
Leasing Activities Information

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

Lease Stipulations for Oil and Gas Lease Sale 174

(Final Notice of Sale; July 1999)

Three stipulations will be applied to leases resulting from this sale on blocks shown on the "Stipulations and Deferred Blocks, Sale 174 Map" included in the Sale Notice Package. These stipulations are:

- Stipulation No. 1--Topographic Features
- Stipulation No. 2--Military Areas
- Stipulation No. 3--Operations in the Naval Mine Warfare Area

Stipulation No. 1--Topographic Features.

(This stipulation will be included in leases located in the areas so indicated in the Biological Stipulation Map Package for the Western Gulf of Mexico which is available from the MMS Gulf of Mexico Regional Office Public Information Unit (see the Notice of Sale for the address and phone numbers).)

The banks that cause this stipulation to be applied to blocks of the Western Gulf are:

| <u>Bank Name</u> | <u>No Activity Zone Defined by Isobath (meters)</u> |
|------------------|---|
|------------------|---|

Shelf Edge Banks

| | |
|---------------------------------|-----|
| West Flower Garden Bank | 100 |
| (defined by 1/4 1/4 1/4 system) | |
| East Flower Garden Bank | 100 |
| (defined by 1/4 1/4 1/4 system) | |
| MacNeil Bank | 82 |
| 29 Fathom Bank | 64 |
| Rankin Bank | 85 |
| Geyer Bank | 85 |
| Elvers Bank | 85 |
| Bright Bank[1] | 85 |
| McGrail Bank[1] | 85 |

| | |
|----------------|----|
| Rezak Bank[1] | 85 |
| Sidner Bank[1] | 85 |
| Parker Bank[1] | 85 |
| Stetson Bank | 52 |
| Appelbaum Bank | 85 |

Low Relief Banks[2]

| | |
|------------------|----------------|
| Mysterious Bank | 74,76,78,80,84 |
| Coffee Lump | Various |
| Blackfish Ridge | 70 |
| Big Dunn Bar | 65 |
| Small Dunn Bar | 65 |
| 32 Fathom Bank | 52 |
| Claypile Bank[3] | 50 |

South Texas Banks[4]

| | |
|---------------------|-------|
| Dream Bank | 78,82 |
| Southern Bank | 80 |
| Hospital Bank | 70 |
| North Hospital Bank | 68 |
| Aransas Bank | 70 |
| South Baker Bank | 70 |
| Baker Bank | 70 |

- [1] Central Gulf of Mexico bank with a portion of its "1-Mile Zone" and/or "3-Mile Zone" in the Western Gulf of Mexico.
- [2] Low Relief Banks--Only paragraph (a) applies.
- [3] Claypile Bank--Paragraphs (a) and (b) apply. In paragraph (b), monitoring of the effluent to determine the effect on the biota of Claypile Bank shall be required rather than shunting.
- [4] South Texas Banks--Only paragraphs (a) and (b) apply.

(a) No activity including structures, drilling rigs, pipelines, or anchoring will be allowed within the listed isobath ("No Activity Zone" as shown in the aforementioned Biological Stipulation Map Package) of the banks as listed above.

(b) Operations within the area shown as "1,000-Meter Zone" in the aforementioned Biological Stipulation Map Package shall be restricted by shunting all drill cuttings and drilling fluids to the bottom through a downpipe that terminates an appropriate distance, but no more than 10 meters, from the bottom.

(c) Operations within the area shown as "1-Mile Zone" in the aforementioned Biological Stipulation Map Package shall be

restricted by shunting all drill cuttings and drilling fluids to the bottom through a downpipe that terminates an appropriate distance, but no more than 10 meters, from the bottom. (Where there is a "1-Mile Zone" designated, the "1,000-Meter Zone" in paragraph (b) is not designated.) This restriction on operations also applies to areas surrounding the Flower Garden Banks National Marine Sanctuary, namely the "4-Mile Zone" surrounding the East Flower Garden Bank and the West Flower Garden Bank.

(d) Operations within the area shown as "3-Mile Zone" in the aforementioned Biological Stipulation Map Package shall be restricted by shunting all drill cuttings and drilling fluids from development operations to the bottom through a downpipe that terminates an appropriate distance, but no more than 10 meters, from the bottom.

Stipulation No. 2--Military Areas.

(This stipulation will be included in leases located within the Warning Areas as shown on the map "Stipulations and Deferred Blocks, Sale 174" included in the Sale Notice Package.)

(a) Hold and Save Harmless

Whether compensation for such damage or injury might be due under a theory of strict or absolute liability or otherwise, the lessee assumes all risks of damage or injury to persons or property, which occur in, on, or above the OCS, to any persons or to any property of any person or persons who are agents, employees, or invitees of the lessee, its agents, independent contractors, or subcontractors doing business with the lessee in connection with any activities being performed by the lessee in, on, or above the OCS, if such injury or damage to such person or property occurs by reason of the activities of any agency of the United States Government, its contractors or subcontractors, or any of its officers, agents or employees, being conducted as a part of, or in connection with, the programs and activities of the command headquarters listed at the end of this stipulation.

Notwithstanding any limitation of the lessee's liability in Section 14 of the lease, the lessee assumes this risk whether such injury or damage is caused in whole or in part by any act or omission, regardless of negligence or fault, of the United States, its contractors or subcontractors, or any of its officers, agents, or employees. The lessee further agrees to indemnify and save harmless the United States against all claims for loss, damage, or injury sustained by the lessee, or to indemnify and save harmless the United States against all claims for loss, damage, or injury sustained by the agents, employees, or invitees of the lessee, its agents, or any independent contractors or subcontractors doing business with the lessee in connection with the programs and activities of the aforementioned military installation, whether the same be caused in whole or in part by the negligence or fault of the United States, its contractors, or subcontractors, or any of its officers, agents, or employees and whether such claims might be sustained under a theory of strict or absolute liability or otherwise.

(b) Electromagnetic Emissions

The lessee agrees to control its own electromagnetic emissions and those of its agents, employees, invitees, independent contractors or subcontractors emanating from individual designated defense warning areas in accordance with

requirements specified by the commander of the command headquarters listed in the following table to the degree necessary to prevent damage to, or unacceptable interference with, Department of Defense flight, testing, or operational activities, conducted within individual designated warning areas. Necessary monitoring control, and coordination with the lessee, its agents, employees, invitees, independent contractors or subcontractors, will be effected by the commander of the appropriate onshore military installation conducting operations in the particular warning area; provided, however, that control of such electromagnetic emissions shall in no instance prohibit all manner of electromagnetic communication during any period of time between a lessee, its agents, employees, invitees, independent contractors or subcontractors and onshore facilities.

(c) Operational

The lessee, when operating or causing to be operated on its behalf, boat, ship, or aircraft traffic into the individual designated warning areas, shall enter into an agreement with the commander of the individual command headquarters listed in the following list, upon utilizing an individual designated warning area prior to commencing such traffic. Such an agreement will provide for positive control of boats, ships, and aircraft operating into the warning areas at all times.

W-59: Naval Air Station - JRB
400 Russel Avenue
Box 27
New Orleans, Louisiana 70143-0027
Telephone: (504) 391-8696/8687

W-147 147th Fighter Wing
147 OSF/CC
14657 Sneider Street
Houston, Texas 77034-5586
Telephone: (281) 929-2716/2683

W-228 Chief, Naval Air Training
Office No. 206
Naval Air Station
Corpus Christi, Texas 78419-5100,
Telephone: (512) 939-3862/3902

W-602 Headquarters ACC/DOR, Detachment 1
Operations Headquarters, Air Combat Command
Offutt AFB, Nebraska 68113-5550
Telephone: (402) 294-2334

Stipulation No. 3--Operations in the Naval Mine Warfare Area.

(This stipulation will apply to Mustang Island Area East Addition Blocks 732, 733, and 734.)

(a) The placement, location, and planned periods of operation of surface structures on this lease during the exploration stage are subject to approval by the RD, MMS Gulf of Mexico Region, after the review of the operator's Exploration Plan (EP). Prior to approval of the EP, the RD will consult with the Commander, Mine Warfare Command, in order to determine the EP's compatibility with scheduled military operations. No permanent structures nor debris of any kind shall be allowed in the area covered by this lease during exploration operations.

(b) To the extent possible, sub-seafloor development operations for resources subsurface to this area should originate outside the area covered by this lease. Any above-seafloor development operations within the area covered by this lease must be compatible with scheduled military operations as determined by the Commander, Mine Warfare Command. The lessee will consult with and coordinate plans for above-seafloor development activities (including abandonment) with the Commander, Mine Warfare Command. The Development Operations Coordination Document (DOCD) must contain the locations of any permanent structures, fixed platforms, pipelines, or anchors planned to be constructed or placed in the area covered by this lease as part of such development operations. The DOCD must also contain the written comments of the Commander, Mine Warfare Command on the proposed activities. Prior to the approval of the DOCD, the RD will consult with the Commander in order to determine the DOCD's compatibility with scheduled military operations.

For more information, consultation, and coordination, the lessee must contact:

Commander, Mine Warfare Command, 325 Fifth Street, S.E.,
Corpus Christi, Texas 78419-5032, Phone: (512) 939-4895