

The NewsRoom

Release: #3244

Date: February 23, 2005

MMS, Louisiana team up for joint RIK crude oil sale

A crude oil sale conducted by the U.S. Department of the Interior's Minerals Management Service, in partnership with the State of Louisiana Department of Natural Resources, resulted in the award this month of approximately 14,670 barrels per day of Royalty-in-Kind crude oil to several major companies.

The commercial sale included Royalty-in-Kind oil from producing leases located within the Federal 8(g) zone offshore Louisiana as well as RIK oil produced from Federal leases. The Federal 8(g) zone offshore Louisiana is the three-mile wide zone that lies adjacent to the state's seaward boundary.

MMS awarded contracts for the Federal 8(g) crude oil and the Federal non-8(g) volume to ChevronTexaco Products Company, ExxonMobil Oil Corporation, Shell Trading, and Plains Marketing. Physical deliveries are scheduled to begin April 1, 2005, and will continue for six months.

The February sale is the fourth RIK oil sale conducted by MMS in partnership with the State of Louisiana following a March 2003 Memorandum of Understanding. That MOU solidified a Federal-State relationship that provides the State of Louisiana with a more active role in managing its oil resources while protecting State and taxpayer interests.

While the MMS has historically collected royalties "in value," in the form of cash, it has in recent years been collecting its royalties "in kind," in the form of product, to more efficiently manage the nation's royalty assets. Among the objectives of the effort are maximization of taxpayer assets, reduction of regulatory costs and reporting requirements, and improvement of overall business efficiencies.

MMS, part of the U.S. Department of the Interior, oversees 1.76 billion acres of the Outer Continental Shelf, managing offshore energy and minerals while protecting the human, marine, and coastal environments through advanced science and technology research. The OCS provides 30 percent of oil and 23 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, with Fiscal Year 2004 disbursements of approximately \$8 billion and more than \$143 billion since 1982. The Land and Water Conservation Fund, which pays for acquisition of state and federal park and recreation land, gets nearly \$1 billion a year.

Relevant Web Sites:

[MMS Main Website](#)

Media Contacts:

Patrick Etchart

(303)231-3162

[MMS: Securing Ocean Energy & Economic Value for America](#)
U.S. Department of the Interior