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Interior Completing Close-Out of Royalty in Kind Program

OFFICE OF THE SECRETARY

Report on FY 2009 Payments Sent to Congress

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WASHINGTON, D.C. – The Department of the Interior's Bureau of Ocean Energy Management, Regulation, and Enforcement (BOEM) today announced in a report to Congress that the agency is successfully completing the orderly close-out of the Royalty in Kind (RIK) Program, which accepted oil and gas in lieu of cash as royalty payments on federal energy resources. The program officially ends on September 30, 2010 when the remaining contracts expire.

Secretary of the Interior Ken Salazar announced on Sept. 16, 2009 that BOEM would begin terminating the RIK Program in an orderly transition to a more transparent and accountable royalty collection program.

"The termination of the Royalty in Kind program is a part of our commitment to ensuring that royalty collection on behalf of the American people is conducted transparently, accurately, and fairly," said Secretary Salazar. "The Department's royalty collections continue to be a very significant contribution to the U.S. Treasury, so we must ensure transparency and accuracy every step of the way as we close out the program. Today's report supports that concept."

"BOEM should be regulating industry, not participating in their market activities," BOEM Director Michael R. Bromwich said. "The work we have done to successfully end the RIK program only enhances our continued efforts to eliminate the real and perceived conflicts of interest as we fulfill our regulatory oversight and revenue collection responsibilities."

Secretary Salazar's announcement stated that existing contracts would be allowed to expire and that no further RIK sales would be held. Because the remaining contracts to receive royalties in kind will expire on Sept. 30, 2010, BOEM will prepare the final RIK Annual Report to Congress in 2011, covering FY 2010.

In executing the remaining contracts in fiscal year 2009, BOEM sold 226,116,164 Million British Thermal Units, about 226 billion cubic feet, of gas and 30,356,898 barrels of oil. In addition, BOEM also provided about 4.5 million barrels of crude oil to the Department of Energy to help fill the Strategic Petroleum Reserve.

As required by the Energy Policy Act of 2005, the report on the RIK program's performance in FY 2009 was sent to the President of the U.S. Senate, Vice President Joseph R. Biden, Jr.; Speaker of the U.S. House of Representatives, Nancy Pelosi; Chairmen Jeff Bingaman and Ranking Member Lisa Murkowski of the U.S. Senate Committee on Energy and Natural Resources; and Chairmen Nick Rahall and Ranking Member Doc Hastings of the U.S. House of Representatives Committee on Natural Resources.

In addition to delivering the report to Congress, the BOEM has also posted the annual report on its website at: www.mrm.boemre.gov.

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