

The NewsRoom

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Competition strong for RIK gas sale

DENVER-Approximately 485,000 MMBtu of Royalty-in-Kind gas produced from federal leases in the Gulf of Mexico was sold to 13 companies during a spring gas sale conducted by the Department of the Interior's Minerals Management Service.

The sale was concluded March 10 and provides for a total of 485,400 million British Thermal Units of RIK gas per day to be delivered to 13 offshore pipeline systems originating in the Gulf of Mexico, and destined for consumer and industry use in the continental United States. The sales are for seven or 12-month terms with delivery beginning April 1, 2005.

"The sale was extremely competitive," said Minerals Management Service Director Johnnie Burton, noting that 126 bids were entered for the 16 individual gas sale packages. "Taking this royalty gas in-kind," Burton added, "ensures that the federal government and taxpayers receive a fair market value for this critical energy resource."

Combined with packages sold in an earlier sale last year, MMS will be delivering approximately 625,000 MMBtu of federal royalty gas every day starting April 1, 2005.

Companies awarded sales packages represent large integrated producers, marketing companies, affiliates of local distribution companies/utilities, and an industrial end user.

MMS, part of the U.S. Department of the Interior, oversees 1.76 billion acres of the Outer Continental Shelf, managing offshore energy and minerals while protecting the human, marine, and coastal environments through advanced science and technology research. The OCS provides 30 percent of oil and 23 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, with Fiscal Year 2004 disbursements of approximately \$8 billion and more than \$143 billion since 1982. The Land and Water Conservation Fund, which pays for cooperative conservation, grants to states, and federal land acquisition, gets nearly \$1 billion a year.

Relevant Web Sites:

[MMS Main Website](#)

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