

Fiscal Year 2022



State of Montana

Department of Natural Resources and Conservation

Fiscal Year 2022

Minerals Management Bureau

INTRODUCTION

This report was prepared by the Minerals Management Bureau (MMB or the Bureau) within the Trust Land 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.

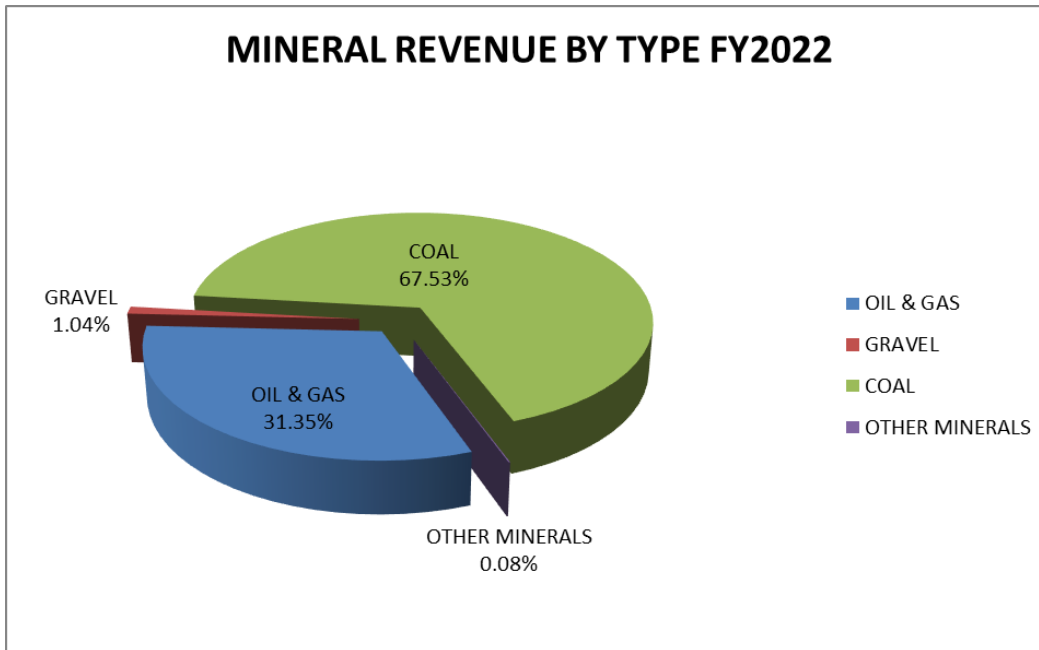
Within each lease type, there are reports providing income by county, area office, and grant. Revenue and pricing information was compiled using the cash basis method of accounting. Oil and gas production was compiled using information reported on the State of Montana Form 5 Royalty Report each month.

For questions or additional information contained in this report, contact Trevor Taylor by telephone at (406) 444-3843 or e-mail at ttaylor2@mt.gov.

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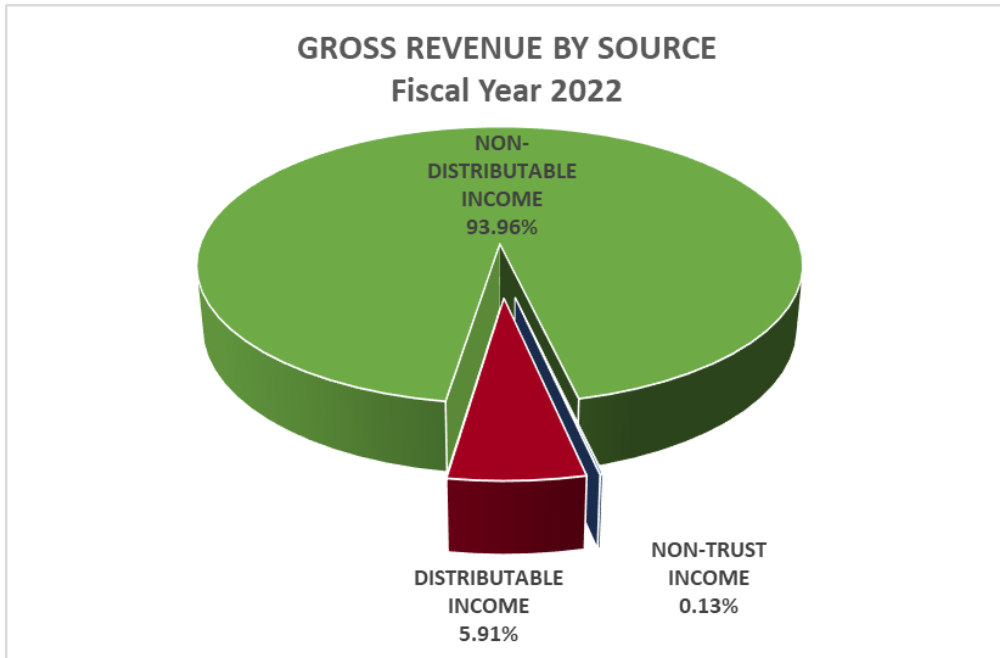
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REVENUE SOURCES



Mineral Type & Revenue Source		FY2021	FY2022	% Change from FY21
OIL & GAS-	<i>Rentals/Bonuses/Penalties</i>	\$729,958	\$2,237,130	206.47%
	<i>Royalties *</i>	\$6,033,658	\$10,640,222	76.35%
	<i>Seismic</i>	\$0	\$150	#DIV/0!
	Total	\$6,763,615	\$12,877,503	90.39%
GRAVEL -	<i>Rentals</i>	\$200	\$400	
	<i>Royalties</i>	\$294,786	\$427,864	45.14%
	Total	\$294,986	\$428,264	45.18%
COAL -	<i>Rentals/Bonuses</i>	\$13,526	\$7,848	-41.98%
	<i>Royalties</i>	\$13,124,951	\$27,738,260	111.34%
	Total	\$13,138,478	\$27,746,108	111.18%
OTHER MINERALS –				
LAND USE LICENSE				
	<i>Rentals/Penalties</i>	\$22,570	\$22,070	-2.22%
	<i>Royalties</i>	\$2,500	\$2,990	19.60%
	Total	\$25,070	\$25,060	-0.04%
METALLIFEROUS MINERALS				
	<i>Rentals/Penalties</i>	\$277	\$277	0.00%
	<i>Royalties</i>	\$0	\$0	0%
	Total	\$277	\$277	0.00%
NON-METALLIFEROUS MINERALS				
	<i>Rentals/Penalties</i>	\$12,256	\$6,030	-50.80%
	<i>Royalties</i>	\$57,483	\$2,880	-94.99%
	Total	\$69,739	\$8,910	-87.22%
GRAND TOTAL		<u>\$20,292,165</u>	<u>\$41,086,122</u>	<u>102.47%</u>

* Includes interest and shut-in payments



GROSS REVENUE FOR SCHOOL TRUST BENEFICIARIES

<i>GROSS NON-DISTRIBUTABLE REVENUE</i>		<i>GROSS DISTRIBUTABLE REVENUE **</i>	
\$38,603,301	94.08%	\$2,430,398	5.92%
TRUST LAND REVENUE (by Trust)			
Common Schools	\$39,901,327	State Normal School	\$1,989
University of Montana	\$0	School for Deaf and Blind	\$6,201
M.S.U. Morrill	\$9,418	State Reform School	\$1,480
M.S.U. 2nd Grant	\$1,685	Public Buildings **	\$171,232
Montana Tech	\$0	Public Land Trust	\$940,367
		Total Trust Grants:	\$41,033,699
NON-TRUST LAND REVENUE *			
Agricultural Experiment Station			\$6,841
Department of Fish, Wildlife & Parks			\$43,015
Department of Military Affairs			\$120
Department of Transportation			\$2,281
Department of Public Health and Human Services			\$167
DNRC – Water Resources Division			\$0
		Total Non-Trust Grants:	\$52,423
TOTAL REVENUE		\$41,086,122	

* Non-Trust Land revenue 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.

** Royalties collected on behalf of Public Buildings are deposited into their Distributable Trust fund

LEASES

Oil & Gas Leasing: In FY22, oil and gas leasing increased by 18.7% from FY21 to a total of 1,465 leases. Quarterly lease sales in FY22 totaled 255 new leases. Bonus revenue for new leases in FY22 totaled just under \$1.5 million compared to \$101 thousand on state trust lands in FY21. The number of producing leases decreased by 3.8% to a total of 585 producing leases, and now make up 43.7% of all oil and gas leases. Oil and gas leases account for a little more than 508 thousand of the 6.2 million mineral acres on State trust lands, which is an increase of 18.7%.

Hard Rock – Industrial Leasing: The total number of metalliferous and non-metalliferous leases remained constant at 9 leases, covering 3,514 acres.

Gravel Permits: Permit counts increased by 6.5% in FY22. Producing permits increased by 2 to a total of 42 leases. Gravel royalty revenue in FY22, totaled just under \$428 thousand which was a nearly 45% increase from FY21.

Coal Leasing: The number of coal leases decreased to 30 leases covering 14,412 acres with 6 producing on 2,520 acres.

Land Use Licenses increased by 14.3% with a count of 32 in FY22 as compared to 28 in FY21. Acreage assigned to those licenses also increased by 56.1% to 6,292 acres.

Small Volume Permits and Permits to Test for Aggregate are not in the table below. During FY22, DNRC field offices issued 5 small volume permits and 9 permits to test for aggregate, as compared to 5 and 8 permits respectively in FY21.

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

Producing Leases Criteria:

Gravel Permits - Includes permits that produced during the fiscal year. Does not include advance royalties paid. 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 activities such as salt water disposal, access roads and pipelines constructed on state land.

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

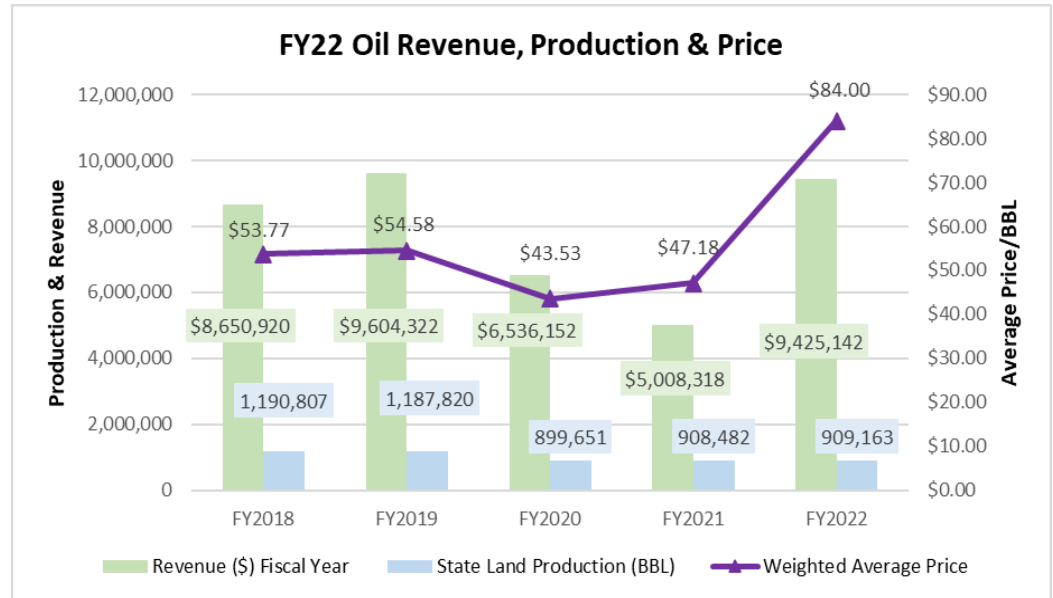
Non-Metalliferous Leases - Includes leases that produced during the fiscal year. Does not include advance royalties.

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

Type of Lease	No. of Leases	% Change from FY21	Acreage Leased	% Change from FY21	Producing Leases	% Change from FY21	Producing Acreage	% Change from FY21
<i>Coal Leases</i>	30	-3.2%	14,412	-1.9%	6	0.0%	2,520	0.0%
<i>Gravel Permits</i>	49	6.5%	1,755	43.3%	42	5.0%	1707	42.8%
<i>Land Use Licenses</i>	32	14.3%	6,292	56.1%	2	100.0%	700	9.4%
<i>Metalliferous Leases</i>	1	0.0%	92	0.0%	0	0.0%	0	0.0%
<i>Non-Metalliferous Leases</i>	8	0.0%	3,422	0.0%	4	33.3%	1080	145.5%
<i>Seismic Permits</i>	4	100.0%	2,773	-81.3%	1	0.0%	1293	N/A
<i>Gas Storage Agreements</i>	4	0.0%	8,311	0.0%	0	0.0%	0	0.0%
<i>Oil and Gas Leases</i>	1,337	18.7%	508,802	18.5%	585	-3.8%	216,065	-5.7%
Total Leases	1,465	17.58%			640	-2.74%		
Total Acres			545,859	14.64%			223,365	-4.55%

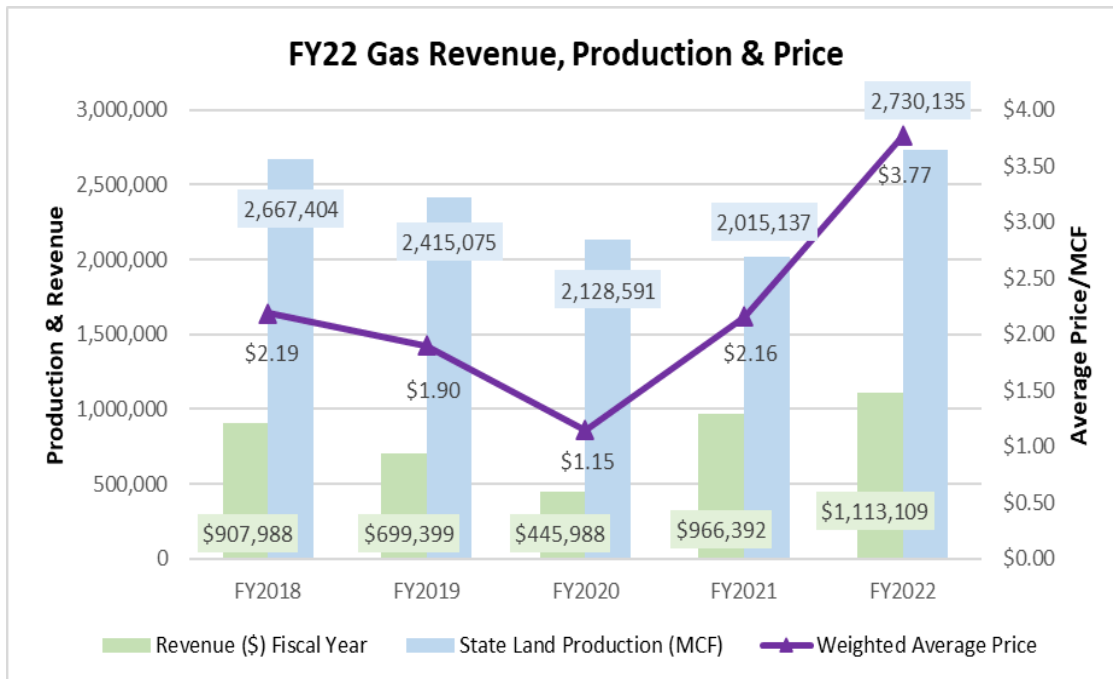
OIL AND GAS REVENUE AND PRODUCTION

Oil: In FY22 oil production increased by about just 681 barrels. However, due to the vast increase in price, oil revenues increased by 88.1% to \$9.4 million as compared to \$5.0 million in FY21. There were 55 expired or terminated leases. In FY22 the average price for a barrel of



oil produced from State land leases was \$84.0 as compared to \$47.18 in FY21, an increase of 78%. Oil royalties alone accounted for 22.9% of all revenue received in FY22.

Gas: In FY22, the average price for gas produced on State lands increased to \$3.77 from \$2.16 per thousand cubic feet (mcf), representing a 74.61% increase from FY21. Gas production increased more than 700,000 mcf to a total of 2,730,135 thousand cubic feet in FY22. From the combination of increased average price and production, royalty revenue also increased fairly constant to \$1,113,109.



Gas revenues accounted for 2.7% of all revenue received in FY22.

County	Oil (BBL)		Gas (MCF)		Condensate (GAL)		Total Royalties
	Royalties*	Production	Royalties*	Production	Royalties*	Production	
Big Horn							\$0.00
Blaine	\$ 166,194.30	19,422	\$ 72,991.22	189,033			\$239,185.52
Carbon	\$ 6,948.08	532					\$6,948.08
Chouteau			\$ 20,301.31	63,788			\$20,301.31
Dawson	\$ 487,943.53	40,886					\$487,943.53
Fallon	\$ 1,377,623.23	140,498	\$ 107,947.99	272,226			\$1,485,571.22
Garfield	\$ 27,989.93	2,756					\$27,989.93
Glacier	\$ 31,937.68	3,495	\$ 19,663.76	59,321	\$ 1,630.98	12,191	\$53,232.42
Golden Valley			\$ 5,480.81	31,104			\$5,480.81
Hill			\$ 69,907.15	223,599			\$69,907.15
Liberty	\$ 104,761.13	13,047	\$ 16,450.27	64,136			\$121,211.40
McLean, ND	\$ 21,631.56	1,552	\$ 839.79	954	\$ 1,122.40	6,703	\$23,593.75
Mountrail, ND	\$ 16,049.60	1,264	\$ 3,239.04	2,739			\$19,288.64
Musselshell	\$ 11,275.09	1,095					\$11,275.09
Petroleum	\$ 8,618.27	624					\$8,618.27
Phillips			\$ 155,151.74	428,086			\$155,151.74
Pondera	\$ 103,443.64	10,999	\$ 2,723.10	7,322			\$106,166.74
Powder River	\$ 302,089.90	30,471					\$302,089.90
Richland	\$ 4,057,043.06	562,989	\$ 354,538.03	517,776	\$ 91,295.05	865,957	\$4,502,876.13
Roosevelt	\$ 1,933,753.86	268,592	\$ 198,586.88	236,603	\$ 7,874.22	49,685	\$2,140,214.97
Rosebud	\$ 173,831.67	15,226	\$ 538.43	1,994			\$174,370.10
Sheridan	\$ 248,479.24	25,669	\$ 861.19	1,123			\$249,340.43
Stillwater							\$0.00
Sweet Grass							\$0.00
Teton	\$ 5,844.83	804					\$5,844.83
Toole	\$ 248,590.98	28,770	\$ 70,406.09	242,986	\$ 48.17	354	\$319,045.24
Valley			\$ 9,962.01	33,959			\$9,962.01
Wibaux	\$ 91,092.79	9,698	\$ 3,520.31	11,714			\$94,613.10
Grand Total	\$ 9,425,142.37	1,178,387	\$ 1,113,109.12	2,388,464	\$ 101,970.82	934,890	\$10,640,222.31

* Totals include interest and shut-in royalty payments

** Royalty figures for all counties within an area or unit office may not equal the sum of royalties in the field office revenues because leases that are split out by grant or county are assigned to only one field office

Top Revenue Producing Counties - Oil

#1 Richland	\$4.05 million
#2 Roosevelt	\$1.93 million
#3 Fallon	\$1.37 million

Top Revenue Producing Counties - Gas

#1 Richland	\$354 thousand
#2 Roosevelt	\$198 thousand
#3 Phillips	\$155 thousand

Pay Type	<i>CLO</i>	<i>ELO</i>	<i>NELO</i>		<i>SLO</i>	Pay Type Totals
	Conrad	Miles City	Glasgow	Lewistown	Billings	
Oil Royalty	\$494,264.24	\$6,630,474.73	\$1,935,835.55	\$173,852.57	\$15,660.21	\$9,250,087.30
Oil Royalty Audit		\$17,711.98	\$118,184.35			\$135,896.33
Shut in Oil	\$314.02	\$203.56		\$960.00		\$1,477.58
Gas Royalty	\$95,523.25	\$456,902.92	\$371,409.30	\$164,560.49		\$1,088,395.96
Gas Interest	\$4,009.09					\$4,009.09
Gas Royalty Audit	\$8,910.88	\$208.12	\$1,626.24			\$10,745.24
Shut in Gas	\$800.00		\$960.00	\$4,120.00		\$5,880.00
Condensate Royalt	\$1,679.15	\$91,295.05	\$7,874.22			\$100,848.42
<i>O Totals</i>	<i>\$605,500.63</i>	<i>\$7,196,796.36</i>	<i>\$2,435,889.66</i>	<i>\$343,493.06</i>	<i>\$15,660.21</i>	<i>\$10,597,339.92</i>

*Excludes North Dakota Tracts

<i>Grant</i>	<i>Bonus Income</i>	<i>Penalty Income</i>	<i>Rental Income</i>	<i>Oil Royalty</i>	<i>Gas Royalty</i>	<i>Condensate Royalty</i>	<i>Total Revenue by Grant</i>
Common Schools	\$ 1,430,051.04	\$ 44,676.90	\$ 677,743.19	\$ 8,499,037.85	\$ 1,006,413.56	\$ 96,063.43	\$ 11,754,135.97
Public Buildings	\$ -	\$ 300.00	\$ 4,439.96	\$ 86,400.69	\$ 28,028.65	\$ -	\$ 119,169.30
School for Deaf & Blind	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Pine Hills School	\$ -	\$ -	\$ 422.50	\$ -	\$ -	\$ -	\$ 422.50
State Normal School	\$ -	\$ -	\$ 422.50	\$ -	\$ 1,144.43	\$ -	\$ 1,566.93
University of MT	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
MSU Morrill	\$ -	\$ -	\$ 799.90	\$ -	\$ 8,618.42	\$ -	\$ 9,418.32
School of Mines	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Veterans Home	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public Land Trust	\$ 64,915.72	\$ 2,755.00	\$ 8,103.64	\$ 800,926.77	\$ 59,100.22	\$ 4,684.85	\$ 940,486.20
<i>Total Trust</i>	<i>\$ 1,494,966.76</i>	<i>\$ 47,731.90</i>	<i>\$ 691,931.69</i>	<i>\$ 9,386,365.31</i>	<i>\$ 1,103,305.28</i>	<i>\$ 100,748.28</i>	<i>\$ 12,825,199.22</i>
Agricultural Experiment Station	\$ -	\$ -	\$ 2,000.00	\$ -	\$ 4,840.72	\$ -	\$ 6,840.72
Dept of Transportation	\$ -	\$ -	\$ 600.00	\$ 758.53	\$ 845.28	\$ 77.19	\$ 2,281.00
Dept of Fish, Wildlife & Parks	\$ -	\$ -	\$ (200.00)	\$ 37,951.67	\$ 4,117.84	\$ 1,145.35	\$ 43,014.86
Dept of Military Affairs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Galen State Hospital	\$ -	\$ -	\$ 100.00	\$ 66.86	\$ -	\$ -	\$ 166.86
Water Resources Division	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Total Non-Trust</i>	<i>\$0.00</i>	<i>\$0.00</i>	<i>\$2,500.00</i>	<i>\$38,777.06</i>	<i>\$9,803.84</i>	<i>\$1,222.54</i>	<i>\$52,303.44</i>
<i>Grand Total</i>	<i>\$1,494,966.76</i>	<i>\$47,731.90</i>	<i>\$694,431.69</i>	<i>\$9,425,142.37</i>	<i>\$1,113,109.12</i>	<i>\$101,970.82</i>	<i>\$12,877,502.66</i>

AGGREGATE

Royalty and Production by County (Sand, Gravel, Rock)

County	CubicYards (Sand & Gravel)		Tons (Rock)		Total Royalty
	* Royalty \$	Production	* Royalty \$	Production	
Beaverhead	\$13,155.00	12,096.00			\$ 13,155.00
Blaine	\$1,800.00	2,642.00			\$ 1,800.00
Cascade	\$36,231.04	42,913.81	\$5,610.00	124.00	\$ 41,841.04
Daniels	\$14,046.88	13,031.50			\$ 14,046.88
Flathead	\$180.00	15.00			\$180.00
Lincoln	\$25,374.49	21,155.44			\$ 25,374.49
Madison	\$121,009.00	75,322.00			\$ 121,009.00
McCone	\$5,550.00	0.00			\$ 5,550.00
Missoula	\$1,684.50	1,104.00			\$ 1,684.50
Pondera	\$4,642.50	4,392.00			\$ 4,642.50
Roosevelt	\$150,000.00	0.00			\$ 150,000.00
Rosebud	\$4,885.00	3,908.00			\$ 4,885.00
Sanders	\$29,915.50	4,174.31			\$ 29,915.50
Silver Bow	\$2,200.00	2,200.00			\$ 2,200.00
Wheatland	\$11,580.00	7,784.00			\$ 11,580.00
Grand Total	\$422,253.91	190,738.06	\$5,610.00	124.00	\$427,863.91

* Totals may include advance royalty payments

Royalty and Rental by Area Office

Unit Office/Area Office	Royalty Income	Rental Income
Bozeman	\$121,009.00	
Conrad	\$4,642.50	
Dillon	\$13,155.00	
Helena	\$41,841.04	
CLO Area Office Totals	\$180,647.54	
Miles City	\$10,435.00	
ELO Area Office Totals	\$10,435.00	
Glasgow	\$164,046.88	
Havre	\$13,380.00	
NELO Area Office Totals	\$177,426.88	
Libby	\$25,374.49	\$100.00
Plains	\$29,915.50	
Stillwater	\$180.00	
NWLO Area Office Totals	\$55,469.99	\$100.00
Clearwater	\$3,884.50	\$300.00
SWLO Area Office Totals	\$3,884.50	\$300.00
Grand Total	\$427,863.91	\$400.00

Royalty and Rental by Grant

Grant	Royalty Income	Rental Income
Common Schools	\$375,415.91	\$ 400.00
Montana State University	\$1,684.50	
Public Buildings	\$44,563.00	
School for Deaf & Blind	\$6,200.50	
Grand Total	\$427,863.91	\$400.00

COAL LEASES

Production: Coal production on State trust lands increased by 48.3% in FY22 to 9,863,123 tons mined compared to 6,652,768 tons mined in FY21. All coal reported was produced from six State leases in Big Horn, Musselshell and Rosebud Counties. The volume of coal mined can change significantly from year to year, as mining activity moves on to or off of state land within the

normal sequence of operations. Coal production figures represent the twelve production months during the fiscal year, regardless of the date it was received.

Revenues: In FY22, coal royalty revenues totaled \$27,738,260. Royalty revenue increased by 111.3% over FY21. Coal prices for State land production increased to \$23.10 per ton from \$18.08 per ton in FY21. Revenues reported are those received and processed only during the fiscal year. All coal revenues received in FY22 on State trust land leases benefit the common schools grant.

Royalty and Production by County - Coal

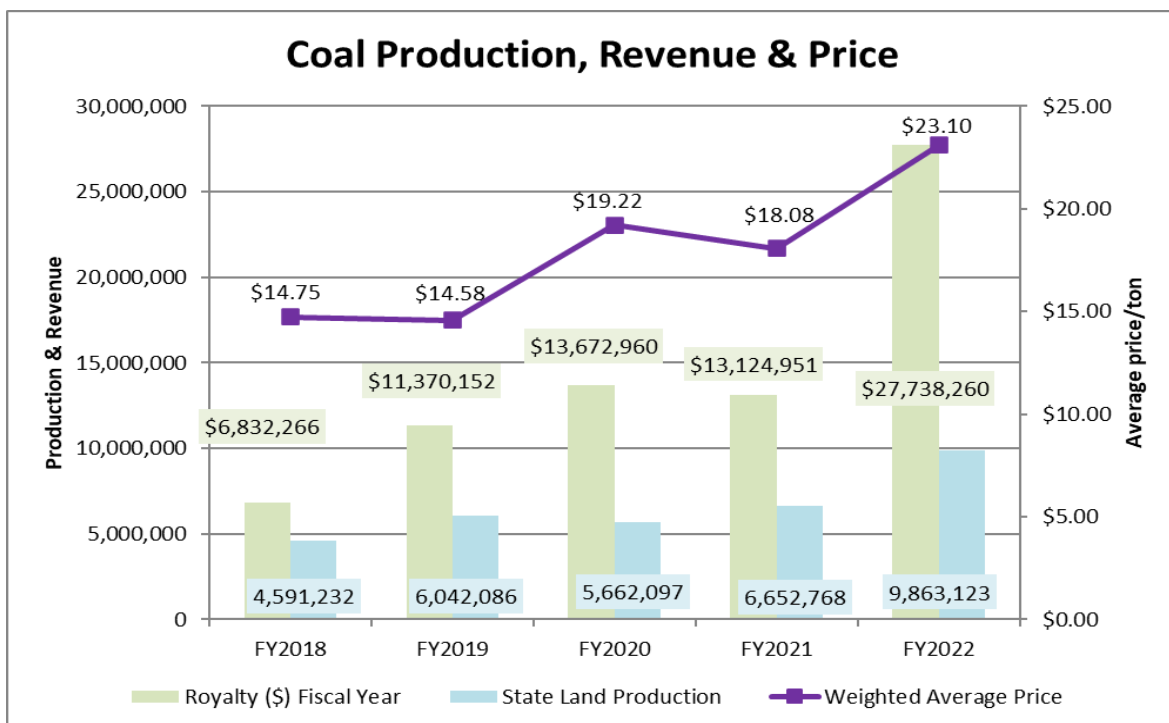
County	Royalties (\$)	Production (ton)
Big Horn	\$13,883,707.44	6,553,931
Musselshell	\$8,209,920.30	1,805,145
Rosebud	\$5,644,632.45	1,504,048
Total	\$27,738,260.19	9,863,123

Royalty and Rental by Area Office - Coal

Area Office	Royalty Income	Rental Income	Total
ELO	\$5,644,632.45		\$5,644,632.45
SLO	\$22,093,627.74	\$7,848.00	\$22,101,475.74
Total	\$27,738,260.19	\$7,848.00	\$27,746,108.19

Royalty and Rental Income by Grant - Coal

Grant	Royalty Income	Rental Income	Total
Common Schools	\$27,738,260.19	\$7,848.00	\$27,746,108.19
Total	\$27,738,260.19	\$7,848.00	\$27,746,108.19



LAND USE LICENSES

Land Use Licenses:

- Can apply to any type of mineral and are issued for mineral activities that are not included in other types of leases or permits.
- The length of license is determined by individual situation
- Examples of licensed activities include salt water disposal, access roads and pipelines to non-State wells, non-mechanized prospecting for minerals, groundwater monitoring wells, gravity surveys and infrastructure for coal bed methane fields.
- Under a Land Use License for non-mechanized prospecting, the user may explore but cannot remove or sell minerals.

Royalty and Rental Income by County - LUL

County	Royalty Income	Rental Income	Total
Beaverhead		\$2,440.00	\$2,440.00
Big Horn		\$4,240.00	\$4,240.00
Daniels	\$2,989.88		\$2,989.88
Fergus		\$1,920.00	\$1,920.00
Flathead		\$1,920.00	\$1,920.00
Musselshell		\$150.00	\$150.00
Richland		\$2,000.00	\$2,000.00
Roosevelt		\$8,500.00	\$8,500.00
Rosebud		\$900.00	\$900.00
Grand Total	\$2,989.88	\$22,070.00	\$25,059.88

Note: There is no production associated with Salt Water Disposal

Note: The negative rental income was due to a retroactive decrease of rentals on two leases

Royalty and Rental Income by Area Office - LUL

Area Office - Unit Office	Royalty Income	Rental Income	Total
CLO Dillon		\$2,440.00	\$2,440.00
ELO Miles City		\$3,050.00	\$3,050.00
NELO Glasgow	\$2,989.88	\$8,500.00	\$11,489.88
NELO Lewistown		\$1,920.00	\$1,920.00
NWLO Kalispell		\$1,920.00	\$1,920.00
SLO Billings		\$4,240.00	\$4,240.00
Grand Total	\$2,989.88	\$22,070.00	\$25,059.88

Royalty and Rental Income by Grant - LUL

Grant	Royalty Income	Rental Income	Total
Common Schools	\$2,989.88	\$13,090.00	\$16,079.88
Public Buildings		\$7,500.00	\$7,500.00
State Reform School		\$1,480.00	\$1,480.00
Total Trust Income	\$2,989.88	\$22,070.00	\$25,059.88

METALLIFEROUS MINERAL LEASES

Metalliferous Leases cover a variety of commercially marketed metallic minerals such as gold, silver, and copper, as well as gemstones including rubies, garnets and sapphires.

Royalty and Rental Income by County - Metalliferous Minerals

County	Royalty Income	*Rental Income	Total
Fergus (Gold)		\$277.08	\$277.08
Grand Total			\$277.08

Royalty and Rental Income by Area Office - Metalliferous Minerals

Area Office - Unit Office	Royalty Income	*Rental Income	Total
NELO Lewistown		\$277.08	\$277.08
Grand Total			\$277.08

Royalty and Rental Income by Grant - Metalliferous Minerals

Grant	Royalty Income	*Rental Income	Total
Common Schools		\$277.08	\$277.08
Total Trust Income			\$277.08

NON-METALLIFEROUS MINERAL LEASES

Non-metalliferous Leases cover a variety of commercially marketed non-metallic minerals such as limestone, bentonite, and peat moss.

Royalty and Rental Income by County - Non-Metalliferous Minerals

County	Royalty Income	*Rental Income	Total
Jefferson	\$2,880.00	\$5,070.00	\$7,950.00
Judith Basin		\$960.00	\$960.00
Grand Total	\$2,880.00	\$6,030.00	\$8,910.00

Royalty and Rental Income by Area Office - Non-Metalliferous Minerals

Area Office - Unit Office	Royalty Income	*Rental Income	Total
CLO Helena	\$2,880.00	\$5,070.00	\$7,950.00
NELO Lewistown		\$960.00	\$960.00
Grand Total	\$2,880.00	\$6,030.00	\$8,910.00

Royalty and Rental Income by Grant - Non-Metalliferous Minerals

Grant	Royalty Income	*Rental Income	Total
Common Schools	\$2,880.00	\$6,030.00	\$8,910.00
Total Trust Income	\$2,880.00	\$6,030.00	\$8,910.00

* Rental figures include in lieu of exploration payments