

**INVITATION FOR OFFER – MMS ROYALTY-IN-KIND GAS**  
**I FO No. MMS-RIK-2006-GOMR-001**  
**November 2005 to March 2006/October 2006**

**Introduction**

The Minerals Management Service (MMS) of the U.S. Department of the Interior is requesting written offers to purchase royalty gas produced from Federal leases in the Gulf of Mexico. Production is delivered into the six offshore pipeline systems identified below. The details of each pipeline-specific sale package are presented in the attachments to this Invitation for Offer (IFO).

You must submit a written offer via facsimile (fax no. 303-231-3846) **by 2:00 p.m. Central Time on October 4, 2005**. We will award the offers by 3:00 p.m. Central Time on **October 6, 2005**. You may call Mike DeBerard at 303-231-3884, Karen Bigelow at 303-231-3890, or Jeff Olson at 303-231-3225 with any questions.

<u>Att. No.</u>	<u>Page No.</u>	<u>Pipeline System</u>	<u>Est. Daily Volume/MMBtu</u>	<u>Number of Receipt Pnts</u>	<u>Associated Indexes **</u>
1	7	ANR Nearshore	38,000	9	ANR
2	9	CTGS (Central Texas Gath. System)	41,325*	10	TGP, Transco
3	11	Garden Banks	58,000	5	ANR, CGT, FGT
4	13	Seagull Shoreline	12,800	4	HSC
5	15	Stingray	30,250	34	ANR, NGPL, TGP
6	18	Tenn. Gas 800 Leg	<u>14,200</u>	<u>9</u>	TGP
Total			<u>194,575</u>	<u>71</u>	

\* CTGS is split into sub-packages – see Attachment 2.

\*\* Henry Hub and NYMEX are preferred indices on all packages in addition to the named indices. ANR - ANR Pipeline Co.; CGT - Columbia Gulf Trans Co., FGT - Florida Gas Trans. Co., HSC - Houston Ship Channel; NGPL – Natural Gas Pipeline Co. of America; TGP - Tennessee Gas Pipeline Co.; Transco - Transcontinental Gas Pipeline Corp.

**Offers<sup>1</sup>**

Exhibit A is the offer sheet. MMS is selling this gas using both a baseload and swing component<sup>2</sup>. Place your offer(s) in the appropriate column for each pipeline gas sales package. Your offer should:

<sup>1</sup> Offerors must be pre-qualified to submit offers, see the Pre-Qualification and Credit Requirements section. By submission of an offer, the offeror agrees to be bound to the terms and conditions of its Gas Industry Standards Board (GISB) and/or its North American Energy Standards Board (NAESB) contract with MMS and this IFO.

<sup>2</sup> Baseload is an amount of natural gas delivered over a given period of time at a steady rate unless an adverse operational or force majeure action occurs. Swing volume is the supply of natural gas that is last to be taken and first to be curtailed and absorbs production variations.

- Use an appropriate Inside FERC first-of-month price for baseload gas
- Use an appropriate Gas Daily daily midpoint price for swing gas
- Reflect an increment or decrement in relation to the applicable index price
- Include both the baseload and swing components; the buyer will take the entire package

You may submit a multi-package offer where the award is contingent on winning all identified packages. You must meet our financial qualifications for the full volume you wish to purchase. Indicate your priority of acceptance for a multi-package deal in a cover sheet with your offers.

If your offer has a transportation cost, then:

- Quantify the transportation and fuel deductions
- Indicate if your transportation cost is a pipeline tariff
- Indicate if your transportation cost will change if the tariff changes

Exhibit A also identifies (where applicable):

- Transportation requirements
- Pipeline imbalance resolution
- Plant Thermal Reduction scheduling requirements
- Flash gas and condensate status

Exhibit B identifies the Gulf of Mexico properties included in this IFO. MMS does not warrant the accuracy of information in the exhibits. Exhibit B contains (applicable to each gas sales package):

- MMS' most recent estimate of royalty gas production
- Pipeline meter number
- Platform operator name
- Lateral transportation requirements

MMS and the buyer will jointly agree to any pricing remedies when:

- An appropriate index price does not post or is removed
- Gas cannot flow on the pipeline specified in the attachments

### **Consideration of Offers**

MMS may award a contract on the basis of initial offer(s) received without discussion. 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 value are received.

The MMS shall award a contract resulting from this IFO to the offeror whose offer, in MMS' judgment, is most advantageous to the Federal Government. MMS will award to the buyer by means of its Natural Gas Purchase Confirmation Notice.

Neither party shall disclose directly or indirectly, without the prior written consent of the other party, the terms of any transaction to a third party (other than the employees, lenders, royalty owners, counsel, accountants and other agents of the party, or prospective purchasers of all or substantially all of a party's assets or of any rights under this Contract, provided such persons shall have agreed to keep such terms confidential) except; (i) in order to comply with any applicable law, order, regulation, or exchange rule, (ii) to the extent necessary for the enforcement of this Contract, (iii) to the extent necessary to implement any

transaction, (iv) to the extent necessary to implement any transaction as described below in the Transportation and Scheduling of Royalty Gas section, or (v) to the extent such information is delivered to such third party for the sole purpose of calculating a published index.

Each party shall notify the other party of any proceeding of which it is aware which may result in disclosure of the terms of any transaction (other than as permitted hereunder) and use reasonable efforts to prevent or limit the disclosure. The existence of this Contract is not subject to this confidentiality obligation. The terms of any transaction hereunder shall be kept confidential by the parties hereto for one year from the expiration of the transaction.

### **Governing Contract**

This transaction is governed by the GISB and/or NAESB contract signed between the buyer and MMS. The provisions in this IFO are a condition of your purchase and are supplemental to the GISB and/or NAESB contract. Conflicts between the GISB and/or NAESB contract and this IFO shall be resolved in favor of the IFO.

MMS will send the successful offeror a transaction confirmation detailing the award packages. The transaction confirmation will be deemed binding for both parties if the successful offeror does not either sign and return or note discrepancies within 2 business days.

### **Term**

Delivery of royalty gas to the buyer begins on November 1, 2005. The royalty gas delivery period will be for a term of five months ending March 31, 2006 or twelve months ending October 31, 2006, depending on the value of offers received.

The reasons for which MMS may declare an early cancellation may be, but are not limited to:

- (1) The failure to pay, when due, any payment required under this agreement, if such failure is not remedied within 5 business days after written notice of such failure, provided that the payment is not the subject of a good faith dispute and the buyer pays MMS such amounts as it concedes to be correct.
- (2) Any representation or warranty which is proven to have been false or misleading in any material respect when made or deemed to be repeated.
- (3) The failure to provide adequate financial assurances to MMS specified under Pre-Qualification and Credit Requirements.

### **Delivery Points**

In general, delivery points for royalty gas from the properties listed in Exhibit B are as follows:

- For properties directly connected to the primary pipeline system - the royalty meter at the platform (each package identifies the primary pipeline system)
- For properties connected to the primary pipeline system by producer lateral lines - the downstream terminus of the producer lateral
- For properties connected to the primary pipeline system by lateral or gathering lines not owned by the producer (third party lines) - the royalty meter at the platform

We have noted those instances on Exhibit B where the delivery point does not conform to the above. MMS has, in some cases, contracted for transportation with the third party lateral line operators for

transportation over the third party lines and will make the buyer our agent under that contract. Where MMS has not contracted for lateral line transportation, the buyer must contract with the third party. MMS will reimburse the buyer for demonstrated and reasonable costs for third party transportation.

### **Transportation, Fuel, and Scheduling of Royalty Gas**

The buyer agrees to take 100 percent of the royalty gas delivered at the delivery point for the entire contract period. The lease operators will use reasonable efforts, consistent with industry practice, to inform the buyer regarding significant changes in gas production levels and production shut-ins. The buyer, through customary industry practice set forth by NAESB and the Council of Petroleum Accountants Societies (COPAS) in nominating and scheduling transportation services, will communicate directly with the lease operators and make arrangements for the delivery and transfer of royalty gas from the properties in each Exhibit B. The buyer, at its expense, shall make all necessary arrangements to receive royalty gas at the delivery point. The buyer is not responsible for costs of transportation upstream of the delivery point.

MMS will provide the purchaser with a value credit for pipeline fuel, where appropriate, by multiplying the daily fuel volume by the applicable Gas Daily (daily) midpoint price.

No later than 8 calendar days before the first day of each month, the lease operators will notify the buyer of the daily royalty gas volumes and qualities anticipated for that month of production. The buyer understands that any such estimate is not a warranty of actual deliveries to be made but is provided to facilitate planning of delivery of royalty gas. This will continue for each month of the royalty gas delivery period. Production decreases during the term of this agreement may reduce the volume of gas to a level that impinges on the baseload volume. All applicable remedies, including any liquidated damages and the Financial Keep Whole provisions set forth below, shall continue to apply to the agreed baseload volume until changes in the baseload volume have been agreed upon between MMS and the buyer.

MMS and operators will jointly monitor imbalances between delivered and entitled volumes of royalty gas. Operator imbalances may be resolved by adjusting the royalty gas delivered to the buyer. These adjustments, (the make-up amount) will be communicated from the lease operator to the buyer in the first of month availability of royalty gas. Extraordinary operator imbalances will be cashed out.

The buyer must move the royalty gas under the applicable MMS contract when MMS has purchased transport or the MMS business number if the gas is pooled or delivered at the platform. The buyer schedules and nominates flowing gas; MMS is a read-only entity.

### **Processing Rights**

MMS reserves the right to process, or cause to be processed by others, all royalty gas for recovery of liquefiable hydrocarbons (and inert gases) other than methane. This includes such methane as cannot be separated from the ethane and heavier hydrocarbons separated or extracted from the gas under normal operation of conventional type separation and processing facilities.

In cases where MMS elects to process gas, the buyer will schedule our associated Plant Thermal Reduction (PTR) volumes where necessary (identified on Exhibit A). The volume of gas available for sale will decrease by this PTR volume. MMS is responsible for any costs associated with transportation of the PTR from the delivery point to the processing plant.

MMS will also entertain offers to purchase our processing rights. Please indicate on your offer sheet if your offer includes the rights to processing. All requirements to process under pipeline operational

flow orders, Btu restrictions, dew point restrictions, etc. will be the responsibility of the successful offeror if MMS awards the processing rights.

### **Financial Keep Whole**

Notwithstanding your signed GISB and/or NAESB contract, if on any day the quantity of gas delivered hereunder is less than, at a minimum, a quantity of gas equal to the baseload volume, the "Baseload Deficiency Quantity" shall be the numerical difference between the baseload volume and the amount of gas actually delivered, and the parties shall resolve the differences in the following manner:

- (1) If the "Daily Midpoint" price set forth in Gas Daily, or successor publication, in the column "Daily Price Survey" under the listing applicable to the geographic location<sup>3</sup> agreed pursuant to the Transaction for the relevant day is greater than the Contract Price for the baseload volume, then MMS shall adjust the amount due from the offeror by an amount equal to (i) the Baseload Deficiency Quantity, multiplied by (ii) the difference between (a) the "Daily Midpoint" price set forth in Gas Daily, or successor publication, in the column "Daily Price Survey" and (b) the Contract Price for the baseload volume.
- (2) If the "Daily Midpoint" price set forth in Gas Daily, or successor publication, in the column "Daily Price Survey" under the listing applicable to the geographic location<sup>3</sup> agreed pursuant to the Transaction for the relevant day is less than the Contract Price for the baseload volume, offeror shall pay MMS an amount equal to (i) the Baseload Deficiency Quantity, multiplied by (ii) the difference between (a) the Contract Price for the baseload volume and (b) the "Daily Midpoint" price set forth in Gas Daily or successor publication, in the column "Daily Price Survey."

"Baseload volume" shall mean a quantity of gas equal to the MMBtu/d designated in the attachments to this IFO or such quantity of gas designated as the baseload volume at the first of the month nomination.

### **Pre-Qualification and Credit Requirements**

New offerors are required to pre-qualify by signing the base NAESB contract and providing audited financial statements, if not publicly available. For pre-qualification information, see our website at <http://www.mrm.mms.gov/rikweb/prequal.htm>. Upon review of financial statements, MMS will issue an amount of unsecured credit based on the creditworthiness of the offeror. In most cases where offerors have submitted their most current financial documentation or such information is available on Edgar Online, no additional information will be required. However, MMS reserves the right to request additional financial information in any situation it deems necessary and may reissue or suspend approved lines of credit. Please be advised that MMS requires a parent guaranty in situations where the offeror company is a different entity than the company that has pre-qualified.

For awards exceeding the amount of credit issued by MMS or in situations where MMS has suspended the approved line of credit, buyers will be required to provide secured financial assurance in the form of an Irrevocable Letter of Credit (ILOC), bond, pre-payment, or other MMS-acceptable surety instrument. The financial assurance instrument must be provided at least 5 business days prior to the first delivery of the natural gas under the contract. If financial assurance is required, buyers will be notified, and such notice will be included in the Natural Gas Purchase Confirmation Notice. The ILOC, Bond, pre-payment, or other MMS-acceptable surety instrument must be effective

---

<sup>3</sup> If the Gas Daily component is priced with a NYMEX, Henry Hub or HSC index, the applicable geographic location for keep whole purposes will be established between successful offeror and MMS and identified in the transaction confirmation.

for a period beginning on the date of first delivery under the contract and ending when payment for final month of delivery is verified.

The financial assurance amount shall be sufficient to cover the value of 60 days of deliveries of the estimated production of all royalty gas awarded, less the amount of credit issued by the MMS. For new surety instruments, the MMS will contact you regarding the calculation of an estimated amount of surety to be provided prior to initial deliveries. This value must be multiplied by the daily royalty production (estimated in Exhibit A), multiplied by 60 days, and then reduced by the amount of unsecured credit issued by MMS. For continuing surety instruments, we will contact you regarding renewal requirements. The amount of unsecured credit available for this sale is contingent upon the successful offeror's current participation in other RIK sales or exchange programs. Failure to provide adequate financial assurance when requested may result in a loss of award unless the Contracting Officer for the MMS extends the date.

Significant and sustained increases in the value of royalty gas during the term of the contract may result in the 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 deliveries under the agreement. Such assurances include, but are not limited to, a prepayment or an ILOC in a form and amount satisfactory to MMS. An investment-grade rating by Standard and Poor's or Moody's is required by MMS to maintain creditworthiness.

In addition, the buyer is required to provide MMS with any information regarding a significant, adverse change in their financial status. Such changes can include a material change in liquidity or capital resources, noncompliance with financial covenants in debt documents, and market events affecting operations, revenues, or assets.

The financial institution issuing the ILOC or surety company issuing the Bond must be acceptable to MMS. See <http://www.mrm.mms.gov/ReportingServices/Forms/RIK.htm> for a sample of the ILOC or Bond. Contact Larry Cobb at 303-231-3307 if you have any questions regarding pre-qualification or credit.

### **Liquidated Damages**

MMS will remarket the gas in the event an early contract cancellation occurs. MMS will collect from the terminated party an amount equal to the positive difference, if any, between the contract price less the price at which MMS is able to remarket the gas not purchased, using commercially reasonable efforts in an arm's-length transaction. Alternatively, MMS may elect to enforce any liquidated damages specified in the signed GISB and/or NAESB contract.

PAPERWORK REDUCTION ACT STATEMENT: The Paperwork Reduction Act of 1995 requires us to inform you that the information being collected under this solicitation 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.

6 Attachments

Minerals Management Service  
 IFO No: MMS-RIK-2006-GOMR-001  
 Term: November 2005 - March 2006/October 2006

Attachment 1  
 Exhibit A

**MMS Contacts:**  
 Karen Bigelow 303-231-3890  
 Mike DeBerard 303-231-3884  
 Jeff Olson 303-231-3225  
 Fax No. 303-231-3846  
 Alt. Fax No. 303-231-3849

**ANR Nearshore - RIK Gas Sales**

Delivery Point	Volume MMBtu/D	Obligation <u>1/</u>	Nov 05 - Mar 06 5-mo. Offer	Nov 05 - Oct 06 12-mo. Offer	ANR Transportation <u>2/</u>
ANR Nearshore	25,000	Baseload			- not applicable -
ANR Nearshore	13,000	Swing			- not applicable -

1/ Baseload gas is offered at Inside FERC: ANR (La), Henry Hub, or NYMEX.  
 Swing gas is offered at Gas Daily (Daily): ANR (La), Henry Hub, or NYMEX.  
 MMS will give preference to a "greater of" offer that combines two or more index prices.

2/ No transport cost to ANR SE pool.

Imbalance Charges: This is a wellhead sale, imbalance charges are not applicable.

\_\_\_\_\_  
 Your Name

\_\_\_\_\_  
 Phone Number

\_\_\_\_\_  
 Company Name

\_\_\_\_\_  
 Fax Number

Receipt Point	Meter Number	Daily 1/ Royalty Production (MMBtu)	Lease/Agre.	Area	Block	Operator	Lateral Line 2/
WC 100 A	345117	6,000	054-022510-0	WC	100	Dominion E&P	
WC 165 A	165W1	3,750	054-004397-0 055-000758-0	WC WC	291 165	Devon Energy Devon Energy	
WC 167	29636 167ANRPL	24,000	054-009249-0 054-010379-0 754-395021-A 754-399001-A 754-399002-A	AC AC EB EB AC	65 24 945 949 25	ExxonMobil ExxonMobil ExxonMobil ExxonMobil ExxonMobil	
WC 172 E	36111	200	054-001998-0	WC	172	Forest Oil Corp.	
WC 182 A	182W1	500	054-015062-0	WC	182	Seneca Resources	
WC 205 A	205W1	1,300	054-003496-0 054-023752-0	WC WC	206 210	Forest Oil Corp. Energy Partners Ltd.	Northern Natural
WC 238 A	238W1	500	054-002834-0 054-009408-0	WC WC	238 248	Marlin Energy Offshore Marlin Energy Offshore	

**• Texas Gas Transmission Nominated Properties**

HI 167 A		500	054-006200-0	HI	166	EOG Resources Inc.	Texas Gas
• receipt pt	9383		054-022247-0	HI	167	Spinnaker Exploration	
• delivery pt	9331						
WC 294 A		1,250	054-004090-0	WC	294	Newfield Expl. Co.	Texas Gas
• receipt pt	2838		054-015078-0	WC	300	Hunt Petroleum	
• delivery pt	9331		054-022539-0	WC	289	Hunt Petroleum	
			891-020255-0	WC	293	Apache Corp.	

**Package Total:** 38,000

Note 1/ Daily Production numbers are MMS' estimated share of production from the property. Historical production and quality data available upon request.

Note 2/ MMS has a contract with Northern Natural and Texas Gas to transport gas over these laterals. MMS will designate the buyer as our agent under those contracts.

Minerals Management Service  
 IFO No: MMS-RIK-2006-GOMR-001  
 Term: November 2005 - March 2006/October 2006

Attachment 2  
 Exhibit A

**MMS Contacts:**  
 Karen Bigelow 303-231-3890  
 Mike DeBerard 303-231-3884  
 Jeff Olson 303-231-3225  
 Fax No. 303-231-3846  
 Alt. Fax No. 303-231-3849

**Central Texas Gathering System - RIK Gas Sales**

Delivery Point	Volume MMBtu/D	Obligation <u>1/</u>	Nov 05 - Mar 06 5-mo. Offer	Nov 05 - Oct 06 12-mo. Offer	CTGS Transportation <u>2/</u>
<b>PACKAGE 1</b>					
Central Texas Gathering System	12,500	Baseload			
Central Texas Gathering System	6,825	Swing			
<b>PACKAGE 2</b>					
Central Texas Gathering System	15,000	Baseload			- not applicable -
Central Texas Gathering System	7,000	Swing			- not applicable -

1/ Baseload gas is offered at Inside FERC: TGP (Z0), Transco (Z1), Henry Hub, or NYMEX.  
 Swing gas is offered at Gas Daily (Daily): TGP (Z0), Transco (Z1), Henry Hub, or NYMEX.  
 MMS will give preference to a "greater of" offer that combines two or more index prices.

2/ Pkg 1: Quantify your transportation and fuel costs and specify if it is tariff-related.

Pkg 2: MMS has contracted for transport on Seahawk/Transco and will assign the contract to the buyer.  
 Buyer will pay this contracted rate to Transco and be reimbursed by MMS. Downstream  
 interconnects are TGP, NGPL, Midcon, Tejas, Channel, Dow, Valero (EPGT).

Imbalance Charges: Pkg 1 is a wellhead sale, imbalance charges are not applicable. MMS cashes  
 out monthly for gas flowing on CTGS Pkg 2.

Flash Gas: MMS reconciles all volumes, including metered flash gas, with the Transco Pipeline.

\_\_\_\_\_  
 Your Name

\_\_\_\_\_  
 Phone Number

\_\_\_\_\_  
 Company Name

\_\_\_\_\_  
 Fax Number

Receipt Point	TGP Meter Number	Transco 1 Line	Royalty 1/ Production (MMBtu)	Lease/Agre.	Area	Block	Operator
---------------	------------------	----------------	----------------------------------	-------------	------	-------	----------

**Package 1**

**Receipt points with access to Transco, Tennessee, ANR, Columbia, and Northern Natural capacity.**

BAA 105 A	001419	1007084	4,500	054-001757-0	BA	A 105	Unocal
		1007084		054-001754-0	BA	A 102	Unocal
BA 451 A	001327	1007108	375	054-003935-0	BA	451	Apache Corp.
BAA 70 A	001350	1000087	350	054-002663-0	BA	A 70	GOM Shelf LLC
BAA 133A	001206	1000089	2,900	054-002665-0	BA	A 133	GOM Shelf LLC
BAA 133B	001231	1009500	8,000	054-002665-0	BA	A 133	GOM Shelf LLC

**Receipt points with access to Transco and Tennessee capacity only.**

BA A2	005271	9001800	1,200	054-025518-0	BA	A 2	Tana Exploration
GA 352A	005269	1005717	1,250	054-023180-0	GA	352	Kerr-McGee O&G Corp.
				054-024366-0	GA	351	Kerr-McGee O&G Corp.
GA 424C	005270	1001100	750	054-017133-0	GA	389	Devon Energy
				054-022219-0	GA	424	Devon Energy

**Package Total:** 19,325

**Package 2**

**Receipt points with access to Transco only capacity.**

EB 602	n/a	1004717	11,500	054-014205-0	EB	602	Kerr-McGee O&G Corp.
EB 643	n/a	1004718	10,500	754-397014-A	EB	643	Kerr-McGee O&G Corp.
				754-397014-B	EB	643	Kerr-McGee O&G Corp.
				754-397013-A	EB	688	Kerr-McGee O&G Corp.

**Package Total:** 22,000

Note 1/ Daily Production numbers are MMS' share of production from the property. Historical production and quality data available upon request.

Minerals Management Service  
 IFO No: MMS-RIK-2006-GOMR-001  
 Term: November 2005 - March 2006/October 2006

Attachment 3  
 Exhibit A

**MMS Contacts:**  
 Karen Bigelow 303-231-3890  
 Mike DeBerard 303-231-3884  
 Jeff Olson 303-231-3225  
 Fax No. 303-231-3846  
 Alt. Fax No. 303-231-3849

**Garden Banks Area - RIK Gas Sales**

Delivery Point <u>3/</u>	Volume MMBtu/D	Obligation <u>1/</u>	Nov 05 - Mar 06 5-mo. Offer	Nov 05 - Oct 06 12-mo. Offer	Garden Banks and ANR Transportation <u>2/</u>
ANR Pipeline/ Pelican Gas Plant	40,000	Baseload			- not applicable -
ANR Pipeline/ Pelican Gas Plant	18,000	Swing			- not applicable -

1/ Baseload gas is offered at Inside FERC: ANR (La), CGT (La), FGT (Z2), Henry Hub, or NYMEX. Swing gas is offered at Gas Daily (Daily): ANR (La), CGT (La), FGT (Z2), Henry Hub, or NYMEX. MMS will give preference to a "greater of" offer that combines two or more index prices.

2/ MMS has contracted for transport on Garden Banks Gas Pipeline and ANR and will designate the buyer as our agent under these contracts. Buyer will pay the contracted rates to Garden Banks Gas Pipeline and ANR and be reimbursed by MMS.

3/ Markets available to buyer under MMS' contract with ANR at the tailgate of the Pelican Gas Plant include: Bridgeline, Columbia, Cypress, Gulf South, LRC, Tennessee Gas, TETCO, Texas Gas, Trunkline, Florida Gas, LIG, and Sonat.

Imbalance Charges: MMS cashes out monthly for gas flowing on Garden Banks Gas Pipeline. The buyer is responsible for imbalances on ANR Pipeline and will be invoiced by ANR.

Retrograde Condensate: Retrograde or drip condensates are recovered at either the Cocodrie and Pelican Island Plants on the Bluewater Pipeline System or the Bayou Black Plant on Transco Pipeline. MMS reserves the right to recover this retrograde/drip condensate.

\_\_\_\_\_  
 Your Name

\_\_\_\_\_  
 Phone Number

\_\_\_\_\_  
 Company Name

\_\_\_\_\_  
 Fax Number

**Garden Banks Area**  
**IFO No: MMS-RIK-2006-GOMR-001**  
**Term: November 2005 - March/October 2006**

**Attachment 3**  
**Exhibit B**

Receipt Point	Garden Banks Gas Pipeline Meter Number	ANR Meter Number	Royalty <u>1/</u> Production (MMBtu)	Lease/Agre.	Area	Block	Operator
VR 397 A (Auger) (Auger, Macaroni, Oregano, Serrano, Habenero)	n/a	145717	9,000	054-008252-0	GB	516	Shell Offshore
				054-011528-0	GB	472	Shell Offshore
				054-011546-0	GB	559	Shell Offshore
				054-011553-0	GB	602	Shell Offshore
				054-015879-0	GB	341	Shell Offshore
				754-389021-0	GB	471	Shell Offshore
				754-391006-A	GB	388	Shell Offshore

**• Garden Banks Gas Pipeline Nominated Properties**

GB 128 A (Auger II) (Auger, Macaroni, Oregano, Serrano, Habenero)	992100	262432	10,000	054-008252-0	GB	516	Shell Offshore
				054-011528-0	GB	472	Shell Offshore
				054-011546-0	GB	559	Shell Offshore
				054-011553-0	GB	602	Shell Offshore
				054-015879-0	GB	341	Shell Offshore
				754-389021-0	GB	471	Shell Offshore
				754-391006-A	GB	388	Shell Offshore
GB 128 A (Cinnamon, Conger, Enchilada, Salsa)	992101	262432	20,000	054-009216-0	GB	215	Amerada Hess
				054-014221-0	GB	172	Shell Offshore
				054-015540-0	GC	89	Apache Corp.
				754-395001-A	GB	83	Shell Offshore
				754-395002-A	GB	128	Shell Offshore
GB 260 A (Baldpate)	992102	262432	4,000	754-391010-A	GB	259	Amerada Hess
GB 783 (Magnolia)	n/a <u>2/</u>	262432	15,000	754-399007-A	GB	783	ConocoPhillips

**Package Total:**

**58,000**

Note 1/ Daily Production numbers are MMS' share of production from the property. Historical production and quality data available upon request.

Note 2/ Magnolia delivery point is at the interconnect of Garden Banks Gas Pipeline and ANR Pipeline at SMI 76

Minerals Management Service  
 IFO No: MMS-RIK-2006-GOMR-001  
 Term: November 2005 - March 2006/October 2006

Attachment 4  
 Exhibit A

**MMS Contacts:**  
 Karen Bigelow 303-231-3890  
 Mike DeBerard 303-231-3884  
 Jeff Olson 303-231-3225  
 Fax No. 303-231-3846  
 Alt. Fax No. 303-231-3849

**Seagull Shoreline System (Blessing, TX) - RIK Gas Sales**

Delivery Point <u>2/</u>	Volume MMBtu/D	Obligation <u>1/</u>	Nov 05 - Mar 06 5-mo. Offer	Nov 05 - Oct 06 12-mo. Offer	Transportation
Tailgate of Matagorda Gas Plant	7,500	Baseload			- not applicable -
Tailgate of Matagorda Gas Plant	5,300	Swing			- not applicable -

1/ Baseload gas is offered at Inside FERC: HSC (large pkg), Henry Hub, or NYMEX.  
 Swing gas is offered at Gas Daily (Daily): HSC, Henry Hub, or NYMEX.  
 MMS will give preference to a "greater of" offer that combines two or more index prices.

2/ Pipe pigging requires small volumes to be received on the Tomcat System, delivered at Matagorda Island Liquid Separation Plant (MILSP), near Port Lavaca, Texas. Pipelines located at MILSP are: TETCO, Tejas, Midcon, Channel, and HPL.

Imbalance Charges: Operator delivers MMS gas to take away point. MMS cashes out with operator.

\_\_\_\_\_  
 Your Name

\_\_\_\_\_  
 Phone Number

\_\_\_\_\_  
 Company Name

\_\_\_\_\_  
 Fax Number

Shoreline Seagull System (Blessing, TX)  
 IFO No: MMS-RIK-2006-GOMR-001  
 Term: November 2005 - March 2006/October 2006

Attachment 4  
 Exhibit B

Receipt Point	Daily <sup>1/</sup> Royalty Production (MMBtu)	Lease/Agre.	Area	Block	Operator
Tailgate of Matagorda gas plant	2,000	054-005169-0 054-006032-0	MI	518 519	BP Energy BP Energy
"	500	754-398002-A	MI	622	BP Energy
"	10,000	754-398002-A	MI	622	BP Energy
"	300	054-006042-0 054-007202-0	MI	633 634	Apache Corp. Apache Corp.
<b>Package Total:</b>	<b><u>12,800</u></b>				

Note <sup>1/</sup> Daily Production numbers are MMS' estimated share of production from the property.  
 Historical production and quality data available upon request.

Minerals Management Service  
 IFO No: MMS-RIK-2006-GOMR-001  
 Term: November 2005 - March 2006/October 2006

Attachment 5  
 Exhibit A

**MMS Contacts:**  
**Karen Bigelow** 303-231-3890  
**Mike DeBerard** 303-231-3884  
**Jeff Olson** 303-231-3225  
**Fax No.** 303-231-3846  
**Alt. Fax No.** 303-231-3849

**Stingray Pipeline - RIK Gas Sales**

Delivery Point	Volume MMBtu/D	Obligation <u>1/</u>	Nov 05 - Mar 06 5-mo. Offer	Nov 05 - Oct 06 12-mo. Offer	Stingray Transportation <u>2/</u>
Stingray Pipeline	20,000	Baseload			- not applicable -
Stingray Pipeline	10,250	Swing			- not applicable -

1/ Baseload gas is offered at Inside FERC: ANR (La), NGPL (La), TGP (800), Henry Hub, or NYMEX.  
 Swing gas is offered at Gas Daily (Daily): ANR (La), NGPL (La), TGP (800), Henry Hub, or NYMEX.  
 MMS will give preference to a "greater of" offer that combines two or more index prices.

2/ MMS has contracted for transport on Stingray and will assign the contract to the buyer. Buyer will pay this contracted rate to Stingray and be reimbursed by MMS.

Imbalance Charges: Stingray Pipeline balances daily.

Processing: Gas processing will be determined by the offers received. If processing is required, MMS will enter into processing contracts.

Retrograde Condensate: Retrograde or drip condensate may be recovered at the Stingray Plant. MMS reserves the right to recover this retrograde/drip condensate.

\_\_\_\_\_  
 Your Name

\_\_\_\_\_  
 Phone Number

\_\_\_\_\_  
 Company Name

\_\_\_\_\_  
 Fax Number

**Stingray Pipeline**  
**IFO No: MMS-RIK-2006-GOMR-001**  
**Term: November 2005 - March 2006/October 2006**

**Attachment 5**  
**Exhibit B**

Receipt Point	Meter Number	Royalty 1/ Production (MMBtu/Day)	Lease/Agre.	Area	Block	Operator	Lateral Line
EC 267 A <u>3/</u>	30267	200	054-016267-0	EC	267	Newfield Expl. Co.	
EC 338 A <u>3/</u>	905443	200	054-002063-0 054-014385-0 054-016273-0	EC EC EC	338 349 368	W&T Offshore W&T Offshore W&T Offshore	
EC 359 A	905955	2,000	054-002567-0 054-012856-0 054-014383-0	EC EC EC	359 378 347	Apache Corp. El Paso GOM Apache Corp.	
EC 373 A	11267	4,000	754-398017-A 754-303001-A 054-015838-0 054-021586-0	EC GB GB EC	373 200 108 374	Kerr-McGee O&G Corp. Amerada Hess Kerr-McGee O&G Corp. Energy Resources	
GB 72 A	10636	1,000	054-013363-0 054-012631-0 054-013367-0 054-023278-0	GB GB GB GB	72 117 161 205	Flextrend Dev. Co. Flextrend Dev. Co. Newfield Expl. Co. LLOG Exploration	
GB 142	40142	900	054-021378-0	GB	142	ATP	
VR 214 A	6187	400	054-002076-0	VR	214	Chevron Corp.	
VR 258	50258	2,500	054-021093-0	VR	258	Petsec Energy	
VR 321 A	900490	2,000	054-002088-0 054-003138-0	VR VR	321 302	Nexen Petroleum Nexen Petroleum	
VR 340 A <u>3/</u>	900491	50	054-002091-0 054-002090-0	VR VR	340 339	Nexen Petroleum Nexen Petroleum	
VR 371 A	10547	700	754-393006-0	VR	371	Noble Energy Inc.	
WC 22 C	60022	3,000	054-024700-0 054-024701-0	WC WC	22 23	Newfield Expl. Co. Newfield Expl. Co.	
WC 78 A	60078	700	054019702-0	WC	78	Newfield Expl. Co.	
WC 144 B	900483	1,100	054-001953-0	WC	144	Apache Corp.	
WC 170 A	2946	2,000	054-004085-0 054-016121-0	WC WC	170 148	Nexen Petroleum Nexen Petroleum	
WC 173	11293	800	055-000759-0	WC	173	Houston Expl. Co.	
WC 196 A	904980	1,000	054-005292-0 054-003264-0 054-016123-0	WC WC WC	196 197 195	Unocal Unocal Unocal	
WC 269 JA	10722	500	054-013563-0	WC	269	Houston Expl. Co.	

Receipt Point	Meter Number	Royalty Production (MMBtu/Day)	Lease/Agre.	Area Block	Operator	Lateral Line
WC 347	60347	500	054-022543-0	WC 347	Remington Offshore	
WC 368 A	905924	800	054-005315-0 054-015083-0	WC 368 WC 364	Century Off. Mgmt. Apache Corp.	
WC 405	5921	900	054-022546-0 054-024740-0 054-022554-0	WC 383 WC 403 WC 428	Remington Offshore Remington Offshore Remington Offshore	
WC 431 B	60431	300	054-010584-0	WC 431	Energy Partners Ltd.	
WC 432A	25483	400	054-017776-0	WC 432	ATP	
WC 522 A <u>3/</u>	905917	100	054-014340-0	WC 522	Newfield Expl. Co.	TET/NGPL <u>2/</u>
WC 533 A	900496	1,000	891-016152-0 054-002224-0 054-002225-0	WC 533 WC 532 WC 533	Nippon Oil Exploration Nippon Oil Exploration Nippon Oil Exploration	
WC 534 A	900494	400	054-002224-0 054-002226-0 891-016152-0	WC 532 WC 534 WC 533	Nippon Oil Exploration Nippon Oil Exploration Nippon Oil Exploration	
WC 536 A	907120	300	054-004773-0	WC 536	Nippon Oil Exploration	
WC 537 A <u>3/</u>	900499	100	054-013850-0 054-002551-0	WC 552 WC 537	Nippon Oil Exploration Nippon Oil Exploration	CGT <u>2/</u>
WC 560 A	900504	500	054-004844-0 054-032830-0	WC 575 WC 560	Devon Energy Devon Energy	
WC 565 A	900502	500	054-002015-0	WC 565	Shell Offshore	
WC 587 A <u>3/</u>	6476	250	054-002021-0	WC 587	Nippon Oil Exploration	
WC 593 A <u>3/</u>	905907	50	054-002023-0 054-002024-0	WC 593 WC 594	Forest Oil Corp. Forest Oil Corp.	CGT <u>2/</u>
WC 618 A	5902	700	054-004200-0 054-013852-0	WC 618 WC 617	Newfield Expl. Co. Maritech Resources	
WC 630	60630	400	054-002560-0	WC 630	Maritech Resources	
<b>Package Total:</b>		<b><u>30,250</u></b>				

Note 1/ Daily Production numbers are MMS' estimated share of production from the property. Historical production and quality data available upon request.

Note 2/ Buyer must contract with lateral line operator for transportation and MMS will reimburse the buyer for the actual, reasonable lateral charge. Lateral line contacts are:  
CGT: Steve Becker 713-267-4775  
TET/NGPL: Ray Calles 713-627-5039

Note 3/ MMS expects these locations to be recompleted/reworked within the current term.

Minerals Management Service  
 IFO No: MMS-RIK-2006-GOMR-001  
 Term: November 2005 - March 2006/October 2006

Attachment 6  
 Exhibit A

**MMS Contacts:**  
**Karen Bigelow** 303-231-3890  
**Mike DeBerard** 303-231-3884  
**Jeff Olson** 303-231-3225  
**Fax No.** 303-231-3846  
**Alt. Fax No.** 303-231-3849

**Tennessee Gas Pipeline 800 Leg- RIK Gas Sales**

Delivery Point	Volume MMBtu/D	Obligation <u>1/</u>	Nov 05 - Mar 06 5-mo. Offer	Nov 05 - Oct 06 12-mo. Offer	Tennessee Transportation <u>2/</u>
Tennessee Gas Pipeline receipt points on 800 Leg	10,000	Baseload			- not applicable -
Tennessee Gas Pipeline receipt points on 800 Leg	4,200	Swing			- not applicable -

1/ Baseload gas is offered at Inside FERC: TGP (800), Henry Hub, or NYMEX.  
 Swing gas is offered at Gas Daily (Daily): TGP (800), Henry Hub, or NYMEX.  
 MMS will give preference to a "greater of" offer that combines two or more index prices.

2/ No transport cost to Tennessee 800 leg pool.

Imbalance Charges: This is a wellhead sale, imbalance charges are not applicable.

Retrograde Condensate: Retrograde or drip condensates may be recovered at the Sabine Pass Plant.  
 MMS reserves the right to recover this retrograde/drip condensate.

\_\_\_\_\_  
 Your Name

\_\_\_\_\_  
 Phone Number

\_\_\_\_\_  
 Company Name

\_\_\_\_\_  
 Fax Number

Tennessee Gas Pipeline 800 Leg  
 IFO No: MMS-RIK-2006-GOMR-001  
 Term: November 2005 - March 2006/October 2006

Attachment 6  
 Exhibit B

Receipt Point	Tenn. Meter Number	Daily 1/ Royalty Production (MMBtu)	Lease/Agre.	Area	Block	Operator
HI 22 A	011893	500	054-005006-0	HI	22	Kerr-McGee O&G Corp.
			054-006136-0	HI	21	Kerr-McGee O&G Corp.
HI 34 B	012605	400	054-020655-0	HI	34	Hunt Petroleum
HI 39 A	011902	800	054-004078-0	HI	39	Houston Expl. Co.
			054-014878-0	HI	38	Houston Expl. Co.
HI 84 A <u>2/</u>	012598	300	054-018948-0	HI	84	Kerr-McGee O&G Corp.
			054-021349-0	HI	85	Kerr-McGee O&G Corp.
HI 85 A <u>2/</u>	012606	200	054-021349-0	HI	85	El Paso Production
SA 10	011589	1,900	054-003958-0	SA	10	Apache Corp.
			054-004143-0	SX	17	Apache Corp.
			054-012564-0	HI	45	Louis Dreyfuss
SX 18 A <u>2/</u>	011456	100	054-004082-0	SX	18	El Paso Production
WC 18 B	012584	5,000	054-001351-0	WC	48	Chevron Corp.
			054-021533-0	WC	47	Chevron Corp.
			754-304003-A	WC	19	Chevron Corp.
			891-008927-K	WC	17	Chevron Corp.
			891-008927-AE	WC	48	Chevron Corp.
WC 53 A	012273	5,000	054-004379-0	WC	53	El Paso Production
			054-017754-0	WC	46	El Paso Production
		<b><u>14,200</u></b>				

Note 1/ Daily Production numbers are MMS' estimated share of production from the property. Historical production and quality data available upon request.

Note 2/ MMS expects production to increase after facilities are restored (Hurricane Katrina)