



## NEWS RELEASE

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Minerals Management Service  
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### **Strong bids mark joint MMS-Wyoming crude sale**

Contracts for approximately 2,100 barrels per day of Royalty-in-Kind crude oil were awarded to seven companies this month as part of a joint sale conducted by the Department of the Interior's Minerals Management Service and the State of Wyoming.

The sale, which included both Federal and State of Wyoming crude oil, drew strong interest with bids received from 11 companies, including several refineries. The six-month contracts call for deliveries to begin April 1, 2005.

Winning bidders included Teppco Crude Oil, L.P.; Nexen Marketing U.S.A., Inc.; ChevronTexaco Corp.; Flying J Inc.; Suncor Energy (U.S.A.) Inc.; Tesoro Refining & Marketing Company; and Marathon Oil Company. Awards included all of the offered sweet and portions of the asphaltic and Green River condensate. No general sour production was awarded.

The February sale represents the 14<sup>th</sup> in a series of joint sales dating back to 1998 when the State of Wyoming and MMS first entered into the Wyoming Oil Pilot Program. For this sale, as in previous sales, MMS and the state took their royalties "in kind," in the form of oil, as opposed to "in value," or cash payments, and competitively sold the commodities in the marketplace.

Following earlier feasibility studies and pilot projects, MMS has determined that RIK will be an integral part of its approach to manage mineral royalties, to be used in tandem with royalties in value. Among the objectives of the effort are to return fair value on the public's royalty assets, reduce regulatory costs and reporting requirements, shorten the compliance cycle, and improve overall business efficiencies. In addition, taking royalties in kind in the form of product simplifies audits and can potentially reduce the number of audits performed of royalty-in-value cash payments.

MMS, part of the U.S. Department of the Interior, oversees 1.76 billion acres of the Outer Continental Shelf, managing offshore energy and minerals while protecting the human, marine,

and coastal environments through advanced science and technology research. The OCS provides 30 percent of oil and 23 percent of natural gas produced domestically, and sand used for coastal restoration. MMS's collects, accounts for, and disburses mineral revenues from Federal and American Indian lands, with Fiscal Year 2004 disbursements of approximately \$8 billion and more than \$143 billion since 1982. The Land and Water Conservation Fund, which pays for acquisition of state and federal park and recreation land, gets nearly \$1 billion a year.

**MMS Main Website: [www.mms.gov](http://www.mms.gov)**

**MMS: Securing Ocean Energy and Economic Value for America**