



**U.S. Department of the Interior  
Minerals Management Service  
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***NEWS RELEASE***

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**MMS TO HOLD MEETING IN HOUSTON ON RIK PILOT PROJECT IN GULF OF MEXICO**

The Department of the Interior's Minerals Management Service (MMS) will hold a public meeting in Houston, Texas, on July 20, 1999, concerning a natural gas royalty-in-kind (RIK) pilot project in the Gulf of Mexico (GOM). The meeting will be from 10:00 a.m. until 3:00 p.m., CST at the MMS Houston Compliance Division Office, Rm. 104, 4141 N. Sam Houston Parkway East. It is open to the public without advance reservation. Lessees, operators and payors, and potential purchasers are encouraged to attend. Today's *Federal Register* has additional information about the meeting and associated issues.

The purpose of the meeting is to discuss the operational issues involved in implementing royalty in-kind sales of natural gas produced from Federal leases in the Gulf of Mexico. Additional topics for discussion include:

- Framework and phases of the Pilot
- Intent of the Pilot
- Responsibilities of the Federal Government or its purchasers or agents
- Responsibilities of the Operators
- Delivery for Federal RIK gas volumes and transportation arrangements
- Sales of RIK natural gas production

The GOM natural gas pilot project is the last of three RIK pilots being implemented by MMS. The agency has been conducting an offshore natural gas RIK pilot in the "8(g)" waters off Texas, and an onshore pilot for crude oil from Federal leases in Wyoming. The objectives of each pilot project are to test the effectiveness of the RIK concept for collecting Federal oil and gas royalties.

The GOM pilot, scheduled to begin in the Fall, will last three years and involve the largest production volume of the three pilots, as many as 800 million cubic feet of gas per day. It will potentially involve large numbers of leases, operators, payors, lessees, and potential purchasers.

The MMS manages the Nation's oil, natural gas, and other mineral resources on the OCS; and collects, accounts for, and last year disbursed more than \$6 billion in revenues from offshore Federal mineral leases and from onshore mineral leases on Federal and Indian lands.

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