

**Prices Above Which Full Royalties Are Due
Notwithstanding Any Remaining Royalty Suspension Volumes**

Deep Water Oil - Gulf of Mexico

| Calendar Year | Locked-in Annual Inflation Rate | Latest BEA Annual Inflation Rate ² | Oil Price Threshold (\$/BBL) | | | Actual Prices (\$/BBL) Average NYMEX Nearby Delivery |
|--|---------------------------------|---|---|-------------------------------------|------------------|--|
| | | | For Leases Issued Prior to 1996 or After 2000, Except for Sales Listed to the Right | For Leases Issued in Sales Held in: | | |
| | | | | 2001 | August 2004-2006 | |
| 1994 | | | \$28.00 | | | |
| 1995 | 2.6% | 2.1% | \$28.72 | | | |
| 1996 | 2.0% | 1.9% | \$29.28 | | | \$21.99 |
| 1997 | 2.0% | 1.8% | \$29.86 | | | \$20.63 |
| 1998 | 1.0% | 1.1% | \$30.17 | | | \$14.43 |
| 1999 | 1.5% | 1.5% | \$30.60 | | | \$19.26 |
| 2000 | 2.1% | 2.2% | \$31.23 | \$28.00 | | \$30.25 |
| 2001 | 2.2% | 2.3% | \$31.91 | \$28.61 | | \$25.99 |
| 2002 | 1.1% | 1.6% | \$32.27 | \$28.93 | | \$26.10 |
| 2003 | 1.7% | 2.1% | \$32.81 | \$29.41 | | \$31.08 |
| 2004 | 2.1% | 2.8% | \$33.50 | \$30.03 | \$39.00 | \$41.38 |
| 2005 | 2.8% | 3.3% | \$34.43 | \$30.86 | \$40.08 | \$56.57 |
| 2006 | 2.9% | 3.2% | \$35.44 | \$31.77 | \$41.25 | \$66.22 |
| 2007 | 2.7% | 2.9% | \$36.38 | \$32.61 | \$42.35 | \$72.39 |
| 2008 | 2.2% | 2.2% | \$37.17 | \$33.32 | \$43.27 | \$99.74 |
| 2009 | 1.2% | 0.9% | \$37.61 | \$33.72 | \$43.78 | \$61.82 |
| 2010 | 1.0% | 1.3% | \$37.97 | \$34.04 | \$44.20 | \$79.49 |
| 2011 | 2.1% | 2.1% | \$38.78 | \$34.76 | \$45.14 | \$94.98 |
| 2012e ¹ | | 1.7% | \$39.43 | \$35.35 | \$45.90 | |
| NYMEX Calendar Year 2012 Average: | | | # months = | 8 | | \$96.40 |
| Sept-Dec Prices Needed to Suspend Relief | | | < 0 | < 0 | < 0 | |

Deep Water Natural Gas - Gulf of Mexico

| Calendar Year | Locked-in Annual Inflation Rate | Latest BEA Annual Inflation Rate ² | Gas Price Threshold (\$/MMBTU) | | | Actual Prices (\$/MMBTU) Average NYMEX Nearby Delivery |
|--|---------------------------------|---|---|-------------------------------------|------------------|--|
| | | | For Leases Issued Prior to 1996 or After 2000, Except for Sales Listed to the Right | For Leases Issued in Sales Held in: | | |
| | | | | 2001 | August 2004-2006 | |
| 1994 | | | \$3.50 | | | |
| 1995 | 2.6% | 2.1% | \$3.59 | | | |
| 1996 | 2.0% | 1.9% | \$3.66 | | | \$2.50 |
| 1997 | 2.0% | 1.8% | \$3.73 | | | \$2.42 |
| 1998 | 1.0% | 1.1% | \$3.77 | | | \$2.16 |
| 1999 | 1.5% | 1.5% | \$3.83 | | | \$2.31 |
| 2000 | 2.1% | 2.2% | \$3.90 | \$3.50 | | \$4.33 |
| 2001 | 2.2% | 2.3% | \$3.99 | \$3.58 | | \$4.06 |
| 2002 | 1.1% | 1.6% | \$4.03 | \$3.62 | | \$3.36 |
| 2003 | 1.7% | 2.1% | \$4.10 | \$3.68 | | \$5.49 |
| 2004 | 2.1% | 2.8% | \$4.19 | \$3.75 | \$6.50 | \$6.18 |
| 2005 | 2.8% | 3.3% | \$4.30 | \$3.86 | \$6.68 | \$8.96 |
| 2006 | 2.9% | 3.2% | \$4.43 | \$3.97 | \$6.88 | \$6.99 |
| 2007 | 2.7% | 2.9% | \$4.55 | \$4.08 | \$7.06 | \$7.12 |
| 2008 | 2.2% | 2.2% | \$4.65 | \$4.17 | \$7.21 | \$8.89 |
| 2009 | 1.2% | 0.9% | \$4.70 | \$4.21 | \$7.30 | \$4.16 |
| 2010 | 1.0% | 1.3% | \$4.75 | \$4.25 | \$7.37 | \$4.40 |
| 2011 | 2.1% | 2.1% | \$4.85 | \$4.35 | \$7.52 | \$4.03 |
| 2012e ¹ | | 1.7% | \$4.93 | \$4.42 | \$7.65 | |
| NYMEX Calendar Year 2012 Average: | | | # months = | 8 | | \$2.54 |
| Sept-Dec Prices Needed to Suspend Relief | | | \$9.70 | \$8.17 | \$17.86 | |

Indicates NYMEX Prices exceed at least one of the price thresholds for that year.

Indicates NYMEX Prices exceed all of the price thresholds for that year.

**Prices Above Which Full Royalties Are Due
Notwithstanding Any Remaining Royalty Suspension Volumes**

Shallow Water, Deep Natural Gas (well depths ≥15,000 ft) - Gulf of Mexico

| Calendar Year | Locked-in Annual Inflation Rate | Latest BEA Annual Inflation Rate ² | Gas Price Threshold (\$/MMBTU) | | | | Actual Prices (\$/MMBTU) Average NYMEX Nearby Delivery |
|--|---------------------------------|---|---|--|--|---------|--|
| | | | Relief Under 30 CFR 203.36 and 203.48 (circa 2008) ^a | In water 0-200 meters deep | | | |
| | | | | Relief Under 30 CFR 203.47 (circa 2004) Except for Sales Listed to the Right: ^b | Relief Under Lease Terms for Leases Issued in Sales Held in: | | |
| | | | | Sale 178 March 2001 | Sales held in 2001-2003 ^c | | |
| 2000 | | | | | \$3.50 | \$5.00 | \$4.33 |
| 2001 | 2.2% | 2.3% | | | \$3.58 | \$5.11 | \$4.06 |
| 2002 | 1.1% | 1.6% | | | \$3.62 | \$5.17 | \$3.36 |
| 2003 | 1.7% | 2.1% | | | \$3.68 | \$5.25 | \$5.49 |
| 2004 | 2.1% | 2.8% | | \$9.34 | \$3.75 | \$5.36 | \$6.18 |
| 2005 | 2.8% | 3.3% | | \$9.60 | \$3.86 | \$5.51 | \$8.96 |
| 2006 | 2.9% | 3.2% | | \$9.88 | \$3.97 | \$5.67 | \$6.99 |
| 2007 | 2.7% | 2.9% | \$4.55 | \$10.14 | \$4.08 | \$5.82 | \$7.12 |
| 2008 | 2.2% | 2.2% | \$4.65 | \$10.36 | \$4.17 | \$5.95 | \$8.89 |
| 2009 | 1.2% | 0.9% | \$4.70 | \$10.49 | \$4.21 | \$6.02 | \$4.16 |
| 2010 | 1.0% | 1.3% | \$4.75 | \$10.58 | \$4.25 | \$6.08 | \$4.40 |
| 2011 | 2.1% | 2.1% | \$4.85 | \$10.81 | \$4.35 | \$6.21 | \$4.03 |
| 2012e ¹ | | 1.7% | \$4.93 | \$10.99 | \$4.42 | \$6.31 | |
| NYMEX Calendar Year 2012 Average: | | | # months = | | 8 | | \$2.54 |
| Sept-Dec Prices Needed to Suspend Relief | | | \$9.71 | \$27.89 | \$8.17 | \$13.85 | |

¹ The 2012 estimates (2012e) are calculated by applying a weighted average of the latest BEA quarterly implicit price deflator estimates to the 2011 price thresholds.

² On July 29, 2011, the BEA revised current-dollar GDP and some GDP components back to 2003. These revisions are reflected in the Latest BEA Annual Inflation Rates.

^a For well depths ≥ 20,000 ft in water 0-400 meters deep, and for well depths ≥ 15,000 ft in water 200-400 meters deep

^b Including 2001-2003 Leases that Converted to RSV Terms in Regulations

^c Except Sale 178, March 2001

Indicates NYMEX Prices exceed at least one of the price thresholds for that year.

Indicates NYMEX Prices exceed all of the price thresholds for that year.

Updated: 9/6/2012

Notes: Latest BEA Annual Inflation Rates (Base 2005) Derived From:

<http://bea.gov/iTable/iTable.cfm?ReqID=9&step=1>

Click on Section 1 - Domestic Product and Income, Click Table 1.1.9

[See technical documentation attachment for further details.](#)

Applicable Price Thresholds and Market Prices for Calendar Year 2011

| Product | Lease Vintage * (Sale held in) | Annual Average NYMEX Price (\$/bbl or \$/mmbtu) | Adjusted Price Threshold Level (\$/bbl or \$/mmbtu) | Royalty Relief Suspended |
|-----------------------|---|--|--|-----------------------------|
| Deepwater Oil | Before 1996 ¹ ; 2002-3/2004; 2007-2010 | \$94.98 | \$38.78 | Yes |
| Deepwater Oil | 2001 | \$94.98 | \$34.76 | Yes |
| Deepwater Oil | 8/2004 - 2006 | \$94.98 | \$45.14 | Yes |
| Deepwater Gas | Before 1996 ¹ ; 2002-3/2004; 2007-2010 | \$4.03 | \$4.85 | No |
| Deepwater Gas | 2001 | \$4.03 | \$4.35 | No |
| Deepwater Gas | 8/2004 - 2006 | \$4.03 | \$7.52 | No |
| Deep gas | 3/2001 ² | \$4.03 | \$4.35 | No |
| Deep gas | 8/2001- 2003 ² | \$4.03 | \$6.21 | No |
| Deep gas ³ | Before 2001; 2001-2003 ² ; 2004-2009 | \$4.03 | \$10.81 | No |
| Deep gas ⁴ | Before 2001; 2001-2003 ² ; 2004-2010 | \$4.03 | \$10.81 and \$4.85 | No |
| Deep gas ⁵ | All Years | \$4.03 | \$4.85 | No |

bbl = barrel, MMBtu = million British Thermal Units, bcf = billion cubic feet.

*Price thresholds do not apply to leases issued under the Deep Water Royalty Relief Act (DWRRA) between 1996 and 2000.

¹Pertains only to deepwater leases that have applied and been approved for royalty relief under section 302 of the DWRRA.

²Leases issued in water 0-200 meters deep during 2001-2003 had the option to convert from lower price thresholds under lease terms to higher price thresholds set forth in the regulations.

³Applies to qualified deep wells on leases in water 0-200 meters deep that spudded on or after 3/26/2003 and produced before 5/3/2009, and to qualified ultra-deep wells on leases in water 0-200 meters deep that spudded between 3/26/2003 and 5/17/2007 and produced before 5/3/2009.

⁴Applies to qualified ultra-deep wells on leases in water 0-200 meters deep that spudded on or after 5/18/2007 and produced before 5/3/2009. The higher price threshold applies to the first 25 bcf of royalty relief; the lower price threshold applies to the next 10 bcf of royalty relief. For qualified ultra-deep wells on leases in water 0-200 meters deep that spudded on or after 5/3/2009, the lower price threshold applies to the entire 35 bcf of royalty relief.

⁵Applies to qualified deep wells on leases in water 200-400 meters deep that spudded on or after 5/18/2007 and produced before 5/3/2013, and to qualified ultra-deep wells on leases in water 200-400 meters deep that spudded on or after 5/18/2007.