
Leasing Activities Information



Information To Lessees Central Gulf Of Mexico Sale 185

(Final Notice of Sale)

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(a) Supplemental Documents. For copies of the various documents mentioned in the Sale Notice or in the Sale Notice Package and identified as available from the MMS Gulf of Mexico Region Office, prospective bidders should contact the Public Information Unit, Minerals Management Service, 1201 Elmwood Park Boulevard, New Orleans, Louisiana 70123-2394, either in writing or by telephone at (504) 736-2519 or (800) 200-GULF. For additional information, contact the Regional Supervisor for Leasing and Environment at that address or by telephone at (504) 736-2759. Many sale-related documents may also be found on the MMS Homepage Address on the Internet: **www.mms.gov**.

The MMS publishes, from time to time, Notices to Lessees (NTLs) which specify certain requirements and procedures pertinent to oil and gas operations on the OCS. Bidders should be cognizant of all NTLs. NTLs may be obtained from the Public Information Unit at the address above, or online at: **www.gomr.mms.gov/homepg/regulate/regs/ntl1tl.html**.

(b) Navigation Safety. Operations on some of the blocks offered for lease may be restricted by designation of fairways, precautionary zones, anchorages, safety zones, or traffic separation schemes established by the U.S. Coast Guard pursuant to the Ports and Waterways Safety Act (33 U.S.C. 1221 et seq.), as amended, and the Deepwater Port Act (33 U.S.C. 1501-1524). Bidders are advised to review the U.S. Coast Guard regulations at 33 CFR Part 150, including Appendix A, regarding Deepwater Port Safety Zone Boundaries, and Annex A regarding the Louisiana Offshore Oil Port (LOOP) Safety Zones.

U.S. Army Corps of Engineers (COE) permits are required for construction of any artificial islands, installations, and other devices permanently or temporarily attached to the seabed located on the OCS in accordance with section 4(e) of the OCS Lands Act, as amended.

For additional information, prospective bidders should contact Lieutenant Commander Rob Holzman, Assistant Marine Port Safety Officer, 8th Coast Guard District, Hale Boggs Federal Building, New Orleans, Louisiana 70130, (504) 589-4257. For COE information, prospective bidders should contact Mr. Ron Ventola CELMN-OD-S, Post Office Box 60267, New Orleans, Louisiana 70160-0267, (504) 862-2255.

(c) Offshore Pipelines. Bidders are advised that the Department of the Interior and the Department of Transportation

have entered into a Memorandum of Understanding (MOU), dated December 10, 1996, concerning the design, installation, operations, inspection, and maintenance of offshore pipelines. See also 30 CFR 250.1000(c)(1). Bidders should consult both Departments for regulations applicable to offshore pipelines; at the MMS Gulf of Mexico Region Office, the appropriate contact is Mr. Alex Alvarado at (504) 736-2547; at DOT, contact Mr. Rodrick M. Seeley, Regional Director, Office of Pipeline Safety, Southwest Region, at (713) 718-3748. Copies of the MOU are available from the MMS Internet site and the MMS Gulf of Mexico Region Office Public Information Unit (see paragraph (a) above).

(d) 8-Year Leases. Bidders are advised that commencement of an exploratory well is required within the first 5 years of the initial 8-year term to avoid cancellation (30 CFR 256.37).

(e) Affirmative Action. Lessees are advised that they must adhere to the rules of the Department of Labor, Office of Federal Contract Compliance, at 41 CFR Chapter 60. Companies with questions regarding those rules should contact one of the various regional Department of Labor Offices of Federal Contract Compliance.

(f) Ordnance Disposal Areas. Bidders are cautioned as to the existence of two inactive ordnance disposal areas in the Mississippi Canyon area, shown on the map "Stipulations and Deferred Blocks, Sale 185" included in the Sale Notice Package. These areas were used to dispose of ordnance of unknown quantity and composition. Water depths range from approximately 750 to 1,525 meters. Bottom sediments in both areas are soft, consisting of silty clays. Exploration and development activities in these areas require precautions commensurate with the potential hazards.

The U.S. Air Force has released an indeterminable amount of unexploded ordnance throughout Eglin Water Test Areas 1 and 3. The exact location of the unexploded ordnance is unknown, and lessees are advised that all lease blocks included in this sale within these water test areas should be considered potentially hazardous to drilling and platform and pipeline placement.

(g) Communications Towers. The U.S. Air Force has installed seven military communications towers in the Chandeleur/Mobile/Viosca Knoll area which support Air Combat Maneuvering Instrumentation (ACMI). This project may impose certain restrictions on oil and gas activities in that area

since no activity can take place within 500 feet of a tower site, and unobstructed lines of sight must be maintained between towers. The seven towers are located within Mobile Blocks 769, 819, and 990; Viosca Knoll Block 116; Chandeleur Area Blocks 33 and 61; and Chandeleur Area, East Addition, Block 39. Information and maps of the specific locations and line of sight crossings for ACMI towers may be obtained from Mr. Charles Hill, GOMR, (504) 736-2795.

(h) Archaeological Resources. Bidders are referred to the regulation 30 CFR 250.194 (Archaeological Reports and Surveys). MMS Notice To Lessees (NTL) No. 2002-G01 (Requirements For Archaeological Resources Field Surveys and Reports for the Gulf of Mexico OCS Region) became effective on March 15, 2002, and specifies remote sensing instrumentation, survey methodology, linespacing, and archaeological report writing requirements for lessees and operators in the Gulf of Mexico Region (GOMR). A copy of this NTL is available on the MMS Internet site at www.gomr.mms.gov/homepg/regulate/regs/ntls/ntl02-g01.html

In addition, a specific list of lease blocks that fall within the GOMR high-probability area for both prehistoric and historic archaeological resources on the OCS are available on the MMS Internet site at

www.gomr.mms.gov/homepg/regulate/envIRON/archaeological/surveyblocks.pdf and can be downloaded from this site. After entering this site, a specific lease block area within the Gulf of Mexico or the complete file may be downloaded.

This block list was updated on September 24, 2002, and represents the most current archaeological survey lease block list for the GOMR. This block list supersedes all previous archaeological high-probability block lists published by the MMS GOMR.

(i) Proposed Artificial Reefs/Rigs to Reefs. Bidders are advised that there are OCS artificial reef planning and general permit areas, and reef sites for the Gulf of Mexico. These are located in water depths of less than 200 meters. While all artificial reef sites require a permit from the U.S. Army Corps of Engineers, the Artificial Reefs/Rigs-to-Reefs program is implemented through State sponsorship through the following State Coordinators:

<u>Alabama</u>	Mr. Steve Heath	(334) 968-7576
<u>Florida</u>	Mr. Jon Dodrill	(850) 488-6058
<u>Louisiana</u>	Mr. Rick Kasprzak	(225) 765-2375
<u>Mississippi</u>	Mr. Mike Buchanan	(228) 374-5000
<u>Texas</u>	Mr. Dale Shivley	(512) 389-4686

For more information on Artificial Reef/Rigs-to-Reefs sites, prospective bidders should contact the above-listed State Artificial Reef Coordinators for their areas of interest.

(j) Lightering Zones. Bidders are advised that the U.S. Coast Guard has designated certain areas of the Gulf of Mexico as lightering zones for the purpose of permitting single hull vessels to off-load oil within the U.S. Exclusive Economic Zone. Such designation may have implications for oil and gas operations in the areas. See 33 CFR 156.300 for the regulations concerning lightering zones; additional information may be obtained from Lieutenant Commander Russ Proctor of the Coast Guard's Ports and Facilities Compliance Staff (G-MOC-3) at (202) 267-0499.

(k) Geophysical Data and Information Statement. Pursuant to 30 CFR 251.12, the MMS has a right to access geophysical data and information collected under a permit in the OCS.

Bidders should note that each party participating in Sale 185 as a bidder (or joint bidder) is required to submit, prior to the Bid Submission Deadline, a Geophysical Data and Information Statement. Please see FNOS 185 for further information and instructions for submitting this statement.

For additional information, contact Mr. Ron Brinkman of the MMS Gulf of Mexico Region Office of Resource Evaluation at (504) 736-2720.

(l) Information about Indicated Hydrocarbons. Bidders are advised that the MMS makes available, approximately 3 months prior to a lease sale, a list of unleased tracts having well bores with indicated hydrocarbons, which includes Eastern Gulf data as well as Central and Western Gulf data. Basic information relating to production, well bores, and pay range for each tract is included in the list. The list is available from the MMS Gulf of Mexico Region Public Information Unit (see paragraph (a) above).

(m) Royalty Relief. Although certain provisions of the

Outer Continental Shelf Deep Water Royalty Relief Act (which mandated that the Secretary of the Interior offer certain deepwater OCS tracts in the Central and Western Gulf of Mexico for lease with specified suspension of royalties under certain conditions) have expired, the MMS is offering royalty relief on leases resulting from this sale. For this sale, the MMS is offering leases subject to the regulations at 30 CFR 260. Specific royalty relief provisions are contained in the document "Royalty Suspension Provisions, Sale 185" included in the Sale Notice Package.

NOTE: For leases on blocks in Royalty Suspension Areas, an Addendum will be added to modify Section 6, as appropriate, of the lease instrument to implement the provisions of the document "Royalty Suspension Provisions, Sale 185".

A map entitled "Lease Terms and Economic Conditions, Sale 185", depicting blocks in which such suspensions may apply is included in the Sale Notice Package.

Discretionary Royalty Relief. Title III of Public Law 104-58, "Outer Continental Shelf Deep Water Royalty Relief," allows the Secretary of the Interior to reduce, eliminate, or modify the royalty rate in order to promote development or increase production on certain leases. On January 15, 2002, the MMS issued a final rule (67 FR 1862) that describes, for newly issued leases, the intended criteria for approval of relief, the amount of relief to be awarded, and the conditions that must be met to retain any relief awarded under this program.

(n) Lease Instrument. Bidders are advised that the lease instrument will include provisions for royalty relief and 8-year lease cancellations, if applicable.

Leases will continue to be issued, as in recent sales, on Form MMS-2005 (March 1986) as amended.

(o) Electronic Funds Transfer (EFT). Bidders are reminded that the 4/5ths bonus bid amount and the first year's rental EFT instructions for lease payoff have been revised and updated by MMS Minerals Revenue Management. Companies may now use either the Fedwire Deposit System or the Automated Clearing House (overnight payments).

Bidders are further alerted to the mandatory use of EFT for payment of the 1/5th deposit on bonus bids.

30 CFR 256.46(b) allows the MMS to require a specific method (or methods) of payment of the deposit on bonus bids submitted at OCS lease sales. For Sale 185, MMS will require the submitters of high bids to use EFT procedures for payment of the deposit on bonus bids. Specific details on the use of EFT are contained in the Final Notice of Sale and in the document "Instructions for Making EFT Bonus Payments" included in the Final Sale Notice Package. This document is also available on our website.

The deadline for the payment of the 1/5th of the bonus has been changed to 1:00 pm Eastern Time on the day after the sale instead of 2:00 pm Eastern Time, which was the deadline set for recent sales.

(p) Deepwater Operations Plans. Bidders are advised that MMS Notice To Lessees 2000-N06, Deepwater Operations Plans, which became effective on October 1, 2000, requires that a Deepwater Operations Plan be submitted for all deepwater development projects (water depths greater than 304.8 meters (1,000 feet)) and for all projects utilizing subsea production technology; projects using conventional fixed-leg platforms are exempted from this requirement. Copies of the Notice To Lessees may be obtained from the MMS webpage at:

www.gomr.mms.gov/homepg/regulate/regs/ntls/ntl00-n06.html
and from the MMS Gulf of Mexico Region Office Public Information Unit (see paragraph (a) above).

See also NTL 2001-G04 ("Remotely Operated Vehicle Surveys in Deepwater") available for the Region Public Information Unit (see paragraph (a) above) and from the MMS webpage at:

www.gomr.mms.gov/homepg/regulate/regs/ntls/ntl01-g04.html

(q) Bonding Requirements. MMS general bonding requirements are found at 30 CFR 256 Subpart I. Please be advised that 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. This amendment defines the terms and conditions under which MMS will terminate the period of liability of a bond or cancel a bond. These regulations are further clarified in the MMS Notice to Lessees NTL 2000-G16 ("Guidelines for General Lease Surety Bonds"), which became effective on September 7, 2000. Copies of this NTL may be obtained from the MMS webpage at

www.gomr.mms.gov/homepg/regulate/regs/ntls/ntl00-g16.html

and from the MMS Gulf of Mexico Region Office Public Information Unit (see paragraph (a) above).

In addition, MMS Notice To Lessees No. 98-18N, Supplemental Bond Procedures, became effective on December 28, 1998. This document is an updated summary of the procedures that will be used in assessing the financial strength of OCS lessees as they implement the requirement to submit a supplemental bond in compliance with 30 CFR 256. These procedures apply to all OCS Regions.

(r) Oil Spill Financial Responsibility for Offshore Facilities. Bidders should note that MMS has implemented regulations regarding the financial responsibility provision of the Oil Pollution Act of 1990 (OPA). The regulations, which appear at 30 CFR 250 and 253, require those responsible for offshore oil facilities to demonstrate that they can pay for cleanup and damages caused by facility oil spills. See also 30 CFR 254.

Oil spill financial responsibility (OSFR) for offshore facilities establishes requirements on responsible parties for demonstrating financial responsibility for cleanup and damages caused by oil or condensate discharges from offshore oil and gas exploration and production facilities and associated pipelines. The regulations at 30 CFR 250 and 253, apply to the OCS, State waters seaward of the line of ordinary low water along that portion of the coast that is in direct contact with the open sea, and certain coastal inland waters.

OSFR requirements may not affect facilities which have a worst case oil spill discharge potential of 1,000 barrels or less. The regulation explains how to calculate this discharge. If the facility's potential worst case spill exceeds this amount, facilities will be required to establish and maintain oil spill financial responsibility at a minimum level of \$35 million. Prior to receiving approval for an application to drill or for a lease assignment, a company must demonstrate sufficient coverage for all covered offshore facilities which have a worst case oil spill of greater than 1000 barrels.

MMS Notice to Lessees No. 99-N01 ("Guidelines for Oil Spill Financial Responsibility for Covered Facilities"), issued on and effective January 6, 1999, provides guidelines for implementing this program.

(s) Response Plans for Facilities Located Seaward of the Coast Line. The regulations at 30 CFR 254 Subpart D implements the facility response planning provision of Oil Pollution Act of 1990 (OPA). The rule supersedes an interim rule in effect since February 18, 1993, and allows one plan to be used to cover multiple offshore facilities. This allows operators to reduce the cost of spill response compliance without sacrificing environmental protection.

(t) Military Areas. Military Warning Areas are established in the DoD Flight Information Publication "Area Planning - Special Use Airspace - North and South America" published by the National Imagery and Mapping Agency (NIMA), 3200 South Second Street, St. Louis, Missouri 63118-3399; NIMA reference number PLANXAP1A. The most recent version of this document was published on February 21, 2002; the next issue is expected to be published on January 23, 2003. This document may be downloaded from the NIMA website:

164.214.2.62/products/digitalaero/dafifindex.cfm#flip

[scroll down to "Planning Documents" and click on:

AP1A North and South America (2.46MB)]

The NIMA home page may be found at: www.nima.mil.

The Military Areas Stipulation (Stipulation No. 3 in the document "Lease Stipulations for Oil and Gas Lease Sale 185", included in the Sale Notice Package) will be applied to leases in any new areas that may be established by that publication in addition to blocks in those Warning Areas which have had the stipulation in past sales.

Certain restrictions on flights and radio communications in the Warning Areas will require close coordination between lessees (and their operators and agents) and the appropriate military commander using the specific Warning Area. It is the responsibility of lessees to establish and maintain contact and coordination with the military commander(s) in any Warning Area in which operations or flights would be expected in the course of occupying and developing any leases; this could include flights through a Warning Area traveling to a leased block which is not in a Warning Area.

Lessees should establish and maintain contact and coordination with the appropriate military commander(s) whether or not there is a military stipulation in their lease(s).

The contact for administrative questions about the warning areas is:

Federal Aviation Administration
Houston Air Route Traffic Control (ARTC) Center
16600 John F. Kennedy Boulevard
Houston, Texas 77032
Telephone: (281) 230-5560/5563/5600

The stipulation also applies to the Eglin Water Test Areas (EWTAs), which are established by agreement between the U.S. Air Force (Eglin Air Force Base) and the FAA. A small portion of the extreme eastern portion of the Central Gulf is included in EWTAs 1 and 3.

(u) Unleased Blocks Offshore Baldwin County, Alabama. The MMS is offering unleased blocks within this area for leasing in Sale 185 subject to a stipulation to mitigate possible visual impacts from fixed structures on the blocks.

The stipulation requires lessees to minimize surface structures, and, when surface structures are necessary, to limit their visibility from shore. The MMS will consult with the State of Alabama prior to approving a Development Operations Coordination Document (DOCD) in these blocks.

(v) Potential Law of the Sea Convention Requirements. Blocks or portions of blocks beyond the U.S. EEZ are offered in Sale 185 consistent with U.S. law and potential provisions of the 1982 Law of the Sea Convention. If the U.S. becomes a party to the Convention prior to or during the life of a lease from this sale issued on a block or portion of a block located beyond the U.S. EEZ, then special royalty payment requirements may apply. The stipulation contained in the Sale Notice will be applied to appropriate leases issued as a result of this sale; this stipulation spells out how royalties subject to the Law of the Sea Convention will be handled by the MMS.

(w) Rentals/Minimum Royalties. The timing of when rental versus minimum royalty is due and payable has been recently revised. The revised requirement is contained in the Notice of Sale.

Note: For all leases from this sale, an Addendum will be added to the lease to modify Sections 4 and 5 of the lease instrument to implement revised rental/minimum royalty requirements.

(x) Final Rule for Subsalt Exploration Activities. On July 2, 2002, MMS issued a final regulation (effective August 1, 2002) which amends requirements governing OCS leases to provide for the granting of a Suspension of Operations under limited circumstances when the lessee is exploring under a salt sheet. MMS recognizes the complexities of subsalt analysis and is providing more time to a lessee to conduct the needed analysis and determine the best location for drilling a well. The rulemaking establishes criteria for receiving a suspension. The amendment applies to leases that otherwise would terminate after 5 and 8 years.

(y) Lease Stipulation for Protected Species (Sea Turtles, Marine Mammals, Gulf Sturgeon, Brown Pelican, and Other Federally Protected Species). Bidders are advised that, pursuant to requirements of section 7 of the Endangered Species Act, the MMS has completed formal consultations with the National Oceanic and Atmospheric Administration (NOAA Fisheries) and the U.S. Fish and Wildlife Service (FWS). The Biological Opinions issued by NOAA Fisheries and FWS specify measures to minimize or avoid potential adverse impacts to protected species. In accordance with these opinions, the MMS has included terms and conditions as appropriate in the Protected Species Stipulation (Stipulation No. 6), and in several Notices to Lessees (NTLs). Bidders should also note that NOAA Fisheries included in its opinion a non-discretionary term and condition requiring that permit holders maintain helicopter traffic over the Gulf at altitudes above 1,000 feet as practicable, to avoid disturbance to whales and sea turtles. FWS has recommended in its opinion that, to avoid disturbance of brown pelican nesting activities, aircraft working on OCS activities should avoid flying lower than 1,000 feet above ground level or within a 2,000 foot perimeter around an island containing a nesting colony.

Three NTLs have been issued to date to implement these measures, one of which also has an addendum.

NTL No. 2002-G07, entitled "Implementation of Seismic Survey Mitigation Measures", became effective on August 22, 2002. The NTL, issued pursuant to 30 CFR 250.103, explains how to implement seismic survey mitigation measures. This NTL applies to all seismic operations throughout the Gulf of Mexico OCS in waters greater than 200 m (656 ft) in depth. These measures apply to all on-lease seismic surveys conducted under 30 CFR

250.201 and all off-lease seismic surveys conducted under 30 CFR 251. NTL No. 2002-G07 may be obtained from our Public Information Unit (see paragraph (a) above) or online at:

www.gomr.mms.gov/homepg/regulate/regs/ntls/ntl02-g07.html

Addendum 1 to NTL No. 2002-G07 was effective on October 15, 2002, and may be found at:

www.gomr.mms.gov/homepg/regulate/regs/ntls/ntl02-g07add1.html

NTL No. 2002-G13, entitled "Marine Trash and Debris Awareness and Elimination" became effective on November 15, 2002, and is issued pursuant to 30 CFR 250.103 and supersedes NTL No. 98-27. This NTL supplements the information from NTL 98-27 with additional guidance to prevent intentional and/or accidental introduction of debris into the marine environment. This NTL applies to all existing and future oil and gas operations in the Gulf of Mexico OCS. The NTL requires careful handling of all trash and debris, specifies certain training, and directs the placement of certain placards warning about improper disposal of trash and debris. NTL No. 2002-G13 may be obtained from our Public Information Unit (see paragraph (a) above) or online at:

www.gomr.mms.gov/homepg/regulate/regs/ntls/ntl02-g13.html

NTL No. 2002-G14, entitled "Vessel Strike Avoidance and Injured/Dead Protected Species Reporting" became effective on November 15, 2002, and is issued pursuant to 30 CFR 250.103, 30 CFR 250.203(o) and 30 CFR 250.204(s) to explain how measures must be implemented to minimize the risk of vessel strikes to protected species and report observations of injured or dead protected species. This NTL applies to all existing and future oil and gas operations in the Gulf of Mexico OCS. NTL No. 2002-G14 may be obtained from our Public Information Unit (see paragraph (a) above) or online at:

www.gomr.mms.gov/homepg/regulate/regs/ntls/ntl02-g14.html

(z) Proposed Rule Establishing Safety Zones for Certain Production Facilities. The Coast Guard, at the request of the affected lessees, published a proposed rule on December 10, 2001 (66 FR 63642), which would establish a safety zone of 500 meters (1,640.4 feet) around five oil and gas production facilities on the Gulf of Mexico OCS. The five facilities are:

Alaminos Canyon 25 (Hoover Floating Facility)
Ewing Bank 921 (Morpeth Tension Leg Platform)
Green Canyon 254 (Allegheny TLP)
Green Canyon 158 (Brutus TLP)
Garden Banks 128 (Enchilada Platform)

On April 2, 2002, the Coast Guard published a second proposed rule (67 FR 15505) for a sixth facility:
Green Canyon 205 (Chevron Genesis Spar)

The proposed rules would prevent all vessels from entering or remaining in the safety zones except for: An attending vessel; a vessel under 100 feet in length overall not engaged in towing; or a vessel authorized by the Eighth Coast Guard District Commander.

(aa) MMS Inspection and Enforcement of Certain Coast Guard Regulations. On February 7, 2002, the Coast Guard published a final rule (67 FR 5912) authorizing "...the Minerals Management Service (MMS) to perform inspections on fixed Outer Continental Shelf (OCS) facilities engaged in OCS activities and to enforce Coast Guard regulations applicable to those facilities in 33 CFR chapter I, subchapter N." Questions regarding this authorization may be directed to the Coast Guard as indicated in the final rule.

(bb) Exploration Plans and Development Operations Coordination Documents. On August 29, 2002, Notice to Lessees (NTL) No. 2002-G08, titled "Information Requirements for Exploration Plans (EP's) and Development Operations Coordination Documents (DOCD's)", became effective. The purpose of this NTL is to provide guidance on preparing EP's and DOCD's that are required by *current* 30 CFR 250, Subpart B, regulations. This NTL supersedes NTL No. 2000-G21. Copies of this NTL may be obtained from the MMS webpage at

www.gomr.mms.gov/homepg/regulate/regs/ntls/ntl02-g08.html
and from the MMS Gulf of Mexico Region Office Public Information Unit (see paragraph (a) above).

(cc) Potential Sand Dredging Activities on Ship Shoal Block 88 and South Pelto Area Blocks 12 and 19. The U.S. Environmental Protection Agency (EPA), Region 6, plans to conduct an archeological, geological, geophysical, and biological study in Block 88 of the Ship Shoal Area to evaluate the possible use of surficial sand resources for a nearby barrier island restoration project.

This study, initially planned for late 2002, now likely to take place in Spring 2003, will provide required information to assist in the preparation of NEPA documents pertaining to the Barrier Island Restoration of the West Flank of Whiskey Island project under the Coastal Wetlands Planning and Restoration Act. Use of the sand will require a non-competitive, negotiated sand and gravel lease in Block 88 between MMS and the State of Louisiana or Terrebonne Parish, Louisiana. A report of the study will be made available to the public at the conclusion of the study.

In addition to the Block 88 activity, the Louisiana Department of Natural Resources (LDNR) and the U. S. Army Corps of Engineers (USACE) are considering the use of sand from South Pelto Blocks 12 and 19. LDNR is coordinating a restoration project at New Cut, Louisiana, a portion of the Louisiana barrier island system located between Trinity and East Islands; the USACE needs sand for a 72-mile levee project outside Houma, Louisiana. Both projects will require MMS-issued non-competitive, negotiated sand and gravel leases.

Dredging of the sand in Ship Shoal Block 88 and South Pelto Blocks 12 and 19 and the associated presence of an ocean-going dredge vessel could present some use conflicts should the blocks be leased for oil and/or gas extraction. If this situation should arise, MMS, upon timely notification from the oil and gas lessee, will coordinate activities of the dredge vessel(s) with the lessee so as to preclude any adverse time, space, and use conflicts.

For further information regarding the EPA study and planned/anticipated offshore sand and gravel activities offshore Louisiana, contact Mr. Barry Drucker, MMS Headquarters Leasing Division, Sand and Gravel Section, at (703) 787-1296, or by email at barry.drucker@mms.gov.

(dd) Mississippi Canyon Block 474. Mississippi Canyon Block 474, the site of Shell Offshore's planned NaKika Project, has been deferred in the past two Central Gulf sales. The MMS is offering this block in Sale 185 subject to Stipulation 7, which requires all exploration and development activities to be conducted from outside Block 474.

(ee) Proposed Deepwater Port and Liquid Natural Gas Facility. The U.S. Coast Guard and the Maritime Administration

have received an application for the licensing of a deepwater port involving a proposed liquefied natural gas (LNG) facility. Notice of their receipt of this application can be found in the Federal Register at 67 FR 79234, December 27, 2002. The Port Pelican Project proposal involves construction of a deepwater port in Vermilion Block 140 with a safety zone extending into Vermilion Block 139. Also, a 42-inch diameter pipeline, 37 nautical miles in length, will be constructed as part of the Pelican Project. If the project is licensed, oil and gas lease operations on related blocks may be affected. For additional information on this proposal and the procedures for its consideration contact Robert Nelson, U.S. Coast Guard, (202) 267-0496, rnelson@comdt.uscg.mil.

(ff) Blocks Beyond the U.S. Exclusive Economic Zone. The MMS is offering in this sale blocks beyond the United States Exclusive Economic Zone (in the area formerly known as the Western Gap), with the exception of blocks and portions of blocks in the 1.4 mile buffer area along the boundary established by the continental shelf boundary treaty which entered into force in January 2001. See also paragraph (v) above.