



NEWS RELEASE

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RIK sale yields 8.4 million barrels of crude *Strong Bidding Leads to Eight Contracts*

DENVER – The Department of the Interior’s Minerals Management Service announced today that it had sold a total of 8.4 million barrels of Gulf of Mexico crude oil to be delivered over a six-month term as part of a Royalty in Kind (RIK) sale conducted this month.

The sale, offering a total of 8,401,440 barrels of crude oil (or approximately 45,660 barrels per day), provides for delivery of the RIK crude to begin July 1, 2006, from 38 separate measuring locations in the Gulf.

Winning bidders included Shell Trading Company, Chevron Products Company, ExxonMobil Oil Corporation, Plains Marketing, Nexen Marketing U.S.A. Inc., National Cooperative Refinery Association, CIMA Energy and ConocoPhillips. A total of nine companies submitted bids on the packages, with a majority of the oil sold to refinery operations.

The oil sold in this unrestricted sale involves an aggregation of crude oil royalties taken “in kind,” in the form of oil, rather than in value or cash payments, from offshore Federal leases in the Gulf of Mexico. The oil is then competitively sold in the open marketplace.

The RIK program, in its second year as a fully operational program following six years of pilot testing, aims to improve government efficiencies, reduce regulatory costs and reporting requirements, and ensure that taxpayers receive a fair return on their royalty assets.

Gregory Smith, program director of the Royalty in Kind program, said MMS will continue to use RIK sales in the future, in tandem with royalty in value cash payments when economics indicate that is the best approach, to ensure a fair return on taxpayer assets.

-- MMS --

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