
Leasing Activities Information

BOEM

U.S. Department of the Interior
Bureau of Ocean Energy Management
Gulf of Mexico OCS Region

FINAL NOTICE OF SALE 218 Western Planning Area

Attached is the Final Notice of Sale 218 Package (Final NOS 218 Package), for Western Planning Area (WPA) Oil and Gas Lease Sale 218 scheduled to be held at 9 a.m. on Wednesday, December 14, 2011, at the Louisiana Superdome in New Orleans, Louisiana.

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This Package consists of:

- Final NOS 218
- Lease Stipulations
- Information To Lessees
- List of Blocks Available for Leasing
- Unleased Split Blocks and Available Unleased Acreage of Blocks with Aliquots and Irregular Portions Under Lease or Deferred
- Bid Form and Sample Envelopes
- Telephone Numbers/Addresses of Bidders Form
- Example of Preferred Format - Geophysical Data and Information Statement and Sample Envelopes
- Lease Terms and Economic Conditions Map
- Stipulations and Deferred Blocks Map

All documents listed above are available from the BOEM Gulf of Mexico Region Public Information Unit; telephone (800) 200-GULF or (504) 736-2519; or by written request to:

Bureau of Ocean Energy Management  
Gulf of Mexico OCS Region  
Public Information Unit (MS 5034)  
1201 Elmwood Park Boulevard  
New Orleans, Louisiana 70123-2394

All of these documents may also be found on the Lease Sale Information page on the BOEM GOM website at <http://www.boem.gov/Oil-and-Gas-Energy-Program/Leasing/Regional-Leasing/Gulf-of-Mexico-Region/Lease-Sales/218/Final-Notice-of-Sale-218.aspx>

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Please Note:

Terms and conditions for Final NOS 218 are generally the same as for the August 2009 WPA Lease Sale 210, except for the following noteworthy matters:

Change in Minimum Bonus Bid

The minimum bonus bid has been increased from \$37.50 per acre or fraction thereof to \$100 per acre or fraction thereof for blocks in water depths of 400 meters or deeper.

Changes in Initial Periods

Starting with Central Planning Area Sale 213, BOEM revised the lease terms for blocks in water depths of 400 meters to less than 1,600 meters. Blocks in 400 to less than 800 meters changed from an initial 8-year lease term (where a well has to be spudded within the first 5 years of the initial 8-year term to avoid lease cancellation) to a 5-year initial lease term (where spudding a well within the initial lease term would extend the lease term to 8 years). Blocks in 800 to less than 1,600 meters changed from a 10-year initial lease term to a 7-year initial lease term (where spudding a well within the initial lease term would extend the lease term to 10 years).

Deepwater Royalty Suspensions

No deepwater royalty suspension provisions will be offered for leases issued from this sale. Section 345 of the Energy Policy Act of 2005 (EPA05), which was signed into law on August 8, 2005, directed that royalty suspension volume levels at least as high as those then used by BOEM be continued for 5 years following enactment. This sale is being held more than 5 years after the passage of EPA05. For further information, please refer to the Royalty Suspension Provisions portion of the Final NOS.

New Lease Form

The BOEM will use a new lease form to convey leases offered in this sale. The new lease form is referenced in this Final NOS 218 Package, and is available to view at: <http://www.boem.gov/About-BOEM/Procurement-Business-Opportunities/BOEM-OCS-Operation-Forms/BOEM-OCS-Operation-Forms.aspx>

The lease form will be amended to conform with the specific terms, conditions and stipulations applicable to the individual lease.

Updated Electronic Funds Transfer (EFT) Instructions

Bidders are advised that the EFT instructions have been updated for WPA Sale 218. Please refer to the following website: <http://www.boem.gov/Oil-and-Gas-Energy-Program/Leasing/Regional-Leasing/Gulf-of-Mexico-Region/Lease-Sales/218/Western-Planning-Area-Lease-Sale-218-Information.aspx> for complete information.

Geophysical Data and Information Statements

This Final NOS 218 Package includes information for bidders regarding the submission of Geophysical Data and Information Statements (GDIS). Every bidder submitting a bid on a block in WPA Sale 218, or participating as a joint bidder in such a bid, must submit at the time of bid submission a GDIS in a separate and sealed envelope, identifying any enhanced or reprocessed geophysical data and information generated or used as part of the decision to bid or participate in a bid on the block (including the use of Controlled Source Electromagnetics, Gravity, etc.). **Please note: You may now submit the GDIS Information Table digitally on a Compact Disc or Digital Video Disc as an Excel Spreadsheet.**

U.S. and Mexico Treaty

The U.S. and Mexico exchanged instruments of ratification in January 2001, and a continental shelf boundary treaty entered into force in the Western Gap area. This treaty contained provisions for a ten year moratorium on drilling within 1.4 nautical miles of the maritime boundary on both the U.S. and Mexican sides. While this moratorium was initially scheduled to expire in January 2011, the U.S. and Mexico mutually agreed to extend the Western Gap buffer zone for an additional three years. This buffer zone now remains in effect until January 2014.

U.S.-Mexico Maritime and Continental Shelf Boundary

Bidders are advised to refer to the Final Notice of Sale and paragraph (n) in the Information to Lessees portion of this document for detailed information pertaining to the ongoing negotiations with the Government of Mexico on the transboundary agreement. Bids submitted on blocks in the Boundary Area will not be opened on the date

scheduled for the sale, but may be opened at a later date. On or before 30 days following execution of a Transboundary Agreement or June 14, 2012, whichever occurs first, the Secretary of the Interior will determine whether it is in the best interest of the United States either to open bids for Boundary Area blocks or to return the bids unopened.

Boundary Area:

Port Isabel Blocks – 914, 915, 916, 917, 918, 919, 920, 921, 922, 923, 924, 945, 946, 947, 948, 958, 959, 960, 961, 962, 963, 964, 965, 966, 967, 968, 989, 990, 991, and 992

Alaminos Canyon Blocks – 881, 882, 883*, 884*, 885, 886, 887, 888, 889*, 890*, 891, 892, 893*, 894*, 895, 896, 897, 898, 899*, 900*, 901*, 902*, 903*, 904*, 905, 906, 907, 908, 909, 910, 911, 912, 925, 926, 927*, 928*, 929, 930, 931, 932, 933, 934, 935, 936, 937, 938, 939*, 940*, 941, 942*, 943*, 944*, 945*, 946, 947*, 948, 949, 950, 951, 952, 953, 954, 955, 956, 957, 958, 959, 960, 961, 962, 963, 964, 965, 992, 993, 994, 995, 996, 997, 998, 999, 1000, 1001, 1002, 1003, 1004, 1005, 1006, 1007, 1008, and 1009

Keathley Canyon Blocks – 925, 926, 927, 928, 929, 930, 931, 932, 933, 934, 935, 969, 970, 971, 972, 973, 974, 975, 976, 977, 978, 979, 980, and 981

Sigsbee Escarpment Blocks – 11, 12, 13, 14, 15, 57, 58, 59, 60, 61, 103, 104, 105, 106, 148, 149, 150, and 194

South Padre Island Blocks – 1154, 1163, 1164, 1165, and 1166*

South Padre Island, East Addition Blocks – 1155, 1156, 1157, 1158, 1159, 1160, 1161, 1162, A 78, A 79, A 80, A 81, A 82, A 83, A 84, A 85, A 86, A 87, A 89, and A 90

*Leased Blocks

U.S. Coast Guard (USCG) Final Rule on Notice of Arrival on the Outer Continental Shelf (OCS)

Bidders are advised that the U.S. Coast Guard has published a Final Rule that revises the USCG regulations on the OCS. For more information on this, please refer to paragraph (m) in the Information to Lessees portion of this document.

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**Not Offered:**

BOEM will offer for bid in this lease sale all of the unleased acreage in the WPA in the GOM except:

Whole and portions of blocks that lie within the boundaries of the Flower Garden Banks National Marine Sanctuary at the East and West Flower Garden Banks and Stetson Bank (the following list includes all blocks affected by the Sanctuary boundaries):

High Island, East Addition, South Extension (Leasing Map TX7C)

Whole Block: A-398

Portions of Blocks: A-366\*, A-367\*, A-374\*, A-375, A-383\*, A-384\*, A-385\*, A-388, A-389, A-397\*, A-399, A-401

\*Leased

High Island, South Addition (Leasing Map TX7B)

Portions of Blocks: A-502, A-513

Garden Banks (OPD NG15-02)

Portions of Blocks: 134, 135

Whole and portions of blocks that lie within the former Western Gap and lie within the 1.4 nautical mile

north of the continental shelf boundary between the United States and Mexico:

Keathley Canyon (OPD NG15-05)

Portions of Blocks: 978 through 980

Sigsbee Escarpment (OPD NG15-08)

Whole Blocks: 11, 57, 103, 148, 149, 194

Portions of Blocks: 12 through 14, 58 through 60, 104 through 106, 150

Blocks currently under appeal (although currently unleased, the following blocks are under appeal and bids will not be accepted):

Garden Banks (NG15-02)

Blocks: 623 and 624

Whole and portions of blocks deferred from this lease sale are shown on the map "Final, Western Planning Area, Lease Sale 218, December 14, 2011, Stipulations and Deferred Blocks"

**Statistical Information (Lease Sale 218):**

**Size:** Approximately 3,913 unleased blocks; 21.01 million acres

**Initial Period:**

|                                                                                                                                            |              |
|--------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| 5 years for blocks in water depths less than 400 meters (subject to administrative requirements noted in the Final NOS):                   | 2,379 blocks |
| 5 years for blocks in water depths 400 meters to less than 800 (subject to administrative requirements noted in the Final NOS):            | 376 blocks   |
| 7 years for blocks in water depths of 800 meters to less than 1600 meters (subject to administrative requirements noted in the Final NOS): | 668 blocks   |
| 10 years for water depths of 1600 meters or greater:                                                                                       | 490 blocks   |

**Minimum Bonus Bid Amount:**

|                                                                                   |              |
|-----------------------------------------------------------------------------------|--------------|
| \$25 or more per acre or fraction thereof for water depths less than 400 meters:  | 2,379 blocks |
| \$100 or more per acre or fraction thereof for water depths 400 meters or deeper: | 1,534 blocks |

**Rental Rates:**

|                                                                                                                                                                                                                                                                 |              |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| \$7.00 per acre or fraction thereof for water depths less than 200 meters (with a possible escalation to as much as \$28.00 per acre if the lease has an approved extension of the initial 5-year period):                                                      | 2,216 blocks |
| \$11.00 per acre or fraction thereof for water depths 200 meters or deeper (with a possible escalation to as much as \$44.00 per acre in the 200 to less than 400 meter water depth range if the lease has an approved extension of the initial 5-year period): | 1,697 blocks |

**Minimum Royalty Rates:**

|                                                                             |              |
|-----------------------------------------------------------------------------|--------------|
| \$7.00 per acre or fraction thereof for water depths less than 200 meters:  | 2,216 blocks |
| \$11.00 per acre or fraction thereof for water depths 200 meters or deeper: | 1,697 blocks |

**Royalty Rates:**

|                                           |              |
|-------------------------------------------|--------------|
| 18-3/4% royalty rate in all water depths: | 3,913 blocks |
|-------------------------------------------|--------------|

**Royalty Suspension Areas:**

|                            |             |
|----------------------------|-------------|
| 0 to less than 400 meters: | 2379 blocks |
|----------------------------|-------------|

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For more information on the Final NOS 218 Package, potential bidders are advised to contact Mr. Carrol Williams at (504) 736-2803, Ms. Nancy Kornrumpf at (504) 736-2726, or Ms. Cindy Thibodeaux at (504) 736-2809 of the BOEM GOM OCS Region Leasing and Financial Responsibility Section.

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