U.S. Department of the Interior
Minerals Management Service
Gulf of Mexico OCS Region

NEWS RELEASE

**FOR RELEASE:** November 20, 2002

Barney Congdon
(504) 736-2595

Caryl Fagot
(504) 736-2590

Debra Winbush
(504) 736-2597

# MMS Issues Proposed Notice of Central Gulf Lease Sale 185

The Minerals Management Service announced in the *Federal Register* today the availability of the Proposed Notice of Sale 185, an offshore oil and gas lease sale in the Central Gulf of Mexico, scheduled for March 19, 2003. Recently developed Gulf of Mexico sale requirements under consideration by the MMS are:

- The offering of Mississippi Canyon Block 474 with the stipulation that it be explored and developed from off-lease sites. This requirement would reduce potential conflicts between future lease activities on this block and the planned structures and activities associated with the Nakika Project (in which the block serves as a host location for development of approximately ten subsea wells on nearby blocks.)

- A stipulation for Central Gulf Sale 185 similar to that used in Western Gulf Sale 184 to mitigate potential adverse effects on protected species such as marine mammals, sea turtles, and birds.

- A requirement for bidders to submit, prior to the bid submission deadline, a statement or statements regarding whether they possess or control depth migrated geophysical data pertaining to each block upon which they participate as a bidder. This is pursuant to federal law, and regulations issued thereunder, which gives MMS right of access to geophysical data and information obtained or developed as a result of operations on the OCS.

In addition to the above, the Proposed Notice of Sale 185 includes a continuation of several measures to increase domestic natural gas and oil production to meet the Nation's energy needs.

- An incentive to drill for deep-gas deposits located in the shallow-water shelf area of the Gulf of Mexico (in water depths less than 200 meters) by providing for royalty suspension for the first 20 billion cubic feet (BCF) of production from a well drilled into a new deep gas reservoir (15,000 feet below sea level) and which commences production within 5 years from lease issuance. The MMS estimates that undiscovered deep gas resources on the near-shore shelf could be in the range of 5 to 20 trillion cubic feet (TCF) and that this incentive applied to all of these resources might yield an additional 250 to 600 BCF of gas production in 2003 through 2007. Up to 10 percent of this incremental effect could be realized from proposed Sale 185 alone.

- Deepwater royalty relief in the 400 to 799 meter water depth zone (5 million barrels of oil equivalent (BOE) per lease), 800 to 1,599 meter water depth zone (9 million BOE per lease) and 1,600 meter and greater water depth zone (12 million BOE per lease).

- Opportunity to apply for additional "discretionary" royalty relief, pursuant to proposed rulemaking, if certain conditions are satisfied.

Proposed Sale 185 encompasses about 4,411 available blocks in the Central Gulf of Mexico Outer Continental Shelf planning area offshore Louisiana, Mississippi, and Alabama. This area covers about 23.1 million acres. Blocks in this sale are located from 3 to 210 miles offshore in water depths ranging from 4 to more than 3,425 meters. Estimates of undiscovered economically recoverable hydrocarbons expected to be discovered and produced as a result of this sale proposal range from 270 to 650 million barrels of oil and 1.59 to 3.30 TCF of natural gas.

MMS is the federal agency in the U.S. Department of the Interior that manages the nation's oil, natural gas and other mineral resources on the outer continental shelf in federal offshore waters. The agency also collects, accounts for and disburses mineral revenues from federal and Indian leases. These revenues totaled nearly $10 billion in 2001 and more than $120 billion since the agency was created in 1982. Annually, nearly $1 billion from those revenues go into the Land and Water Conservation Fund for the acquisition and development of state and federal park and recreation lands.

**-MMS-GOM-**

**-MMS-20 Years of Service to America-**
MMS's Website Address: **http://www.mms.gov**