

The NewsRoom

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MMS, Louisiana complete joint RIK crude sale

Several major companies were awarded contracts for approximately 14,300 barrels per day of Royalty in Kind (RIK) crude oil in an August sale conducted by the U.S. Department of the Interior's Minerals Management Service (MMS) and the State of Louisiana.

The joint sale included RIK oil from producing leases located within the Federal 8(g) zone offshore Louisiana as well as RIK oil produced from Federal leases. The Federal 8(g) zone offshore Louisiana is the three-mile wide zone that lies adjacent to the state's seaward boundary.

The offering attracted offers from five parties. ChevronTexaco, Shell Trading, ExxonMobil and ConocoPhillips were awarded contracts for the Federal 8(g) crude oil and the Federal non-8(g) volume. Physical deliveries are scheduled to begin Oct. 1, 2004, and continue for six months.

The August sale is the third RIK oil sale conducted jointly by the State of Louisiana and the MMS since March 2003, when the two parties signed a Memorandum of Understanding (MOU). That MOU solidified a Federal-State partnership that provides the State of Louisiana with a more active role in managing its oil resources while protecting State and taxpayer interests.

While the MMS has historically collected royalties "in value," in the form of cash, it has in recent years been collecting its royalties "in kind," in the form of product, to more efficiently manage the nation's royalty assets. Among the objectives of the effort are maximization of taxpayer assets, reduction of regulatory costs and reporting requirements, and improvement of overall business efficiencies.

The Minerals Management Service is the federal bureau in the U.S. Department of the Interior that manages the nation's oil, natural gas and other mineral resources on the Outer Continental Shelf in federal offshore waters. The bureau also collects, accounts for, and disburses mineral revenues from Federal and American Indian lands. MMS disbursed more than \$8 billion in 2003 and more than \$135 billion since it was created in 1982. Nearly \$1 billion from those revenues go into the Land and Water Conservation Fund annually for the acquisition and development of state and federal park and recreation lands.

Relevant Web Sites

[MMS Main Website](#)

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[MMS: Securing Ocean Energy & Economic Value for America](#)
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