



## United States Department of the Interior

MINERALS MANAGEMENT SERVICE  
Minerals Revenue Management  
P.O. Box 25165  
Denver, Colorado 80225-0165  
[www.mrm.mms.gov](http://www.mrm.mms.gov)



AUG 14 2007

MMS/MRM/RIK  
Mail Stop 330B2

Dear Operator:

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), 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 September 30, 2007, and the oil royalties will be payable in-value rather than in-kind, **effective October 1, 2007**. Please notify the appropriate working interests 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. Effective October 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/ReportingServices/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 contact Donna Hogan at 303-231-3148 or Allen Vigil at 303-231-3098.

Sincerely,

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

Enclosure

