

**U.S. Department of the Interior
Minerals Management Service
Office of Communications**

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NEWS RELEASE

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MMS Solicits Applications For Prequalification of Potential Royalty Gas Purchasers

The Department of the Interior's Minerals Management Service (MMS) is soliciting applications from qualified energy companies and organizations to be placed on a list of potential purchasers of the royalty portion of natural gas produced from near shore leases off the coast of Texas.

The royalty gas will be sold by MMS as part of its royalty in kind (RIK) pilot programs designed to test the feasibility of the RIK concept. This particular aspect of the RIK pilot project is a joint initiative between MMS and the State of Texas General Land Office (GLO) in which natural gas from Outer Continental Shelf properties known as 8(g) leases will be sold to Federal end user customers and also to the public through competitive bidding.

This solicitation is the first step in the process to sell royalty gas in the MMS/GLO RIK pilot to the public by competitive bidding. Energy companies or organizations that respond to this request and are deemed qualified by MMS to purchase royalty gas will be notified and asked to competitively bid for the purchase of specific volumes of royalty gas when they become available. Future notification of sales of individual gas packages will occur during the bid week immediately preceding the month of initial sales. The contract period may be one month, six months, one year, or two years, as specified in each notification of sale. Potential purchasers will submit bids via methods and to points of contact specified in each notification of sale. Delivery points for the gas will typically be located at major pipeline interconnects, hubs, or gas plants onshore in Texas.

The application process to be prequalified for potential purchase of royalty gas in this RIK pilot program will be ongoing, with no deadline for application. However, the first public sale of royalty gas in this RIK project is anticipated to occur in late May for initial delivery on June 1, 1999. Potential purchasers interested in this first sale should submit their application no later than May 7, 1999.

Specific instructions on how to respond to this solicitation are on the MMS website at www.mms.gov under the What's New category. Additional questions should be referred to Greg Smith, Policy and Management Improvement, MMS, Denver, CO, (303) 275-7102.

MMS is the federal agency that manages the Nation's natural gas, oil and other mineral resources on the Outer Continental Shelf; and collects, accounts for, and last year disbursed about \$6 billion in revenues from federal offshore mineral leases and from onshore mineral leases on federal and Indian lands.

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