

The NewsRoom

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RIK Crude Oil Sale Sparks Strong Bidding

DENVER – More than 13 million barrels of Royalty in Kind (RIK) crude oil and condensate from the Gulf of Mexico have been sold to eight companies in two sales conducted by the Department of the Interior's Minerals Management Service (MMS). The contracts are scheduled to begin April 1, 2006.

Eight companies submitted winning bids: Chevron Products Company; Shell Trading Company; ExxonMobil Oil Corp.; Plains Marketing; Sempra Energy Trading; Koch Supply and Trading LP; Nexen Marketing USA Inc.; and ConocoPhillips.

The sales involved crude oil royalties taken "in kind," in the form of oil rather than in cash payments, from offshore Federal leases in the Gulf of Mexico. MMS then sells the oil competitively in the open marketplace and returns the profits to the US Treasury. The Royalty in Kind program, in its second full operational year, improves government efficiencies, reduces regulatory costs and reporting requirements, and returns a fair value on the public's royalty assets.

While a total of 13,219,670 barrels were offered in this sale, bids on a very small portion of the oil were not accepted after it was determined that cash payments were a better return for taxpayers.

MMS, an agency of the U.S. Department of the Interior, manages offshore oil and gas exploration as well as renewable and alternative energy sources such as wind, wave, and solar on 1.76 billion acres of the Outer Continental Shelf while protecting the human, marine, and coastal environments. The OCS provides 30 percent of oil and 21 percent of natural gas produced domestically, and sand used for coastal restoration. MMS collects, accounts for, and disburses mineral revenues from Federal and American Indian lands, and contributes to the Land and Water Conservation Fund and other special use funds, with Fiscal Year 2005 disbursements of approximately \$9.9 billion and more than \$153 billion since 1982.

Relevant Web Site:
[BOEM Main Website](#)

Media Contact:
Patrick Etchart
(303) 231-3162

[MMS: Securing Ocean Energy & Economic Value for America](#)
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