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## **RIK crude oil contracts helping small refiners**

Four small refiners have been awarded contracts for the purchase of approximately 53,000 barrels per day of Royalty-in-Kind (RIK) crude oil produced in the Gulf of Mexico and the Pacific Ocean, the Department of the Interior's Minerals Management Service (MMS) announced today.

"Small refiners continue to face market challenges in locating and acquiring adequate crude oil supplies," said MMS Director Johnnie Burton. "This program provides those small refiners access to a consistent oil supply at market prices, benefiting small refiners and their local economies as well as the Federal government."

The four contracts were awarded to winning bidders as part of the Minerals Management Service's Small Refiner Program, where oil royalties are taken "in-kind" from Federal offshore leases and sold to qualified small refiners. Delivery on the one-year contracts is scheduled to begin April 1, 2004.

The four small refiners who won contracts include Paramount in California; Gary Williams with headquarters in Colorado and a refinery in Oklahoma; U.S. Oil with offices in California and Washington state; and Placid, based in Louisiana. In many cases, these small refiners provide specialized capabilities, such as producing jet fuel for use by nearby Department of Defense installations.

According to Burton, small refiners often experience difficulty in accessing a consistent oil supply at market prices, placing them at a competitive disadvantage to larger refiners. For that reason, MMS has long made oil produced on Federal leases available to these companies. MMS also conducts periodic reviews of the program to determine its continued benefit to small refiners by providing consistent access to crude oil at equitable prices.

The Royalty in Kind Program also continues to provide benefits to the Federal government and taxpayers by optimizing taxpayer assets, reducing regulatory costs and requirements, and improving overall business efficiencies.

The Minerals Management Service is the federal agency in the U.S. Department of the Interior that manages the nation's oil, natural gas and other mineral resources on the Outer Continental Shelf in federal offshore waters. The agency also collects, accounts for, and disburses mineral revenues from federal and American Indian lands. MMS disbursed more than \$8 billion in 2003 and more than \$135 billion since the agency was created in 1982. Nearly \$1 billion from those revenues go into the Land and Water Conservation Fund annually for the acquisition and development of state and federal park and recreation lands.

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