All-of-the-Above Energy Strategy Yields $1 Billion More than Last Year

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WASHINGTON – Secretary of the Interior Ken Salazar today announced that the Department of the Interior disbursed, or paid out, $12.15 billion in revenue generated from energy production on public lands and offshore areas in Fiscal Year 2012 – a $1 billion increase over the previous year, and in line with increased production taking place across the country. The revenues were distributed to state, federal, and tribal accounts, providing important funding and supporting critical reclamation, conservation and preservation projects.

“These revenues reflect significant domestic energy production under President Obama’s all-of-the-above energy strategy and provide a vital revenue stream for federal and state governments and American Indian communities, particularly as the economy continues to gain strength,” said Salazar. “These revenues support much-needed initiatives across the Nation that create American jobs and fund power and water development in the West, critical infrastructure improvements, funding for education and land and water conservation projects.”

The increase in disbursements is attributed primarily to bonus bids received for new oil, gas and coal lease sales and continuing improvements and reform efforts in the Department’s Office of Natural Resources Revenue.

As part of the Obama Administration’s all-of-the-above energy strategy, domestic oil and gas production has grown each year the President has been in office, with domestic oil production in 2011 higher than any time in nearly a decade and natural gas production at its highest level ever. Foreign oil imports now account for less than 50 percent of the oil consumed in America – the lowest level since 1995.

More than $2.1 billion of the energy revenue was disbursed to 36 states as their cumulative share of revenues collected from oil, gas and mineral production on federal lands within their borders and from U.S. offshore oil and gas tracts adjacent to their shores. Tribal governments received more than $700 million and $6.6 billion went directly to the U.S. Treasury to fund programs for the entire nation, making the Department’s mineral revenue disbursements one of the nation’s largest sources of non-tax revenue.

A complete list of states receiving revenues through Fiscal Year 2012 is available on Interior’s Office of Natural Resources Revenue’s website at: http://www.onrr.gov/about/pdfdocs/20121206.pdf

A total of $717.5 million was disbursed through Interior’s Bureau of Indian Affairs and the Office of Special Trustee for American Indians to 34 American Indian Tribes and about 30,000 individual Indian mineral owners. The FY 2012 disbursement to Native Americans is a significant increase over the $538 million disbursed to American Indian Tribes and individual Indian mineral owners during FY 2011. This

increase to Native Americans is attributed to increasing oil and gas production in North Dakota, particularly in the Bakken Formation.

The Department disburses 100 percent of the revenues received for energy and mineral production activities on Indian lands directly to the Tribes and individual Indian mineral owners. Tribes then distribute the revenues among all members or apply the revenues to health care, infrastructure, education and other critical community development programs, such as senior centers, public safety projects, and youth initiatives. Many individual Indian mineral owners use these revenues as a major source of primary income to support their families.

The disbursements also fund several special use accounts in the U.S. Treasury, including FY 2012 transfers of $897 million to the Land & Water Conservation Fund, $1.6 billion to the Reclamation Fund, and $150 million to the Historic Preservation Fund.

The Land and Water Conservation Fund, established by Congress in 1964, provides grants to state, federal and local governments to acquire land, water and easements for recreation use and to protect natural treasures. Receipts deposited in the Reclamation Fund are made available by Congress through annual appropriation acts for authorized water management and efficiency programs that directly benefit 17 Western States. The Historic Preservation Fund provides matching grants to help state and tribal historic preservation offices preserve cultural and other historic resources. Since its inception in 1970, the fund has provided more than $1 billion in assistance.

All federal energy revenues are collected and disbursed by Interior's Office of Natural Resources Revenue (ONRR), which is under the Assistant Secretary for Policy, Management and Budget. ONRR makes disbursements on a monthly basis from the royalties, rents and bonuses it collects from energy and mineral companies.

Created by Secretarial Order in October 2010, ONRR has moved aggressively to implement a variety of employee-driven improvements, including a Data Mining effort to detect company reporting errors in realtime. Through the end of FY 2012, the Data Mining effort collected $24 million in revenues sooner than if the errors had been detected years later through ONRR's audits or compliance efforts. As a result, these revenues are available now for disbursement, while at the same time freeing up resources to focus on more systemic problems through ONRR's audit, compliance and enforcement operations.

"ONRR employees work diligently to collect every dollar due from the production of energy on federal and American Indian lands," said Assistant Secretary for Policy, Management and Budget Rhea Suh, who noted that ONRR was named by The Denver Post as one of the top places to work in the Denver Metropolitan area in 2012. "The reforms we have undertaken over the last two years are paying off – quite literally – and I could not be more proud of the work that these public servants perform day in and day out on behalf of the American taxpayer."

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