Area Office Total</b> | <b>56</b>         | <b>32</b>             | <b>1</b>         | <b>0</b>        | <b>0</b>        | <b>2</b>        | <b>2</b>         | <b>3</b>         | <b>0</b>         | <b>0</b>        | <b>96</b>         |
| <b>SWLO</b>        |                          |                   |                       |                  |                 |                 |                 |                  |                  |                  |                 |                   |
|                    | Anaconda                 |                   |                       |                  |                 |                 |                 |                  | 1                |                  |                 | 1                 |
|                    | Clearwater               | 4                 |                       |                  |                 |                 |                 |                  | 3                | 2                |                 | 9                 |
|                    | Hamilton                 |                   |                       |                  |                 |                 |                 |                  |                  | 1                |                 | 1                 |
|                    | Missoula                 |                   |                       |                  |                 |                 |                 |                  |                  |                  |                 | 0                 |
|                    | <b>Area Office Total</b> | <b>4</b>          | <b>0</b>              | <b>0</b>         | <b>0</b>        | <b>0</b>        | <b>0</b>        | <b>0</b>         | <b>4</b>         | <b>3</b>         | <b>0</b>        | <b>11</b>         |
| <b>GRAND TOTAL</b> |                          | <b><u>281</u></b> | <b><u>100</u></b>     | <b><u>25</u></b> | <b><u>0</u></b> | <b><u>0</u></b> | <b><u>8</u></b> | <b><u>12</u></b> | <b><u>18</u></b> | <b><u>16</u></b> | <b><u>6</u></b> | <b><u>466</u></b> |

## IV - OIL AND GAS LEASES

FY 2004 oil and gas prices improved significantly when compared to FY 2003. The average price for oil increased 10.2 percent from \$28.14 per barrel in FY 2003 to \$31.02 per barrel in FY 2004. Gas prices increased 23.5 percent from FY 2003 for an average price of \$3.95 per mcf. In FY 2004, active oil and gas wells reported 1,122,989 barrels of oil produced; 5,750,201 MCF of gas and 576,071 gallons of condensate. Oil production increased 10.2 percent from FY 2003, while gas production levels increased 5.9 percent when compared to FY 2003. Below are two graphs that provide a four-year summary of oil and gas production, revenue and average prices.

Coalbed methane wells were on the rise in FY2004. In FY 2004, Big Horn County had seven coalbed methane wells producing gas compared to one in FY 2003. In FY 2004, 547,057 mcf of coalbed methane gas was produced compared to 180,483 mcf in FY 2003. For this report, coalbed methane production and revenue amounts are included in the gas totals.



ROYALTY INCOME BY COUNTY

Oil, Gas, Condensate

| County        | Oil                          |                         | Gas                          |                         | Condensate                |                       | Total                        |
|---------------|------------------------------|-------------------------|------------------------------|-------------------------|---------------------------|-----------------------|------------------------------|
|               | * Royalties (\$)             | Production (BBL)        | * Royalties (\$)             | Production (MCF)        | * Royalties (\$)          | Production (GAL)      |                              |
| Big Horn      |                              |                         | \$140,438.20                 | 547,057                 |                           |                       | \$140,438.20                 |
| Blaine        | \$61,568.63                  | 19,530                  | \$400,139.94                 | 733,951                 |                           |                       | \$461,708.57                 |
| Chouteau      |                              |                         | \$115,479.91                 | 203,927                 |                           |                       | \$115,479.91                 |
| Daniels       | \$13,147.98                  | 3,211                   |                              |                         |                           |                       | \$13,147.98                  |
| Dawson        | \$189,985.14                 | 62,839                  |                              |                         |                           |                       | \$189,985.14                 |
| Fallon        | \$2,138,974.22               | 425,533                 | \$502,952.68                 | 968,528                 | \$23,737.20               | 316,318               | \$2,665,664.10               |
| Garfield      | \$12,580.54                  | 3,162                   |                              |                         |                           |                       | \$12,580.54                  |
| Glacier       | \$28,904.29                  | 8,048                   | \$70,219.50                  | 143,966                 | \$4,333.30                | 46,963                | \$103,457.09                 |
| Golden Valley |                              |                         | \$12,949.20                  | 33,316                  |                           |                       | \$12,949.20                  |
| Hill          |                              |                         | \$594,928.13                 | 1,043,531               |                           |                       | \$594,928.13                 |
| Liberty       | \$120,442.84                 | 31,825                  | \$67,707.06                  | 164,359                 |                           |                       | \$188,149.90                 |
| Musselshell   | \$14,128.67                  | 4,173                   |                              |                         |                           |                       | \$14,128.67                  |
| Petroleum     | \$13,599.06                  | 3,508                   |                              |                         |                           |                       | \$13,599.06                  |
| Phillips      |                              |                         | \$557,493.87                 | 1,039,712               |                           |                       | \$557,493.87                 |
| Pondera       | \$84,472.86                  | 24,222                  | \$17,584.39                  | 71,424                  |                           |                       | \$102,057.25                 |
| Powder River  | \$4,267.47                   | 1,066                   |                              |                         |                           |                       | \$4,267.47                   |
| Richland      | \$1,015,760.37               | 262,945                 | \$59,226.74                  | 101,751                 | \$12,552.99               | 176,834               | \$1,087,540.10               |
| Roosevelt     | \$325,907.70                 | 84,879                  | \$12,177.65                  | 22,982                  |                           |                       | \$338,085.35                 |
| Rosebud       | \$199,457.13                 | 40,322                  |                              |                         |                           |                       | \$199,457.13                 |
| Sheridan      | \$322,443.11                 | 84,989                  | \$21,278.62                  | 38,235                  |                           |                       | \$343,721.73                 |
| Stillwater    |                              |                         | \$3,069.32                   | 7,292                   |                           |                       | \$3,069.32                   |
| Sweet Grass   |                              |                         | \$3,137.76                   | 10,041                  |                           |                       | \$3,137.76                   |
| Teton         | \$4,613.29                   | 1,632                   |                              |                         |                           |                       | \$4,613.29                   |
| Toole         | \$111,662.25                 | 29,999                  | \$190,696.96                 | 521,761                 | \$1,112.91                | 2,364                 | \$303,472.12                 |
| Valley        |                              |                         | \$22,476.30                  | 45,169                  |                           |                       | \$22,476.30                  |
| Wibaux        | \$194,371.17                 | 31,104                  | \$10,710.31                  | 23,198                  | \$2,447.15                | 33,594                | \$207,528.63                 |
| <b>Total</b>  | <b><u>\$4,856,286.72</u></b> | <b><u>1,122,987</u></b> | <b><u>\$2,802,666.53</u></b> | <b><u>5,720,200</u></b> | <b><u>\$44,183.55</u></b> | <b><u>576,073</u></b> | <b><u>\$7,703,136.80</u></b> |

\* Totals include interest and shut-in royalty payments.



ROYALTY AND MICELLANEOUS INCOME REPORTED BY AREA OFFICE

Oil, Gas, Condensate

| Area Office              | Unit Office    | Oil Royalty                  | Gas Royalty                  | Condensate Royalty        | Oil Interest               | Gas Interest             | Shut-In Oil          | Shut-In Gas              | Grand Total                  |
|--------------------------|----------------|------------------------------|------------------------------|---------------------------|----------------------------|--------------------------|----------------------|--------------------------|------------------------------|
| <b>CLO</b>               | Conrad         | <u>\$350,095.53</u>          | <u>\$341,522.85</u>          | <u>\$5,446.21</u>         |                            | <u>\$605.06</u>          |                      | <u>\$4,080.00</u>        | <u>\$701,749.65</u>          |
| <b>Area Office Total</b> |                | <b>\$350,095.53</b>          | <b>\$341,522.85</b>          | <b>\$5,446.21</b>         |                            | <b>\$605.06</b>          |                      | <b>\$4,080.00</b>        | <b>\$701,749.65</b>          |
| <b>ELO</b>               | No Unit Office | <u>\$3,400,896.68</u>        | <u>\$572,340.10</u>          | <u>\$38,737.34</u>        | <u>\$353,757.26</u>        | <u>\$549.63</u>          |                      |                          | <u>\$4,366,281.01</u>        |
| <b>Area Office Total</b> |                | <b>\$3,400,896.68</b>        | <b>\$572,340.10</b>          | <b>\$38,737.34</b>        | <b>\$353,757.26</b>        | <b>\$549.63</b>          |                      |                          | <b>\$4,366,281.01</b>        |
| <b>NELO</b>              | Glasgow        | \$673,007.99                 | \$588,627.69                 |                           | \$146.37                   |                          |                      |                          | \$1,261,782.05               |
|                          | Havre          | \$61,568.63                  | \$994,268.49                 |                           |                            | \$481.29                 |                      | \$318.28                 | \$1,056,636.69               |
|                          | Lewistown      | <u>\$8,231.18</u>            | <u>\$152,693.04</u>          |                           | <u>\$0.00</u>              | <u>\$254.82</u>          |                      | <u>\$280.00</u>          | <u>\$161,459.04</u>          |
| <b>Area Office Total</b> |                | <b>\$742,807.80</b>          | <b>\$1,735,589.22</b>        |                           | <b>\$146.37</b>            | <b>\$736.11</b>          |                      | <b>\$598.28</b>          | <b>\$2,479,877.78</b>        |
| <b>SLO</b>               | No Unit Office | <u>\$8,583.08</u>            | <u>\$146,458.82</u>          |                           |                            | <u>\$186.46</u>          |                      |                          | <u>\$155,228.36</u>          |
| <b>Area Office Total</b> |                | <b>\$8,583.08</b>            | <b>\$146,458.82</b>          |                           |                            | <b>\$186.46</b>          |                      |                          | <b>\$155,228.36</b>          |
| <b>GRAND TOTAL</b>       |                | <b><u>\$4,502,383.09</u></b> | <b><u>\$2,795,910.99</u></b> | <b><u>\$44,183.55</u></b> | <b><u>\$353,903.63</u></b> | <b><u>\$2,077.26</u></b> | <b><u>\$0.00</u></b> | <b><u>\$4,678.28</u></b> | <b><u>\$7,703,136.80</u></b> |

NOTE: Interest payments are charges collected on past-due royalty payments.

ROYALTY AND RENTAL INCOME REPORTED BY GRANT  
Oil, Gas, Condensate

| Grant                                 | Royalty Income               |                              |                           | Rentals and Other Income     |                            |                            |                          |
|---------------------------------------|------------------------------|------------------------------|---------------------------|------------------------------|----------------------------|----------------------------|--------------------------|
|                                       | Oil Royalty                  | Gas Royalty                  | Condensate Royalty        | Rental Income                | Bonus Income               | Penalty Income             | Seismic Permits          |
| Common Schools                        | \$4,851,596.90               | \$2,673,851.69               | \$44,183.55               | \$1,648,807.98               | \$870,692.59               | \$533,758.38               |                          |
| University of Montana                 | \$786.53                     |                              |                           | \$4,019.61                   | \$240.00                   |                            |                          |
| M.S.U. Morrill                        |                              | \$33,877.29                  |                           | \$19,304.72                  | \$8,820.00                 | \$2,650.00                 | \$51.41                  |
| M.S.U. 2nd Grant                      |                              |                              |                           | \$1,200.00                   |                            |                            |                          |
| School of Mines                       |                              |                              |                           | \$14,629.37                  | \$18,197.15                |                            |                          |
| State Normal School                   |                              | \$5,067.28                   |                           | \$6,102.13                   |                            | \$1,600.00                 | \$155.44                 |
| School for Deaf and Blind             |                              |                              |                           | \$1,740.00                   |                            |                            |                          |
| State Industrial School               |                              |                              |                           | \$23,583.15                  |                            | \$2,283.08                 |                          |
| Public Buildings                      | \$3,492.00                   | \$27,817.09                  |                           | \$17,818.03                  |                            | \$5,399.31                 |                          |
| Galen State Hospital                  | \$90.23                      |                              |                           | \$10.84                      |                            |                            |                          |
| <b>Total Trust Income</b>             | <b><u>\$4,855,965.66</u></b> | <b><u>\$2,740,613.35</u></b> | <b><u>\$44,183.55</u></b> | <b><u>\$1,737,215.83</u></b> | <b><u>\$897,949.74</u></b> | <b><u>\$545,690.77</u></b> | <b><u>\$206.85</u></b>   |
| Agricultural Experiment Station       |                              | \$31,251.75                  |                           | \$2,000.00                   |                            |                            | \$4,483.15               |
| Department of Transportation          | \$321.06                     | \$218.72                     |                           | \$3,708.50                   |                            | \$347.50                   |                          |
| Department of Fish, Wildlife & Parks  |                              |                              |                           |                              |                            |                            |                          |
| DNRC-Water Resources Division         |                              | \$30,582.53                  |                           | \$894.49                     |                            | -\$266.34                  |                          |
| Dept. of Public Health and Human Svc. |                              |                              |                           |                              |                            |                            |                          |
| <b>Total Income - Other Lands</b>     | <b><u>\$321.06</u></b>       | <b><u>\$62,053.00</u></b>    | <b><u>\$0.00</u></b>      | <b><u>\$6,602.99</u></b>     | <b><u>\$0.00</u></b>       | <b><u>\$81.16</u></b>      | <b><u>\$4,483.15</u></b> |
| <b>GRAND TOTAL</b>                    | <b><u>\$4,856,286.72</u></b> | <b><u>\$2,802,666.53</u></b> | <b><u>\$44,183.55</u></b> | <b><u>\$1,743,818.82</u></b> | <b><u>\$897,949.74</u></b> | <b><u>\$545,771.93</u></b> | <b><u>\$4,690.00</u></b> |

## V - AGGREGATE PERMITS

### ROYALTY AND PRODUCTION BY COUNTY Aggregate (Gravel, Sand, etc.)

| County             | Royalty<br>Income          | Production<br>(cu yd) | Production<br>(ton)    |
|--------------------|----------------------------|-----------------------|------------------------|
| Beaverhead         | \$1,083.25                 | 1,622                 |                        |
| Blaine             | \$12,158.00                | 15,938                |                        |
| Carbon             | \$233.75                   | 630                   |                        |
| Cascade            | \$37,154.85                | 103,867               |                        |
| Flathead           | \$2,800.00                 | 90                    | 80                     |
| Gallatin           | \$814.37                   | 3,243                 |                        |
| Granite            | \$592.80                   | 360                   |                        |
| Lewis and Clark    | \$1,220.93                 | 2,663                 | 110                    |
| Lincoln            | (\$4,458.74) **            |                       | 64                     |
| Madison            | \$17,748.80                | 29,312                |                        |
| Mineral            | \$100.00                   |                       |                        |
| Missoula           | \$2,018.50                 | 2,257                 | 12                     |
| Musselshell        | \$31,507.74                | 31,508                |                        |
| Phillips           | \$1,200.00                 | 2,757                 |                        |
| Powder River       | \$22,095.50                | 44,191                |                        |
| Powell             | \$200.00                   |                       |                        |
| Ravalli            | \$20.00                    |                       | 4                      |
| Rosebud            | \$9,494.70                 | 22,656                |                        |
| Sanders            | \$22,317.50                | 300                   | 994                    |
| Sweet Grass        | \$6,237.60                 | 31,188                |                        |
| Teton              | \$4,695.77                 | 9,667                 |                        |
| Wheatland          | \$3,942.20                 |                       | 329                    |
| Yellowstone        | <u>\$0.00</u>              | <u>22,687</u>         | <u>0</u>               |
| <b>Grand Total</b> | <b><u>\$173,177.52</u></b> | <b><u>324,936</u></b> | <b><u>1,593.00</u></b> |

**Note:** For some counties on this report there is royalty showing and no production or production reported and no royalty showing, this is the result of the timing difference when revenue is recognized and production is reported.

\*\* An advance royalty payment received in FY2002 was refunded in FY2004 causing a negative royalty balance for the year.

ROYALTY AND RENTAL INCOME BY AREA OFFICE

Aggregate (Gravel, Sand, etc.)

| Area Office        | Unit Office              | Royalty Income             | Rental Income          | Grand Total                |
|--------------------|--------------------------|----------------------------|------------------------|----------------------------|
| <b>CLO</b>         | Bozeman                  | \$18,563.17                |                        | \$18,563.17                |
|                    | Conrad                   | \$4,695.77                 |                        | \$4,695.77                 |
|                    | Dillon                   | \$1,083.25                 |                        | \$1,083.25                 |
|                    | Helena                   | <u>\$38,349.38</u>         |                        | <u>\$38,349.38</u>         |
|                    | <b>Area Office Total</b> | <b>\$62,691.57</b>         |                        | <b>\$62,691.57</b>         |
| <b>ELO</b>         | No Area Office           | <u>\$31,590.20</u>         |                        | <u>\$31,590.20</u>         |
|                    | <b>Area Office Total</b> | <b>\$31,590.20</b>         |                        | <b>\$31,590.20</b>         |
| <b>NELO</b>        | Glasgow                  | \$1,200.00                 | \$500.00               | \$1,700.00                 |
|                    | Havre                    | \$12,158.00                |                        | \$12,158.00                |
|                    | Lewiston                 | <u>\$3,942.20</u>          |                        | <u>\$3,942.20</u>          |
|                    | <b>Area Office Total</b> | <b>\$17,300.20</b>         | <b>\$500.00</b>        | <b>\$17,800.20</b>         |
| <b>NWLO</b>        | Kalispell                | \$1,000.00                 |                        | \$1,000.00                 |
|                    | Libby                    | (\$4,458.74)               |                        | (\$4,458.74)               |
|                    | Plains                   | \$22,317.50                | \$100.00               | \$22,417.50                |
|                    | SSF                      | <u>\$1,800.00</u>          |                        | <u>\$1,800.00</u>          |
|                    | <b>Area Office Total</b> | <b>\$20,658.76</b>         | <b>\$100.00</b>        | <b>\$20,758.76</b>         |
| <b>SLO</b>         | No Area Office           | <u>\$37,979.09</u>         |                        | <u>\$37,979.09</u>         |
|                    | <b>Area Office Total</b> | <b>\$37,979.09</b>         |                        | <b>\$37,979.09</b>         |
| <b>SWLO</b>        | Anaconda                 | \$792.80                   |                        | \$792.80                   |
|                    | Clearwater               | \$2,044.90                 |                        | \$2,044.90                 |
|                    | Hamilton                 | \$20.00                    |                        | \$20.00                    |
|                    | Missoula                 | <u>\$100.00</u>            |                        | <u>\$100.00</u>            |
|                    | <b>Area Office Total</b> | <b>\$2,957.70</b>          |                        | <b>\$2,957.70</b>          |
| <b>Grand Total</b> |                          | <b><u>\$173,177.52</u></b> | <b><u>\$600.00</u></b> | <b><u>\$173,777.52</u></b> |

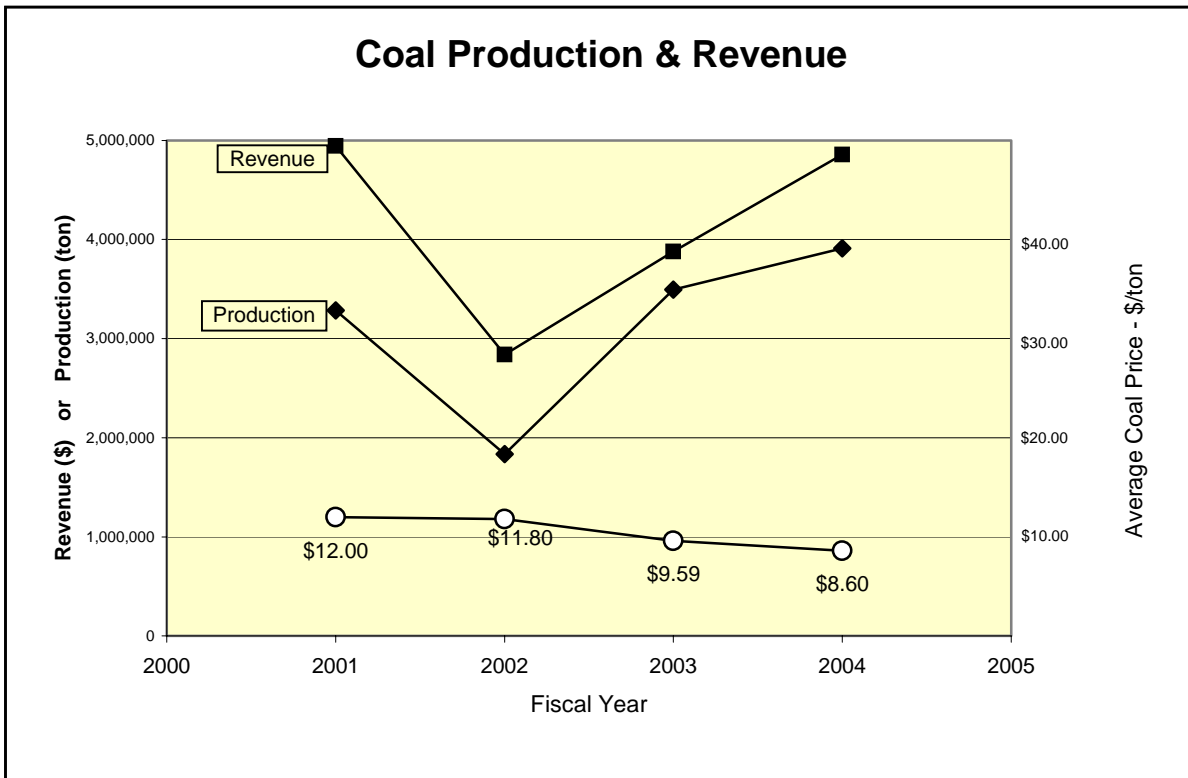
ROYALTY AND RENTAL INCOME BY GRANT

Aggregate (Gravel, Sand, etc.)

| Grant                     | Royalty Income             | Rental Income          |
|---------------------------|----------------------------|------------------------|
| Common Schools            | \$167,253.98               | \$600.00               |
| University of Montana     | \$821.24                   |                        |
| M.S.U. 2nd Grand          | \$1,728.07                 |                        |
| School of Mines           | \$2,177.30                 |                        |
| State Normal School       | \$2,410.00                 |                        |
| School for Deaf and Blind | \$551.40                   |                        |
| State Industrial School   | \$135.00                   |                        |
| Public Buildings          | <u>-\$1,899.47</u>         | <u>\$0.00</u>          |
| <b>Total Trust Income</b> | <b><u>\$173,177.52</u></b> | <b><u>\$600.00</u></b> |

## VI - COAL LEASES

Coal production increased 12 percent in FY 2004 from 3,911,826 tons compared to 3,494,901 tons in FY 2003. All coal reported was produced from three State leases located in Big Horn County. Spring Creek Coal Company produced 3,033,585 tons in FY 2004, the remainder produced by Decker Coal Company. The Coal Production and Revenue graph below is a four-year summary of coal revenue, production, and prices reported on State Trust Lands. The volume of coal mined can change significantly from year to year, as mining activity moves onto or off state land within the normal sequence of mining operations.



COAL  
ROYALTY AND PRODUCTION BY COUNTY

| County       | Royalties (\$)               | Production (ton)        |
|--------------|------------------------------|-------------------------|
| Big Horn     | <u>\$4,676,963.69</u>        | <u>3,911,826</u>        |
| <b>Total</b> | <b><u>\$4,676,963.69</u></b> | <b><u>3,911,826</u></b> |

COAL  
ROYALTY AND RENTAL BY AREA OFFICE

| Area Office              | Unit Office    | Royalty Income               | Rental Income             |
|--------------------------|----------------|------------------------------|---------------------------|
| <b>ELO</b>               | No Unit Office | <u>\$0.00</u>                | <u>\$29,391.54</u>        |
| <b>Area Office Total</b> |                | <b><u>\$0.00</u></b>         | <b><u>\$29,391.54</u></b> |
| <b>SLO</b>               | No Unit Office | <u>\$4,676,963.69</u>        | <u>\$14,505.93</u>        |
| <b>Area Office Total</b> |                | <b><u>\$4,676,963.69</u></b> | <b><u>\$14,505.93</u></b> |
| <b>Grand Total</b>       |                | <b><u>\$4,676,963.69</u></b> | <b><u>\$43,897.47</u></b> |

COAL  
ROYALTY AND RENTAL INCOME BY GRANT

| Grant               | Royalty Income               | Rentals and Other Income  |
|---------------------|------------------------------|---------------------------|
| Common Schools      | <u>\$4,676,963.69</u>        | <u>\$43,897.47</u>        |
| <b>Total Income</b> | <b><u>\$4,676,963.69</u></b> | <b><u>\$43,897.47</u></b> |

## VII - LAND USE LICENSES

### ROYALTY AND PRODUCTION BY COUNTY

Land Use License

| County<br>Mineral Type           | Royalty<br>Income        |
|----------------------------------|--------------------------|
| Dawson<br>Salt Water Disposal    | \$1,000.00               |
| Roosevelt<br>Salt Water Disposal | <u>\$1,000.00</u>        |
| <b>Grand Total</b>               | <b><u>\$2,000.00</u></b> |

### ROYALTY AND RENTAL INCOME BY AREA OFFICE

Land Use License

| Area<br>Office           | Unit<br>Office | Royalty<br>Income        | Rental<br>Income         | Grand<br>Total           |
|--------------------------|----------------|--------------------------|--------------------------|--------------------------|
| ELO                      | No Area Office | <u>\$1,000.00</u>        | <u>\$400.00</u>          | <u>\$1,400.00</u>        |
| <b>Area Office Total</b> |                | <b><u>\$1,000.00</u></b> | <b><u>\$400.00</u></b>   | <b><u>\$1,400.00</u></b> |
| NELO                     | Glasgow        | \$1,000.00               | \$2,200.00               | \$2,200.00               |
|                          | Havre          | <u>\$0.00</u>            | <u>\$250.00</u>          | <u>\$250.00</u>          |
| <b>Area Office Total</b> |                | <b><u>\$1,000.00</u></b> | <b><u>\$2,450.00</u></b> | <b><u>\$3,450.00</u></b> |
| SLO                      | No Area Office | <u>\$0.00</u>            | <u>\$2,620.00</u>        | <u>\$2,620.00</u>        |
| <b>Area Office Total</b> |                | <b><u>\$0.00</u></b>     | <b><u>\$2,620.00</u></b> | <b><u>\$2,620.00</u></b> |
| <b>Grand Total</b>       |                | <b><u>\$2,000.00</u></b> | <b><u>\$5,470.00</u></b> | <b><u>\$7,470.00</u></b> |

### ROYALTY AND RENTAL INCOME BY GRANT

Land Use License

| Grant                     | Royalty Income           | Rental Income            |
|---------------------------|--------------------------|--------------------------|
| Common Schools            | <u>\$2,000.00</u>        | <u>\$5,470.00</u>        |
| <b>Total Trust Income</b> | <b><u>\$2,000.00</u></b> | <b><u>\$5,470.00</u></b> |

## VIII - METALLIFEROUS MINERAL LEASES

### ROYALTY INCOME BY COUNTY

#### Metalliferous Minerals

| County<br>Mineral Type          | Royalty<br>Income      |
|---------------------------------|------------------------|
| Deer Lodge<br>Gold & Gem Stones | \$250.00               |
| Granite<br>Gold & Gem Stones    | \$250.00               |
| Petroleum<br>Gold & Gem Stones  | <u>\$250.00</u>        |
| <b>Grand Total</b>              | <b><u>\$750.00</u></b> |

### ROYALTY AND RENTAL INCOME BY AREA OFFICE

#### Metalliferous Minerals

| Area<br>Office           | Unit<br>Office | Royalty<br>Income      | Rental<br>Income         | Grand<br>Total           |
|--------------------------|----------------|------------------------|--------------------------|--------------------------|
| NELO                     | Lewistown      | <u>\$250.00</u>        | <u>\$480.00</u>          | <u>\$730.00</u>          |
| <b>Area Office Total</b> |                | <b><u>\$250.00</u></b> | <b><u>\$480.00</u></b>   | <b><u>\$730.00</u></b>   |
| SWLO                     | Anaconda       | \$250.00               | \$300.00                 | \$550.00                 |
|                          | Missoula       | <u>\$250.00</u>        | <u>\$480.00</u>          | <u>\$730.00</u>          |
| <b>Area Office Total</b> |                | <b><u>\$500.00</u></b> | <b><u>\$780.00</u></b>   | <b><u>\$1,280.00</u></b> |
| <b>Grand Total</b>       |                | <b><u>\$750.00</u></b> | <b><u>\$1,260.00</u></b> | <b><u>\$2,010.00</u></b> |

### ROYALTY AND RENTAL INCOME BY GRANT

#### Metalliferous Minerals

| Grant                     | Royalty Income         | Rental Income            |
|---------------------------|------------------------|--------------------------|
| Common Schools            | <u>\$500.00</u>        | <u>\$780.00</u>          |
| University of Montana     | <u>\$250.00</u>        | \$480.00                 |
| <b>Total Trust Income</b> | <b><u>\$750.00</u></b> | <b><u>\$1,260.00</u></b> |



## IX - NON-METALLIFEROUS MINERAL LEASES

### ROYALTY AND PRODUCTION BY COUNTY

#### Non-Metalliferous Minerals

| County<br>Mineral Type | Royalty<br>Income      | Production<br>(cu yd) | Average<br>Price |
|------------------------|------------------------|-----------------------|------------------|
| Beaverhead<br>Peat     | <u>\$222.50</u>        | <u>250</u>            | \$0.84           |
| <b>Grand Total</b>     | <b><u>\$222.50</u></b> | <b><u>250</u></b>     |                  |

### ROYALTY AND RENTAL INCOME BY AREA OFFICE

#### Non-Metalliferous Minerals

| Area<br>Office | Unit<br>Office           | Royalty<br>Income      | Rental<br>Income          | Grand<br>Total            |
|----------------|--------------------------|------------------------|---------------------------|---------------------------|
| CLO            | Helena                   |                        | \$5,070.00                | \$5,070.00                |
|                | Dillon                   | <u>\$222.50</u>        | <u>\$1,082.94</u>         | <u>\$1,305.44</u>         |
|                | <b>Area Office Total</b> | <b><u>\$222.50</u></b> | <b><u>\$6,152.94</u></b>  | <b><u>\$6,375.44</u></b>  |
| ELO            | No Unit Office           | <u>\$0.00</u>          | <u>\$5,126.00</u>         | <u>\$5,126.00</u>         |
|                | <b>Area Office Total</b> | <b><u>\$0.00</u></b>   | <b><u>\$5,126.00</u></b>  | <b><u>\$5,126.00</u></b>  |
|                | <b>Grand Total</b>       | <b><u>\$222.50</u></b> | <b><u>\$11,278.94</u></b> | <b><u>\$10,501.44</u></b> |

### ROYALTY AND RENTAL INCOME BY GRANT

#### Non-Metalliferous Minerals

| Grant                     | Royalty Income         | Rental Income             |
|---------------------------|------------------------|---------------------------|
| Common Schools            | \$0.00                 | \$10,678.94               |
| Public Buildings          | <u>\$222.50</u>        | <u>\$600.00</u>           |
| <b>Total Trust Income</b> | <b><u>\$222.50</u></b> | <b><u>\$10,501.44</u></b> |