

The NewsRoom

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RIK Sale's Gross Expected to Top \$362 Million

More Than 4.2 Million Barrels of Royalty Oil Sold

DENVER – More than 4.2 million barrels of Royalty in Kind (RIK) crude oil and condensate from Federal leases in the Gulf of Mexico and Pacific Ocean have been sold to six companies as part of an RIK sale, the Department of the Interior's Minerals Management Service (MMS) announced today. The sale is expected to gross a total of more than \$362 million.

The contracts awarded as part of the January sale will provide for approximately 4,264,500 barrels of crude oil, or 29,050 barrels per day over terms of the contracts. Delivery is scheduled to begin April 1, 2008, and end June 30, 2008, with the exception of one package from the Pacific Ocean that was awarded for one year.

The crude oil will convert to more than 174 million gallons of petroleum products, including gasoline, diesel fuel, heating oil, jet fuel, heavy fuel oil, and other products. Crude oil of this quality on the open market currently has an \$85 per barrel price; based on that price the total sales would amount to approximately \$362.5 million.

The sale was conducted as part of the MMS's Royalty in Kind Program, which allows MMS to take its royalties "in kind," in the form of product, instead of "in value," in the form of a cash payment. The MMS then competitively sells the product in the open marketplace to ensure a fair return on the public's royalty assets, improve government efficiencies, reduce regulatory costs and reporting requirements, and shorten the compliance cycle.

Those companies submitting winning bids include Chevron Products Company, ConocoPhillips, ExxonMobil Oil Corp., Sempra Trading, Shell Trading U.S. Company, and Plains Marketing, LP.

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U.S. Department of the Interior