



NEWS RELEASE

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Joint MMS-Wyoming RIK crude oil sale nets five contracts

DENVER – Contracts for the sale of approximately 2,300 barrels per day of Royalty in Kind (RIK) crude oil were awarded to five 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 six-month contracts, which include both Federal and State of Wyoming royalty crude oil, call for delivery to begin Oct. 1, 2005. For this sale, as in previous sales, MMS and Wyoming take their royalties “in kind,” in the form of oil, as opposed to “in value,” or cash payments, and competitively sell the commodities in the marketplace.

Winning bidders include Teppco Crude Oil, L.P. headquartered in Montana; Shell Trading (US) Company with offices in Denver; Flint Hills Resources with offices in Broomfield; Flying J Inc. headquartered in Utah; and Tesoro Refining and Marketing Company with offices in Denver.

A total of eight companies submitted bids. During the sale, MMS and the State of Wyoming awarded nearly all of the offered sweet and asphaltic sour production. Approximately 500 barrels per day were not awarded because the bids did not meet minimum acceptable thresholds. As such, royalties on those barrels will be collected in value, as cash payments.

The August sale represents the 15th 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. The MMS RIK program, now in its first full year as an operational program following earlier pilot programs, continues to provide measurable benefits to the Federal government and taxpayers by reducing regulatory costs and requirements, improving overall business efficiencies, shortening the compliance cycle, and optimizing taxpayer assets.

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. The OCS provides 30 percent of oil and 21 percent of natural gas produced domestically, and sand used for coastal restoration. MMS collects, accounts for, and disburses mineral revenues from Federal and American Indian lands, and contributes to the Land and Water Conservation Fund and other special use funds, with Fiscal Year 2004 disbursements of approximately \$8 billion and more than \$143 billion since 1982.

MMS Website: www.mms.gov
MMS: Securing Ocean Energy & Economic Value for America