
Leasing Activities Information

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

FINAL NOTICE OF OCS SALE 174

Western Gulf of Mexico August 25, 1999

Attached is the Final Notice of OCS Sale (FNOS) 174, Western Gulf of Mexico, which is scheduled to be held on August 25, 1999, in New Orleans.

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

- o Information to Lessees for Sale 174
- o Lease Stipulations for Oil and Gas Lease Sale 174
- o List of Blocks Available for Leasing, Sale 174
- 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 37560 of July 12, 1999)
- o Lease Terms and Economic Conditions, Sale 174 Map
- o Stipulations and Deferred Blocks, Sale 174 Map

All of the terms and conditions for Sale 174 are the same as for the 1998 Western Gulf of Mexico Sale (Sale 171), **except** for the minimum bid for blocks in water depths of 800 meters or deeper (see below).

NOTICE:

Minimum Bid. Bidders should note that the minimum bid on blocks in water depths of 800 meters or deeper was changed in early 1999 to \$37.50 per acre or portion thereof. The minimum bid for all other blocks remains at \$25.00 per acre.

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. No decision on revising the standard lease form will be made until comments from interested parties have been thoroughly considered; until further notice leases will continue to be issued on the current form.

Electronic Funds Transfer (EFT) payments for the 1/5th bonus. The MMS continues to encourage the use of EFT for payment of the 1/5th bonus bid; instructions for doing so are included in the Sale Notice Package. 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 should be noted that the MMS published a proposed rule (64 FR 15320 on March 31, 1999) which would revise 30 CFR 256.46(b) to allow the MMS to require a specific method or methods of payment of the 1/5th bonus; **however, payment of the 1/5th bonus by EFT remains an option and is NOT required for Sale 174.** Questions regarding EFT procedures should be directed to Ms. Vicki Zatarain at (504) 736-2779.

Blocks within the boundary of the Flower Garden Banks National Marine Sanctuary: Only the portions of blocks at the Sanctuary that are outside the Sanctuary boundary will be offered in Sale 174. Block diagrams of the affected blocks are included in the document "Unleased Split Blocks and Unleased Acreage of Blocks with Aliquots and Irregular Portions Under Lease" included in the Sale Notice Package. Blocks affected are: High Island Area, East Addition, South Extension, Block A-401; High Island Area, South Addition, Block A-513; and Garden Banks Area Block 135. This provision does not affect any existing leases in the Sanctuary area.

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.

Blocks Currently Under Appeal: Galveston Area, South Addition, Block A-125, is currently under appeal and is not offered for leasing in this sale. Although the appeal regarding High Island Area Block 170 was recently resolved so that the block is unleased, it is **NOT** offered for leasing in this sale.

Bid Envelope. Please follow the example in the document "Bid Form and Envelope" contained in the Sale Notice Package when preparing bid forms and envelopes. Note that bidders are requested to indicate on each bid envelope whether: EFT procedures will be used to pay the 1/5th bonus; or a check for the 1/5th bonus is attached to each bid.

Bid Adequacy Procedures. Modifications to the Bid Adequacy Procedures were published in the Federal Register on July 12, 1999, at 64 FR 37560, and are effective for Sale 174. These modifications are included in the Sale Notice Package.

NOTE: Recent revisions have been made to Outer Continental Shelf Leasing Maps--Texas (Nos. 1 through 8) and Outer Continental Shelf Official Protraction Diagrams (for the Western Gulf Planning Area). These revisions include small acreage changes and corrections of errors. Potential bidders should ensure that they have the latest versions of all appropriate Leasing Maps and Protraction Diagrams; these may be obtained from the MMS Gulf of Mexico Public Information Office (see below).

DEFERRALS:

- High Island Area, East Addition, South Extension, Blocks A-375 and A-398 (Flower Garden Banks)
- Mustang Island Area Blocks 793, 799, and 816 (Naval Mine Warfare training areas)
- 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)

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 174)

- o **SIZE:** 3,651 Unleased blocks; 19.86 million acres
- o **PRIMARY LEASE TERMS:**
 - 5 Year - Water depths less than 400 meters - 1,701 Blocks
 - 8 Year - Water depths between 400-800 meters - 307 Blocks
 - 10 Year - Water depths 800 meters or deeper - 1,643 Blocks
- o **MINIMUM BIDS:**
 - \$25.00 per acre or fraction thereof - Water depths less than 800 meters - 2,008 Blocks
 - \$37.50 per acre or fraction thereof - Water depths 800 meters or deeper - 1,643 Blocks
- o **ANNUAL RENTAL RATES:**
 - \$5.00 per acre or fraction thereof - Water depths less than 200 meters - 1,529 Blocks
 - \$7.50 per acre or fraction thereof - Water depths 200 meters or deeper - 2,122 Blocks
- o **ROYALTY RATES:**
 - 16 2/3% Royalty - Water depths less than 400 meters - 1,701 Blocks
 - 12 1/2% Royalty - Water depths 400 meters or deeper - 1,950 Blocks
- o **ROYALTY SUSPENSION AREAS:**
 - 200-400 Meter Royalty Suspension Area - 172 Blocks
 - 400-800 Meter Royalty Suspension Area - 307 Blocks
 - 800 Meter and Greater Royalty Suspension Area - 1,643 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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**MMS Homepage Address on the Internet: <http://www.mms.gov>
24-hour Fax-on-Demand service: (202) 219-1703**