



**U.S. Department of the Interior
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NEWS RELEASE

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MMS To Help Fill Nation's Strategic Petroleum Reserve

On April 1, the Minerals Management Service will begin taking approximately 60,000 barrels per day of royalty in kind oil and delivering them to the Department of Energy to be used to fill the nation's strategic petroleum reserve. The oil will come from federal offshore properties in the Gulf of Mexico.

Last November, President George W. Bush ordered that the SPR be filled to its capacity, calling the reserve "an important element of our nation's energy security." The SPR is estimated to require an additional 108 million barrels to bring it to its 700 million-barrel capacity.

"The MMS and DOE are working in close partnership to accomplish the fill," said Acting MMS Director Lucy Querques Denett. In its role, MMS is taking its oil royalties in kind, rather than cash, from offshore federal lease operators and delivering it to onshore oil market centers where DOE takes custody of the oil. In turn, DOE is exchanging the RIK oil for oil of suitable quality delivered to three SPR sites located in Texas and Louisiana. Today, the U. S. Department of the Interior posted on its commercial web site, <http://www.temporarygomr.com>, a solicitation for industry bids to deliver the RIK oil from offshore lease locations to onshore market centers. DOE is publishing a companion solicitation for industry bids to exchange the RIK oil for oil of suitable quality delivered to one of three SPR sites.

Initial deliveries of RIK oil in April will be at a flow rate of 60,000 barrels per day. DOI and DOE are hoping to increase the flow rate later this year. Should this occur, both agencies will issue new solicitations for the additional volumes.

MMS is the federal agency in the U.S. Department of the Interior that manages the nation's oil, natural gas and other mineral resources on the outer continental shelf in federal offshore waters. The agency also collects, accounts for and disburses mineral revenues from federal and Indian leases. These revenues totaled nearly \$10 billion last year and more than \$120 billion since the agency was created in 1982. Annually, nearly \$1 billion from those revenues go into the Land and Water Conservation Fund for the acquisition and development of state and federal park and recreation lands.

--MMS-20 Years of Service to America--

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MMS Internet website address: <http://www.boem.gov>