

The NewsRoom

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RIK Sale Yields Four New Contracts

DENVER – More than 3.7 million barrels of Royalty in Kind (RIK) crude oil and condensate from Federal leases in the Gulf of Mexico have been sold to four companies as part of an RIK sale, the Department of the Interior's Minerals Management Service (MMS) announced today.

The sale was conducted as part of the MMS's Royalty in Kind Program, which allows MMS to take its royalties "in kind," in the form of product, instead of "in value" in the form of cash payments. The MMS then competitively sells the product in the open marketplace in an effort to ensure a fair return on the public's royalty assets, improve government efficiencies, reduce regulatory costs and reporting requirements and shorten the compliance cycle.

The nine-month contracts awarded as part of the May sale will provide for approximately 3,726,000 barrels of crude oil, or 13,800 barrels per day. Delivery is scheduled to begin July 1, 2007. The crude oil will convert to more than 152.7 million gallons of petroleum products, including gasoline, diesel fuel, heating oil, jet fuel, heavy fuel oil and other products.

Those companies submitting winning bids were Chevron Products Company, Shell Trading Company, ExxonMobil Oil Corp. and Marathon Petroleum Co.

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