

**Minerals Management Service  
Unrestricted RIK Crude Oil Sale  
IFO No. 1435-02-06-RP-27808  
Summary of Amendments**

**May 1, 2006**

- Invitation for Offer, Exhibits A and B have been revised as follows:
  - Invitation for Offer:
    - All quality banks for package 24a will be passed back by successful offeror.
  
  - Exhibit A:
    - Package 24a now indicates N for quality bank included.
    - Revised volume on Package 28.
  
  - Exhibit B:
    - Revised volume on Package 28.



**INVITATION FOR OFFER – UNRESTRICTED RIK CRUDE OIL SALE**  
**IFO No. 1435-02-06-RP-27808**  
**Deliveries beginning July 1, 2006 and ending December 31, 2006**

**Introduction**

The Minerals Management Service (MMS) of the U.S. Department of the Interior is soliciting offers from pre-qualified companies to buy royalty oil and condensate produced from certain Federal leases in the Gulf of Mexico.

This Invitation for Offer (IFO) is for a 6-month sales term beginning July 1, 2006. Successful offerors will take custody of the royalty oil at the applicable custody transfer point as shown in Exhibit A and are responsible for moving the royalty oil downstream of this point.

**Offers must be made in writing and submitted to Crystel Edler via facsimile (303-231-3846) or email (crystel.edler@mms.gov) by 2:00 pm MST on May 8, 2006.** MMS will confirm receipt of all offers. **Royalty oil packages will be awarded by 2:00 pm MST on May 10, 2006.** Call Crystel Edler for technical questions at 303-231-3126; Maggie Miller for contracting questions at 303-231-3932; and Larry Cobb for pre-qualification or credit questions at 303-231-3307.

**Offers**

Offerors must be pre-qualified to submit offers. Please see the “Pre-qualification and Credit Requirements” section for more information. MMS reserves the right to reject any offer received.

Exhibit A identifies 28 packages of royalty oil. Exhibit B provides further detail on Facility Measurement Point (FMP) operators, pipelines, and custody transfer points. Data in the exhibits is not warranted and offerors are expected to contact the appropriate parties for the most recent information. The royalty volumes shown for each custody transfer point represent the most recent production data available for properties behind the custody transfer point. Other pertinent information such as leases/agreements, operators, and royalty rates will be provided to the successful offeror upon award.

Exhibit A is the offer sheet to be completed and faxed or emailed. Offers must be to the nearest \$0.0001. MMS prefers no more than one award for each package. However, MMS may consider offers on only part of a royalty oil package if favorable to the Government.

Successful offerors for **HLS** packages will be responsible for the Empire exit fee (also known as outbound terminal or pump out fee), the hurricane recovery surcharge at Empire, and the Empire reconignment fee, when applicable. These fees should not be included in the offer.

**HLS** packages 8a & 8b (MC 109 & SP 49 A) have two possible custody transfer points (onshore and offshore) and offers may be made for either or both in the appropriate columns of Exhibit A.

Offers on package 22 (GC 65 A) may be as any crude types **EI, Mars, or Poseidon**.

Offers on package 23 (GC 254 A, ST 316 A, and GC 608 A) may be for crude types **Poseidon** or **SGC** and has three possible custody transfer points.

Offers on package 24a (GB 128 A) may be for crude types **EI** and/or **Bonito**. Due to pre-determined monthly volume proration at EI 330/331, if submitting an offer on Eugene Island Pipeline and/or Bonito Pipeline, offerors must also submit an offer on Auger Pipeline.

Please see the "Quality" section for more information on how to account for gravity and sulfur in your offer. Royalty oil from new wells on currently producing properties behind the custody transfer points that commence production during the term of this IFO will be automatically added to the volumes awarded under this IFO. Royalty oil from new properties behind the custody transfer points that commence production during the term of this IFO will be added to the volumes awarded under this IFO on a case-by-case basis pursuant to mutual consent of MMS and successful offerors.

**Pricing Mechanism:** Offerors must submit offers as an increment or decrement from either or all of the below pricing formulas. **If you would like to submit an offer based on an alternative pricing formula, please caveat your offer with the alternative pricing formula used and/or call the technical contact listed.**

1. (Calendar NYMEX + Daily Roll) – (Platts WTI – Platts Crude Type)
2. (Calendar NYMEX + Daily Roll) + (Argus Weighted Average Crude Type Differential)

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

Platts Crude Type: The arithmetic average of the daily high and low price quotes for crude type for Platts Month of Delivery

Argus Weighted Average Crude Type Differential: The weighted average differential for each crude type published by Argus

Calendar NYMEX: Arithmetic average of the daily settlement price for the "Light Sweet Crude Oil" front month futures contract reported by the New York Mercantile Exchange (NYMEX) during the Physical Month of Delivery (excluding weekends and holidays)

Platts or Argus Month of Delivery: Refers to quotes in Platts Oilgram Price Report or Petroleum Argus Americas Crude Price Report for the period of time from the twenty-sixth day of the month two months prior to the physical month of delivery through the twenty-fifth day of the month one month prior to the Physical Month of Delivery (excluding weekends and holidays)

Physical Month of Delivery: The calendar month when the crude oil is delivered

Daily Roll:  $(X - Y).6667 + (X - Z).3333$ , where:

X = Average of the daily NYMEX settlement price for the prompt month, trading days only, when the Physical Month of Delivery is the prompt month trading on NYMEX

Y = Average of the daily NYMEX settlement price for the second month during the same period, trading days only

Z = Average of the daily NYMEX settlement price for the third month during the same period, trading days only

For crude type designated as "**SGC**," indicate either crude type "**WTI or SGC**."

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 resolving certain extraordinary imbalances.

The MMS shall award a contract resulting from this IFO to the party whose offer, in MMS' judgment, is most advantageous to the Federal Government. MMS will award to successful offerors by means of the "MMS Crude Oil Transaction Confirmation." MMS will attempt to award 100 percent of the volume from a custody transfer point.

## Term

Delivery of royalty oil begins July 1, 2006, and ends December 31, 2006.

## Quality

For **HLS** packages 1-8, quality bank costs should not be included in your offer. Successful offerors will pass back to MMS any quality bank debits/credits received. For **HLS** packages 8a & 8b, if the offer is accepted at the market center, the quality bank costs will not be incurred by the successful offeror and therefore should not be reflected in your offer or passed back to MMS.

For **HLS** package 9 and **HLS-SB** packages 10-14, offerors will pass back only the first receipt bank at the custody transfer point and therefore this quality bank should not be included in your offer. All other quality banks downstream of the receipt point should be included in your offer.

For **LLS** packages 15-20 and 24b, quality bank debits/credits should be included in your offer. Successful offerors will not pass back to MMS any quality bank debits/credits received. For package 21 quality bank costs will not be incurred by the successful offeror and therefore should not be reflected in your offer.

For **Poseidon/SGC** package 23, quality bank debits/credits should not be included in your offer. If the offer is accepted at the offshore custody transfer point, successful offerors will pass back to MMS all quality bank(s) debits/credits received from the quality bank administrator(s). If the offer is accepted at the market center the quality bank costs will not be incurred by the successful offeror and therefore should not be reflected in your offer.

For all **EI** packages, **Bonito** package 24a1, and all **Mars** packages, quality bank debits/credits should not be included in your offer. Successful offerors will pass back to MMS all quality bank(s) debits/credits received from the quality bank administrator(s).

For **Bonito** packages 25 and 26, quality bank debits/credits should not be included in your offer for any leg flowing down the Bonito Pipeline System as they will be passed back to MMS by the operator. All other quality banks downstream of the Bonito Pipeline System should be included in your offer.

For **HOOPS** package 27, since the offer is at the market center (Jones Creek/Texas City), the quality bank costs will not be incurred by the successful offeror and therefore should not be reflected in your offer or passed back to MMS.

Successful offerors must net any quality bank credits or debits against the monthly charges for purchased oil. The net payment is due to MMS by the 20<sup>th</sup> of the month after receipt. All quality bank data must be accompanied by supporting documentation.

The quality information in the Exhibits represents MMS' most recent data for the custody transfer points in the packages offered. Actual quality during the term of this sale may vary. Data provided by MMS is based on the best information available at the time of IFO publishing and is not warranted.

## Transporting and Scheduling Royalty Oil

Successful offerors are responsible for transporting all royalty oil volumes downstream of the custody transfer point specified in Exhibit A. Successful offerors must nominate and schedule all volumes awarded through this IFO separately from all other volumes owned or controlled at the custody transfer point where royalty oil is received. When nominating to the pipeline, you are required to indicate that the nomination is for MMS sourced crude oil.

For **HLS** packages 8a & 8b and package 23, crude types **Poseidon or SGC**, if awarded at the market center, MMS receives volumes as a percent of production from the producers, and therefore, nominations may be adjusted by MMS throughout the month of production. Volumes received by the successful offeror may not necessarily reflect initial nominations. Successful offeror will pay only for volumes received.

For **HOOPS** package 27, deliveries at either Jones Creek or Texas City will be based on actuals.

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 moving royalty oil, that MMS royalty volumes be itemized separately from non-MMS volumes. 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 itemizing the MMS volumes delivered or use a pipeline assigned measurement facilitator. Any charges associated with obtaining this third-party data are the responsibility of the successful offeror.

Successful offerors will provide MMS with pipeline statements and any third-party documentation within 2 days after the documents have been made available to the shipper. Documentation not received by the due date may be purchased by MMS with the successful offeror being billed the associated costs.

Successful offerors, through customary industry practice, will communicate directly with MMS and the FMP operator and will make arrangements to deliver and transfer the royalty oil from the awarded custody transfer point. Successful offerors, at their expense, will make all necessary arrangements to receive royalty oil at the custody transfer point. Successful offerors are not responsible for any transportation costs upstream of the custody transfer point.

No later than 5 calendar days before the first day of each month, the MMS will notify successful offerors of the daily royalty oil volumes anticipated for the following month of production. Successful offerors understand that any such estimates are not warranties of actual deliveries to be made but are provided to facilitate planning the delivery of royalty oil. This process will continue for each month of the term of this IFO.

The operators of the properties behind the custody transfer points offered in this IFO are instructed to 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.

The MMS will automatically adjust an awarded offer by any increase or decrease in tariff-based transportation costs related to awarded properties effective on the date of the tariff change. MMS will send the successful offeror written notification confirming such changes. Unless extraordinary circumstances exist, contract amendments will not be granted for rate changes in offeror’s buy/sell arrangements.

### **Imbalances**

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 Federal Government.

MMS and the operator will jointly monitor 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.

Property imbalances not remedied within 90 days of the production month will be resolved by mutual agreement between MMS and the operator. The contract price under this IFO may form the basis of resolving certain extraordinary imbalances between MMS and operators.

An example of the rights and responsibilities of operators under RIK oil situations is outlined in MMS’ “Dear Operator” letter at <http://www.mrm.mms.gov/rikweb/PDFDocs/20050215.pdf>.

MMS is not responsible for royalty crude oil pipeline imbalances downstream of the custody transfer point.

### **Confidentiality**

Neither MMS or the successful offeror shall disclose directly or indirectly, without the prior written consent of the other party, the terms of any transaction under this IFO 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) to comply with any applicable law, order, regulation, or exchange rule, (ii) to the extent necessary to enforce this Contract, (iii) to the extent necessary to implement any transaction, including any transaction as described above in the section “Transporting and Scheduling

Royalty Oil”, or (iv) 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 disclosing the terms of any transaction (other than as permitted above) 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 1 year from the expiration of the transaction.

### **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 audited financial statements, if not publicly available.. The General Terms and Conditions can be found at <http://www.mrm.mms.gov/rikweb/PDFDocs/gtcexh.pdf>. 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. Please call Larry Cobb at 303-231-3307 if you have any questions regarding pre-qualification.

Upon review of financial statements, MMS will issue an amount of unsecured credit based on the creditworthiness of the offeror. MMS reserves the right to request additional financial information in any situation it deems necessary and may reissue or suspend approved lines of credit. Furthermore, buyers are required to provide MMS with any information regarding a significant, adverse change in their financial status that would affect the approved line of credit. Such adverse changes would include a credit downgrade, material changes to liquidity or capital resources, noncompliance with financial covenants in debt documents, or significant market events affecting operations, revenues, or assets.

In situations where the amount of unsecured credit is not sufficient to cover the 60-day value of production awarded, MMS will require acceptable financial assurance (such as a letter of credit, bond or, if buyer desires, a prepayment) effective for the full term of the contract. More information regarding calculation of the financial assurance may be found in the credit approval notification. Failure to provide adequate financial assurance when requested by MMS may result in a loss of award unless MMS extends the date.

See our website at <http://www.mrm.mms.gov/ReportingServices/PDFDocs/4071.pdf> for a sample of the ILOC, MMS Form-4071. For Bonds, go to <http://www.mrm.mms.gov/ReportingServices/PDFDocs/4072.pdf> for MMS Form-4072. The financial institution issuing the ILOC or surety company issuing the Bond must meet MMS requirements under 30 CFR Part 208.11.

### **Limitation of Liability**

Neither Party shall be liable for indirect, special, or consequential damages.

### **Governing Contract**

This transaction is governed by the MMS base contract “RIK Crude Oil General Terms and Conditions,” signed by the offeror and MMS. **By submitting an offer, the offeror agrees to be bound by the terms of its signed MMS base contract and this IFO.** Conflicts between the MMS base contract and the terms of this IFO will be resolved in favor of this IFO.

MMS will send the successful offeror a Transaction Confirmation detailing the award packages. Transaction Confirmations not signed and returned within 2 business days of receipt will be deemed binding on behalf of both parties.

**Paperwork Reduction Act of 1995 (PRA) Statement:**

The OMB Control Number for this IFO is 1010-0119 with an expiration date of February 28, 2009. The PRA (44 U.S.C. 3501 et seq.) requires us to inform you that we collect this information to document fulfillment of royalty obligations on minerals removed from Federal lands. The MMS uses the information to maintain and audit lease accounts. Responses are voluntary (43 U.S.C. 1334). Proprietary information 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 Department 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. Public reporting burden for this form is estimated to average 1 hour per response, including the time for reviewing instructions, gathering and maintaining data, and completing and reviewing the form. Direct comments regarding the burden estimate or any other aspect of this form to the Information Collection Clearance Officer, Minerals Management Service, Mail Stop 4230, 1849 C Street, NW, Washington, DC 20240.

**2 Exhibits:**

Exhibit A – Offer Sheet

Exhibit B – RIK Custody Transfer Point Detail

Deliveries: July 1, 2006 through December 31, 2006

Offer Pkg	Royalty Oil Type	Gulf Coast Market Center	Custody Transfer Point	Volume Metered At	Custody Transfer Point Royalty Volume (bbls/day)	Custody Transfer Point API Gravity	Custody Transfer Point Sulfur %	Quality Bank Included in Offer (Y/N)	NYMEX + Daily Roll basis (offshore delivery point)	NYMEX + Daily Roll basis (delivery at Market Center)	Indicate WTI or SGC	Required: Platts or Argus (indicate P or A)
1	HLS	Empire	MP 69 PS	MP 69 PS (SP60)	670	39.5	N/A	N				
2	HLS	Empire	Grand Bay Rec. Stn.	Grand Bay Rec. Stn.	470	29.2	N/A	N				
3	HLS	Empire	ST 26 A	ST 26 A	375	41.5	N/A	N				
4	HLS	Empire	Venice, LA (Chevron)	WD 27 A	170	25.9	N/A	N				
5	HLS	Empire	Venice, LA (Chevron)	WD 117 G	330	35.0	N/A	N				
6	HLS	Empire	Venice, LA (Plains)	Venice, LA	350	37.0	N/A	N				
7	HLS	Empire	SP 77 A	SP 77 A	1,020	36.2	N/A	N				
8a	HLS	Empire	MC 109 or Empire	MC 109	1,440	26.5	N/A	N				
8b	HLS	Empire	SP 49 A or Empire	SP 49 A	420	30.3	N/A	N				
9	HLS	Empire	Grand Isle EM	Grand Isle EM	2,800	31.4	0.38	Y				
10	HLS-SB	N/A	EC 321 A	EC 321 A	250	32.8	1.21	Y				
11	HLS-SB	N/A	EC 332 A	EC 332 A	85	42.7	0.32	Y				
12	HLS-SB	N/A	SM 40 ssti	SM 39 A	210	36.5	0.14	Y				
13	HLS-SB	N/A	SM 31 ssti	SM 27 A	280	35.7	0.08	Y				
14	HLS-SB	N/A	SM 69 B	SM 69 B	750	27.0	0.27	Y				
15	LLS	St. James	SS 146 ssti	SS 154 E	490	29.5	0.36	Y				
16a	LLS	St. James	SS 169 ssti	SS 182 C (Chevron)	450	29.1	0.31	Y				
16b	LLS	St. James	SS 169 ssti	SS 182 C (Apache)	180	29.6	0.32	Y				
17a	LLS	St. James	SS 208 F	SS 209 A	200	37.4	0.38	Y				
17b	LLS	St. James	SS 208 F	SS 207 A	300	34.8	0.34	Y				
17c	LLS	St. James	SS 208 F	SS 266 A	500	37.8	0.39	Y				
18	LLS	St. James	ST 300 ssti	EW 826 A	145	38.7	0.54	Y				
19	LLS	St. James	ST 300 A	ST 300 A	900	41.8	0.32	Y				
20	LLS	St. James	SS 28 (Entrance to Whitecap)	SM 268 A	375	36.8	0.09	Y				
21	LLS	St. James	Johnson's Bayou, LA	Johnson's Bayou, LA	600	51.3	0.09	N/A				
22a	EI or	St. James or	GC 65 A	GC 65 A	1,700	31.1	1.61	N				
22b	Mars or	Clovelly or	GC 65 A	GC 65 A	1,700	31.1	1.61	N				
22c	Poseidon	Houma	GC 65 A	GC 65 A	1,700	31.1	1.61	N				
23a	Poseidon	Houma	SS 332 or		3,080	32.3	1.38	N				
23b	SGC	Texas City or Pt. Neches	SS 332 or	GC 254 A, ST 316 A, and GC 608 A	3,080	32.3	1.38	N				
23c	Poseidon	Houma	Houma or		3,080	29.7	1.74	N/A				
23d	SGC	Texas City or Pt. Neches	Various CHOPS terminals		3,080	28.8	2.48	N/A				
24a1	Bonito	St. James	GB 128 A (Bonito P/L)	GB 128 A	3,700	37.0	0.94	N				
24a1	Bonito	St. James	GB 128 A (Auger P/L)	GB 128 A	3,700	37.0	0.94	N				
24a2	EI	St. James	GB 128 A (Eugene Island P/L)	GB 128 A	3,700	37.0	0.94	N				
24b	LLS	St. James	GB 128 A		See Exhibit B			Y				
25	Bonito	St. James	SS 28	EI 339 B	330	31.1	1.16	see IFO				
26a	Bonito	St. James	EI 316 ssti	EI 361 A	200	36.6	0.79	see IFO				
26b	Bonito	St. James	EI 316 ssti	EI 360 E	340	34.8	0.91	see IFO				
27a	HOOPS - Mars	Jones Creek	Jones Creek	Jones Creek	6,300	31.1	0.84	N/A				
27a	HOOPS - WTS	Jones Creek	Jones Creek	Jones Creek	6,300	31.1	0.84	N/A				
27b	HOOPS - Mars	Texas City	Texas City	Texas City	6,300	31.1	0.84	N/A				
27b	HOOPS - WTS	Texas City	Texas City	Texas City	6,300	31.1	0.84	N/A				
28	Mars	Clovelly	MC 807 A	MC 807 A	16,250	28.9	2.22	N				

Total Barrels Offered 45,660

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

\_\_\_\_\_  
 Phone No.

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

\_\_\_\_\_  
 Fax No.

MMS Contacts

Crystal Edler 303-231-3126 [crystal.edler@mms.gov](mailto:crystal.edler@mms.gov)  
 Richard Fantel 303-231-3502 [richard.fantel@mms.gov](mailto:richard.fantel@mms.gov)  
 Donna Hogan 303-231-3148 [donna.hogan@mms.gov](mailto:donna.hogan@mms.gov)  
 Allen Vigil 303-231-3098 [allen.vigil@mms.gov](mailto:allen.vigil@mms.gov)  
 Fax No. 303-231-3846

Offer Pkg	Royalty Oil Type	Gulf Coast Market Center	Custody Transfer Point	Volume Metered at	MMS FMP No.	FMP Operator	Custody Transfer Point Royalty Volume (bbls/day)	API Gravity (Note 1)	Sulfur % (Note 1)	Pipelines	Common Carrier(s)	Buy/Sell
1	HLS	Empire	MP 69 PS	MP 69 PS (SP 60)	20177255111	SPN Resources	670	39.5	N/A	Delta P/L	no	STUSCO
						<b>Pipeline Total</b>	<b>670</b>					
2	HLS	Empire	Grand Bay Rec. Stn.	Grand Bay Rec. Stn.	20170755600	Apache Corp.	470	29.2	N/A	Chevron P/L	yes	
3	HLS	Empire	ST 26 A	ST 26 A	2017715360C	Energy Partners	375	41.5	N/A	Energy Partners P/L into Chevron P/L into Fourchon into Chevron P/L	yes yes	
4	HLS	Empire	Venice, LA (into Chevron Terminal)	WD 27 A	20177194300	Anglo-Suisse	170	25.9	N/A	Chevron P/L	yes	
5	HLS	Empire	Venice, LA (into Chevron Terminal)	WD 117 G	20177204300	Anglo-Suisse	330	35.0	N/A	Chevron P/L	yes	
6	HLS	Empire	Venice, LA (into Plains Terminal)	Venice, LA	20170755200	Noble Energy	350	37.0	N/A	Chevron P/L	No	Plains
7	HLS	Empire	SP 77 A	SP 77 A (Note 2)	20177224701	Chevron Corp.	1,020	36.2	N/A	Chevron P/L	yes	
						<b>Pipeline Total</b>	<b>2,715</b>					
8a	HLS	Empire	MC 109 or Empire	MC 109	20608174952	BP Expl. and Prod.	1,440 (Note 4)	26.5	N/A	SP 49 P/L into Delta P/L	yes	
8b	HLS	Empire	SP 49 A or Empire	SP 49 A (Note 2)	20177214950	Pogo Producing	420	30.3	N/A	SP 49 P/L into Delta P/L	yes	
						<b>Pipeline Total</b>	<b>1,860</b>					
9	HLS	Empire	Grand Isle EM Terminal Inlet	Grand Isle EM Terminal Inlet	20170513700	ExxonMobil	2,800 (Note 3)	31.4	0.38	• ExxonMobil P/L to St. James or; • Chevron P/L to Empire	yes yes	
						<b>Pipeline Total</b>	<b>2,800</b>					
10	HLS-SB	N/A	EC 321 A	EC 321 A	20177042202	W & T Offshore	250 (Note 3)	32.8	1.21 (Note 6)	Marathon P/L into ExxonMobil P/L into ExxonMobil S. LA System	yes yes	
11	HLS-SB	N/A	EC 332 A	EC 332 A	20177042208	Noble Energy	85 (Note 3)	42.7	0.32 (Note 6)	Noble private line (no charge) into Marathon P/L into ExxonMobil P/L into ExxonMobil S. LA System	no yes yes	
12	HLS-SB	N/A	SM 40 ssti	SM 39 A	20177072207	Kerr-McGee	210	36.5	0.14 (Note 6)	ExxonMobil P/L into ExxonMobil S. LA System	yes	
13	HLS-SB	N/A	SM 31 ssti	SM 27 A	20177072208	Taylor Energy Co.	280	35.7	0.08 (Note 6)	ExxonMobil P/L into ExxonMobil S. LA System	yes	
14	HLS-SB	N/A	SM 69 B	SM 69 B	20177072206	Taylor Energy Co.	750	27.0	0.27 (Note 6)	ExxonMobil P/L into ExxonMobil S. LA System	yes	
						<b>Pipeline Total</b>	<b>1,575</b>					
15	LLS	St. James	SS 146 ssti	SS 154 E	20177112606	Century Exploration	490	29.5	0.36	Whitecap P/L into Ship Shoal P/L	yes	
16a	LLS	St. James	SS 169 ssti	SS 182 C (Chevron)	2017711260B	Chevron Corp.	450	29.1	0.31	Whitecap P/L into Ship Shoal P/L	yes	
16b	LLS	St. James	SS 169 ssti	SS 182 C (Apache)	2017711260X	Apache Corp.	180	29.6	0.32	Whitecap P/L into Ship Shoal P/L	yes	
17a	LLS	St. James	SS 208 F	SS 209 A	2017711260G	Unocal	200 (Note 3)	37.4	0.38	Whitecap P/L into Ship Shoal P/L	yes	
17b	LLS	St. James	SS 208 F	SS 207 A	2017711260E	Apache Corp.	300	34.8	0.34	Whitecap P/L into Ship Shoal P/L	yes	

Offer Pkg	Royalty Oil Type	Gulf Coast Market Center	Custody Transfer Point	Volume Metered at	MMS FMP No.	FMP Operator	Custody Transfer Point Royalty Volume (bbls/day)	API Gravity (Note 1)	Sulfur % (Note 1)	Pipelines	Common Carrier(s)	Buy/Sell
17c	LLS	St. James	SS 208 F	SS 266 A	20177122608	Unocal	500	37.8	0.39	Whitecap P/L into Ship Shoal P/L	yes	
18	LLS	St. James	ST 300 ssti	EW 826 A	20608102601	BP Expl. and Prod.	145	38.7	0.54	Cougar P/L into Whitecap P/L into Ship Shoal P/L	yes	
19	LLS	St. James	ST 300 A	ST 300 A	20177162600	Shell Offshore Inc.	900	41.8	0.32	Cougar P/L into Whitecap P/L into Ship Shoal P/L	yes	
20	LLS	St. James	SS 28 (Entrance to Whitecap)	SM 268 A	20177072602	Apache Corp.	375	36.8	0.09	Whitecap P/L into Ship Shoal P/L	yes	
						<b>Pipeline Total</b>	<b>3,540</b>					
21	LLS	St. James	Johnson's Bayou, LA	Johnson's Bayou, LA	20170230450	Nippon Oil Expl.	600	51.3	0.09	Title transfer at Johnson's Bayou. Purchaser to ship into Sabine Pass, then to barge, etc.	yes	
						<b>Pipeline Total</b>	<b>600</b>					
22a	El or	St. James or	GC 65 A	GC 65 A	20608117000	Shell Offshore	1,700	31.1	1.61	• Amberjack P/L or;	yes	
22b	Mars or	Clovelly or					(Note 4)			• Amberjack P/L into Boxer P/L into EIPL into	yes	
22c	Poseidon	Houma								Shell's S. LA Sys. or;	yes	
										• Shell 12" into Boxer P/L (except Angus) into	no	Shell Offshore
										EIPL into Shell's S. LA Sys. or;	yes	
										• Shell 12" P/L (except Angus) into	no	Shell Offshore
										Shell Trading 12" P/L into	no	STUSCO
										Poseidon P/L	no	Poseidon
						<b>Pipeline Total</b>	<b>1,700</b>					
23a	Poseidon	Houma	SS 332 or	GC 254 A	20608112955	ENI Petroleum	600	31.5	1.18	• (Manta Ray Gathering) into Poseidon P/L or;	no	Poseidon
23b	SGC	Texas City or Pt. Neches	SS 332 or				(Note 4)			• (Manta Ray Gathering) into Cameron Highway P/L	no	Cameron Highway
23c	Poseidon	Houma	Houma or									
23d	SGC	Texas City or Pt. Neches	Various CHOPS terminals									
23a	Poseidon	Houma	SS 332 or	ST 316 A	20177162950	Kerr-McGee	750	35.4	0.49	• (Manta Ray Gathering) into Poseidon P/L or;	no	Poseidon
23b	SGC	Texas City or Pt. Neches	SS 332 or							• (Manta Ray Gathering) into Cameron Highway P/L	no	Cameron Highway
23c	Poseidon	Houma	Houma or									
23d	SGC	Texas City or Pt. Neches	Various CHOPS terminals									
23a	Poseidon	Houma	SS 332 or	GC 608 A	20608112957	ENI Petroleum	1,730	31.2	2.12	• (Manta Ray Gathering) into Poseidon P/L or;	no	Poseidon
23b	SGC	Texas City or Pt. Neches	SS 332 or				(Note 3)			• (Manta Ray Gathering) into Cameron Highway P/L	no	Cameron Highway
23c	Poseidon	Houma	Houma or									
23d	SGC	Texas City or Pt. Neches	Various CHOPS terminals									
						<b>Pipeline Total</b>	<b>3,080</b>					
24a1	Bonito	St. James	GB 128 A	GB 128 A	20608077000	Shell Offshore	3,700	37.0	0.94	• Auger P/L into Ship Shoal P/L or;	yes	
	or									• Auger P/L into Bonito P/L into Ship Shoal P/L	yes	
24a2	El	St. James								• Auger P/L into Eugene Island P/L into	yes	
										Shell's South Louisiana System	yes	
24b	LLS	St. James	GB 128 A	GB 128 A	20608072601	Shell Offshore	(Note 5)	(Note 5)	N/A	Central Gulf Gathering System into	no	STUSCO
										Tarpon P/L into Ship Shoal P/L	yes	
						<b>Pipeline Total</b>	<b>3,700</b>					
25	Bonito	St. James	SS 28	EI 339 B	20177102609	Chevron Corp.	330	31.1	1.16	Bonito P/L into Ship Shoal P/L	yes	
							(Note 3)	(Note 6)	(Note 6)			
26a	Bonito	St. James	EI 316 ssti	EI 361 A	2017710260J	Chevron Corp.	200	36.6	0.79	Bonito P/L into Ship Shoal P/L	yes	
							(Note 3)	(Note 6)	(Note 6)			
26b	Bonito	St. James	EI 316 ssti	EI 360 E	2017710260K	Chevron Corp.	340	34.8	0.91	Bonito P/L into Ship Shoal P/L	yes	
							(Note 3)	(Note 6)	(Note 6)			
						<b>Pipeline Total</b>	<b>870</b>					

Deliveries: July 1, 2006 through December 31, 2006

Offer Pkg	Royalty Oil Type	Gulf Coast Market Center	Custody Transfer Point	Volume Metered at	MMS FMP No.	FMP Operator	Custody Transfer Point Royalty Volume (bbls/day)	API Gravity (Note 1)	Sulfur % (Note 1)	Pipelines	Common Carrier(s)	Buy/Sell
27a	HOOPS	Jones Creek	Jones Creek (from AC 25 A)	AC 25 A	20608050130	ExxonMobil	2,200	30.5	1.04	ExxonMobil P/L into the Seaway P/L at Jones Creek, TX	yes	
27b	HOOPS	Texas City	Texas City (from AC 25 A)	AC 25 A	20608050130	ExxonMobil	2,200	30.5	1.04	ExxonMobil P/L into the Seaway P/L at Texas City, TX	yes	
27a	HOOPS	Jones Creek	Jones Creek (from EB 602 A)	EB 602 A	20608040134	Kerr-McGee	2,500	34.0	0.46	ExxonMobil P/L into the Seaway P/L at Jones Creek, TX	yes	
27b	HOOPS	Texas City	Texas City (from EB 602 A)	EB 602 A	20608040134	Kerr-McGee	2,500	34.0	0.46	ExxonMobil P/L into the Seaway P/L at Texas City, TX	yes	
27a	HOOPS	Jones Creek	Jones Creek (from EB 643 A)	EB 643 A	20608040135	Kerr-McGee	1,600	29.0	1.02	ExxonMobil P/L into the Seaway P/L at Jones Creek, TX	yes	
27b	HOOPS	Texas City	Texas City (from EB 643 A)	EB 643 A	20608040135	Kerr-McGee	1,600	29.0	1.02	ExxonMobil P/L into the Seaway P/L at Texas City, TX	yes	
						<b>Pipeline Total</b>	<b>6,300</b>	<b>31.1</b>	<b>0.84</b>			
28	Mars	Clovelly	MC 807 A	MC 807 A	20608173650	Shell Offshore	16,250	28.9	2.22	Mars Oil P/L	yes	
							(Note 3)					
						<b>Pipeline Total</b>	<b>16,250</b>					
						<b>Grand Total</b>	<b>45,660</b>					

**Pipeline and Buy/Sell Contacts:**

- Cameron Highway: Wynne Harvey (713-803-7934)
- Poseidon: James Hostetler (303-339-0381)
- Plains: Tim Gill (713) 646-4667
- Shell Offshore: Mike Faulise (713-230-1967)
- STUSCO: Brett Jones (713-230-1944)

- FMP: Facility Measurement Point
- N/A: Not Applicable

Note 1: Gravity and Sulfur contents are not warranted and are measured at the FMP unless otherwise noted.  
 Note 2: Due to the hurricanes, property is currently not producing; however, expected to produce prior to or during the contract period.  
 Note 3: Due to the hurricanes, property not yet producing at full capacity or production flow is restricted.  
 Note 4: FMP contains a lease in Royalty Relief status whose volume will not be included in deliveries to purchaser.  
 Note 5: Per operator, volume is not expected to flow, however, we request offers in the event that it does.  
 Note 6: Gravity and Sulfur based on pre-hurricane data. May not be fully representative of current crude quality.