

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

NEWS RELEASE

FOR May 2, 1997
RELEASE:

CONTACT: [A.B. Wade](#)
(202) 208-3985
Michael L. Baugher
(303) 231-3162

MMS SCHEDULES RIK GAS PUBLIC MEETING

The U.S. Department of the Interior's Minerals Management Service has scheduled a public meeting to discuss federal royalty-in-kind (RIK) gas programs onshore.

The meeting, announced in the April 28 edition of the Federal Register, is scheduled to be conducted at the Farmington, New Mexico, Holiday Inn; 600 E. Broadway, on May 14, from 9:30 a.m. to 4:30 p.m. The San Juan Basin, around Farmington, is the nation's largest area of onshore natural gas production.

The Minerals Management Service previously held public meetings in Houston and New Orleans on natural gas and oil and, in March and April of this year, in Casper, Wyoming on oil only.

As part of its 1995 Royalty Gas Marketing Pilot in the Gulf of Mexico, MMS sold royalty gas to competitively selected gas marketers. In conducting the pilot, MMS hoped to streamline royalty collections and test a process which could result in both increased efficiency and greater certainty in valuation.

MMS Director Cynthia Quarterman noted that: "Comments from the public meetings indicate that RIK programs offer opportunities to reduce legal disputes between lessees and MMS and to lower administrative costs to both parties. Our challenge will be to determine whether RIK programs also offer positive--or at least neutral--revenue impacts for the U.S. Treasury compared to in value royalties."

MMS is considering a variety of RIK scenarios that would build upon lessons learned from the 1995 Royalty Gas Marketing Pilot and address specific operational and revenue issues. The proposed RIK options are intended to: simplify the royalty collection process; decrease administrative costs; realize fair market value for the products; provide certainty in royalty valuation; decrease administrative burdens and minimize litigation.

For additional information and to submit written comments, contact Greg Smith, Minerals Management Service, P.O. Box 25165, Mail Stop 9130, Denver, CO, 80401. He may also be reached by phone, (303) 275-7102; fax (303) 275-7124; and E-mail at Greg_Smith@mms.gov.

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 disburses about \$4 billion in revenues each year from federal offshore mineral leases and from onshore mineral leases on federal and Indian lands.

-MMS-