
Leasing Activities Information



FINAL NOTICE OF OCS SALE 184 Western Gulf of Mexico August 21, 2002

Attached is the Final Notice of OCS Sale (FNOS) 184, Western Gulf of Mexico, which is scheduled to be held on August 21, 2002, in New Orleans.

In addition to the Final Notice, this "Final Notice of Sale 184 Package" consists of:

- ◆ Lease Stipulations for Oil and Gas Lease Sale 184
- ◆ Royalty Suspension Provisions, Sale 184
- ◆ Information To Lessees, Sale 184
- ◆ List of Blocks Available for Leasing, Sale 184
- ◆ Unleased Split Blocks and Available Unleased Acreage of Blocks with Aliquots and Irregular Portions Under Lease or Deferred
- ◆ Debarment Certification Form
- ◆ Bid Form and Envelope
- ◆ Phone Numbers/Addresses of Bidders Form
- ◆ Instructions for Making EFT Bonus Payments
- ◆ Lease Terms and Economic Conditions, Sale 184, Map
- ◆ Stipulations and Deferred Blocks, Sale 184, Map

All of these documents may be found on the MMS Homepage Address on the Internet: <http://www.mms.gov>.

Terms and conditions for FNOS 184 are generally the same as for Western Gulf of Mexico Sale 180 except the following:

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***Please Notice:***

**Protected Species Stipulation**

There are five stipulations which will be made a part of any lease resulting from this sale. Bidders should note that the most recent stipulation for FNOS 184, Stipulation No. 5, Protected Species, has been modified since publication of the Proposed Notice of Sale. Bidders are also referred to paragraph (y) in the document "Information To Lessees, Sale 184" included in this Final Notice of Sale 184 Package.

**Royalty Relief**

Royalty relief will be available under certain conditions for leases on blocks in less than 200 meters (shallow water deep gas production) and on blocks in 400 meters or deeper (oil and gas). The royalty relief offered in the 400 to 799 meter water depth zone is a new Western GOM sale initiative for FNOS 184; however, it was first offered in the most recent Central GOM Sale 182. Also, the deepwater relief price thresholds differ from those used in Western GOM Sale 180. Please see the document "Royalty Suspension Provisions, Sale 184" and paragraph (l) in the document "Information To Lessees, Sale 184"; both are included in this Final Notice of Sale 184 Package.

The following modifications and/or clarifications were implemented in the Royalty Suspension Provisions (RSP) document pertaining to royalty suspension (RS) for shallow water deep gas production: (1) Paragraph A.1. was clarified, advising industry that the intent of Paragraph A.1. is to provide only one RS per lease; (2) Paragraph A.3. of the RSP document was modified, deleting the sentence, "In addition, the lease will not receive the RS if any deep gas reservoir on that lease has produced." This sentence was deleted because the language in paragraph A.1. cited above is applicable; and (3) Paragraph A.6. of the RSP document was clarified, defining "the lease period ends" as "until the lease becomes expired, relinquished, or terminated." Please refer to the "Royalty Suspension Provisions, Sale 184" document in this Final Notice of Sale 184 Package.

**Revised Law of the Sea Stipulation Blocks**

The Final Notice of Sale for Western GOM Sale 180 incorrectly classified 12 blocks in Sigsbee Escarpment as being subject to the Law of the Sea (LOS) Stipulation. Those 12 blocks were not part of the former "Western Gap" and therefore do not require the LOS Stipulation in this sale.

In addition, due to a change in the 200 nautical mile line, Keathley Canyon Block 1000 will require a LOS Stipulation; Keathley Canyon Block 816 will not require a LOS Stipulation. These corrections and changes are duly reflected in the Final Notice of Sale 184 Package.

**Proposed Rule Establishing Safety Zones**

On December 10, 2001, and April 2, 2002, the Coast Guard published in the *Federal Register* (66 FR 63642) and (67 FR 15505), respectively, proposed rules establishing safety zones for certain production facilities. Bidders are referred to paragraph (z) in the document "Information To Lessees, Sale 184" included in this Final Notice of Sale 184 Package.

**MMS Inspection and Enforcement of Certain Coast Guard Regulations**

On February 7, 2002, the Coast Guard published in the *Federal Register* (67 FR 5912) a final rule authorizing "... MMS to perform inspections on fixed Outer Continental Shelf facilities engaged in OCS activities...." Bidders are referred to paragraph (aa) in the document "Information To Lessees, Sale 184" included in this Final Notice of Sale 184 Package.

**Bonding Requirements**

Section 30 CFR 256.58, "Termination of the period of liability and cancellation of a bond" was amended on December 3, 2001, and became effective on January 2, 2002. Please see specific details in paragraph (p) in the document "Information To Lessees, Sale 184" included in this Final Notice of Sale 184 Package.

**Final Rule for Subsalt Exploration Activities**

On July 2, 2002, MMS published in the *Federal Register* (67 FR 44357) a final rule, effective August 1, 2002, modifying regulations that govern suspensions of operations for oil and gas leases on the OCS. For further details, please see paragraph (x) in the document "Information To Lessees, Sale 184" included in this Final Notice of Sale 184 Package.

**Electronic Funds Transfer (EFT) Payments**

Bidders should be advised that the "Instructions for Making EFT Bonus Payments" has been revised as of July 2002. There is now a dedicated phone number for obtaining the Receiving FI and Receiving ABA numbers (which have not changed since the last sale). Also, when paying the 4/5ths bonus and rental payments, it is requested that only one transaction be used.

**Bidders Information Form**

The Bidders Information Form, revised July 2002, must be submitted for each sale. Please provide the completed form to MMS prior to or at the time of bid submission. Do not enclose it inside a sealed bid envelope.

**List of Blocks Available for Leasing in Sale 184**

A new column has been added to this report to indicate whether each block was offered for leasing in the last sale in this Planning Area.

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Not Offered:

High Island Area Block 170 (an unleased block, but currently under appeal);

High Island Area, East Addition, South Extension, Blocks A-375 and A-398 (at the Flower Garden Banks), and the portions of other blocks within the boundary of the Flower Garden Banks National Marine Sanctuary; portions of High Island Area, East Addition, South Extension, Blocks A-366, A-383, A-399, and A-401; High Island Area, South Addition, Block A-513; and Garden Banks Area Blocks 134 and 135;

Mustang Island Area Blocks 793, 799, and 816 (blocks located off Corpus Christi which have been identified by the Navy as needed for testing equipment and training mine warfare personnel);

Sigsbee Escarpment (Area NG15-08): Whole Blocks: 11, 57, 103, 148, 149, 194, 239, 284, and 331 through 341; and Keathley Canyon (Area NG15-05): Partial Blocks: 978 through 980; and Sigsbee Escarpment (Area NG15-08): Partial Blocks: 12 through 14; 58 through 60; 104 through 106; 150, 151, 195, 196, 240, 241; 285 through 298; and 342 through 349 (whole and partial blocks which are beyond the United States Exclusive Economic Zone in the area formerly known as the Northern Portion of the Western Gap and which lie within the 1.4 nautical mile buffer zone north of the continental shelf boundary between the United States and Mexico).

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Bidders are reminded that Leasing Activity Update Lists are prepared monthly and are available on or about the 20th of each month through the MMS Gulf of Mexico Public Information Unit and via the Internet (please see below).

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Statistical Information (Sale 184):

Size: 4,102 unleased blocks; 22.3 million acres

Primary Lease Terms:	5 years for blocks in water depths less than 400 meters:	1,855 blocks
	8 years for blocks in water depths of 400 to 799 meters:	374 blocks
	10 years for blocks in water depths of 800 meters or deeper:	1,873 blocks

Minimum Bids:	\$25.00 per acre or fraction thereof for water depths less than 800 meters:	2,229 blocks
	\$37.50 per acre or fraction thereof for water depths 800 meters or deeper:	1,873 blocks
Rental Rates:	\$5.00 per acre or fraction thereof per year for water depths less than 200 meters:	1,656 blocks
	\$7.50 per acre or fraction thereof per year for water depths 200 meters or deeper:	2,446 blocks
Royalty Rates:	16-2/3% royalty rate in water depths less than 400 meters:	1,855 blocks
	12-1/2% royalty rate in water depths 400 meters or deeper:	2,247 blocks
Royalty Suspension Areas:	0-199 meters:	1,656 blocks
	400 to 799 meters:	374 blocks
	800 to 1599 meters:	1,028 blocks
	1600 meters and deeper:	845 blocks

For more information on this FNOS, potential bidders are advised to contact Mr. Charles Hill at (504) 736-2795, or Ms. Jane Burrell Johnson at (504) 736-2811, of the MMS GOM OCS Region Sales and Support Unit.

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