



# United States Department of the Interior



MINERALS MANAGEMENT SERVICE  
Minerals Revenue Management  
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Denver, Colorado 80225-0165  
[www.mrm.mms.gov](http://www.mrm.mms.gov)

MMS/MRM/RIK  
Mail Stop 330B2

NOV 15 2006

Dear Operator or Lessee:

In our "Dear Operator Letter" dated August 15, 2006, the Minerals Management Service (MMS) notified you of specific offshore Federal leases in the Gulf of Mexico (GOM) and the Pacific Outer Continental Shelf. that were selected to participate in a crude oil Royalty in-Kind (RIK) program. In accordance with the terms of that letter, we are notifying you of the termination of crude oil in-kind status of certain offshore Federal leases in the GOM.

The in-kind status of the leases listed in the enclosure terminates for crude oil on December 31, 2006, and the oil royalties will be payable in-value rather than in-kind, **effective** January 1, 2007. It is the operator's duty to notify the appropriate lessees of the changes in royalty status for these leases.

You must continue to report crude oil production to MMS on the Oil and Gas Operations Report (OGOR). Effective January 1, 2007, you must report crude oil royalties in-value on the Report of Sales and Royalty Remittance (Form MMS-2014) under the MMS reporting requirements specified in MMS regulations and the MMS Mineral Revenue Reporter Handbook at [http://www.mrm.mms.gov/Reporting\\_Services/PDFDocs/RevenueHandbook.pdf](http://www.mrm.mms.gov/Reporting_Services/PDFDocs/RevenueHandbook.pdf). Please visit our website at [www.mrm.mms.gov](http://www.mrm.mms.gov) for information regarding properties participating in RIK sales.

If you have any questions please call Crystel Edler at 303-231-3126 or Richard Fantel at 303-231-3502.

Sincerely,

James D. Steward  
Manager, Crude Oil Marketing  
Royalty In-Kind

Enclosure

TAKE PRIDE  
IN AMERICA 

## Royalty in Kind Program

Properties Reverting to Royalty In Value Effective January 1, 2007

MMS Facility Measurement Point Number	RIK Project	Oil Type	Operator Custody Transfer Point (CTP)	Volume Metered at (FMP Location)	MMS Agreement Number	MMS Lease Number	Area	BIK	Common Industry Name	Royalty Rate	Lease Operator	Lessee	Contract End Date
20608072601	Unrestricted Jul. 1, 2006 - Dec. 31, 2006	LLS	GB 128 A	GB 128 A		0540092160	GB	215	Conger	16.6667%	Amerada Hess Corp.	Amerada Hess Corp.	12/31/2006
20608072601	Unrestricted Jul. 1, 2006 - Dec. 31, 2006	LLS	GB 128 A	GB 128 A		0540092160	GB	215	Conger	16.6667%	Amerada Hess Corp.	Shell Offshore Inc.	12/31/2006
20608072601	Unrestricted Jul. 1, 2006 - Dec. 31, 2006	LLS	GB 128 A	GB 128 A		0540092160	GB	215	Conger	16.6667%	Amerada Hess Corp.	Kerr-McGee Oil & Gas Corp.	12/31/2006
20608072601	Unrestricted Jul. 1, 2006 - Dec. 31, 2006	LLS	GB 128 A	GB 128 A	754395001A	0540114500	GB	083	Elmer	16.6667%	Shell Offshore Inc.	Amerada Hess Corp.	12/31/2006
20608072601	Unrestricted Jul. 1, 2006 - Dec. 31, 2006	LLS	GB 128 A	GB 128 A	754395001A	0540114500	GB	083	Elmer	16.6667%	Shell Offshore Inc.	Shell Offshore Inc.	12/31/2006
20608072601	Unrestricted Jul. 1, 2006 - Dec. 31, 2006	LLS	GB 128 A	GB 128 A	754395001A	0540114510	GB	084	Elmer	16.6667%	Shell Offshore Inc.	Amerada Hess Corp.	12/31/2006
20608072601	Unrestricted Jul. 1, 2006 - Dec. 31, 2006	LLS	GB 128 A	GB 128 A	754395001A	0540114510	GB	084	Elmer	16.6667%	Shell Offshore Inc.	Shell Offshore Inc.	12/31/2006
20608072601	Unrestricted Jul. 1, 2006 - Dec. 31, 2006	LLS	GB 128 A	GB 128 A	754395002A	0540114540	GB	127	Enchilada	16.6667%	Shell Offshore Inc.	Amerada Hess Corp.	12/31/2006
20608072601	Unrestricted Jul. 1, 2006 - Dec. 31, 2006	LLS	GB 128 A	GB 128 A	754395002A	0540114540	GB	127	Enchilada	16.6667%	Shell Offshore Inc.	Shell Offshore Inc.	12/31/2006
20608072601	Unrestricted Jul. 1, 2006 - Dec. 31, 2006	LLS	GB 128 A	GB 128 A	754395002A	0540114540	GB	127	Enchilada	16.6667%	Shell Offshore Inc.	Merit Energy Company	12/31/2006
20608072601	Unrestricted Jul. 1, 2006 - Dec. 31, 2006	LLS	GB 128 A	GB 128 A	754395002A	0540114550	GB	128	Enchilada	16.6667%	Shell Offshore Inc.	Shell Offshore Inc.	12/31/2006
20608072601	Unrestricted Jul. 1, 2006 - Dec. 31, 2006	LLS	GB 128 A	GB 128 A	754395002A	0540114550	GB	128	Enchilada	16.6667%	Shell Offshore Inc.	Amerada Hess Corp.	12/31/2006
20608072601	Unrestricted Jul. 1, 2006 - Dec. 31, 2006	LLS	GB 128 A	GB 128 A	754395002A	0540114550	GB	128	Enchilada	16.6667%	Shell Offshore Inc.	Merit Energy Company	12/31/2006
20608072601	Unrestricted Jul. 1, 2006 - Dec. 31, 2006	LLS	GB 128 A	GB 128 A		0540142210	GB	172	Salsa	16.6667%	Shell Offshore Inc.	Amerada Hess Corp.	12/31/2006
20608072601	Unrestricted Jul. 1, 2006 - Dec. 31, 2006	LLS	GB 128 A	GB 128 A		0540142210	GB	172	Salsa	16.6667%	Shell Offshore Inc.	Shell Offshore Inc.	12/31/2006
20608072601	Unrestricted Jul. 1, 2006 - Dec. 31, 2006	LLS	GB 128 A	GB 128 A		0540155400	GC	089	Cinnamon	16.6667%	Apache Corp.	Apache Corp.	12/31/2006
20608072601	Unrestricted Jul. 1, 2006 - Dec. 31, 2006	LLS	GB 128 A	GB 128 A		0540155400	GC	089	Cinnamon	16.6667%	Apache Corp.	W & T Offshore	12/31/2006