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INVITATION FOR BIDS ISSUED FOR GAS MARKETING PILOT (#40084)

As part of a Royalty Gas Marketing Project, an Invitation for Bids (IFB) for the sale of royalty gas from federal leases in the Gulf of Mexico was issued October 21 by the U.S. Department of the Interior's Minerals Management Service (MMS), officials announced today.

"As a component of the National Performance Review, MMS is redesigning the gas royalty collection program to respond to a deregulated gas market and to reduce the cost and complexity of existing procedures," MMS Acting Director Cynthia Quarterman said. "Taking gas royalties as a percentage share of the production offers a promising means for MMS to attain these objectives.

"The IFB is an important step toward the January 1, 1995 implementation of the one-year pilot," Quarterman said. "Bids must be received by 2:00 PM EST on November 21, 1994, at which time they will be opened. One-year contracts will be competitively selected and awarded in early December."

The pilot is based on 91 leases volunteered by a mix of 19 major companies and independents -- Chevron, Oxy, Enron, Apache, Oryx, Zilkha, Amoco, Texaco, Mobil, Amerada Hess, Freeport-McMoran, Murphy, Pennzoil, Devon, Walter, Unocal, Whiting, Brooklyn Union, and Smith. "Thanks to the participation of these companies, we are able to explore a completely new and innovative way of royalty collection," Quarterman said. "Together, we can truly reinvent government -- where everyone will benefit as we make progress toward a program that costs less and reduces red tape."

The royalty share of production from these leases -- about 170,500 MMBtu's per day -- will be taken by the MMS at or near the lease and immediately sold to competitively selected gas marketing companies.

The pilot will be tracked throughout the year, and a formal evaluation will begin January 1, 1996. The volunteer company have agreed to share information and participate in the evaluation. Results of the evaluation will determine the impact on administrative and audit efforts, and whether -- and to what extent -- MMS will continue or expand the pilot.

Bids should be sent to: U.S. Department of the Interior, Minerals Management Service, Procurement Operations Branch, 381 Elden Street, MS 2500, Herndon, VA, 22070-4817, Attention: James E. MacKay, Contracting Officer. For more information, contact MacKay at (703) 787-1351.

MMS is the federal agency that manages and regulates the nation's natural gas, oil and other mineral resources on the Outer Continental Shelf, and collects and disburses revenues from offshore federal mineral leases and from onshore mineral leases on federal and Indian lands.

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Subject: PR-11/02/94 Gas Marketing Pilot/Invitation for Bids Issued For Gas Marketing Pilot (#40084)