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MMS ANNOUNCES WINNING BIDS FOR ROYALTY GAS MARKETING PILOT

The U.S. Department of the Interior's Minerals Management Service (MMS) today announced winning bids from MMS's Invitation for Bids (IFB) to buy the federal government's royalty share of natural gas from company-volunteered leases in the Gulf of Mexico. MMS opened bids on November 21, 1994, in Herndon, VA.

"We're extremely pleased with the number of bidders and the quality of the bids," said MMS Acting Director Cynthia Quarterman. "Because participation in this pilot project is voluntary, industry's willingness to test new approaches to royalty collections is most gratifying."

The IFB solicited bids on 75 leases, containing an estimated 170,800 MMBtu's of royalty gas per day. The following companies submitted the winning bids from among the 24 bids submitted by 23 companies:

Company
Amerada Hess Corporation
Anadarko Trading Company
Chevron USA, Inc.
CNG Energy Services Corporation
Coastal Gas Marketing Company
Conoco, Inc.
Enron Gas Marketing, Inc.
Mobil Natural Gas, Inc.
Natural Gas Clearinghouse
Oryx Gas Marketing Limited
Texaco Gas Marketing, Inc.
Vastar Resources, Inc.

The intent of the royalty gas marketing pilot is to see whether taking federal gas royalties in kind, rather than receiving cash payments, will improve the process of royalty collection for both MMS and the gas industry.

"By simplifying procedures, we expect to eliminate a lot of paperwork associated with gas valuation," said Quarterman. "As a result, MMS shouldn't have to expend as much effort for audits, and that will lower costs."

"This pilot has evolved out of discussions with our customers and typifies 'doing more with less.' It is a true example of reinventing government -- MMS trying new business practices and procedures to work better and smarter," she said.

The pilot will run for one year beginning January 1, 1995. In conjunction with industry producers and marketers, MMS will evaluate the potential cost savings and benefits of the project to decide whether it will be continued. MMS also will analyze revenues received to ensure fair market value.

For more information about the pilot call Jim Mackay at (703) 787-1354 or Jim McNamee at (303) 275-7126.

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