

**DEPARTMENT OF THE INTERIOR**

**Bureau of Ocean Energy Management (BOEM)**

**Western Gulf of Mexico Planning Area (WPA) Outer Continental Shelf (OCS) Oil and Gas Lease Sale 233 (WPA Sale 233)**

**AGENCY:** Bureau of Ocean Energy Management, Interior

**ACTION:** Proposed Notice of Sale 233

**SUMMARY:** On Wednesday, August 28, 2013, BOEM proposes to open and publicly announce bids received for blocks offered in WPA Sale 233, in accordance with the provisions of the OCS Lands Act (OCSLA, 43 U.S.C. 1331-1356a, as amended) and the implementing regulations issued pursuant to OCSLA (30 CFR part 556).

**DATES:** BOEM proposes to hold WPA Sale 233 at 9:00 a.m. on Wednesday, August 28, 2013, in New Orleans, Louisiana, at a site to be determined. All times referred to in this document are local New Orleans time, unless otherwise specified.

**BID SUBMISSION DEADLINE:** BOEM must receive all sealed bids between 8:00 a.m. and 4:00 p.m. on normal working days, and from 8:00 a.m. to the Bid Submission Deadline of 10:00 a.m. on Tuesday, August 27, 2013, the day before the lease sale. For more information on bid submission, see Section VII, "Bidding Instructions," of this document.

**ADDRESS:** Interested parties may obtain a Proposed Notice of Sale (NOS) Package by contacting the BOEM Gulf of Mexico (GOM) Region at:

Gulf of Mexico Region Public Information Office  
Bureau of Ocean Energy Management  
1201 Elmwood Park Boulevard  
New Orleans, Louisiana 70123-2394  
(504) 736-2519 or (800) 200-GULF

or by visiting the BOEM website at <http://www.boem.gov/About-BOEM/BOEM-Regions/Gulf-of-Mexico-Region/Index.aspx>.

## **TABLE OF CONTENTS**

This Proposed NOS includes the following sections:

- I. LEASE SALE AREA
- II. STATUTES AND REGULATIONS
- III. LEASE TERMS AND ECONOMIC CONDITIONS
- IV. LEASE STIPULATIONS
- V. INFORMATION TO LESSEES
- VI. MAPS
- VII. BIDDING INSTRUCTIONS
- VIII. BIDDING RULES AND RESTRICTIONS
- IX. FORMS
- X. THE LEASE SALE
- XI. DELAY OF SALE
- XII. UPCOMING MILESTONES

Appendix A – Repeal Language for Royalty Suspension Provisions for WPA Sale 233

## **I. LEASE SALE AREA**

**Areas Offered for Leasing:** BOEM proposes to offer for bid in this lease sale all of the available unleased acreage in the WPA except those listed in the Areas Not Offered for Leasing.

**Areas Not Offered for Leasing:** The following whole and partial blocks are not offered for lease in this sale:

Whole blocks and portions of blocks that lie within the boundaries of the Flower Garden Banks National Marine Sanctuary (Sanctuary) in the East and West Flower Garden Banks and Stetson Bank. The following list identifies 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

High Island, South Addition (Leasing Map TX7B)

Portions of Blocks: A-502, A-513

Garden Banks (OPD NG15-02)

Portions of Blocks: 134, 135

\*Leased

### **Please Note:**

#### **Blocks that lie within the former Western Gap and within 1.4 nautical miles north of the Continental Shelf Boundary between the United States and Mexico**

Please be advised that the 1.4 nautical mile buffer on the Continental Shelf Boundary, which has not been offered in recent lease sales, is not being excluded in the Proposed NOS, but may be excluded from the lease sale area in the Final NOS. After extensive negotiations, the United States and Mexico exchanged instruments of ratification in January 2001, and a Continental Shelf Boundary treaty entered into force in the Western Gap area of the GOM. The treaty states that, at the earliest, exploration or development within 1.4 nautical miles of the Continental Shelf Boundary would occur after January 2011. On June 23, 2010, the United States and Mexico mutually agreed to extend this period for an additional three years. The treaty provision now remains in effect until January 2014. However, if the Transboundary Agreement (described below) signed by the United States and Mexico on February 20, 2012, enters into force, that Agreement will supersede the prohibition on exploration or development in the 1.4 nautical mile buffer imposed by the continuing treaty provision. Therefore, this 1.4 nautical mile buffer may become available for leasing prior to the proposed sale date. BOEM is including these blocks in the former Western Gap and 1.4 nautical mile buffer that may become available, should the Transboundary Agreement enter into force before publication of the Final NOS. In the event the Transboundary Agreement does not enter into force before a final decision on whether to hold

WPA Sale 233 and issuance of the Final NOS, whole blocks and portions of blocks that lie within the former Western Gap area and that lie within the 1.4 nautical mile buffer would be excluded from the lease sale area, consistent with the treaty provision.

### **Bids on Blocks near the U.S.-Mexico Maritime and Continental Shelf Boundary**

The following definitions apply to this section:

“Agreement” refers to the transboundary agreement between the United Mexican States and the United States of America that addresses identification and unitization of transboundary hydrocarbon reservoirs, allocation of production, inspections, safety, and environmental protection. A copy of the Agreement can be found at <http://www.boem.gov/BOEM-Newsroom/Library/Boundaries-Mexico.aspx>.

“Boundary Area” means an area comprised of any and all blocks in the WPA that are located or partially located within three statute miles of the maritime and continental shelf boundary with Mexico, as that maritime boundary is delimited in the November 24, 1970 Treaty to Resolve Pending Boundary Differences and Maintain the Rio Grande and Colorado River as the International Boundary; the May 4, 1978 Treaty on Maritime Boundaries between the United Mexican States and the United States of America; and the June 9, 2000 Treaty on the Continental Shelf between the Government of the United Mexican States and the Government of the United States of America.

The Agreement was signed on February 20, 2012, but has not yet entered into force. Bids submitted on any available block in the “Boundary Area” (as defined above) may be segregated from bids submitted on blocks outside the Boundary Area. Bids submitted on available blocks outside the Boundary Area will be opened on the date scheduled for the sale. Bids submitted on available blocks in the Boundary Area may not be opened on the date scheduled for the sale, but may be opened at a later date. Within 30 days after approval of the Agreement necessary to allow it to enter into force on its terms, or by February 28, 2014, whichever occurs first, the Secretary of the Interior will determine whether to open bids on available Boundary Area blocks or to return the bids unopened.

In the event the Secretary decides to open bids on available blocks in the Boundary Area, BOEM will notify such bidders at least 30 days prior to opening such bids, and will describe the terms of the Agreement under which leases in the Boundary Area will be issued. Bidders on these blocks may withdraw their bids at any time after such notice up until 10:00 a.m. on the day before bid opening. If BOEM does not give notice within 30 days of approval of the Agreement as described above, or by February 28, 2014, whichever comes first, BOEM will return the bids unopened. This timing will allow potential bidders to make decisions regarding the next annual WPA lease sale (anticipated in August 2014), which may also offer blocks in this area. BOEM reserves the right to return these bids at any time. BOEM will not disclose which blocks received bids or the names of bidders on blocks in the Boundary Area unless and until the bids are opened.

BOEM currently anticipates that blocks in the Boundary Area that are not awarded as a result of WPA Sale 233 would be reoffered in the next WPA lease sale in 2014.

The following whole and partial blocks comprise the entire Boundary Area (not all of which may be available under proposed WPA Sale 233):

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

## **II. STATUTES AND REGULATIONS**

Each lease is issued pursuant to OCSLA, implementing regulations promulgated pursuant thereto, and other applicable statutes and regulations in existence upon the effective date of the lease, as well as those applicable statutes enacted and regulations promulgated thereafter, except to the extent that the after-enacted statutes and regulations explicitly conflict with an express provision of the lease. Amendments to existing statutes and regulations, including but not limited to OCSLA, as well as the enactment of new statutes and promulgation of new regulations, that do not explicitly conflict with an express provision of the lease, will apply to leases issued as a result of this sale. Moreover, the lessee expressly bears the risk that such new statutes and regulations (i.e., those that do not explicitly conflict with an express provision of the lease) may increase or decrease the lessee's obligation under the lease.

## **III. LEASE TERMS AND ECONOMIC CONDITIONS**

### **Lease Terms**

#### **OCS Lease Form**

BOEM will use Form BOEM-2005 (October 2011) to convey leases resulting from this sale. This lease form may be viewed on the BOEM website at <http://www.boem.gov/About-BOEM/Procurement-Business-Opportunities/BOEM-OCS-Operation-Forms/BOEM-2005.aspx>. The lease form will be amended to conform with the specific terms, conditions, and stipulations applicable to the individual lease.

## Initial Periods

Initial periods are summarized in the following table:

Water Depth in Meters	Initial Period
0 to < 400	Standard initial period is 5 years; the lessee may earn an additional 3 years (i.e., for an 8-year extended initial period) if a well is spudded during the first 5 years of the lease targeting hydrocarbons below 25,000 feet True Vertical Depth Subsea (TVD SS)
400 to < 800	Standard initial period is 5 years; the lessee will earn an additional 3 years (i.e., for an 8-year extended initial period) if a well is spudded during the first 5 years of the lease
800 to < 1,600	Standard initial period is 7 years; the lessee will earn an additional 3 years (i.e., for a 10-year extended initial period) if a well is spudded during the first 7 years of the lease
1,600 +	10 years

- (1) The standard initial period for a lease in water depths of less than 400 meters issued as a result of this sale is 5 years. If the lessee spuds a well within the first 5 years of the lease, targeting hydrocarbons below 25,000 feet TVD SS, then the lessee may earn an additional 3 years, resulting in an 8-year extended initial period. The lessee will earn the 8-year extended initial period when the well is drilled to a target below 25,000 feet TVD SS, or the lessee may earn the 8-year extended initial period in cases where the well targets, but does not reach, a depth below 25,000 feet TVD SS due to mechanical or safety reasons, where sufficient evidence is provided.

In order to earn the 8-year extended initial period, the lessee is required to submit to the Bureau of Safety and Environmental Enforcement (BSEE) GOM Regional Supervisor for Production and Development, within 30 days after completion of the drilling operation, a letter providing the well number, spud date, information demonstrating a target below 25,000 feet TVD SS and whether that target was reached, and if applicable, any safety, mechanical, or other problems encountered that prevented the well from reaching a depth below 25,000 feet TVD SS. The BSEE GOM Regional Supervisor for Production and Development must concur in writing that the conditions have been met for the lessee to earn the 8-year extended initial period. The BSEE GOM Regional Supervisor for Production and Development will provide a written response within 30 days of receipt of the lessee's letter.

A lessee that has earned the 8-year extended initial period by spudding a well during the first 5 years of the lease with a hydrocarbon target below 25,000 feet TVD SS, confirmed by BSEE, will not be eligible for a suspension for that same period under the regulations at 30 CFR 250.175 because the lease is not at risk of expiring.

- (2) The standard initial period for a lease in water depths of 400 to less than 800 meters issued as a result of this sale is 5 years. The lessee will earn an additional 3 years, resulting in an 8-year extended initial period, if the lessee spuds a well within the first 5 years of the lease.

In order to earn the 8-year extended initial period, the lessee is required to submit to the appropriate BSEE District Manager, within 30 days after spudding a well, a letter providing the well number and spud date, and requesting concurrence that the lessee has earned the 8-year extended initial period. The BSEE District Manager will review the request and make a written determination within 30 days of receipt of the request. The BSEE District Manager must concur in writing that the conditions have been met by the lessee to earn the 8-year extended initial period.

- (3) The standard initial period for a lease in water depths of 800 to less than 1,600 meters issued as a result of this sale will be 7 years. The lessee will earn an additional 3 years, resulting in a 10-year extended initial period, if the lessee spuds a well within the first 7 years of the lease.

In order to earn the 10-year extended initial period, the lessee is required to submit to the appropriate BSEE District Manager, within 30 days after spudding a well, a letter providing the well number and spud date, and requesting concurrence that the lessee earned the 10-year extended initial period. The BSEE District Manager will review the request and make a determination. A written response will be sent to the lessee documenting the BSEE District Manager's decision within 30 days of receipt of the request. The BSEE District Manager must concur in writing that the conditions have been met by the lessee to earn the 10-year extended initial period.

- (4) The standard initial period for a lease in water depths of 1,600 meters or greater issued as a result of this sale will be 10 years.

## **Economic Conditions**

### **Minimum Bonus Bid Amounts**

- \$25.00 per acre or fraction thereof for blocks in water depths of less than 400 meters
- \$100.00 per acre or fraction thereof for blocks in water depths of 400 meters or deeper

BOEM will not accept a bonus bid unless it provides for a cash bonus in the amount equal to, or exceeding, the specified minimum bid of \$25.00 per acre or fraction thereof for blocks in water depths of less than 400 meters, and \$100.00 per acre or fraction thereof for blocks in water depths of 400 meters or deeper.

## Rental Rates

Annual rental rates are summarized in the following table:

<b>Rental Rates per Acre or Fraction Thereof</b>		
<b>Water Depth in Meters</b>	<b>Years 1-5</b>	<b>Years 6, 7, &amp; 8 +</b>
<b>0 to &lt; 200</b>	\$7.00	\$14.00, \$21.00, & \$28.00
<b>200 to &lt; 400</b>	\$11.00	\$22.00, \$33.00, & \$44.00
<b>400 +</b>	\$11.00	\$16.00

### **Escalating Rental Rates for Leases with an 8-Year Extended Initial Period in Depths of Less Than 400 Meters**

Any lessee with a lease in water depths less than 400 meters that earns an 8-year extended initial period will pay an escalating rental rate as shown above. The rental rates after the fifth year for blocks in less than 400 meters will become fixed and no longer escalate if another well is spudded targeting hydrocarbons below 25,000 feet TVD SS after the fifth year of the lease, and BSEE concurs that such a well has been spudded. In this case, the rental rate will become fixed at the rental rate in effect during the lease year in which the additional well was spudded.

### **Royalty Rate**

- 18.75 percent

### **Minimum Royalty Rate**

- \$7.00 per acre or fraction thereof per year for blocks in water depths of less than 200 meters
- \$11.00 per acre or fraction thereof per year for blocks in water depths of 200 meters or deeper

### **Royalty Suspension Provisions**

Leases with royalty suspension volumes (RSVs) are authorized under existing BOEM regulations at 30 CFR part 560. Royalty relief or reduction is implemented by BSEE through regulations at 30 CFR part 203.

### **Ultra-deep Gas Royalty Suspensions**

A lease issued as a result of this sale may be eligible for RSV incentives for ultra-deep wells pursuant to 30 CFR part 203, implementing requirements of the Energy Policy Act of 2005.

Certain wells on leases in less than 400 meters of water depth completed to a drilling depth of 20,000 feet TVD SS or deeper may receive an RSV of 35 billion cubic feet of natural gas. This RSV incentive is conditioned upon applicable price thresholds.

#### **IV. LEASE STIPULATIONS**

One or more of the following proposed stipulations may be applied to leases issued as a result of this sale. The detailed text of these stipulations is contained in the Lease Stipulations section of the Proposed NOS Package.

- (1) Topographic Features
- (2) Military Areas
- (3) Law of the Sea Convention Royalty Payment
- (4) Protected Species
- (5) Agreement between the United States of America and the United Mexican States Concerning Transboundary Hydrocarbon Reservoirs in the Gulf of Mexico

#### **V. INFORMATION TO LESSEES**

The “Information to Lessees” (ITL) clauses provide detailed information on certain issues pertaining to this oil and gas lease sale. The detailed text of these ITL clauses is contained in the “Information to Lessees” section of the Proposed NOS Package:

- (1) Navigation Safety
- (2) Ordnance Disposal Areas
- (3) Existing and Proposed Artificial Reefs/Rigs-to-Reefs
- (4) Lightering Zones
- (5) Indicated Hydrocarbons List
- (6) Military Areas
- (7) Safety Zones for Certain Production Facilities
- (8) Bureau of Safety and Environmental Enforcement (BSEE) Inspection and Enforcement of Certain Coast Guard Regulations
- (9) Potential Sand Dredging Activities
- (10) Notice of Arrival on the Outer Continental Shelf

(11) Bids on Blocks near U.S.-Mexico Maritime and Continental Shelf Boundary

**VI. MAPS**

The maps pertaining to this lease sale may be found on the BOEM website at <http://www.boem.gov/sale-233/>. The following maps are also included in the Proposed NOS Package:

**Lease Terms and Economic Conditions Map**

The lease terms and economic conditions and the blocks to which these terms and conditions apply are shown on the map “Proposed, Western Planning Area, Lease Sale 233, August 2013, Lease Terms and Economic Conditions” included in the Proposed NOS Package.

**Stipulations and Deferred Blocks Map**

The blocks to which one or more lease stipulations may apply are shown on the map “Proposed, Western Planning Area, Lease Sale 233, August 2013, Stipulations and Deferred Blocks Map” included in the Proposed NOS Package.

**VII. BIDDING INSTRUCTIONS**

Instructions on how to submit a bid, secure payment of the advance bonus bid deposit (if applicable), and what information must be included with the bid are as follows:

**Bid Form**

For each block bid upon, a separate sealed bid shall be submitted in a sealed envelope (as described below) and must include the following:

- total amount of the bid in whole dollars only;
- sale number;
- sale date;
- each bidder’s exact name;
- each bidder’s proportionate interest, stated as a percentage, using a maximum of five decimal places (e.g., 33.33333 percent);
- typed name and title, and signature of each bidder’s authorized officer;
- each bidder’s GOM company number;
- map name and number or Official Protraction Diagram (OPD) name and number;
- block number; and

- statement acknowledging that the bidder(s) understand that this bid legally binds the bidder(s) to comply with all applicable regulations, including payment of one-fifth of the bonus bid amount on all apparent high bids.

The information required on the bid(s) will be specified in the document “Bid Form” to be contained in the Final NOS Package. A blank bid form will be provided therein for convenience and may be copied and completed with the necessary information described above.

### **Bid Envelope**

Each bid must be submitted in a separate sealed envelope labeled as follows:

- “Sealed Bid for Oil and Gas Lease Sale 233, not to be opened until 9 a.m. Wednesday, August 28, 2013” or if the bid is on a block in the U.S.-Mexico Maritime Boundary Area, “Sealed Bid for Oil and Gas Lease Sale 233 U.S.-Mexico Maritime Boundary Bid, not to be opened until within 30 days following approval of the Transboundary Agreement or February 28, 2014, whichever occurs first;”
- map name and number or OPD name and number;
- block number for block bid upon; and
- the exact name and GOM company number of the submitting bidder only.

The Final NOS Package will include a sample bid envelope for reference.

### **Mailed Bids**

If bids are mailed, please address the envelope containing the sealed bid envelope(s) as follows:

Attention: Leasing and Financial Responsibility Section  
BOEM Gulf of Mexico Region  
1201 Elmwood Park Boulevard  
New Orleans, Louisiana 70123-2394

**Contains Sealed Bids for WPA Oil and Gas Lease Sale 233  
Please Deliver to Ms. Cindy Thibodeaux or Ms. Kasey Couture,  
2nd Floor, Immediately**

### **Please Note:**

Bidders mailing bid(s) are advised to call Ms. Cindy Thibodeaux at (504) 736-2809, or Ms. Kasey Couture at (504) 736-2909, immediately after putting their bid(s) in the mail. If BOEM receives bids later than the Bid Submission Deadline, the BOEM Regional Director (RD) will return those bids unopened to bidders. Please see “Section XI. Delay of Sale” regarding BOEM’s discretion to extend the Bid Submission Deadline in the case of an unexpected event

(e.g., flooding or travel restrictions) and how bidders can obtain more information on such extensions.

### **Advance Bonus Bid Deposit Guarantee**

Bidders that are not currently an OCS oil and gas lease record title holder or designated operator or those that ever have defaulted on a one-fifth bonus bid deposit, by Electronic Funds Transfer (EFT) or otherwise, must guarantee (secure) the payment of the one-fifth bonus bid deposit prior to bid submission using one of the following four methods:

- provide a third-party guarantee;
- amend an area-wide development bond via bond rider;
- provide a letter of credit; or
- provide a lump sum payment in advance via EFT.

For more information on EFT procedures, see Section X of this document entitled “The Lease Sale”.

### **Affirmative Action**

BOEM requires that, prior to bidding, the bidder file Equal Opportunity Affirmative Action Representation Form BOEM-2032 (October 2011) and Equal Opportunity Compliance Report Certification Form BOEM-2033 (October 2011) in the BOEM GOM Region Adjudication Section. This certification is required by 41 CFR part 60 and Executive Order No. 11246, issued September 24, 1965, as amended by Executive Order No. 11375, issued October 13, 1967. Please note that both forms are required to be on file for the bidder(s) in the GOM Region Adjudication Section prior to the execution of any lease contract.

### **Geophysical Data and Information Statement (GDIS)**

Every bidder submitting a bid on a block in WPA Sale 233, 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 all proprietary data; reprocessed speculative data, and/or any Controlled Source Electromagnetic surveys, Amplitude Versus Offset, Gravity, or Magnetic data; or other information used as part of the decision to bid or participate in a bid on the block. The bidder and joint bidder must also include a live trace map (e.g., PDF and Arc GIS shape file) for each survey that they identify in the GDIS illustrating the actual areal extent of the proprietary geophysical data in the survey (see the “Example of Preferred Format” in the Final NOS Package for additional information).

A bidder must submit the GDIS even if its joint bidder or bidders on a specific block also have submitted a GDIS. Any speculative data that has been reprocessed externally or “in-house” is considered proprietary due to the proprietary processing and is no longer considered to be speculative. The GDIS should clearly state who did the reprocessing (e.g., external company

name or “in-house”). In addition, the GDIS should clearly identify the data type (e.g., 2-D, 3-D, or 4-D; pre-stack or post-stack; and time or depth), areal extent (i.e., number of line miles for 2-D or number of blocks for 3-D), and migration algorithm (e.g., Kirchhoff Migration, Wave Equation Migration, Reverse Migration, Reverse Time Migration) of the data, velocity models used, and other requested metadata. The statement also must include the name, phone number, and full address of a contact person and an alternate who are both knowledgeable about the information and data listed and who are available for 30 days post-sale, the processing company, date processing was completed, owner of the original data set (i.e., who initially acquired the data), and original data survey name and permit number. Seismic survey information also should include the computer storage size, to the nearest megabyte, of each seismic data and velocity volume used to evaluate the lease block in question. This will be used in estimating the reproduction costs for each data set during the requisition process prior to requesting data. BOEM reserves the right to query about alternate data sets, to quality check, and to compare the listed and alternative data sets to determine which data set most closely meets the needs of the fair market value determination process.

The GDIS must also include entries for all blocks bid upon that did not use proprietary or reprocessed pre- or post-stack geophysical data and information as part of the decision to bid or to participate as a joint bidder in the bid. The GDIS must be submitted even if no proprietary geophysical data and information were used in bid preparation for the block.

Pursuant to 30 CFR 551.12 and 30 CFR 551.32, as a condition of the sale, the BOEM GOMR Regional Director requests that all bidders and joint bidders submit the proprietary data identified on their GDIS within 30 days after the lease sale (unless you are notified after the lease sale that BOEM has withdrawn the request). This request only pertains to proprietary data that is not commercially available. Commercially available data is not required to be submitted to BOEM and reimbursement will not be provided if such data is submitted by a bidder. The BOEM GOMR Regional Director will notify bidders and joint bidders of any withdrawal of the request, for all or some of the proprietary data identified on the GDIS, within 15 days of the lease sale. Pursuant to 30 CFR part 551 and as a condition of this sale, all bidders required to submit data must ensure that the data is received by BOEM no later than the thirtieth day following the lease sale, or the next business day if the submission deadline falls on a weekend or Federal holiday. The data must be submitted to BOEM at the following address:

Bureau of Ocean Energy Management  
Resource Studies, MS 881A  
1201 Elmwood Park Blvd.  
New Orleans, LA 70123-2304

BOEM recommends that you mark the submission’s external envelope as “Deliver Immediately to DASPU.” BOEM also recommends that the data be submitted in an internal envelope, or otherwise marked, with the following designation “Proprietary Geophysical Data Submitted Pursuant to Lease Sale 233 and used during <Bidder Name’s> evaluation of Block <Block Number>.”

In the event a person supplies any type of data to BOEM, that person must meet the following requirements to qualify for reimbursement:

- (1) Persons must be registered with the System for Award Management (SAM), formerly known as the Central Contractor Registration (CCR). Your CCR username will not work in SAM. A new SAM User Account is needed to register or update your entity's records. The website for registering is <https://www.sam.gov>.
- (2) Persons must be enrolled in the Department of Treasury's Internet Payment Platform (IPP) for electronic invoicing. The person must enroll in the IPP at <https://www.ipp.gov/>. Access then will be granted to use IPP for submitting requests for payment. When a request for payment is submitted, it must include the assigned Purchase Order Number on the request.
- (3) Persons must have a current On-line Representations and Certifications Application at <https://www.sam.gov>.

**Please Note:**

The GDIS Information Table must be submitted digitally, preferably as an Excel spreadsheet, on a CD or DVD along with the seismic data map(s). If you have any questions, please contact Ms. Dee Smith at (504) 736-2706, or Mr. John Johnson at (504) 736-2455.

Bidders should refer to Section X – “The Lease Sale: Acceptance, Rejection, or Return of Bids” regarding a bidder's failure to comply with the requirements of the Final NOS, including any failure to submit information as required in the Final NOS or Final NOS package.

**Telephone Numbers/Addresses of Bidders**

BOEM requests that bidders provide this information in the suggested format prior to or at the time of bid submission. This form shall not be enclosed inside the sealed bid envelope.

**Additional Documentation**

BOEM may require bidders to submit other documents in accordance with 30 CFR 556.46.

**VIII. BIDDING RULES AND RESTRICTIONS**

**Restricted Joint Bidders**

BOEM published in the *Federal Register* a List of Restricted Joint Bidders at 77 FR 64826 on October 23, 2012, which list applies to this lease sale. Please refer to joint bidding provisions at 30 CFR 556.41 for additional restrictions.

**Authorized Signatures**

All bidders must execute all documents in conformance with signatory authorizations on file in the BOEM GOM Region Adjudication Office. Designated signatories must be authorized to bind their respective legal business entity (e.g., a corporation, partnership, or LLC), and they must have an incumbency certificate setting forth the authorized signatories on file with the

BOEM GOM Region Adjudication Office. Bidders submitting joint bids must include on the bid form the proportionate interest of each participating bidder, stated as a percentage, using a maximum of five decimal places (e.g., 33.33333 percent) with total interest equaling 100 percent.

Bidders are advised that BOEM considers the signed bid to be a legally binding obligation on the part of the bidder(s) to comply with all applicable regulations, including payment of one-fifth of the bonus bid on all high bids. A statement to this effect must be included on each bid form (see the document “Bid Form” to be contained in the Final NOS Package).

### **Unlawful Combination or Intimidation**

BOEM warns bidders against violation of 18 U.S.C. 1860, prohibiting unlawful combination or intimidation of bidders.

### **Bid Withdrawal**

Bids may be withdrawn only by written request delivered to BOEM prior to the Bid Submission Deadline. The withdrawal request must be on company letterhead and must contain the bidder’s name, its company number, the map name/number, and the block number(s) of the bid(s) to be withdrawn. The request must be in conformance with signatory authorizations on file in the BOEM GOM Region Adjudication Office. Signatories must be authorized to bind their respective legal business entities (e.g., a corporation, partnership, or LLC); they also must have an incumbency certificate, and/or specific power of attorney setting forth express authority to act on the business entity’s behalf for purposes of bidding and lease execution under OCSLA. The name and title of the signatory must be typed under the signature block on the withdrawal letter. Upon the BOEM RD’s, or his designee’s, approval of such requests, he will indicate his approval by signing and dating the withdrawal request.

### **Bid Rounding**

The bonus bid amount must be stated in whole dollars. If the acreage of a block contains a decimal figure, then prior to calculating the minimum bonus bid, bidders must round up to the next whole acre. The appropriate minimum rate per acre is then applied to the whole (rounded up) acreage. If this calculation results in a fractional dollar amount, bidders must round up to the next whole dollar amount. The bonus bid amount must be greater than or equal to the minimum bonus bid. Minimum bonus bid calculations, including all rounding, for all blocks will be shown in the document “List of Blocks Available for Leasing” included in the Final NOS Package.

## **IX. FORMS**

The Final NOS Package will include instructions, samples, and/or the preferred format for the following items. Bidders strongly are encouraged to use these formats; should bidders use another format, they are responsible for including all the information specified for each item in the Final NOS Package.

- (1) Bid Form
- (2) Sample Completed Bid
- (3) Sample Bid Envelope
- (4) Sample Bid Mailing Envelope
- (5) Telephone Numbers/Addresses of Bidders Form
- (6) GDIS Form
- (7) GDIS Envelope Form

## **X. THE LEASE SALE**

### **Bid Opening and Reading**

Sealed bids received in response to the Final NOS will be opened at the place, date, and hour specified in the Final NOS. The opening of the bids is for the sole purpose of publicly announcing and recording the bids received; no bids will be accepted or rejected at that time.

### **Bonus Bid Deposit for Apparent High Bids**

Each bidder submitting an apparent high bid must submit a bonus bid deposit to the U.S. Department of the Interior's Office of Natural Resources Revenue (ONRR) equal to one-fifth of the bonus bid amount for each such bid. A copy of the notification of the high bidder's one-fifth bonus liability may be obtained at the EFT Area outside the Bid Reading Room on the day of the bid opening, or it may be obtained on the BOEM website at <http://www.boem.gov/Sale-233/> under the heading "Notification of EFT 1/5 Bonus Liability." All payments must be deposited electronically into an interest-bearing account in the U.S. Treasury by 11:00 a.m. Eastern Time the day following the bid reading (no exceptions). Account information is provided in the "Instructions for Making Electronic Funds Transfer Bonus Payments" found on the BOEM website identified above.

BOEM requires bidders to use EFT procedures for payment of one-fifth bonus bid deposits for WPA Sale 233, following the detailed instructions contained on the ONRR Payment Information webpage at <http://www.onrr.gov/FM/PayInfo.htm>. Acceptance of a deposit does not constitute and shall not be construed as acceptance of any bid on behalf of the United States.

### **Withdrawal of Blocks**

The United States reserves the right to withdraw any block from this lease sale prior to issuance of a written acceptance of a bid for the block.

## **Acceptance, Rejection, or Return of Bids**

The United States reserves the right to reject any and all bids. No bid will be accepted, and no lease for any block will be awarded, to any bidder unless the bidder has complied with all requirements of the Final NOS, including those set forth in the documents contained in the Final NOS Package and applicable regulations, the bid is the highest valid bid, and the amount of the bid has been determined to be adequate by the authorized officer. Any bid submitted that does not conform to the requirements of the Final NOS and Final NOS Package, OCSLA, or other applicable statute or regulation may be rejected and returned to the bidder. The U.S. Department of Justice and Federal Trade Commission will review the results of the lease sale for anti-trust issues prior to the acceptance of bids and issuance of leases. To ensure that the Government receives a fair return for the conveyance of leases from this sale, high bids will be evaluated in accordance with BOEM's bid adequacy procedures. A copy of current procedures, "Modifications to the Bid Adequacy Procedures" at 64 FR 37560 on July 12, 1999, can be obtained from the BOEM GOM Region Public Information Office, or via the BOEM GOM Region website at <http://www.boem.gov/Oil-and-Gas-Energy-Program/Leasing/Regional-Leasing/Gulf-of-Mexico-Region/Bid-Adequacy-Procedures.aspx>.

## **Lease Award**

BOEM requires each bidder awarded a lease to: (1) execute all copies of the lease (Form BOEM-2005 (October 2011), as amended); (2) pay by EFT the balance of the bonus bid amount and the first year's rental for each lease issued in accordance with the requirements of 30 CFR 218.155 and 556.47(f); and (3) satisfy the bonding requirements of 30 CFR part 556, subpart I, as amended. ONRR requests that only one transaction be used for payment of the four-fifths bonus bid amount and the first year's rental.

## **XI. DELAY OF SALE**

The BOEM RD in the GOM Region has the discretion to change any date, time, and/or location specified in the Final NOS Package in case of an event that the BOEM RD deems may interfere with the carrying out of a fair and proper lease sale process. Such events could include, but are not limited to, natural disasters (e.g., earthquakes, hurricanes, and floods), wars, riots, acts of terrorism, fires, strikes, civil disorder, or other events of a similar nature. In case of such events, bidders should call (504) 736-0557, or access the BOEM website at <http://www.boem.gov> for information regarding any changes.

## **XII. UPCOMING MILESTONES**

After the Governors of the affected states (Texas and Louisiana) have had an opportunity to comment on the size, timing, and location of the proposed lease sale, as required by section 19 of OCSLA (43 U.S.C. 1345), the Assistant Secretary for Land and Minerals Management will make a decision on the Final NOS for WPA Sale 233. The Department of the Interior reserves the right to revise the areas offered for bidding and associated terms and conditions described in this Proposed NOS. If the Assistant Secretary for Land and Minerals Management decides to proceed with the lease sale, a Final NOS for WPA Sale 233 will be published in the *Federal Register* at least 30 days prior to the date of the public bid reading. The Final NOS Package for WPA Sale 233 containing all lease sale terms and conditions and detailed instructions to bidders

also will be available at that time from the BOEM GOM Region Public Information Office, and on the BOEM website at <http://www.boem.gov/Oil-and-Gas-Energy-Program/Leasing/Regional-Leasing/Gulf-of-Mexico-Region/GOMR-Historical-Lease-Sale-Information.aspx>.

## **APPENDIX A**

### **REPEAL LANGUAGE FOR ROYALTY SUSPENSION PROVISIONS FOR WPA SALE 233**

Potential bidders are advised about possible changes in royalty relief for this sale. Congress could adopt and the President could sign a bill that repeals the Energy Policy Act of 2005 (EPAAct of 2005), Pub. L. 109-58, section 344, before BOEM issues the Final NOS for WPA Sale 233.

Should section 344 of the EPAAct of 2005 be repealed on or before June 30, 2013 – a date giving enough lead time for bidders and BOEM to prepare for the Final NOS for WPA Sale 233 – BOEM intends to offer leases for sale with no ultra-deep gas RSVs in their lease terms. If section 344 is repealed, leases located in 0 to 400 meters of water with ultra-deep wells would not earn RSVs.