



**U.S. Department of the Interior  
Minerals Management Service  
Office of Communications**

---

***NEWS RELEASE***

---

**FOR RELEASE:** May 4, 1999

**CONTACT:** [Anne-Berry Wade](#)  
(202) 208-3985

Michael L. Baugher  
(303) 231-3162

**MMS AND GSA ANNOUNCE ENERGY SUPPLY AGREEMENT**

The Department of the Interior's Minerals Management Service (MMS) and the General Services Administration (GSA) have announced an interagency agreement to use federal natural gas to meet energy needs of federal facilities. This initiative is part of [three royalty-in-kind pilot programs](#) that MMS is pursuing to test the effectiveness of taking royalties in kind as an alternative to the traditional cash basis for mineral royalties.

Under the agreement, the agencies will develop working arrangements to transfer MMS' royalty gas to GSA. The GSA will use the gas to meet energy needs in federal facilities that it supplies under energy management contracts. Both agencies will develop plans cooperatively with states whose revenues are affected by federal receipts from sales of the gas. Gas from federal properties onshore and offshore may be included in these arrangements.

The primary focus of the agreement is to determine both the cost-effectiveness of taking the federal government's royalty-in-kind and the concurrent utility cost savings to federal agencies.

"We are pleased to work cooperatively with experts from the GSA to save taxpayer dollars and supply energy for federal facilities," said MMS Acting Director Tom Kitsos. "The RIK pilots also provide a unique opportunity to ensure an appropriate return on the nation's mineral assets."

Virgil Ostrander, GSA's Director of Public Utilities said, "This agreement is an important part of GSA's comprehensive plan to conserve the nation's energy resources and reduce federal facility energy costs through effective management."

MMS is the federal agency that manages the Nation's natural gas, oil and other mineral resources on the Outer Continental Shelf; and collects, accounts for, and last year disbursed about \$6 billion in revenues from federal offshore mineral leases and from onshore mineral leases on federal and Indian lands.

**-MMS-**

MMS Internet website address: <http://www.boem.gov>  
24 hour Fax-on-Demand Service:(202) 219-1703