



United States Department of the Interior



MINERALS MANAGEMENT SERVICE
Minerals Revenue Management
P.O. Box 25165
Denver, Colorado 80225-0165
www.mrm.mms.gov

MMS/MRM/RIK
Mail Stop 330B2

FEB 13 2008

Dear Operator:

In our "Dear Operator Letter" dated May 15, 2007, 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 March 31, 2008, and the oil royalties will be payable in-value rather than in-kind, **effective April 1, 2008**. 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 April 1, 2008, 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 for information regarding properties participating in RIK sales.

If you have any questions, please contact Allen Vigil at 303-231-3098.

Sincerely,

Pamela Rieger
Acting Manager, Crude Oil Front Office
Royalty In Kind

Enclosure

TAKE PRIDE
IN AMERICA 