SUPPLEMENTARY INFORMATION: The regulations at 30 CFR 208.4(a) provide that the Secretary may evaluate crude oil market conditions from time to time. That evaluation will include, among other things, the availability of crude oil and the crude oil requirements of the Federal Government, primarily those requirements concerning matters of national interest and defense. Furthermore, the regulations at 30 CFR 208.4(b) state that, upon a determination by the Secretary under paragraph (a) of this section that defined eligible refiners do not have access to adequate supplies of crude oil at equitable prices, the Secretary, at his or her discretion, may elect to take in kind some or all of the royalty oil accruing to the United States from oil and gas leases on Federal lands onshore and the Outer Continental Shelf for sale to eligible refiners.

On September 16, 2009, the Secretary announced a phased-in termination of the RIK Program. The termination of the RIK Program precludes future sales of Federal royalty oil to eligible refiners as part of the Eligible Refiner Program. The MMS will honor all existing RIK sales contracts as defined in the contract terms.

The MMS’s determination is supported by decreased participation in the RIK Eligible Refiner Program as well as eligible refiners demonstrating a successful ability to compete in the open market. In 1999, six eligible refiners participated in the program, compared to only two in 2009. Over the past few years, eligible refiners have been successfully competing in the RIK Unrestricted Oil Sales Program as well as in the open market. The RIK unrestricted oil sales were open to any bidder who met prequalification requirements, and bidders included many of the major oil companies operating in the United States. On average, 50 percent of the volumes that MMS offered in the RIK Unrestricted Oil Sales Program during the past year have been awarded to eligible refiners. In the most recent unrestricted oil sale, one eligible refiner bid successfully on 80 percent of the volumes that MMS offered for sale. The decreased participation in the Eligible Refiner Program, in conjunction with the increased success of eligible refiners in the RIK Unrestricted Oil Sales Program, clearly demonstrates that an RIK Eligible Refiner Program is not needed at this time.

Dated: March 18, 2010.

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