

The NewsRoom

Release: #3564

Date: November 27, 2006

Six Companies Win RIK Crude Oil Contracts

DENVER – More than 12.7 million barrels of Royalty in Kind (RIK) crude oil and condensate from Federal leases in the Gulf of Mexico have been successfully sold to six companies as part of an RIK sale, the Department of the Interior's Minerals Management Service (MMS) announced today. The Royalty in Kind Program allows MMS to take its royalties "in kind," in the form of product, and competitively sell that product in the open marketplace. The program continues to improve government efficiencies, reduce regulatory costs and reporting requirements, shorten the compliance cycle, and return a fair value on the public's royalty assets.

The contracts awarded approximately 12,710,700 barrels of crude, or 53,615 barrels per day, and provide for delivery to begin Jan. 1, 2007. The approximately 12.7 million barrels of crude oil will convert to more than 521 million gallons of petroleum products, including gasoline, diesel fuel, heating oil, jet fuel, heavy fuel oil, Liquefied Petroleum Gas (LPG), and other products.

"A record number of 14 companies submitted aggressive bids on the 34 packages offered," said Johnnie Burton, Director of the MMS, comparing this sale to the nine companies that offered bids during an unrestricted RIK sale concluded in August. "These RIK sales continue to generate very high interest," she added.

Those companies that submitted winning bids include Chevron Products Company, ConocoPhillips Company, Exxon Mobil Oil Corp., Plains Marketing, Sempra, and Shell Trading Company. The majority of contracts were for six-month terms, with one contract awarded for 12 months.

The oil sold in the unrestricted sale involves an aggregation of crude oil royalties taken "in kind," in the form of oil, rather than in value or cash payments, from offshore Federal leases in the Gulf of Mexico. Begun as a pilot program 10 years ago, the Royalty in Kind program has become a fully operational program that demonstrates government can, indeed, perform more like a private business and increase receipts to the American public.

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

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