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# Leasing Activities Information



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## Information To Lessees Western Gulf Of Mexico Sale 171

(Final Notice of Sale; July 1998)

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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 Regional 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.

(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.

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 Lt. Commander Bill Daughdrill, Chief of Facility and Offshore Compliance Section, 8th Coast Guard District, Hale Boggs Federal Building, New Orleans, Louisiana 70130, (504) 589-6901. For COE information, prospective bidders should contact Mr. Don Nannings, Chief Evaluation Section, Regulatory Branch, Post Office Box 1229, Galveston, Texas 77553, (409) 766-3938.

(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 (published in the Federal Register on February 14, 1997, at 62 FR 7037), concerning the design, installation, operations, inspection, and maintenance of offshore pipelines. Bidders should consult both Departments for regulations applicable to offshore pipelines. Copies of the MOU are available from the MMS Gulf of Mexico Regional Office Public

Information Unit, 1201 Elmwood Park Boulevard, New Orleans, Louisiana 70123-2394; or call (504) 736-2519 or (800) 200-GULF.

(d) 8-Year Leases. Bidders are advised that any lease issued for a term of 8 years will be canceled shortly after the end of the fifth year, following notice pursuant to the OCS Lands Act, as amended, if within the initial 5-year period of the lease, the drilling of an exploratory well has not been initiated; or if initiated, the well has not been drilled in conformance with the approved exploration plan criteria; or if there is not a suspension of operations in effect. Furthermore, a rental payment for the sixth year will be due despite the cancellation. Bidders are referred to 30 CFR 256.37 and the MMS Gulf of Mexico Regional Office Letter to Lessees and Operators of February 13, 1995.

(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 Corpus Christi and East Breaks areas, shown on the map described in paragraph 13(b) of the Notice. These areas were used to dispose of ordnance of unknown composition and quantity. These areas have not been used since about 1970. Water depths in the Corpus Christi area range from approximately 600 to 900 meters. Water depths in the East Breaks area range from approximately 300 to 700 meters. Bottom sediments in both areas are generally soft, consisting of silty clays. Exploration and development activities in these areas require precautions commensurate with the potential hazards.

(g) Archaeological Resources. Bidders are referred to the regulations at 30 CFR 250.26 (Archaeological Reports and Surveys). MMS Notice to Lessees (NTL) 91-02 (Outer Continental Shelf Archaeological Resources Requirements for the Gulf of Mexico OCS Region) published in the Federal Register on December 20, 1991 (56 FR 66076) effective February 17, 1992, specifies

remote sensing instrumentation survey methodology, linespacing, and archaeological report writing requirements for lessees and operators in the Gulf of Mexico Region.

Three additional documents are available from the MMS Gulf of Mexico Regional Office Public Information Unit (see paragraph (a) above):

"List of Lease Blocks Within the High-Probability Area for Historic Period Shipwrecks on the OCS" dated May 22, 1995, (including an Errata Sheet II dated April 16, 1997). This list supersedes the list promulgated by the MMS Letter to Lessees (LTL) of November 30, 1990.

"List of Lease Blocks Within the High-Probability Area for Prehistoric Archaeological Resources on the OCS" dated May 22, 1995.

MMS Gulf of Mexico Regional Office Letter to Lessees and Operators of March 17, 1996, which contains a list of lease blocks within the High-Probability Areas for both Historic Period Shipwrecks and Prehistoric Archaeological Resources on the OCS that were formerly "grandfathered" but which may now require archaeological surveys.

(h) 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 program is implemented through State sponsorship through the following State Coordinators:

Alabama Mr. Steve Heath, (334) 968-7576  
Florida Mr. Jon Dodrill, (904) 922-4340  
Louisiana Mr. Rick Kasprzak, (504) 765-2375  
Mississippi Mr. Mike Buchanan, (601) 385-5860  
Texas Ms. Jan Culbertson, (281) 474-1418

For more information, on artificial reef sites, prospective bidders should contact the above listed State Artificial Reef Coordinators for their areas of interest.

(i) Lightering Zones. Bidders are advised that the U.S. Coast Guard has designated certain areas of the Gulf of Mexico (60 FR 45006 of August 29, 1995), 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. Additional information may be obtained from Lieutenant Commander Stephen Kantz, Project Manager, Oil Pollution Act of 1990 (OPA) Staff, at (202) 267-6740.

(j) Statement Regarding Certain Geophysical Data. Pursuant to Sections 18 and 26 of the OCS Lands Act, as amended, and the regulations issued thereunder, MMS has a right of access to certain geophysical data and information obtained or developed as a result of operations on the OCS.

A final rule specifying the details and procedures regarding this right of access was published in the Federal Register on December 24, 1997 (62 FR 67278). This revises portions of 30 CFR Parts 250 and 251 and is effective for Sale 169.

Note that information regarding certain geophysical data is no longer required to be submitted at the time of the sale.

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

(k) Information about Indicated Hydrocarbons. Bidders are advised that MMS makes available, about 3 months prior to a lease sale, a list of unleased tracts having well bores with indicated hydrocarbons. 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).

(l) Royalty Relief. The Outer Continental Shelf (OCS) Deep Water Royalty Relief Act authorizes the Secretary of the Interior to offer certain deepwater OCS tracts in the Central and Western Gulf of Mexico for lease with suspension of royalties for a volume, value, or period of production the Secretary determines. The final rule specifying royalty suspension terms for lease sales in the Central and Western Gulf was published in the

Federal Register on January 16, 1998 (63 FR 2626). For further information, bidders may contact Walter Cruickshank (202) 208-3822.

A map titled "Lease Terms, Bidding Systems, and Royalty Suspension Areas, Sale 171" depicting blocks in which such suspensions may apply is currently available from the MMS Gulf of Mexico Regional Office Public Information Unit (see paragraph (a) above).

The publication "OCS Operations Field Names Master List" depicts currently established fields in the Gulf of Mexico. This document is updated monthly and reprinted quarterly. Copies may be obtained from the MMS Gulf of Mexico Regional Office Public Information Unit (see paragraph (a) above).

(m) Lease Instrument. Bidders are advised that the lease instrument will include royalty relief provisions (paragraph 4(c)(3) of the Notice) and 8-year lease cancellation provisions (paragraph (d) above) where applicable. Leases will continue to be issued on Form MMS-2005 (March 1986) as amended.

(n) Electronic Funds Transfer. Bidders are advised that the 4/5ths and first year rental EFT instructions for lease payoff have been revised and updated by MMS Royalty Management. Companies may now use either the Fedwire Deposit System or the Automated Clearing House (overnight payments). See paragraph 10(a) of the Notice.

(o) Deepwater Operations Plans. Bidders are advised that MMS Notice to Lessees (NTL) 96-4N, which became effective on August 19, 1996, 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 projects are exempted from this requirement. Copies of the NTL may be obtained from the MMS Gulf of Mexico Regional Office Public Information Unit (see paragraph (a) above).

(p) Proposed Rule: Oil Spill Financial Responsibility for Offshore Facilities. Bidders should note that MMS published in

the Federal Register a proposed rule to implement a financial responsibility provision of the Oil Pollution Act of 1990 (OPA). The proposal, which appears at 62 FR 14052 on March 25, 1997, requires those responsible for offshore oil facilities to demonstrate that they can pay for cleanup and damages caused by facility oil spills. The proposed rule applies to oil exploration, production, and pipeline facilities located along and seaward of the U.S. coastline. The proposal reflects recent changes to OPA that more precisely define the scope of the oil spill financial responsibility requirement in terms of geographic limitations, types of facilities affected, and the dollar amounts of responsibility that must be demonstrated.

Public comments on the proposed financial responsibility regulation were due June 23, 1997. A final regulation should be published by mid-year 1998.

(q) Changes in Military Warning Areas. Military Warning Areas are established in the Flight Information Publication "Area Planning - Special Use Airspace - North and South America" (NIMA reference number PLANXAP1A). This document is published by the National Imagery and Mapping Agency, 3200 South Second Street, St. Louis, Missouri 63118-3399. The most recent version of this document was published on June 18, 1998; it is expected that it will be reissued from time to time in the future.

The Military Areas Stipulation (Stipulation No. 2 in the document "Lease Stipulations for Oil and Gas Lease Sale 171" 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 FAA 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) 230-5536/5630

(r) Minimizing Oil and Gas Structures Near the Flower Garden Banks. Bidders are reminded of Notice to Lessees and Operators (NTL) 85-8, "Minimizing Oil and Gas Structures in the Gulf of Mexico," dated November 26, 1985. Section II of the NTL sets forth the MMS' policy with regard to the minimization of structures for drilling, development, and production on OCS leases. The policy requires that such structures including lease-term pipelines be placed in a manner that causes minimum interference with other significant uses of the OCS. Please be advised that the MMS will strictly adhere to this policy when reviewing Exploration Plans and Development Operations Coordination Documents which propose the use or installation of such structures within the "Four-Mile Zone" and adjacent areas surrounding the Flower Garden Banks National Marine Sanctuary.