



NEWS RELEASE

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RIK crude oil sale nets new contracts

Deliveries to begin in October

DENVER – More than 8.5 million barrels of Royalty in Kind (RIK) crude oil from the Gulf of Mexico and Pacific Ocean have been sold to seven companies as part of an unrestricted sale conducted by the Department of the Interior’s Minerals Management Service (MMS).

The contracts announced today, for a total of approximately 8,577,500 barrels of crude, or 47,000 barrels per day, are for six-month terms with delivery scheduled to begin Oct. 1, 2006. The 8.5 million barrels of crude oil will convert to more than 350 million gallons of petroleum products, including gasoline, diesel fuel, heating oil, jet fuel, heavy fuel oil, Liquefied Petroleum Gas (LPG), and other products.

Those companies that submitted winning bids include Chevron Products Company, Shell Trading Company, ExxonMobil Oil Corp., Plains Marketing, Marathon Petroleum Company, Citadel Energy Products, and ConocoPhillips Company.

The oil sold in the 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 and the Pacific Ocean off the coast of California. The oil is then sold competitively in the open marketplace. The Royalty in Kind program aims to improve government efficiencies, reduce regulatory costs and reporting requirements, shorten the compliance cycle, and return a fair value on the public’s royalty assets.

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