

The NewsRoom

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Two Companies Win Wyoming RIK Gas Contracts

DENVER – The first sale of Royalty in Kind (RIK) gas from federal leases in the state of Wyoming produced strong bids and the award of contracts to two companies, the Department of the Interior's Minerals Management Service (MMS) announced today.

The sale of 10.95 billion cubic feet of federal RIK gas produced in Wyoming occurred as part of a pilot program initiated by the MMS. Winning bidders were Odyssey Energy Services LLC, headquartered in Tulsa, Okla., and Tanaska Marketing Ventures, headquartered in Omaha, Neb. The sale was concluded Feb. 15 and calls for delivery of the gas to begin April 1, 2006. The deliveries will take place over a period of 12 months.

This sale represents the first in a pilot program offering federal RIK gas produced in Wyoming to the competitive market place. Additional sales are planned in the future.

Historically, the Minerals Management Service has taken its royalties as cash payments. In recent years, it has expanded the Royalty in Kind program to take royalties in the form of product, or in-kind, and then sell that product in the competitive market. The program has improved government efficiencies, reduced regulatory costs and reporting requirements, and increased receipts for all Americans.

MMS will continue to take royalties in the form of cash payments, Royalty in Value (RIV) or through the delivery of the oil and gas royalty share (RIK), based on the economics of the particular situation. MMS employs both RIK and RIV to ensure that all Americans receive fair value from their energy royalty interests.

The benefits of this dual asset management approach were illustrated recently when MMS offered approximately 450,000 barrels of RIK oil in Wyoming, but declined to award any contracts. It was determined a better return for taxpayers could be achieved by taking royalties in value, or as cash payments.

MMS, an agency of the U.S. Department of the Interior, manages offshore oil and gas exploration as well as renewable and alternative energy sources such as wind, wave, and solar on 1.76 billion acres of the Outer Continental Shelf while protecting the human, marine, and coastal environments. The OCS provides 30 percent of oil and 21 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, and contributes to the Land and Water Conservation Fund and other special use funds, with Fiscal Year 2005 disbursements of approximately \$9.9 billion and more than \$153 billion since 1982.

Relevant Web Site:
[MMS Main Website](#)

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