

Minerals Management Service

Summary of Amendments to Strategic Petroleum Reserve Fill IFO No. 1435-02-02-RP-40380, revision dated July 16, 2002

- Language Change in IFO: Language change in the “Quality” section related to pass back of quality bank debits/credits. For crude types Eugene Island, Mars, Poseidon, and Bonito package no. 37 (Auger Pipeline), quality bank debits/credits should not be reflected in your offer. Successful offerors will pay MMS for all quality bank(s) debits/credits received from the quality bank administrator.

For Bonito packages nos. 15-18 (Bonito Pipeline), quality bank debits/credits should not be reflected in your offer as they will be passed back to MMS by the operator.

For crude types LLS and HLS, quality bank debits/credits should be reflected in your offer. Successful offerors will not pay MMS for quality bank debits/credits received.

If the quality bank debit/credit is not included in your offer, the successful offeror will pay MMS all quality bank credits received from the quality bank administrator. Payments must be made to MMS the month after quality bank credits are received. MMS will pay successful offerors for all quality bank debits received from the quality bank administrator. All quality bank data must be accompanied by supporting documentation.

- Added Packages: Five new packages (nos. 10 -13, 32) offering additional HLS and LLS crude to IFO (see Exhibits A and B).
- Changed delivery location for package no. 1 to VK 786 A from MP 289.
- All offers must be submitted on revised Exhibit A.

**INVITATION FOR OFFER – STRATEGIC PETROLEUM RESERVE FILL
EXCHANGE OF ROYALTY-IN-KIND CRUDE OIL TO MARKET CENTERS
IFO No. 1435-02-02-RP-40380
October 1, 2002 - March 31, 2003**

Introduction

The Minerals Management Service (MMS) of the U.S. Department of the Interior is soliciting offers from pre-qualified companies for the exchange of Royalty Oil and Condensate produced from Federal offshore leases in the Gulf of Mexico for common stream quality crude oil (exchange oil) delivered to four Gulf Coast market centers. This exchange is for a 6-month term beginning October 1, 2002.

This Invitation for Offer (IFO) is published in coordination with a separate solicitation of the Department of Energy (DOE) in a joint, 3-year initiative to fill the remaining capacity of the Strategic Petroleum Reserve (SPR). Exchange oil under this MMS IFO will be delivered at Gulf Coast market centers to MMS or its designated agent. MMS' designated agent, which will be either DOE or its exchange contractor, is required to accept custody of all exchange oil delivered under the terms of this IFO.

Through a separate solicitation, DOE will contract for the exchange or direct movement of exchange oil resulting from this MMS IFO for crude oil delivered to the SPR. Please see the DOE website at www.spr.doe.gov. Additional MMS and DOE contracting efforts will occur over the course of the SPR initiative until the remaining SPR capacity is filled.

Regarding this MMS IFO, successful offerors will take custody of the Royalty Oil at offshore delivery points and will be responsible for all movement of Royalty Oil downstream of these points. Deliveries of exchange oil at market centers will be reduced in volume to pay for the net value difference incurred due to location and other factors.

Offers must be made in writing and submitted via facsimile (fax no. 303-231-3846) or email (crystal.tobar@mms.gov) by 10:00 a.m. Mountain Time on July 24, 2002. MMS will confirm receipt of all offers. Royalty Oil packages will be awarded by 2:00 p.m. Mountain Time on July 26, 2002. Technical questions can be addressed to Ms. Crystal Tobar at 303-231-3126. Contracting questions can be addressed to Mr. Terry Grush at 303-231-3932.

Offers¹

Exhibit A identifies 37 packages of Royalty Oil offered. Exhibit B provides further detail on properties, operators, pipelines, delivery points, and other information pertinent to this IFO. The royalty volumes shown for each package represent MMS' most recent

¹ **Offerors must be pre-qualified to submit offers.** The pre-qualification process is described in our website at <http://www.mrm.mms.gov/rikweb/prequal.htm>. Successful offerors must submit , and have a signed MMS base contract, "RIK Crude Oil General Terms and Conditions", on file with MMS.

production data for properties behind the indicated delivery points. These volumes are only estimates of Royalty Oil available to successful offerors and are not warranted volumes. You may call Crystel Tobar for a 1-year production history for royalty volumes associated with the delivery points in Exhibit A. Exhibit C shows the leases comprising all unit agreements identified in Exhibit B.

Exhibit A is the offer sheet to be completed and faxed or emailed to the contact indicated above as the official offer. Offers must be on the full royalty volume to be delivered by the operators of the properties behind the indicated delivery points. Tiered offers that include different prices based on levels of volumes delivered will not be acceptable. MMS prefers to transact no more than one award of Royalty Oil for each Royalty Oil package. However, consideration may be given to offers on only part of a Royalty Oil package if favorable to the government.

By submission of an offer, the offeror agrees to be bound by the terms of its signed MMS base contract "RIK Crude Oil General Terms and Conditions" and this IFO.

MMS reserves the right to reject any offer received.

In exchange for delivery of crude oil at Gulf Coast market centers, successful offerors are granted the rights to Royalty Oil delivered by operators at the delivery points indicated in Exhibit A, not the actual entitlement due the Federal government. Imbalances between these two volumes will be resolved between MMS and the operators.

Royalty Oil from the properties listed in Exhibit A originating from new wells added during the term of this IFO will be automatically added to the volumes purchased under this IFO. Royalty Oil from new properties behind the delivery points that commence production during the term of this IFO will be added to the volumes purchased under this IFO on a case by case basis pursuant to mutual consent of MMS and successful offerors.

Successful offerors are obligated to deliver common stream quality crude oil at the following Gulf Coast market centers according to Royalty Oil type:

<u>Royalty Oil Type</u>	<u>Gulf Coast Market Center</u>
HLS	Empire
Eugene Island	St. James
Bonito	St. James
LLS	St. James
Mars	Clovelly
Poseidon	Houma

Deliveries of exchange oil will occur ratably during the month concurrent with Royalty Oil receipts.

Offerors must record offers on Exhibit A as a value (to the nearest \$0.0001) representing the offeror's view of differences in value between the applicable Gulf Coast market center and the offshore delivery point identified in Exhibit A for each Royalty Oil package. Please see the "Quality" section for more information on how to account for gravity and sulfur in your offer.

The following formula will be used to calculate a Delivery Percentage to be applied to Royalty Oil receipt volumes to arrive at volumes of exchange oil to be delivered and additional volumes retained by successful offerors as described under “Transportation and Scheduling of Royalty Oil”:

$$\frac{\text{Platts Trade Month Price} - X}{\text{Platts Trade Month Price}}$$

Where: Platts Trade Month Price: Average of the daily high and low spot price quotes (to the nearest \$0.0001) as published in Platts Oilgram Price Report for the relevant market center for the crude type package exchanged for the period beginning the 26th of the second month prior to the Delivery Month and ending on **the 20th of the month prior to the Delivery Month**.

X: Accepted offer for the Royalty Oil

In the event that DOE rejects any offers for redelivery into the SPR of exchange oil related to successfully awarded Royalty Oil packages in this MMS IFO, the MMS award for such Royalty Oil packages will be for an outright purchase (see Exhibit D) at the offshore delivery points for the applicable Royalty Oil package specified in Exhibit A, rather than an exchange agreement.

Term

Deliveries of Royalty Oil to successful offerors will commence October 1, 2002, and will end on March 31, 2003.

Transportation and Scheduling of Royalty Oil

Successful offerors are responsible for transporting all Royalty Oil volumes downstream of the delivery points specified in Exhibit A. Successful offerors must nominate and schedule all volumes purchased through this IFO separately from all other volumes owned or controlled at each of the delivery points where Royalty Oil is received.

Successful offerors, through customary industry practice, will communicate directly with MMS and the operator, and will make arrangements for the delivery and transfer of Royalty Oil from the identified properties. Successful offerors, at their expense, will make all necessary arrangements to receive delivery of Royalty Oil at the delivery point(s). Successful offerors are not responsible for any costs of transportation upstream of the delivery point(s).

Within 10 days of execution of the “MMS Crude Oil Transaction Confirmation” relative to this IFO, successful offerors must request in writing to all pipeline companies that will move Royalty Oil, that MMS royalty volumes be separately itemized on pipeline statements and/or invoices at both the receipt and delivery point. In cases where the pipeline companies are unable to break out the MMS volumes on the pipeline statement, you must provide MMS with acceptable third-party data that breaks out the MMS volumes delivered or use a measurement facilitator designated by the pipeline.

No later than 8 calendar days before the first day of each Delivery Month, the MMS and successful offerors will jointly communicate and agree on the Delivery Percentage and the anticipated daily Royalty Oil volumes for the following month of production. At the same time, MMS and successful offerors will apply this mutually agreed upon Delivery Percentage to the daily volumes anticipated to arrive at an agreed upon volume of exchange oil to be delivered to DOE or its agent. This Delivery Volume will be delivered ratably during the Delivery Month unless force majeure events apply or the applicable pipeline cuts successful offerors' nominations.

This Delivery Volume will be delivered rateably during the Delivery Month unless force majeure events apply or a pipeline cuts the successful offeror's nominations. Successful offerors understand that any such estimates are not warranties of actual deliveries to be made but are provided to facilitate planning of delivery of Royalty Oil. This process will continue for each month of the term of this IFO.

The operators of properties offered in this IFO will use reasonable efforts, consistent with industry practice, to inform MMS and/or successful offerors regarding significant changes in Royalty Oil production levels and production shut-ins.

Imbalances

Imbalances between volumes delivered to successful offerors by lease operators at the offshore delivery points indicated on Exhibit A and volumes entitled to the United States as Lessor will be monitored jointly by MMS and the operator. Routine imbalances will be resolved by adjustments in the volume of Royalty Oil delivered to successful offerors in subsequent months. These adjustments will be reflected in communications from MMS to the successful offeror regarding the first of month availability of Royalty Oil.

Imbalances not remedied within 90 days of the production month will be resolved by mutual agreement between MMS and the operator. MMS will consult with successful offerors in this process. The contract price under this IFO may form the basis of resolution of certain extraordinary imbalances between MMS and operators. The rights and responsibilities of operators under RIK oil situations are outlined in MMS' "Dear Operator" letter included as Exhibit E.

Quality

For crude types Eugene Island, Mars, Poseidon, and Bonito package no. 37 (Auger Pipeline), quality bank debits/credits should not be reflected in your offer. Successful offerors will pay MMS for all quality bank(s) debits/credits received from the quality bank administrator.

For Bonito packages nos. 15-18 (Bonito Pipeline), quality bank debits/credits should not be reflected in your offer as they will be passed back to the MMS by the operator.

For crude types LLS and HLS, quality bank debits/credits should be reflected in your offer. Successful offerors will not pay MMS for quality bank debits/credits received.

If the quality bank debit or credit is not included in your offer, the successful offeror will pay MMS all quality bank credits received from the quality bank administrator. Payments must be made to MMS the month after quality bank credits are received. MMS will pay successful offerors, for all quality bank debits received from the quality bank administrator. All quality bank data must be accompanied by supporting documentation.

In the event that MMS is unable to make payment for quality bank pass backs, the successful offeror and MMS will negotiate a process where the amounts will be paid in barrels. Payment will be made in-kind in the form of additional crude oil volumes retained during the Delivery Month by successful offerors.

The quality information in Exhibit B represents MMS' most recent data for the delivery points of the packages offered. Actual sulfur and gravity during the term of this IFO may be different. Contact the property operator for the most recent sulfur and gravity information.

Consideration of Offers

MMS may award a contract on the basis of initial offer(s) received without discussions. Accordingly, each initial offer should be submitted on the most favorable terms that the offeror can submit. However, MMS may negotiate with offerors in the event offers of similar or unanticipated values are received. All information about the origin and value of offers received will remain confidential, except as noted above under "Imbalances" with respect to resolution of extraordinary imbalances.

The MMS shall award a contract resulting from this IFO to the party whose offer, in MMS' judgement, is most advantageous to the Federal Government. MMS will award to successful offerors by means of the "MMS Crude Oil Transaction Confirmation."

Pre-qualification and Credit Requirements

Offerors are required to pre-qualify by signing the MMS base contract "RIK Crude Oil General Terms and Conditions" and providing detailed financial information. Please visit our web site at <http://www.mrm.mms.gov/RIKweb/Oilprequal.htm> regarding pre-qualification information.

Upon pre-qualification, MMS will issue an amount of unsecured credit based on the creditworthiness of the offeror. In most cases where offerors that have previously submitted financial documentation for 2001 or 2002, no additional information will be required. However, MMS reserves the right to request updated financial information in any situation it deems as reasonable and may reissue approved lines of credit. Please be advised that MMS will require a parent guaranty in situations where the company submitting the offer is a different entity than the company that has pre-qualified.

For awards exceeding the amount of unsecured credit issued by MMS, successful offerors will be required to provide secured financial assurance in the form of an Irrevocable Letter of Credit (ILOC), Bond, or other MMS-acceptable surety instrument within 5 business days prior to first delivery of oil under the contract. If additional security is required, successful offerors will be notified, and such notice will be included in the

sales transaction confirmation. Failure to provide adequate financial assurance when requested may result in a loss of award, unless the MMS Contracting Officer extends the date.

A sample of the ILOC, MMS Form-4071, may be found on the MMS web site at <http://www.mrm.mms.gov/ReportingServices/PDFDocs/4071.pdf>. Use MMS Form-4072 <http://www.mrm.mms.gov/ReportingServices/PDFDocs/4072.pdf> for Bonds. The financial institution issuing the ILOC or Surety Company issuing the Bond must meet MMS requirements under 30 CFR Part 208.11.

The ILOC, Bond, or other MMS-acceptable surety instrument must be effective for a period beginning on the date of first delivery under the contract and ending when receipt of final payment under the contract is verified.

The financial assurance amount shall be sufficient to cover the value of 30 days of deliveries of the estimated production of all Royalty Oil awarded, less the amount of unsecured credit issued by the MMS as previously notified. The value of the financial assurance should be calculated as the price per barrel using the offer amount applied to the monthly calendar mean for the Platts crude type price as published in Platts for August 2002. Multiply this amount by the daily royalty production (estimated in Exhibit A) multiplied by 30 days. Finally, subtract the amount of unsecured credit issued by MMS, available for this offer.

Significant and sustained increases in the value of crude oil during the term of the contract may result in a requirement to increase the amount of financial assurance. Further, should the creditworthiness, financial responsibility or ability to perform become unsatisfactory to the MMS at any time during the term of this agreement, satisfactory assurances may be required as a condition to further performance under the agreement. Such assurances include, but are not limited to, a prepayment or a surety instrument in a form and amount satisfactory to MMS. Failure to provide additional performance assurances when requested may result in early termination of the contract.

Governing Contract

This transaction is governed by the MMS base contract "RIK Crude Oil General Terms and Conditions," signed by the offeror and MMS. Conflicts between the MMS base contract and the terms of this IFO will be resolved in favor of this IFO. Only companies who have pre-qualified and signed the MMS base contract may submit valid offers.

Documentation

As stipulated in the MMS base contract "RIK Crude Oil General Terms and Conditions," successful offerors must provide pipeline statements, invoices, quality bank data, and any other information necessary to support payments to MMS Crude Oil RIK Accounting by the 20th of the month following the month of production. The "MMS Crude Oil Transaction Confirmation" provides points of contact for submission of this information.

PAPERWORK REDUCTION ACT STATEMENT: The Paperwork Reduction Act of 1995 requires us to inform you that the information being collected under this IFO is necessary to document fulfillment of royalty obligations and sales of minerals from leases on Federal lands. We will use this information to evaluate offers on sales of royalty production. The estimated burden to report is approximately one hour each for an offer document, letter of credit or bond, or financial statement or pre-qualification document. Suggestions on reducing this burden should be directed to the Information Collection Clearance Officer, MS 4230, MMS, 1849 C Street, N.W., Washington, D.C. 20240. Proprietary information submitted to the U.S. Department of the Interior is protected in accordance with standards established by the Federal Oil and Gas Royalty Management Act of 1982 (30 U.S.C. 1733), the Freedom of Information Act (5 U.S.C. 552(b)(4)), and the Departmental Regulations (43 CFR 2). Storage of such information and access to it are controlled by strict security measures. An agency may not conduct or sponsor and a person is not required to respond to, a collection of information unless it displays a currently valid OMB number.

5 Exhibits:

- Exhibit A – Offer Sheet
- Exhibit B – RIK Property Profile Detail
- Exhibit C – Listing of Leases Within Unit Agreements
- Exhibit D – Contingency for Outright Purchase
- Exhibit E – Sample Dear Operator Letter

Term: October 1, 2002 to March 31, 2003

Offer Pkg	Royalty Oil Type	Gulf Coast Market Center	Offshore Delivery Point	MMS Royalty Volume (bbls/day)	Gravity	Sulfur	"X" Offer 1/ Quality Bank Debits/Credits Included	"X" Offer 1/ Quality Bank Debits/Credits Not Included
1	HLS	Empire	VK 786 A	6,590	31.5	n/a		n/a
2	HLS	Empire	ST 37 J	2,800	33.7	n/a		n/a
3	HLS	Empire	SP 50 SSTI	2,320	28.4	n/a		n/a
4	HLS	Empire	MP 69	3,170	46.7	n/a		n/a
5	HLS	Empire	MP 69	2,320	33.5	n/a		n/a
6	HLS	Empire	ST 52 C	1,160	38.5	n/a		n/a
7	HLS	Empire	WD 133 B	650	34.2	n/a		n/a
8	HLS	Empire	Venice, LA	390	35.5	n/a		n/a
9	HLS	Empire	WD 104 C	500	31.8	n/a		n/a
10	HLS	Empire	MP 310 A	600	32.5	n/a		n/a
11	HLS	Empire	SP 65 A	530	30.8	n/a		n/a
12	HLS	Empire	MP 289 C	410	25.5	n/a		n/a
13	HLS	Empire	SP 77 A	920	37.6	n/a		n/a
14	Eugene Island	St.James	SM 128 A	1,125	40.7	0.17%	n/a	
15	Bonito	St.James	EI 360 E	760	36.7	0.84%	n/a	
16	Bonito	St.James	EI 330 S	1,230	30.2	1.10%	n/a	
17	Bonito	St.James	EI 339 B	1,000	32.6	1.14%	n/a	
18	Bonito	St.James	EI 330 SSTI	450	34.3	0.80%	n/a	
19	LLS	St.James	EI 254 SSTI	2,345	39.9	n/a		n/a
20	LLS	St.James	SM 69 B	880	34.7	n/a		n/a
21	LLS	St.James	EI 259 SSTI	630	35.0	0.52%		n/a
22	LLS	St.James	SS 169 SSTI	500	28.6	n/a		n/a
23	LLS	St.James	WC 498 B	290	35.2	n/a		n/a
24	LLS	St.James	SS 169 SSTI	320	30.2	n/a		n/a
25	LLS	St.James	EC 321 A	360	32.5	n/a		n/a
26	LLS	St.James	SS 266 A	310	36.5	n/a		n/a
27	LLS	St.James	VR 214 A	360	37.1	n/a		n/a
28	LLS	St.James	EI 259 SSTI	270	37.0	n/a		n/a
29	LLS	St.James	EI 174 SSTI	380	39.2	n/a		n/a
30	LLS	St.James	EI 176 A	340	36.1	n/a		n/a
31	LLS	St.James	VR 376 A	300	36.7	n/a		n/a
32	LLS	St.James	SS 207 A	535	31.8	n/a		n/a
33	Mars	Clovelly	GI 116 A	1,530	41.7	0.47%	n/a	
34	Poseidon	Houma	GB 72 A	470	36.2	0.74%	n/a	
35	Poseidon	Houma	EW 1003 A	660	29.5	1.30%	n/a	
36	Poseidon	Houma	ST 204 B	2,000	44.3	0.10%	n/a	
37 *	LLS	St.James	GB 128 A	225	53.4	n/a		n/a
	Bonito	St.James	GB 128 A	4,425	37.3	0.87%	n/a	

1/ See bid calculation formula in "Offers" section of the IFO.
 * Package 37 -- Bids required on both FMPs as package will be awarded to one purchaser.

 Your Name

 Phone No.

 Company Name

 Fax No.

MMS Contacts:

Crystal Tobar: 303-231-3126
 Richard Fantel 303-231-3502
 Fax No.: 303-231-3846

Offer Pkg	Royalty Oil Type	Offshore Delivery Point	Volume Metered at	MMS Facility Measurement Point No.	Common Industry Name	Producing MMS Lease or Unit Agre. No.	Area	Blk	Operator	MMS Royalty Volume bbls/day	Grav.	Sulfur	Pipelines	Common Carrier(s)	Buy/Sell
1	HLS	VK 786 A	VK 786 A	20608165116	Petronius	754-399005-A	VK	786	Chevron Texaco	6,590	31.5	n/a	Odyssey P/L into Delta P/L	no yes	Equiva
2	HLS	ST 37 J	ST 37 J	2017715360E		054-002625-0 054-009637-0 054-014518-0	ST ST ST	37 38 48	Chevron Texaco Chevron Texaco Chevron Texaco	2,800	33.7	n/a	Chevron Texaco P/L	yes	
3	HLS	SP 50 SSTI	MC 109	20608174952	Amberjack Amberjack Orion	054-005825-0 054-009777-0 054-018192-0	MC MC MC	109 108 110	BP Amoco BP Amoco BP Amoco	2,320	28.4	n/a	Chevron Texaco P/L	yes	
4	HLS	MP 69	VK 915	20608165114	Nile Marlin King Project	054-008785-0 754-396011-A 054-008797-0	VK VK MC	914 915 85	BP Amoco BP Amoco BP Amoco	3,170	46.7	n/a	Delta P/L or Cypress P/L	yes	
5	HLS	MP 69	VK 826	20608165111	Neptune	754-393003-A 054-013065-0	VK VK	826 869	Kerr-McGee O&G Kerr-McGee O&G	2,320	33.5	n/a	Delta P/L or Cypress P/L	yes	
6	HLS	ST 52 C	ST 52 C	2017715360A		054-001240-0 054-001241-0 054-002624-0 054-003336-0 054-002625-0 054-013928-0	ST ST ST ST ST ST	51 52 36 35 37 30	Chevron Texaco Chevron Texaco Chevron Texaco Chevron Texaco Chevron Texaco Chevron Texaco	1,160	38.5	n/a	Chevron Texaco P/L	yes	
7	HLS	WD 133 B	WD 133 B	20177203900		054-001106-0 054-002161-0 054-003182-0	WD GI GI	133 76 75	BP Amoco Forest Oil Corp. Forest Oil Corp.	650	34.2	n/a	Shell Bourbon P/L into West Delta/Marlin P/L	no yes	Equiva
8	HLS	Venice, LA	WD 117	20177204300		054-001101-0 054-009690-0	WD WD	117 118	Chevron Texaco Chevron Texaco	390	35.5	n/a	Chevron Texaco P/L	yes	
9	HLS	WD 104 C	WD 104 C	20177193903		055-000840-0 055-000841-0 055-000842-0	WD WD WD	103 104 105	Apache Corp. Apache Corp. Apache Corp.	500	31.8	n/a	West Delta/Marlin P/L	yes	
10	HLS	MP 310 A	MP 310 A	20177245115		054-004126-0 054-008467-0 054-008760-0 054-016520-0 891-020244-0	MP MP MP MP MP	310 315 309 312 310	Shell Offshore Inc. Shell Offshore Inc. Shell Offshore Inc. Shell Offshore Inc. Shell Offshore Inc.	600	32.5	n/a	Odyssey P/L into Delta P/L	no yes	Equiva
11	HLS	SP 65 A	SP 65 A	20177215102		054-001610-0 054-001901-0 054-001966-0 054-001967-0 891-012327-0 891-012330-0 891-012332-0 891-012333-0	SP SP MP MP SP SP SP SP	65 64 152 153 65 65 65 65	Ocean Energy, Inc. Ocean Energy, Inc. Ocean Energy, Inc. Ocean Energy, Inc. Ocean Energy, Inc. Ocean Energy, Inc. Ocean Energy, Inc. Ocean Energy, Inc.	530	30.8	n/a	Pompano P/L into Delta P/L	no yes	Equiva
12	HLS	MP 289 C	MP 289 C	20177245118		054-001666-0 054-001667-0	MP MP	289 290	Apache Corp. Apache Corp.	410	25.5	n/a	Odyssey P/L into Delta P/L	no yes	Equiva

Offer Pkg	Royalty Oil Type	Offshore Delivery Point	Volume Metered at	MMS Facility Measurement Point No.	Common Industry Name	Producing MMS Lease or Unit Agre. No.	Area	Blk	Operator	MMS Royalty Volume bbls/day	Grav.	Sulfur	Pipelines	Common Carrier(s)	Buy/Sell
13	HLS	SP 77 A	SP 77 A	20177224701		054-002184-0	SP	77	Chevron Texaco	920	37.6	n/a	Chevron Texaco P/L	yes	
						054-002940-0	SP	57	Chevron Texaco						
						054-002941-0	SP	58	Chevron Texaco						
									13 FMPs and 43 properties	22,360					
14	EI	SM 128 A	SM 128 A	20177082951		054-002587-0	SM	128	Devon Energy	1,125	40.7	0.17%	Eugene Island P/L	yes	
						054-002882-0	SM	125	Devon Energy						
						054-002883-0	SM	127	Devon Energy						
						054-002885-0	SM	141	Devon Energy						
									1 FMP and 4 properties	1,125					
15	Bonito	EI 360 E	EI 360 E	2017710260K		054-002323-0	EI	360	Chevron Texaco	760	36.7	0.84%	Bonito P/L into Ship Shoal P/L	yes	
						054-002324-0	EI	361	Chevron Texaco						
						054-003410-0	EI	352	Newfield Exploration Co.						
						054-003783-0	EI	353	Chevron Texaco						
16	Bonito	EI 330 S	EI 330 S	20177102607		054-002115-0	EI	330	Devon Energy	1,230	30.2	1.10%	Bonito P/L into Ship Shoal P/L	yes	
						891-016943-0	EI	330	Devon Energy						
17	Bonito	EI 339 B	EI 339 B	20177102609		054-002118-0	EI	338	Chevron Texaco	1,000	32.6	1.14%	Bonito P/L into Ship Shoal P/L	yes	
						054-002318-0	EI	339	Chevron Texaco						
18	Bonito	EI 330 SSTI	EI 314 A	20177102605	Teal Prospect	054-002111-0	EI	314	Exxon Mobil	450	34.3	0.80%	Bonito P/L into Ship Shoal P/L	yes	
						891-016927-0	EI	330	Exxon Mobil						
						891-016928-0	EI	330	Exxon Mobil						
						891-016929-0	EI	330	Exxon Mobil						
						891-016937-0	EI	330	Exxon Mobil						
									4 FMPs and 13 properties	3,440					
19	LLS	EI 254 SSTI	EI 254 I	2017709260K		054-000979-0	EI	230	Chevron Texaco	2,345	39.9	n/a	Central Gulf Gathering System into	no	Equiva
						054-000981-0	EI	237	Chevron Texaco				Tarpon P/L into Ship Shoal P/L	yes	
						054-000982-0	EI	238	Chevron Texaco						
						054-000983-0	EI	252	Chevron Texaco						
						054-010741-0	EI	253	Chevron Texaco						
						891-008813-0	EI	231	Chevron Texaco						
20	LLS	SM 69 B	SM 69 B	20177072206		054-001201-0	SM	69	Taylor Energy Co.	880	34.7	n/a	Exxon Mobil P/L into	yes	
						054-001204-0	SM	72	Taylor Energy Co.				Exxon South Louisiana System	yes	
						054-001205-0	SM	73	Taylor Energy Co.						
						054-017935-0	SM	68	Taylor Energy Co.						
21	LLS	EI 259 SSTI	EI 258 B	20177092609		054-001958-0	EI	255	Nexen Petroleum	630	35.0	0.52%	Central Gulf Gathering System into	no	Equiva
						054-001959-0	EI	258	Nexen Petroleum				Tarpon P/L into Ship Shoal P/L	yes	
						054-002103-0	EI	257	Nexen Petroleum						
22	LLS	SS 169 SSTI	SS 182 C	2017711260B		054-001019-0	SS	182	Chevron Texaco	500	28.6	n/a	Whitecap P/L into Ship Shoal P/L	yes	
						055-000821-0	SS	183	Chevron Texaco						
23	LLS	WC 498 B	WC 498 B	20177022600		054-003520-0	WC	498	El Paso	290	35.2	n/a	Coastal P/L into	no	Coastal
						054-015105-0	WC	519	El Paso				Central Gulf Gathering System into	yes	
													Tarpon P/L into Ship Shoal P/L	yes	

Offer Pkg	Royalty Oil Type	Offshore Delivery Point	Volume Metered at	MMS Facility Measurement Point No.	Common Industry Name	Producing MMS Lease or Unit Agre. No.	Area	Blk	Operator	MMS Royalty Volume bbls/day	Grav.	Sulfur	Pipelines	Common Carrier(s)	Buy/Sell
24	LLS	SS 169 SSTI	SS 182 C	2017711260X		054-003998-0	SS	182	BP Amoco	320	30.2	n/a	Whitecap P/L into Ship Shoal P/L	yes	
25	LLS	EC 321 A	EC 321 A	20177042202		054-002061-0	EC	321	Marathon Oil Co.	360	32.5	n/a	Marathon Ashland P/L into Exxon Mobil P/L	yes	
26	LLS	SS 266 A	SS 266 A	20177122608		054-001034-0	SS	266	Unocal	310	36.5	n/a	Union Oil P/L into Whitecap P/L into Ship Shoal P/L	yes	
27	LLS	VR 214 A	VR 214 A	20177052600		054-002076-0 054-011877-0	VR VR	214 213	Chevron Texaco NCX Company, Inc.	360	37.1	n/a	Central Gulf Gathering System into Tarpon P/L into Ship Shoal P/L	no yes	Equiva
28	LLS	EI 259 SSTI	SS 274 C	2017712260E		054-001039-0 054-001043-0 054-002923-0 054-012000-0	SS SS SS SS	274 293 291 292	Apache Corp. Apache Corp. Apache Corp. Apache Corp.	270	37.0	n/a	Central Gulf Gathering System into Tarpon P/L into Ship Shoal P/L	no yes	Equiva
29	LLS	EI 174 SSTI	EI 182 A	2017709260C		054-003782-0 054-004451-0 054-004452-0	EI EI EI	174 181 182	Newfield Exploration Co. Newfield Exploration Co. Newfield Exploration Co.	380	39.2	n/a	Central Gulf Gathering System into Tarpon P/L into Ship Shoal P/L	no yes	Equiva
30	LLS	EI 176 A	EI 175 C	20177092601		054-003782-0 054-013622-0 055-000438-0	EI EI EI	174 173 175	BP Amoco BP Amoco BP Amoco	340	36.1	n/a	Central Gulf Gathering System into Tarpon P/L into Ship Shoal P/L	no yes	Equiva
31	LLS	VR 376 A	VR 376 A	2017706260C		054-014427-0 054-014428-0	VR VR	375 376	Spinnaker Exploration Co. PetroQuest Energy, L.L.C.	300	36.7	n/a	Central Gulf Gathering System into Tarpon P/L into Ship Shoal P/L	no yes	Equiva
32	LLS	SS 207 A	SS 207 A	2017711260E		054-001522-0 054-001523-0 054-001524-0 054-002923-0 054-003170-0 054-010775-0 054-010779-0 891-020231-0	SS SS SS SS SS SS SS SS	206 207 216 291 290 190 240 207	RME Petroleum Co. RME Petroleum Co. RME Petroleum Co. RME Petroleum Co. RME Petroleum Co. RME Petroleum Co. RME Petroleum Co. RME Petroleum Co.	535	31.8	n/a	Unocal P/L into Whitecap P/L into Ship Shoal P/L	yes	
LLS Total-->>									14 FMPs and 41 properties	7,820					
33	Mars	GI 116 A	GI 116 A	20177183651		754-398019-A	GI	116	Anadarko Petroleum Corp.	1,530	41.7	0.47%	Amberjack P/L into Mars Oil P/L	yes	
Mars Total-->>									1 FMP and 1 property	1,530					
34	Poseidon	GB 72 A	GB 72 A	20608072950		054-012631-0 054-013363-0	GB GB	117 72	Flextrend Development Co. Flextrend Development Co.	470	36.2	0.74%	Poseidon P/L	no	Poseidon
35	Poseidon	EW 1003 A	EW 1003 A	20608102952	Prince TLP	754-398001-A	EW	1003	El Paso	660	29.5	1.30%	Poseidon P/L	no	Poseidon
36	Poseidon	ST 204 B	ST 204 B	20177152952		054-001572-0 054-016432-0	ST ST	189 204	El Paso El Paso	2,000	44.3	0.10%	Poseidon P/L	no	Poseidon
Poseidon Total -->>									3 FMPs and 5 properties	3,130					
37 (see Note 1)	LLS	GB 128 A	GB 128 A	20608072601	Conger Salsa Cinnamon Sangria Enchilada Enchilada	054-009216-0 054-014221-0 054-015540-0 054-016702-0 754-395001-A 754-395002-A	GB GB GC GC GB GB	215 172 89 177 83 128	Amerada Hess Corp. Shell Shell & Apache Corp. Spinnaker Expl. Co. Shell Shell	225	53.4	n/a	Central Gulf Gathering System into Tarpon P/L into Ship Shoal Pipeline	no yes	Equiva
									(see Note 2)						

Offer Pkg	Royalty Oil Type	Offshore Delivery Point	Volume Metered at	MMS Facility Measurement Point No.	Common Industry Name	Producing MMS Lease or Unit Agre. No.	Area	Blk	Operator	MMS Royalty Volume bbls/day	Grav.	Sulfur	Pipelines	Common Carrier(s)	Buy/Sell
37	Bonito	GB 128 A	GB 128 A	20608077000	Conger	054-009216-0	GB	215	Amerada Hess Corp.	4,425	37.3	0.87%	Auger P/L into Ship Shoal P/L	yes	
(see Note 1)					Salsa	054-014221-0	GB	172	Shell				or		
					Cinnamon	054-015540-0	GC	89	Apache Corp.				Auger P/L into Bonito P/L into Ship Shoal P/L	yes	
					Sangria	054-016702-0	GC	177	Spinnaker Expl. Co.	(see Note 2)			or		
					Enchilada	754-395001-A	GB	83	Shell				Auger P/L into Eugene Island P/L into Ship Shoal P/L	yes	
					Enchilada	754-395002-A	GB	128	Shell					yes	
LLS & Bonito Total -->>									2 FMPs and 6 properties	4,650					
Total All Crude Types -->>									38 FMPs and 112 properties	44,055					

- Equiva contact for HLS properties, all deliveries at Empire: Brett Jones (713-277-5534)
- Equiva contact for LLS properties, all deliveries at EI 188: Chuck Morelli (713-277-5535)
- Poseidon Pipeline contact : James Hostettler (720-956-3054)
- Coastal Pipeline contact: Carol Landis-Eldridge (832-676-3546)

Note 1: Offers required on both FMPs as Package 37 will be awarded to one purchaser.
 Note 2: Property in Royalty Relief Status and volume will not be included in deliveries to purchaser.

Listing of Leases within Unit Agreements

Exhibit C

**Minerals Management Service
Strategic Petroleum Reserve Fill**

IFO No. 1435-02-02-RP-40380

Term: October 1, 2002 to March 31, 2003

Bid Package	Unit Agreement	Leases within Unit Agreement	Area	Block
1	754-399005-A	054-012119-0	VK	786
		054-010944-0	VK	830
4	754-396011-A	054-006894-0	VK	915
		054-008469-0	VK	871
5	754-393003-A	054-005778-0	VK	825
		054-006888-0	VK	826
10	891-020244-0	054-003339-0	MP	304
		054-004126-0	MP	310
		054-004253-0	MP	303
11	891-012327-0	054-001610-0	SP	65
		054-001966-0	MP	152
		054-001967-0	MP	153
11	891-012330-0	054-001610-0	SP	65
		054-001966-0	MP	152
		054-001967-0	MP	153
11	891-012332-0	054-001610-0	SP	65
		054-001901-0	SP	64
		054-001966-0	MP	152
		054-001967-0	MP	153
11	891-012333-0	054-001610-0	SP	65
		054-001901-0	SP	64
		054-001966-0	MP	152
		054-001967-0	MP	153
16	891-016943-0	054-002115-0	EI	330
		054-002116-0	EI	331
		054-002118-0	EI	338
		054-003332-0	EI	337
18	891-016327-0	054-002115-0	EI	330
		054-002116-0	EI	331
		054-002118-0	EI	338
		054-003332-0	EI	337
18	891-016928-0	054-002111-0	EI	314
		054-002116-0	EI	331
		054-002608-0	EI	313
		054-002613-0	EI	332
18	891-016929-0	054-002111-0	EI	314
		054-002116-0	EI	331
		054-002608-0	EI	313
		054-002613-0	EI	332
18	891-016937-0	054-002111-0	EI	314
		054-002116-0	EI	331

Listing of Leases within Unit Agreements

Exhibit C

Bid Package	Unit Agreement	Leases within Unit Agreement	Area	Block
		054-002613-0	EI	332
19	891-008813-0	054-000977-0	EI	214
		054-000979-0	EI	230
		054-000980-0	EI	231
32	891-020231-0	054-001522-0	SS	206
		054-001523-0	SS	207
33	754-398019-A	054-013944-0	GI	116
35	754-398001-A	054-006921-0	EB	958
		054-013091-0	EB	1003
37	754-395001-A	054-011450-0	GB	83
		054-011455-0	GB	84
37	754-395002-A	054-011454-0	GB	127
		054-011455-0	GB	128

CONTINGENCY FOR OUTRIGHT PURCHASE
IFO No. 1435-02-02-RP-40380

Introduction

In the event the Department of Energy rejects any offer for redelivery into the Strategic Petroleum Reserve of exchange oil related to a successfully awarded Royalty Oil package from this MMS Invitation for Offer (IFO), the MMS award will be for an outright purchase at the offshore delivery point specified in Exhibit A, rather than an exchange.

MMS will notify successful offerors by August 15, 2002, of any Royalty Oil packages awarded as an outright purchase rather than an exchange. **Any outright purchases of Royalty Oil packages will be for a 6-month term, beginning October 1, 2002 and ending March 31, 2003.** Payment terms are governed by the MMS base contract "RIK Crude Oil General Terms and Conditions," previously signed by the offeror and MMS.

Pricing Mechanism

For any royalty oil package awarded as an outright purchase rather than an exchange, the accepted IFO offer ("X") will be used to price the royalty crude oil and will represent an increment or decrement from the following pricing formula:

(Koch Posting + Platts P+) - (Platts WTI - Platts Crude Type Price)

Where: Koch Posting: Koch Supply and Trading's posting for West Texas/New Mexico Intermediate (WTI), deemed 40° API, for the *Physical Month of Delivery*

Physical Month of Delivery: The calendar month during which delivery of crude oil occurs

Platts P+: Platts Oilgram Price Report (Platts) arithmetic average of the daily high and low price quotes for "P-Plus WTI" for the *Platts Month of Delivery*

Platts Month of Delivery: Refers to quotes in Platts for the period of time from the 26th day of the month two months prior to the Physical Month of Delivery through the 25th day of the month one month prior to the Physical Month of Delivery (excluding weekends and holidays)

Platts WTI: The arithmetic average of the daily high and low price quotes for WTI for the Platts Month of Delivery

Platts Crude Type Price: The arithmetic average of the daily high and low price quotes for the crude type that is the subject of the bid (HLS, Eugene Island, Bonito, LLS, Mars, or Poseidon) for the Platts Month of Delivery

Pre-qualification and Credit Requirements

For Royalty Oil packages awarded as outright purchases rather than as exchange agreements, all pre-qualification and credit requirements outlined under this IFO will continue to apply, with the following modifications. The financial assurance amount shall be sufficient to cover the value of 60 days of deliveries of the estimated production of all royalty oil awarded, less the amount of unsecured credit issued by the MMS, as previously notified. The financial assurance must be effective for a period beginning on the date of first delivery under the contract and ending when final payment under the contract is verified. The value of the financial assurance should be calculated as the price/barrel as follows:

- (1) The offer amount, added to;
- (2) The base price calculated under the formula: $(\text{Koch Posting} + \text{Platts P+}) - [\text{Platts WTI} - \text{Platts Crude Type Price}]$, where the postings and Platts prices are determined as outlined below, multiplied by;
- (3) The daily royalty production (as estimated in Exhibit A), multiplied by;
- (4) 60 days, minus;
- (5) The amount of unsecured credit issued by MMS.

In calculating the financial assurance amount under (2) above, the following applies:

- (a) The Koch Posting is the monthly calendar average for August 2002;
- (b) The Platts P+ is the monthly calendar mean for August 2002 as published in Platts;
- (c) The Platts WTI and Platts Crude Type Price are the average of the monthly calendar means for these prices as published in Platts for June 2002, July 2002, and August 2002.

Please note: The modification of the Pricing Mechanism for credit calculation purposes is intended to utilize the most current pricing available and be more indicative of current market conditions. Any questions regarding calculation of the financial assurance amount should be directed to Larry Cobb at 303-231-3307. Failure to provide adequate financial assurance when requested may result in a loss of award unless the date is extended by the MMS Contracting Officer.

MMS/MRM/RIK
Mail Stop 330B2

(Address)

Dear (Title, Name):

The Minerals Management Service (MMS) has selected one or more offshore Federal leases in the Gulf of Mexico (GOM) that you operate to be included in a Royalty in Kind (RIK) program in which we will take crude oil royalties in kind beginning October 1, 2002.

This letter provides the procedures and establishes the terms and conditions under which the United States (Lessor) will take crude oil royalties in kind. Our authority is the Outer Continental Shelf Lands Act of 1953 (43 U.S.C. § 1353) and the royalty provisions contained in your Federal lease. For the purposes of this letter, Royalty Oil means the Federal lease oil and condensate production multiplied by the lease royalty rate. The volumes of Royalty Oil taken in kind by the Lessor will reflect and be consistent with all grants of royalty relief.

Term

The Lessor will take all Royalty Oil in kind from the properties listed in the enclosure beginning October 1, 2002, and will continue taking royalties in kind until we notify you that in-kind status is terminated. We will provide Lessees and Operators with at least a 45-day prior written notice of termination of in-kind status.

Royalty Oil Delivery

The delivery points for Royalty Oil produced from the properties is at the FMP or first interconnect into a main pipeline, as identified in the enclosure. The Lessor will take custody and responsibility for Royalty Oil at the delivery point. You can be reimbursed for transportation and quality bank debits or credits of Royalty Oil to any delivery points identified in the enclosure that are downstream of the FMP. You will be required to report quality bank debits and credits for properties identified as flowing down the Bonito Pipeline, as allowed in applicable MMS regulations, on the Report of Sales and Royalty Remittance (Form MMS-2014).

Royalty Oil must be placed in marketable condition at no cost to the Lessor. Marketable condition means the condition generally acceptable to purchasers in the field or area. Questions on marketable condition should be directed to the Lessor's points of contact identified in this letter.

You must deliver all Royalty Oil from the selected leases, including Royalty Oil from newly producing wells on these leases. During the in-kind period, the Operator will make its best effort to notify the Lessor's designated point of contact of new oil production flowing to the FMP identified in the enclosure.

Royalty Oil from such new properties will be added to the RIK volumes at the existing delivery points only upon mutual consent of the purchaser and the Lessor.

Fulfillment of Royalty Obligations

Delivery of the accurate volume of Royalty Oil (taking into account the effects of normal operational imbalances) in accordance with the terms of this letter will satisfy in full the Lessee's royalty obligation to the Lessor.

For properties where the Lessee has applied for deepwater royalty rate relief, you may use the proposed royalty rate in the interim before MMS/Offshore Minerals Management (OMM) approves the reduction.

If OMM does not approve the royalty rate reduction, the resulting imbalance will be resolved in the same manner as described below for imbalances not remedied within 90 days (see "Balancing Account and Imbalances").

All rent or minimum royalty obligations remain the responsibility of the Lessee. If the Lessee owes minimum royalties, the Lessor will issue a bill including information supporting the calculation. The Lessee will have 30 days to review the bill and make payment or appeal the bill.

Lessor's Obligation to Take

We agree to take 100 percent of the Royalty Oil delivered to the delivery point for the account of the Lessor. Using reasonable and customary industry practices, we will try to minimize imbalances with Operators and Lessees.

To facilitate timely and accurate custody transfer of Royalty Oil, we will communicate with you regarding arrangements for the transfer of Royalty Oil from the delivery point. The Lessee will not incur royalty-related penalties because of the Lessor's failure to take delivery of oil volumes as communicated by the Operator.

Communication with Lessor

No later than 10 calendar days before the first day of each month, you must notify the Lessor in writing via facsimile (303-231-3846) or e-mail addressed to our mailbox (rik.project@mms.gov) of the daily Royalty Oil volumes (Avails) anticipated for the following month of production for each of the delivery points identified in the enclosure. On this same schedule, for each of the delivery points, you will also provide any anticipated volume adjustments to resolve previous months' imbalances. The total volumes to be delivered to our purchaser at each of the delivery points must be indicated on the same schedule as a **volume net** of anticipated production plus or minus any adjustments. The Lessor understands that any such estimates are not warranties of actual deliveries but are provided to facilitate planning.

You must also use reasonable efforts, consistent with industry practice, to inform the Lessor as soon as practical regarding significant changes to the information listed in the enclosure; e.g., oil production levels, oil type, and/or royalty rates for the RIK contract properties.

Volume Reconciliation

You must send all volume allocation schedules provided to pipeline companies that address crude oil volumes at the delivery points in the enclosure to MMS within 5 days of their submittal to the pipeline companies.

You, as the Operator, must provide the lease imbalance statement to MMS no later than 45 days after the end of the month of production, unless MMS approves an alternative timeframe for submission of the statement. We will monitor and reconcile royalty entitlements with the Royalty Oil deliveries you make. Reconciliation will involve communication between you and the Lessor. Upon project termination, you must issue a final oil imbalance statement. You will settle in accordance with the section "Balancing Account and Imbalances." Volume allocation schedules and lease imbalance statements should be submitted to the rik.project@mms.gov mailbox.

Balancing Account and Imbalances

You and MMS will jointly monitor imbalances between delivered and entitled volumes of Royalty Oil. You will take timely action to remedy such imbalances through adjustments to Royalty Oil volumes delivered to MMS. Such volume adjustments will be identified in your communication of Royalty Oil volumes anticipated before the month of production (see above under "Communication with Lessor").

Imbalances will be remedied in the production month following the month that the imbalance is identified. Imbalances not remedied within 90 days of the end of the production month will be resolved as follows:

- Mutually agreed upon make-up delivery schedule, or
- Cash out payment based on the contract price (at the delivery point) that MMS actually received (or would have received) from its Purchaser during the month or months that the imbalance occurred. Interest will accrue from 60 days after notification that cash out payment is due.

When the lease is no longer taken in kind or after cessation of production from a lease, imbalances will be cashed out based on the MMS contract price (at the delivery point) for the last month the lease is taken in kind. Interest will accrue from 60 days after the final month of delivery. Imbalances remaining at the time of any sale/assignment of properties identified in the enclosure will be settled in compliance with your Purchase and Sale Agreement assignments. Imbalance provisions will be reviewed 6 months from initial contract date.

Reporting

You must continue to report crude oil production on the Oil and Gas Operations Report (OGOR) under requirements specified in MMS regulations and the MMS *Minerals Revenue Reporter Handbook* at <http://www.mrm.mms.gov/ReportingServices/PDFDocs/RevenueHandbook.pdf>. You will not be required to report Royalty Oil for the RIK properties listed in the enclosure on the Form MMS-2014 for the term during which the Lessor takes royalty in kind. Reporting does not change for non-RIK leases.

Lessor's Designee

The Lessor may act by or through a duly authorized designee. In such event, we will provide prior written notification of a designee, including the person to contact. Notification will include specific duties that will be handled by the designee on our behalf. The Lessor also will provide written notification when the designee is no longer authorized to act on our behalf for the purposes of this letter. You are authorized to communicate with the designee as specified in the notification. You will not be required to direct communications to both the Lessor and our designee. For purposes of this letter, if we notify you that we

will use a designee in the contract, references to the Lessor shall refer to such designee. The designee will agree in writing to comply with all provisions of this letter that are applicable to the Lessor when the designee acts on our behalf.

Audit

The Lessor may audit your records regarding all information relevant to volumes and qualities of Royalty Oil produced, measured, delivered, and, if applicable, transported. We reserve the right to examine your financial records for the subject properties related to any transportation allowances and quality banks prior to the delivery point.

Lessees, Operators, and revenue payors must maintain all records of transactions mentioned in the above paragraph in accordance with the Federal Oil and Gas Royalty Simplification and Fairness Act of 1996 (Public Law 104-185 Section 115(f)).

Lessor's Point of Contact

Copies of all correspondence between the Operator and Lessor should be kept on file by the Operator. Points of contact for the Lessor are listed below:

• Volume Avails (Anticipated Volumes), Volume Allocation Schedules, and Operator Imbalance Statements:

Mr. Herbert Buskirk
Telephone: 303-231-3691; Fax: 303-231-3846
E-mail: Herbert.Buskirk@mms.gov or;

Mr. Allen Vigil
Telephone: 303-231-3098; Fax 303-231-3846
Email: Allen.Vigil@mms.gov

• New Lease Production:

Ms. Crystel Tobar
Telephone: 303-231-3126; Fax: 303-231-3846;
E-mail: Crystel.Tobar@mms.gov or;

Mr. Richard Fantel
Telephone: 303-231-3502; Fax: 303-231-3846;
E-mail: Richard.Fantel@mms.gov

• Reporting Issues:

Mr. Andy Sandoval
Telephone: 303-231-3777; Fax: 303-231-3700
E-mail: Alfonso.Sandoval@mms.gov

• Electronic Funds Transfer:

Mr. Joe Romero

Telephone: 303-231-3123; Fax: 303-231-3501;
E-mail: Joseph.Romero@mms.gov

We acknowledge that Operators and Lessees have given proper notice when using the telephone number or fax number provided to communicate with the Lessor. Any telephone communication regarding volumes must be confirmed by fax or e-mail no later than 1 business day after telephone communication occurs. The Lessor further agrees to make arrangements to receive such communications regarding oil scheduling issues during normal business hours. Operators and Lessees should communicate with one of the points of contact to answer any further questions.

The Paperwork Reduction Act

The Paperwork Reduction Act of 1995 requires us to inform you that this information is being collected by MMS to document fulfillment of royalty obligations on minerals removed from Federal lands and that we will use this information to maintain and audit lease accounts. We estimate the burden for reporting is 10 minutes per property per month. Comments on the accuracy of this estimate or suggestions for reducing this burden should be directed to the Information Collection Clearance Officer, Minerals Management Service, 1849 C Street, NW, MS 4230, Washington, DC 20240. Proprietary information submitted to the U.S. Department of the Interior is protected in accordance with standards established by the Federal Oil and Gas Royalty Management Act of 1982 (30 U.S.C. 1733), the Freedom of Information Act (5 U.S.C. 552(1,) (4)), and the Departmental Regulations (43 CFR 2). An agency may not conduct or sponsor and a person is not required to respond to a collection of information unless it displays a currently valid OMB control number.

Sincerely,

Milton K. Dial
Assistant Program Director
for Royalty In Kind

Enclosure