
Leasing Activities Information



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

FINAL NOTICE OF OCS SALE 172 Central Gulf of Mexico March 17, 1999

Attached is the Final Notice of OCS Sale (FNOS) 172, Central Gulf of Mexico, to be held on March 17, 1999, in New Orleans.

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

- o Information to Lessees for Sale 172
- o Lease Stipulations for Oil and Gas Lease Sale 172
- o Blocks Available for Leasing in Gulf of Mexico OCS Oil and Gas Lease Sale 172
- o Unleased Split Blocks and Unleased Acreage of Blocks with Aliquots and Irregular Portions Under Lease
- 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 Modifications to the Bid Adequacy Procedures (64 FR 6677)
- o Lease Terms and Economic Conditions, Sale 172 Map
- o Stipulations and Deferred Blocks, Sale 172 Map

All of these documents may be found on the MMS Homepage Address on the Internet: <http://www.mms.gov>.

All of the terms and conditions for Sale 172 are the same as for the most recent Central Gulf of Mexico Sale (Sale 169), **except** for the minimum bid for blocks in water depths of 800 meters or deeper, and a revised Stipulation 4: Blocks South of Baldwin County, Alabama (see below).

NOTICE:

Potential Standard Lease Form Revision. The MMS is considering making revisions in the standard lease form (Form MMS-2005 (March 1986) as amended). The revisions under consideration include shortening the lease form, use of plain English, and clarifying terms of the lease. However, a final decision on revisions to the lease form has not been made and thus the current form will be used for Sale 172.

Blocks Available for Leasing in Gulf of Mexico OCS Oil and Gas Lease Sale 172. [NEW document] All the blocks and partial blocks available for leasing are included in this document. Also included, for each available block, is the available Federal acreage, the minimum bid per acre, and the minimum bid for the block. **This is a new document and replaces the Leased Lands List which has been included in the Sale Notice Package in the past.**

Minimum Bid. Bidders should note that the minimum bid on blocks in water depths of 800 meters or deeper has been changed to \$37.50 per acre or portion thereof. The minimum bid for all other blocks remains at \$25.00 per acre.

Electronic Funds Transfer (EFT) payments for the 1/5th bonus. The MMS continues to encourage the expanded optional use of EFT for payment of the 1/5th bonus bid. Some bidders will qualify to use EFT securing such payment with only the bid form; others desiring to use EFT will be required to 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. See "Instructions for Making EFT 1/5th Bonus Payments" included in this package. Questions regarding EFT procedures should be directed to Ms. Vicki Zatarain at (504) 736-2779.

Unleased Blocks Offshore Baldwin County, Alabama. Potential bidders are advised that a stipulation will be included in any lease resulting on Mobile Area Blocks 829, 957, 958, and 1001. This stipulation has been revised since the publication of the Proposed Notice of Sale. See Stipulation 4 in the Lease Stipulations document and paragraph (u) of the Information to Lessees document included in this package.

Tracts beyond U.S. Exclusive Economic Zone. Tracts beyond the U.S. Exclusive Economic Zone (tracts in the Northern Portion of the Western Gap and in the Northern Portion of the Eastern Gap) are **NOT** offered for leasing in this sale.

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

Bid Adequacy. High bids are evaluated in accordance with MMS bid adequacy procedures, which have recently been revised (64 FR 6677 of February 10, 1999, included in this Sale Notice Package). A copy of the current procedures ("Summary of Procedures for Determining Bid Adequacy at Offshore Oil and Gas Lease Sales: Effective March 1999, with Sale 172") is available from the MMS Gulf of Mexico Regional Office Public Information Unit.

Notice of Bidding Systems. At least 30 days before any lease sale, a Notice of Bidding Systems is submitted to the Congress and published in the Federal Register; the Notice for this sale was published on the same day as the FNOS. It continues the use of the cash bonus bid with a fixed royalty rate system used since 1978. Furthermore, this Notice of Bidding Systems for Sale 172 will apply to all future sales, until and unless notice is given that an alternative system will be adopted.

NOT OFFERED:

Main Pass Area, South and East Addition, Blocks 253 and 254; Viosca Knoll Blocks 69, 213 and 256 (under appeal)

NG 15-9 Area Blocks 133 through 135, 177 through 184, 221 through 238, 265 through 281, 309 through 320, and 358;
NG 16-7 Area Blocks 172, 173, 213 through 217, 252 through 261, 296 through 305, and 349 (blocks beyond the U.S. Exclusive Economic Zone)

Bidders are reminded that Leasing Activity Update Lists are prepared monthly and are available on or about the 20th of each month through the MMS Gulf of Mexico Public Information Unit (see address below).

STATISTICAL INFORMATION (Sale 172)

- o **SIZE:** 3,806 Unleased blocks; 20.37 million acres
- o **PRIMARY LEASE TERMS:**
 - 5 Year - Water depths less than 400 meters - 894 Blocks
 - 8 Year - Water depths between 400-800 meters - 102 Blocks
 - 10 Year - Water depths 800 meters or deeper - 2,810 Blocks
- o **MINIMUM BIDS:**
 - \$25.00 per acre or fraction thereof - Water depths less than 800 meters - 996 Blocks
 - \$37.50 per acre or fraction thereof - Water depths 800 meters or deeper - 2,810 Blocks
- o **ANNUAL RENTAL RATES:**
 - \$5.00 per acre or fraction thereof - Water depths less than 200 meters - 837 Blocks
 - \$7.50 per acre or fraction thereof - Water depths 200 meters or deeper - 2,969 Blocks
- o **ROYALTY RATES:**
 - 16 2/3% Royalty - Water depths less than 400 meters - 894 Blocks
 - 12 1/2% Royalty - Water depths 400 meters or deeper - 2,912 Blocks
- o **ROYALTY SUSPENSION AREAS:**
 - 200-400 Meter Royalty Suspension Area - 57 Blocks
 - 400-800 Meter Royalty Suspension Area - 102 Blocks
 - 800 Meter and Greater Royalty Suspension Area - 2,810 Blocks

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