

DOE PLANS TO SELL ELK HILLS OIL FIELD IN SEGMENTS

From U.S. Dept. of Energy

■(WASHINGTON) Taking the next step in one of the largest U.S. government divestitures ever, Secretary of Energy Hazel R. O'Leary on Tuesday announced the Department of Energy's (DOE) strategy to sell the government's portion of the Elk Hills Naval Petroleum Reserve. Rather than marketing the field as a single asset, DOE will offer it in segments. Bids will be solicited for an "operating working interest," where the buyer will become the field's operator, and for multiple, "non-operating working interests," where purchasers will bid for smaller interests in the field.

The Elk Hills field, near Bakersfield, CA, is the 11th largest oil field and 10th largest operating gas field in the lower 48 states.

"By offering multiple interests in Elk Hills, the department can broaden the universe of potential buyers and increase competition. This will help ensure that U.S. taxpayers receive the highest market value," said Secretary O'Leary.

DOE also announced that it will begin outlining the key components of the strategy for prospective bidders at two public meetings next week, in Houston, TX, and Bakersfield, CA. The Houston meeting will be Oct. 15 at the Hyatt Regency in downtown Houston. The Bakersfield meeting will be on Oct. 16 at the Red Lion Inn. Both meetings will begin at 2 p.m.

DOE plans to offer an "operatorship interest" made up of a significant portion of the government's approximate 78 percent share of the field. Currently, ownership of the field is divided between DOE and Chevron USA Production Company, and the field is operated on a unitized basis. The buyer of the "operatorship interest" would take over operations of the field.

In addition, DOE will offer undivided, non-operating working interests to allow smaller companies, alone or in consortia, the opportunity to obtain interests in the field. DOE might also consider selling some of the field's surface facilities separately to attract companies that specialize in natural gas processing or power generation.

The strategy was developed from recommendations of CS First Boston and Petrie Parkman & Co., the team serving as investment advisors to the agency.

The strategy is expected to appeal to many smaller, independent producers and refiners in California who use the lighter crude oil from Elk Hills for blending with

heavier oil from surrounding fields, making the heavier oil easier to transport and refine. Having direct access to the lighter crude oil is important to these smaller companies.

Congress set a deadline of February 1998 to sell the field if sufficiently high bids are received. DOE has said it would sell its share of Elk Hills field only if it receives bids that are higher than the value of the asset to the government. Last July, the Department released a new schedule for the divestiture that calls for a solicitation to be issued in April 1997. Target dates, including dates for opening data rooms to prospective bidders, will be discussed at the public meetings.

STATES TO RECEIVE MORE THAN \$185 MILLION IN INTERIM NATIONAL FOREST PAYMENTS

From US Dept. of Agriculture

■(WASHINGTON) Forty-one states and Puerto Rico will share interim payments totaling more than \$185 million as their portion of national forest receipts collected in fiscal year 1996, Agriculture Secretary Dan Glickman announced Wednesday. Oklahoma's interim payment will be \$561,000, with an estimated total payment of \$748,000.

"We estimate these states will eventually receive more than \$247 million in total payments from national forest receipts for the year," Glickman said.

The interim payment represents 75 percent of the estimated total each state will receive as its share of funds collected during the year from the sale and use of a variety of national forest products and services. USDA pays any additional funds it owes the states in December, after determining the actual receipts for the fiscal year ending Sept. 30, 1996.

By law, the Forest Service pays 25 percent of the revenues it collects from timber sales, grazing, recreation, minerals, and land uses to states in which national forest lands are located. The funds are used for schools and roads. Last year, the states received total payments of more than \$273 million.

The interim payments do not reflect revenues collected from the national grasslands. National grassland receipts are calculated on a calendar year basis, beginning Jan. 1, 1997 and these funds are shared with the counties in the spring.

The largest interim payments will go to Oregon, \$71 million; California, \$27 million; Washington, \$22 million; and Idaho, \$11 million.

PRAIRIE GRASS TO YIELD NEW POWER

From US Dept. of Energy

■(WASHINGTON) Merging Iowa's agricultural potential with long-term energy needs is the underpinning for a new, cost-shared cooperative research and development pact between Chariton Valley Research, Conservation and Development (RC&D) in Southern Iowa, the U.S. Department of Energy (DOE) and the U.S. Department of Agriculture (USDA). The new public/private partnership — worth an estimated \$20 million over a four-year period, including a 47 percent federal investment — will grow switchgrass on 30,000 to 40,000 acres of underutilized, marginal cropland.

Currently, switchgrass is used primarily to reduce soil erosion. In this program, switchgrass will also be grown as an "energy crop" and used to generate 35 megawatts of electrical power — enough to light some 40,000 homes — by mixing it with coal at existing power plants. The award announced last week by U.S. Secretary of Energy Hazel R. O'Leary and Senator Tom Harkin, D-Iowa, is the third in a series of awards under the joint DOE/USDA Biomass Power for Rural Development initiative.

Five hundred local farmers and landowners will be paired in the Chariton Valley RC&D partnership with the combined research and investment power of 14 organi-

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tions until April 1, 1997. Immigrants who are due for food stamp recertification prior to April 1, 1997 will be recertified using the old immigration eligibility rules in place prior to August 22.

States will then have from April 1, 1997 to August 22, 1997, to recertify the eligibility of such immigrants using the new restrictions. States should be encouraged to give immigrants who recertify before April 1, 1997, certification periods that last through August 1997, so they do not lose benefits the end of the extended agreement date.

The Presidential agreement does not effect eligibility of immigrant applicants since August 22. New applicants will be subject to the new immigrant restrictions mandated in the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, i.e., most immigrants coming to the United States are banned from the food stamp program for a period of five years.