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# Leasing Activities Information



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

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## FINAL NOTICE OF SALE 185 Central Gulf of Mexico March 19, 2003

Attached is the Final Notice of Sale 185 Package (FNOS 185), Central Gulf of Mexico (GOM), scheduled to be held on March 19, 2003, in New Orleans.

In addition to the FNOS 185, the Package consists of:

- ◆ Lease Stipulations for Oil and Gas Lease Sale 185
- ◆ Royalty Suspension Provisions, Sale 185
- ◆ Information To Lessees, Sale 185
- ◆ Example of Preferred Format - Geophysical Data and Information Statement
- ◆ List of Blocks Available for Leasing, Sale 185
- ◆ 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
- ◆ Telephone Numbers/Addresses of Bidders Form
- ◆ Instructions for Making EFT Bonus Payments
- ◆ Lease Terms and Economic Conditions Map, Sale 185
- ◆ Stipulations and Deferred Blocks Map, Sale 185

All of these documents may be found on the MMS Homepage Address on the Internet: [www.mms.gov](http://www.mms.gov).

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### **Please Notice:**

Terms and conditions for FNOS 185 are generally the same as last year's Central GOM Sale 182 except for the following noteworthy matters:

#### **Protected Species Stipulation**

Included in Sale 185 are a recently revised Protected Species Stipulation and a related Information-To-Lessees clause that are designed to minimize or avoid potential adverse impacts to federally protected species. These measures resulted from recent formal MMS consultations (pursuant to the Endangered Species Act) with the National Oceanic and Atmospheric Administration and the U.S. Fish and Wildlife Service.

#### **Mississippi Canyon Block 474**

Mississippi Canyon Block 474 is offered for bid in this sale. This block was excluded from the year 2001 and 2002 Central Gulf of Mexico Lease offerings. The block is the site of Shell Offshore's planned NaKika Project, and it is offered in this sale with the stipulation that all exploration, development, and production activities or operations must take place from outside the lease block by the use of directional drilling or other techniques.

#### **Vermilion Blocks 139 and 140**

This final notice includes a new Information-To-Lessees clause that informs potential bidders of a proposed deepwater port and liquefied natural gas facility. This project, if licensed, may affect oil and gas operations on related blocks, most notably Vermilion Blocks 139 and 140.

#### **Ship Shoal Block 88 and South Pelto Area Blocks 12 and 19**

Also included in this final notice is an Information-To-Lessees clause informing potential bidders of potential sand dredging

activities on Ship Shoal Block 88 and South Pelto Area Blocks 12 and 19. MMS intends to coordinate activities of sand dredge vessels with oil and gas lessees so as to preclude any adverse time, space, and use conflicts.

**Geophysical Data and Information Statement**

This final notice contains a requirement that each bidder submit, by the bid submission deadline, a Geophysical Data and Information Statement declaring whether they possess or control depth-migrated geophysical data and information pertaining to each block upon which they are participating as a bidder.

**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 the related Sale 185 Information-To-Lessees clause.

**Electronic Funds Transfer (EFT) Payments**

Bidders are reminded that the 1/5th bonus bid deposits will be due by 1:00 p.m. Eastern Time the day following bid reading. In addition, certain bid submitters (i.e., those that do NOT currently own or operate an OCS mineral lease OR those that have ever defaulted on a 1/5th bonus bid payment (EFT or otherwise)) will be required to guarantee (secure) their 1/5th bonus bid payment prior to the submission of bids. Also, when paying the 4/5ths bonus and rental payments, it is requested that only one transaction be used. For further details, please see the document "Instructions for Making EFT Bonus Payments."

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**Not Offered:**

**Viosca Knoll Block 69**

This terminated lease is currently under appeal.

**Lund South (NG16-07): Blocks 172, 173, 213 through 217, 252 through 261, 296 through 305, and 349**

These blocks are beyond the United States Exclusive Economic Zone in the area known as the Northern portion of the Eastern Gap.

**Amery Terrace (NG15-09): Partial Blocks: 235 through 238, 273 through 279, and 309 through 317; and Whole Blocks: 280, 281, 318 through 320, and 355 through 359**

These partial and whole blocks are beyond the United States Exclusive Economic Zone and 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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**Statistical Information (Sale 185):**

**Size:** 4,460 unleased blocks; 23.4 million acres

**Initial Period:**

5 years for blocks in water depths less than 400 meters: 1,531 blocks  
8 years for blocks in water depths of 400 to 799 meters: 129 blocks  
10 years for blocks in water depths of 800 meters or deeper: 2,800 blocks

**Minimum Bonus Bid Amount:**

\$25.00 per acre or fraction thereof for water depths less than 800 meters: 1,660 blocks  
\$37.50 per acre or fraction thereof for water depths 800 meters or deeper: 2,800 blocks

**Rental/Minimum Royalty Rates:**

\$5.00 per acre or fraction thereof for water depths less than 200 meters: 1,432 blocks  
\$7.50 per acre or fraction thereof for water depths 200 meters or deeper: 3,028 blocks

**Royalty Rates:**

16-2/3% royalty rate in water depths less than 400 meters: 1,531 blocks  
12-1/2% royalty rate in water depths 400 meters or deeper: 2,929 blocks

**Royalty Suspension Areas:**

0-199 meters: 1,432 blocks  
400 to 799 meters: 129 blocks  
800 to 1599 meters: 282 blocks  
1600 meters and deeper: 2,518 blocks

For more information on this FNOS 185, 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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