

Dear Operator Letters – Gulf of Mexico Natural Gas Pilots

Sample Dear Operator Letter – Individual letters to specific operators regarding specific RIK properties may vary slightly and are not posted to this site.



United States Department of the Interior

MINERALS MANAGEMENT SERVICE

Washington, DC 20240

FEB 29 2000

Dear Operator:

The Minerals Management Service (MMS) has determined that one or more Gulf of Mexico lease(s) that you operate and that are now included in a royalty-in-kind project for natural gas will revert to a royalty-in-value status beginning April 1, 2000. Applicable leases are identified in the enclosure.

Specifically, the leases that will revert to a royalty-in-value status are those leases that you operate in the Gulf of Mexico that are currently in an in-kind status and are attached directly or indirectly to the Stingray Pipeline. Please note that the current royalty-in-kind status of these leases will remain through March 31, 2000. All other leases that are currently in a royalty-in-kind status will remain in that status until further notice.

The "Dear Operator letter" sent to you at the end of October 1999, establishing the terms and conditions of the royalty-in-kind project will remain in effect until final reconciliation of all volumes is completed. Pursuant to that Dear Operator letter, after April 1, 2000, you may not resolve any imbalances with the Lessor by volume adjustments in subsequent month volumes. Rather, you will resolve any final volume imbalances via cash settlement consistent with the October 1999 letter.

Please contact Mr. Gregory Smith at 303-275-7102 if you have any questions regarding this change of status.

Sincerely,

Lucy Querques Denett
Associate Director for
Royalty Management

Enclosure