

**INVITATION FOR OFFER – CENTRAL TEXAS GATHERING SYSTEM
OCTOBER 2000 – MARCH 2001
IFO NO: MMS-RIK-2000-GOMR-006**

Introduction

The Minerals Management Service (MMS) of the U.S. Department of the Interior is soliciting written offers (bids) to purchase Royalty Gas produced from Federal offshore leases in the Gulf of Mexico and delivered into the Central Texas Gathering System (CTGS) from pipeline receipt points each having direct access to Tennessee Gas Pipeline capacity. The gas is presented in two packages of approximately 20,000 mmbtu/day and 15,000 mmbtu/day, respectively. Offerors may bid on one package or both, each with both a baseload and swing component, and the successful offeror will take the entirety of the respective package. The closing date for receipt of offers is September 25, 2000, at 1:00 p.m. Eastern Time. The bid will be awarded by September 26, 2000, 1:00 p.m., Eastern Time.

This offer contains two exhibits. Exhibit A identifies the Gulf of Mexico Federal Leases involved in this offer. The Royalty Gas available to the successful offeror(s) will be the Government's share of production from those Leases. Our most recent estimate of the Government's share of production is also provided in Exhibit A. Production history from these properties is available upon request.

Exhibit B is the bid sheet. The column in Exhibit B labeled "BID" is provided for Offerors to indicate their offers. By submission of a bid, the Offeror agrees to be bound to the terms and conditions of its GISB contract with MMS and this solicitation.

Offerors may telephone Mike DeBerard at MMS to clarify issues regarding this competitive bid. Mike can be reached at (303) 275 – 7235.

Offers

MMS prefers bids in relation to Inside F.E.R.C.'s Tennessee Gas Pipeline's Zone 0 (baseload)/ Gas Daily's Tennessee Gas Pipeline's 100 Leg (swing) indices. However, recognizing that restrictions on Tennessee's capacity in CTGS are possible, bidders also may, in combination with the Tennessee index-related bid, submit a Transco index-related bid to be used when Tennessee restrictions occur. It is MMS' understanding that there have been no restrictions on Tennessee's capacity on CTGS in 2000.

Recognizing that CTGS gas has access to both interstate and intrastate markets, MMS will also give preference to bids with a "greater of" clause that includes an interstate and intrastate index. MMS will also consider any other types of bid structures and indices.

Offerors must be prequalified to submit bids. The prequalification process is described in the MMS Website: www.rmp.mms.gov/RIKweb/Notices and Documents. The successful offeror must have a signed GISB-based contract on file with MMS.

Term

Initial deliveries of Royalty Gas to the successful offeror will commence October 1, 2000. The Royalty Gas delivery period will be for a term of six months ending March 31, 2001.

Delivery Points

Delivery points for Royalty Gas are the points at which production from the properties listed in Exhibit A enters the CTGS. For properties directly connected to CTGS, the delivery point is the royalty meter at the platform. For the two properties connected to CTGS via lateral lines, the delivery point is the downstream terminus of the lateral line where it connects to CTGS.

Transportation and Scheduling of Royalty Gas

The Operators of the selected leases will deliver Royalty Gas to the successful offeror at the same frequency as it is produced from the property. Unless otherwise notified, this is assumed to be daily. The successful offeror, at its expense, shall make all necessary arrangements to receive delivery of Royalty Gas at the delivery point. The successful offeror is not responsible for costs of transportation upstream of the delivery point.

The successful offeror agrees to take 100 percent of the Royalty Gas delivered to it at the delivery point for the entire contract period. The successful offeror, through customary industry practice set forth by GISB and the Council of Petroleum Accountants Societies (COPAS) in nominating and scheduling transportation services, will communicate directly with the Operator and make arrangements for the delivery and transfer of Royalty Gas from the properties in Exhibit A. The Operator will use reasonable efforts, consistent with industry practice, to inform the successful offeror regarding significant changes in gas production levels. The Operator will notify the successful offeror in the event of a production shut-in.

No later than 8 calendar days before the first day of each month, the Operator will notify the successful offeror of the daily Royalty Gas volumes and qualities anticipated for the following month of production. This will continue for each month of the Royalty Gas Delivery Period. The successful offeror 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.

Imbalances in the delivery of Royalty Gas to the successful offeror will be monitored and jointly resolved by MMS and the Operator by adjustments in the volume of Royalty Gas delivered to the successful offeror in subsequent months. These adjustments will be reflected in communications from the Operator to the successful offeror regarding the first of month availability of Royalty Gas.

Consideration of Offers

The MMS shall award contract resulting from this solicitation to the successful offeror whose bid, would in MMS' judgement be most advantageous to the Federal Government.

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 bids of similar value are received.

The Government will award to the successful Offeror by means of a Natural Gas Purchase Confirmation Notice.

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 offshore lands. We will use this information to evaluate bids on sales of royalty production. The estimated burden to report is approximately one hour per bid and one hour per financial statement. Suggestions on reducing this burden should be directed to the Information Collection Clearance Officer; Minerals Management Service; 1849 C Street, N.W.; MS4230, Washington, DC 20240. Proprietary information submitted to the US 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 control number.

Central Texas Gathering System Gas RIK Project
IFO No: MMS-RIK-2000-GOMR-006
October 2000 – March 2001

Exhibit A

Area	Block	Operator	Lease	(MMS share) Aug Daily Rate	TGP Meter Number	Transco Transfer Points Receipt Source	Lateral Line?	
Package 1								
#	BA	A 133 A A 133 B	OXY USA INC G2665	18,800	001231 001206	89 9500	89 9500	no
#	BA	A 70	OXY USA INC G2663	760	001350	87	87	no
	BA	494	APACHE CORP G6071	400	001204	9996	9997	no
TOTAL:				19,560				

Apache Corp. has purchased these properties and will begin operatorship November 1, 2000

Package 2

BA	A 21 A	KERR-MCGEE	G8120	1,250	001502	3611	3612	yes - Oryx
BA	A 21 B	KERR-MCGEE			001440	3611	8073	
GA	395	IP PETRO. CO.	G2508	720	001497	2704	7700	yes - WFS
GA	394	IP PETRO. CO.	G13317					
BA	A 105 A	UNOCAL	G1754	8,200	001419	7084	7084	no
BA	A 105 B	UNOCAL	G1757			7084	3387	
BA	A 7	NEWFIELD EXPL. CO.	G4558	970	001505	466	466	no
BA	A 7	PIONEER NAT. RES.	G4558		001514			
GA	420	SEAGULL ENERGY	G14146	380	000548	9537	6801	no
BA	A 52	SAMEDAN OIL	G6085	1,150	000807	7874	626	no
BA	A 53	SAMEDAN OIL	G6086			7874	626	
BA	A 37	SAMEDAN OIL	G7227			7874	626	
BA	A 51	SAMEDAN OIL	G8549			7874	626	
BA	A 65	SAMEDAN OIL	G6087			7874	2702	
BA	A 66	SAMEDAN OIL	G6088			7874	2702	
BA	440	TRI-UNION DEV.	G11272	600	001401	6741	667	no
BA	542	COCKRELL OIL	G12465	780	001408	6866	6865	no
GA	A 50	EL PASO	G12520	220	001503	7338	4142	no
BA	A 39	PIONEER NAT. RES.	G4559	120	001506	476	476	no
TOTAL:				14,390				

MMS Contact: Mike DeBerard
 Phone: 303 275-7235
 Fax: 303 275-7124

Central Texas Gathering System RIK Gas Sales

October 2000 - March 2001

Delivery Point	Volume MMBtu/D	Obligation	Bid
PACKAGE 1			
Offshore CTGS System (See Exhibit A)	15,000	Base	
Offshore CTGS System (See Exhibit A)	4,560	Swing	
PACKAGE 2			
Offshore CTGS System (See Exhibit A)	10,000	Base	
Offshore CTGS System (See Exhibit A)	4,390	Swing	

I am interested in only one package (1 or 2)

I am interested in both packages as one purchase

 Name

 Company and Phone