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DOI'S MMS CONDUCTS ROYALTY-IN-KIND CRUDE OIL SALE (#40048)

The Department of the Interior offered more than 119 million barrels of federal offshore crude oil to refiners at a Royalty-In-Kind sale in Denver, Colorado, last week.

Through its Minerals Management Service's Royalty Management Program, Interior offered to sell 108,812 barrels of Royalty-In-Kind crude oil, per day, for three years beginning November 1, 1994. Of the 19 participating companies, 14 were successful.

"The preservation of small businesses and the jobs they create is one of this administration's primary goals," said MMS Director Tom Fry. "Selling Royalty-In-Kind oil is one effective tool we're using to accomplish that objective."

Eleven companies are scheduled to receive 82,935 barrels of crude produced from Gulf of Mexico federal offshore leases (worth an estimated \$1.1 million at today's prices) each day.

Three companies will get a total of 25,877 barrels per day (worth more than \$250,000 a day at current prices) for the next three years from Pacific federal offshore leases.

Royalty-In-Kind oil is oil accepted by the Department of the Interior's Minerals Management Service in lieu of cash royalties from companies producing oil from leases located on federal onshore and offshore lands. Recipient refiners pay for the oil at a fair-market price, providing the federal government with no less than it would have received had it accepted cash royalty payments. Additionally, recipient refiners pay costs of operating the program through administrative fees.

The Department of the Interior conducted similar sales in 1983 and 1987, to assure that small, independent refiners had an adequate supply of equitably-priced crude oil. When a need is determined, the MMS conducts a sale of RIK oil to eligible refiners.

Last year MMS collected and simultaneously sold, more than \$66 million worth of oil through its RIK program.

Another RIK oil sale is projected to offer onshore crude oil from the North-Central Area (Colorado, Montana, North Dakota, Utah and Wyoming) next year.

MMS is the agency which manages and regulates the nation's natural gas, oil and other mineral resources on the Outer Continental Shelf, and which collects and disburses royalties from onshore mineral leases on Federal and Indian lands.

Companies scheduled to purchase federal offshore RIK oil beginning November 1 are:

Offshore Gulf of Mexico

Age Refining, Inc., San Antonio, TX
Barrett Refining Corporation, Shawnee, OK
Calcasieu Refining Company, Houston, TX
Canal Refining Company, Tulsa, OK
Gary-Williams Energy Corporation, Denver, CO
Giant Industries Arizona, Inc., Scottsdale, AZ
Gold Line Refining, Ltd., Houston, TX
LL&E Petroleum Marketing, Inc., New Orleans, LA
Longview Refining Associates, Inc., Longview, TX
Placid Refining Company, Port Allen, LA
St. Marks Refinery, Inc., St. Marks, FL

Offshore Pacific

Book Cliffs Energy Corporation, Green River, UT
Hydrocarbon Processing, Inc., Houston, TX
U.S. Oil and Refining Company, Los Angeles, CA

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