



United States Department of the Interior

MINERALS MANAGEMENT SERVICE
Minerals Revenue Management
P.O. Box 25165
Denver, Colorado 80225-0165
www.mrm.mms.gov



JAN 23 2006

Re: REQUEST FOR PROPOSAL – AGGREGATION OF ASPHALTIC BARRELS TO CASPER

The Minerals Management Service (MMS) and the State of Wyoming, Office of State Lands and Investments (State), are jointly soliciting written offers from pre-qualified companies to aggregate royalty oil from selected Federal and State properties located in the Big Horn Basin, for equivalent barrels of common-stream quality Wyoming Asphaltic Sour crude oil (exchange oil) at Casper, Wyoming.

MMS is interested in contracting for aggregation beginning April 2006 and continuing for a six month term. Successful offerors will take title to the oil at the custody transfer points listed in the exhibit and will make available the same quantity of Wyoming Asphaltic Sour crude oil at a designated pipeline transfer point at Casper.

The successful offeror will be responsible for all fees, including gravity adjustments, associated with any pipeline movements of royalty oil. The successful offeror will invoice the MMS and the State separately. If needed, MMS will provide the successful offeror the break out of State and Federal volumes no later than the 10th of the month following the month of production.

Upon mutual consent between MMS, the State, and the successful offeror, the successful offeror's contract may be amended when there is an increase or decrease in tariff-based transportation costs related to awarded properties.

The successful offeror will nominate delivery volumes of exchange oil at Casper to MMS' designated agent. These nominations must be provided to MMS, as well as its designated agent, for the bulk barrels at Casper at the same time they are provided to the pipelines supplying the relevant aggregation point.

Successful offerors are granted rights to royalty oil delivered by operators at the custody transfer points indicated in Exhibit A, not actual entitlements due the MMS or State. MMS and the operator will jointly monitor property imbalances between deliveries and entitlements. Routine imbalances will be resolved by adjusting the volume of royalty oil delivered to successful offerors in the second month following the month of delivery unless otherwise approved by MMS. MMS will communicate these adjustments to the successful offeror regarding the first of month availability of royalty oil.

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MMS and the operator will mutually resolve property imbalances not remedied within 90 days of the production month. The contract price under this transportation request may form the basis of resolving certain extraordinary imbalances.

The definition of market center imbalance is the difference between volumes nominated to MMS' designated agent at Casper during the month of delivery and actual volumes produced. The successful aggregation offeror will resolve these imbalances by adjusting the nominated volumes to be delivered to MMS' designated agent at Casper in the month following the month of delivery, unless otherwise approved by MMS.

Market center imbalances existing at the conclusion of this contract will be settled by mutually-agreed arrangements by the earliest date possible.

The MMS will evaluate each offer on its own merits and will enter into an agreement with the firm(s) whose offers represent the best overall value to the Government. MMS reserves the right to enter into negotiations with any offeror, but may enter into an agreement without negotiations. Accordingly, all initial offers should be submitted on a 'best and final' basis with the most favorable terms. If negotiations are conducted, you will be asked to confirm the terms of the discussions in writing. MMS may require special provisions if we determine they are needed upon reviewing your transportation agreement terms.

Contract language will be discussed upon the receipt of a final award.

Please note: For production purchased from State leases, interest on late payments is governed by Wyoming statute under Title 30-5-303(a). This supersedes provisions in the RIK Crude Oil General Terms and Conditions, section 8(f).

Interested parties are asked to submit their offers in writing and submitted via facsimile 303-231-3846 or email (Sheila.Perry@mms.gov) by 10:00 a.m. MST, January 30, 2006. MMS confirms receipt of all offers by phone or email. Address State contracting questions to Harold Kemp at 307-777-6643 or via email (hkemp@state.wy.us).

MMS will make initial awards by 10:00 a.m. MST January 31, 2006. Offerors should be aware that any award under this aggregation solicitation will be contingent on the receipt of acceptable offers at Casper in the Phase 14 open competitive sale. If MMS and the State receive acceptable offers at Casper, we will issue a final award under this transportation request by 2:00 p.m. MST, February 10, 2006.

Questions concerning this request may be directed to Sheila Perry at 303-231-3610. Your interest and participation is encouraged and appreciated.

Sincerely,


Stacy D. Leyshon
Royalty In Kind, Manager, Oil Marketing

Exhibit

**Aggregation Offer Sheet
Asphaltic Sour Crude**

Exhibit

Line Code	Lease or Agreement Number	Lease or Agreement Name	Operator	Avg. Gravity	Federal Avg. Daily Royalty Bbls	State Avg. Daily Royalty Bbls	<u>Casper</u> April-06 to Sept-06 6-Month Offer +/-
Pipeline:	Red Butte						
B3101	891012527A	Byron	Marathon	21.5	45		\$
B3103	891002438A	Byron Pre-Tensleep, Amsden Pa	Marathon	21.5	1		\$
B3102	891002438B	Byron Pre-Tensleep, Madison Pa	Marathon	21.5	1		\$
B0300	W 112017X	Enigma (See Note Below)	Citation O&G	23.3	15		\$
B0500	892000174A	Garland	Marathon	21.4	159		\$
B1002	892000185C	Garland (Tensleep)	Marathon	21.4	20		\$
B0600	8920003630	Gebo	Phoenix Production	24.5	112		\$
B5000	892000223A	Gooseberry "A"	Kerr-McGee	21.6	18	8	\$
B5100	892000223B	Gooseberry "B"	Kerr-McGee	19.5	13	10	\$
B0710	W 150174X	Grass Creek	Marathon	23.5	19	149	\$
B1004	0640446940	Kinney Coastal 012	Marathon	21.4	1		\$
B1005	0640447690	Kinney Coastal 051,052	Marathon	21.4	1		\$
B1000	892000185A	Kinney Coastal Garland - Mad "B"	Marathon	21.4	3		\$
B1001	892000185B	Kinney Coastal Garland - Embar	Marathon	21.4	3		\$
B1003	892000185E	Kinney Coastal Garland - Mad "A"	Marathon	21.4	2		\$
B7100	064043977A	Kinney Coastal Garland 78Ea	Marathon	21.4	1		\$
B6000	892000559A	Oregon Basin-N. Chugwater Pa	Marathon	21.7	1		\$
B6100	892000559B	Oregon Basin-S. Chugwater Pa	Marathon	20.0	1		\$
B6200	892000559C	Oregon Basin (N. Embar)	Marathon	21.7	222	17	\$
B6300	892000559D	Oregon Basin (S. Embar)	Marathon	20.0	226	4	\$
B6400	892000559E	Oregon Basin (N. Madison)	Marathon	21.7	22		\$
B6500	892000559F	Oregon Basin (S. Madison)	Marathon	20.0	75		\$
				Total for Pipeline:	960	188	
				Total for Asphaltic Sour Crude:	1,148		

Notes:

These volumes are only estimates of royalty oil available to successful offerors and are not warranted. Due to the termination of the royalty rate reductions granted under the stripper well royalty reduction program effective February 1, 2006, some of these volumes may increase. MMS will provide updated volumes to the successful offeror when available.