
Leasing Activities Information



FINAL NOTICE OF OCS SALE 171

Western Gulf of Mexico August 26, 1998

Attached is the Final Notice of OCS Sale (FNOS) 171, Western Gulf of Mexico, which is scheduled to be held on August 26, 1998, in New Orleans.

In addition to the Final Notice, this package consists of:

- o Information to Lessees for Sale 171
- o Western Gulf of Mexico Leased Lands List dated July 15, 1998
- o Unleased Split Blocks and Unleased Acreage of Blocks with Aliquots and Irregular Portions Under Lease
- o Lease Stipulations for Oil and Gas Lease Sale 171
- o Debarment Certification Form
- o Bid Form and Envelope
- o Phone Numbers/Addresses of Bidders Form
- o Instructions for Making EFT 1/5th Bonus Payments
- o Lease Terms, Bidding Systems, and Royalty Suspension Areas, Sale 171 Map
- o Stipulations and Deferred Blocks, Sale 171 Map

All of these documents are available on the Internet through the MMS home page: <http://www.mms.gov>

NOTICE:

Notice of Sale. Certain items formerly included in the Notice of Sale (including Stipulations and Information to Lessees) are now found in separate documents included in this Package. Bidders are advised to read carefully all items in this package.

Electronic Funds Transfer (EFT) payments for the 1/5th bonus. The MMS is encouraging the expanded optional use of EFT for payment of the 1/5th bonus bid. The bid form will secure EFT payments for all bidders; some bidders will be required to further secure the EFT payment by any one of three methods. It is emphasized that bidders may continue to submit a check for the 1/5th bonus with each bid. Details for the use of EFT are contained in the document "Instructions for Making EFT 1/5th Bonus Payments" contained in this package. See also paragraph 3(b) of the Notice. Questions regarding EFT procedures should be directed to Ms. Vicki Zatarain at (504) 736-2779. Note that while these procedures are essentially the same as those used for the recent Central Gulf of Mexico Sale 169, some details have changed; for instance, bidders choosing to use EFT procedures and electing to secure the EFT payment by a Letter of Credit must submit the Letter of Credit to the **MMS Gulf of Mexico Office Adjudication Unit** one week prior to the sale.

Bid Form and Bid Envelope. Bidders are strongly urged to use the formats of the Bid Form and Bid Envelope included in this package. Note that "Amount Per Acre" is no longer desired on the Bid Form, and it is requested that "Area Number" be included on both the Bid Form and the Bid Envelope. A statement acknowledging that the bidder(s) agree(s) that submission of a bid constitutes an obligation to comply with all applicable regulations and to pay the 1/5th bonus on all high bids **must** be included on the bid form. Indicate "Amount of cash bonus submitted with bid" **ONLY IF** a check for 1/5th of the bonus is submitted with the bid (i.e., if EFT procedures are **NOT** used). See also paragraph 3(a) of the Notice. These procedures are the same as those used for the recent Central Gulf of Mexico Sale 169.

Tracts beyond U.S. Exclusive Economic Zone. Tracts beyond the U.S. Exclusive Economic Zone (tracts in the Northern Portion of the Western Gap) are **NOT** offered for leasing in this sale. See paragraph 12(b) of the Notice.

Blocks at a Marine Sanctuary. High Island Area, South Addition, Block A-513 (at Stetson Bank); and High Island Area, East Addition, South Extension, Block A-401 (at the West Flower Garden Bank) are the only two unleased blocks containing a portion of a Marine Sanctuary. Portions of these two blocks lie within the Flower Garden Banks National Marine Sanctuary and are unavailable for leasing in accordance with the President's June 12, 1998, decision to withdraw from disposition by leasing those areas of the OCS currently designated Marine Sanctuaries. The MMS has deferred these two whole blocks from Sale 171, but may consider offering the portions of these two blocks which lie outside the Marine Sanctuary in future lease sales, following final establishment of the Marine Sanctuary boundary.

Geophysical Information. Submission of a statement at the time of bid submission regarding certain geophysical information is no longer required. See paragraph (j) of the Information to Lessees document included in this package.

Phone Numbers/Addresses of Bidders Form. This is a recently revised form (April 1998) and is found in the Sale Notice Package.

NOTE: The following blocks have become available since release of the Proposed Notice of Sale: Galveston Area Block 255; High Island Area Block 206; High Island Area, South Addition, Block A-564; East Breaks Area Blocks 647, 691, 692, and 931; and Garden Banks Area Blocks 555, 598, and 599.

UNLEASED BUT UNAVAILABLE (See paragraph 12(b) of the Notice):
High Island Area Block 170; Galveston Area, South Addition, Block A-125 (under appeal)
Keathley Canyon Area Blocks 722 through 724, 764 through 770, 807 through 816, 849 through 861, 892 through 907, 934 through 953, and 978 through 999 (beyond the U.S. Exclusive Economic Zone)
Area NG15-08 Blocks 11 through 34, 56 through 81, 102 through 128, 148 through 173, 194 through 217, 239 through 261, 284 through 305, and 336 through 349 (beyond the U.S. Exclusive Economic Zone)
High Island Area, South Addition, Block A-513, and High Island Area, East Addition, South Extension, Block A-401 (at the Flower Garden Banks National Marine Sanctuary)

DEFERRALS (See paragraph 12(b) of the Notice):
High Island Area, East Addition, South Extension, Blocks A-375 and A-398 (Flower Gardens Banks)
Mustang Island Area Blocks 793, 799, and 816 (Naval Mine Warfare training areas)

STATISTICAL INFORMATION (Sale 171)

- o **SIZE:** 3,778 Unleased blocks; 20.64 million acres
- o **LEASE TERMS:**
 - 5 Year - 1,622 Blocks - Water depths less than 400 meters
 - 8 Year - 307 Blocks - Water depths between 400-800 meters
 - 10 Year - 1,849 Blocks - Water depths greater than 800 meters
- o **BIDDING SYSTEMS:**
 - 12 1/2% Royalty - 2,156 Blocks - Water depths 400 meters and greater
 - 16 2/3% Royalty - 1,622 Blocks - Water depths less than 400 meters
- o **ROYALTY SUSPENSION AREAS:**
 - 200-400 Meter Royalty Suspension Area - 173 Blocks
 - 400-800 Meter Royalty Suspension Area - 307 Blocks
 - 800 Meter and Greater Royalty Suspension Area - 1,849 Blocks
- o **MINIMUM BID:** \$25.00 per acre or fraction thereof

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

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**MMS Homepage Address on the Internet: <http://www.mms.gov>
24-hour Fax-on-Demand service: (202) 219-1703**