

DEPARTMENT OF THE INTERIOR
Minerals Management Service
Outer Continental Shelf, Central Gulf of Mexico, Oil and Gas
Lease Sale 175

ACTION: FINAL NOTICE OF SALE 175

On March 15, 2000, the Minerals Management Service (MMS) will open and publicly announce bids received for blocks offered in Sale 175, Central Gulf of Mexico, pursuant to the Outer Continental Shelf (OCS) Lands Act (43 U.S.C. 1331-1356, as amended) and the regulations issued thereunder (30 CFR Part 256). Bidders can obtain a "Final Notice of Sale 175 Package" containing this Notice of Sale and several supporting and essential documents referenced herein, from the MMS Gulf of Mexico Region's Public Information Unit, 1201 Elmwood Park Boulevard, New Orleans, Louisiana 70123-2394, (504) 736-2519 or (800) 200-GULF, or via the MMS Gulf of Mexico Region's Internet site at <http://www.gomr.mms.gov>. The MMS also maintains a 24-hour Fax-on-Demand Service at (202) 219-1703. The "Final Notice of Sale 175 Package" contains information essential to bidders, and bidders are charged with the knowledge of the documents contained in the package.

LOCATION AND TIME: Public bid reading will begin at 9 a.m., Wednesday, March 15, 2000, at the Hyatt Regency Conference Center (Cabildo Rooms), 500 Poydras Plaza, New Orleans, Louisiana. All times referred to in this document are local New Orleans time.

FILING OF BIDS: Bidders must submit sealed bids to the Regional Director (RD), MMS Gulf of Mexico Region, 1201 Elmwood Park Boulevard, New Orleans, Louisiana 70123-2394, between 8 a.m. and 4 p.m., prior to the Bid Submission Deadline at 10 a.m., Tuesday, March 14, 2000. If the bids are mailed, mark on the envelope containing all the sealed bids the following:

Attention: Mr. John Rodi
Contains Sealed Bids for Sale 175

If the RD receives bids later than the time and date specified above, he will return the bids unopened to bidders. Bidders may not modify or withdraw their bids unless the RD receives a written modification or written withdrawal request prior to 10 a.m., Tuesday, March 14, 2000. In the event of widespread flooding or other natural disaster, the MMS Gulf of Mexico

Regional Office may extend the bid submission deadline. Bidders may call (504) 736-0537 for information about the possible extension of the bid submission deadline due to such an event.

AREAS OFFERED FOR LEASING: The MMS is offering for leasing all blocks and partial blocks listed in the document "Blocks Available for Leasing in Gulf of Mexico OCS Oil and Gas Lease Sale 175" included in the Sale Notice Package. All of these blocks are shown on the following Leasing Maps and Official Protraction Diagrams (which may be purchased from the MMS Gulf of Mexico Regional Office Public Information Unit).

Outer Continental Shelf Leasing Maps--Louisiana Nos. 1 through 12. These 30 maps sell for \$2 each:

LA1 West Cameron Area (revised 09/01/99)
 LA1A West Cameron Area, West Addition (revised 05/30/97)
 LA1B West Cameron Area, South Addition (revised 05/30/97)
 LA2 East Cameron Area (revised 09/01/99)
 LA2A East Cameron Area, South Addition (revised 09/01/99)
 LA3 Vermilion Area (revised 09/01/99)
 LA3A South Marsh Island Area (revised 09/01/99)
 LA3B Vermilion Area, South Addition (revised 09/01/99)
 LA3C South Marsh Island Area, South Addition (revised 09/01/99)
 LA3D South Marsh Island Area, North Addition (revised 09/01/99)
 LA4 Eugene Island Area (revised 09/01/99)
 LA4A Eugene Island Area, South Addition (revised 09/01/99)
 LA5 Ship Shoal Area (revised 09/01/99)
 LA5A Ship Shoal Area, South Addition (revised 09/01/99)
 LA6 South Timbalier Area (revised 09/01/99)
 LA6A South Timbalier Area, South Addition (revised 09/01/99)
 LA6B South Pelto Area (revised 09/01/99)
 LA6C Bay Marchand Area (revised 12/30/94)
 LA7 Grand Isle Area (revised 09/01/99)
 LA7A Grand Isle Area, South Addition (revised 09/01/99)
 LA8 West Delta Area (revised 09/01/99)
 LA8A West Delta Area, South Addition (revised 09/01/99)
 LA9 South Pass Area (revised 09/01/99)
 LA9A South Pass Area, South and East Addition (revised 09/01/99)
 LA10 Main Pass Area (revised 09/01/99)
 LA10A Main Pass Area, South and East Addition (revised 09/01/99)
 LA10B Breton Sound Area (revised 09/01/99)
 LA11 Chandeleur Area (revised 09/01/99)
 LA11A Chandeleur Area, East Addition (revised 09/01/99)
 LA12 Sabine Pass Area (revised 05/30/97)

Outer Continental Shelf Official Protraction Diagrams.
These diagrams sell for \$2.00 each:

NH15-12 Ewing Bank (revised 09/01/99)
NH16-04 Mobile (revised 09/01/99)
NH16-07 Viosca Knoll (revised 09/01/99)
NH16-10 Mississippi Canyon (revised 05/01/96)
NG15-03 Green Canyon (revised 09/01/99)
NG15-06 Walker Ridge (revised 09/01/99)
NG15-09 (Unnamed) (revised 04/27/89)
NG16-01 Atwater Valley (revised 09/01/99)
NG16-04 Lund (revised 09/01/99)
NG16-07 Lund South (revised 09/01/99)

NOTE: A CD-ROM (in ARC/INFO format) containing all of the Gulf of Mexico Leasing Maps and Official Protraction Diagrams, except for those not yet revised to digital format, is available from the MMS Gulf of Mexico Regional Office Public Information Unit for a price of \$15.00. Only NG15-09 in the Central Gulf is not available on the CD-ROM. The Leasing Maps and Official Protraction Diagrams are also available on our Internet site. See also 65 FR 2191, published on January 13, 2000, for the current status of all Gulf of Mexico Leasing Maps and Official Protraction Diagrams.

Acreage of all blocks is shown on these Leasing Maps and Official Protraction Diagrams. The available Federal acreage of all whole and partial blocks in this sale is shown in the document "List of Blocks Available for Leasing, Sale 175" included in the Sale Notice Package. Some of these blocks may be partially leased or transected by administrative lines such as the Federal/State jurisdictional line. Information on the unleased portions of such blocks, including the exact acreage, is found in the document titled "Central Gulf of Mexico Lease Sale 175 - Unleased Split Blocks and Unleased Acreage of Blocks with Aliquots and Irregular Portions Under Lease," included in the Sale Notice Package.

AREAS NOT AVAILABLE FOR LEASING: The following blocks in the Central Gulf of Mexico Planning Area are not available for leasing:

blocks currently under lease;

Viosca Knoll Block 69 (which is currently under appeal);
and

the following blocks which are beyond the United States Exclusive Economic Zone and have been temporarily deferred from leasing by the Department of the Interior due to ongoing negotiations with the Government of Mexico:

<u>Area NG15-09</u>	<u>Area NG16-07</u>
Blocks	Blocks
133 through 135	172, 173
177 through 184	213 through 217
221 through 238	252 through 261
265 through 281	296 through 305
309 through 320	349
358	

LEASING TERMS AND CONDITIONS: Primary lease terms, minimum bids, annual rental rates, royalty rates, and royalty suspension areas are shown on the map "Lease Terms and Economic Conditions, Sale 175, Final" for leases resulting from this sale:

Primary lease terms: 5 years for blocks in water depths of less than 400 meters; 8 years for blocks in water depths of 400 to 799 meters; and 10 years for blocks in waters depths of 800 meters or deeper;

Minimum bids: \$25 per acre or fraction thereof for blocks in water depths of less than 800 meters and \$37.50 per acre or fraction thereof for blocks in water depths of 800 meters or deeper;

Annual rental rates: \$5 per acre or fraction thereof for blocks in water depths of less than 200 meters and \$7.50 per acre or fraction thereof for blocks in water depths of 200 meters or deeper, until initial production is obtained;

Royalty rates: 160% royalty rate for blocks in water depths of less than 400 meters and a 122% royalty rate for blocks in waters depths of 400 meters or deeper, except during periods of royalty suspension;

Royalty Suspension Areas: Royalty suspension may apply for blocks in water depths of 200 meters or deeper; see the map for specific areas. See 30 CFR 203 for the final rule specifying royalty suspension terms.

The map titled "Stipulations and Deferred Blocks, Sale 175, Final" depicts the blocks where the Topographic Features, Live Bottoms, Military Areas, and Blocks South of Baldwin County, Alabama, stipulations apply. The texts of the lease stipulations are contained in the document "Lease Stipulations for Oil and Gas Lease Sale 175, Final" included in the Final Sale Notice Package. Also shown on this map are the deferred blocks noted above.

ROUNDING: The following procedure must be used to calculate minimum bid, rental, and minimum royalty on blocks with fractional acreage: Round up to the next whole acre and multiply by the applicable dollar amount to determine the correct minimum bid, rental, or minimum royalty.

NOTE: For the minimum bid only, if the calculation results in a decimal figure, round up to the next whole dollar amount (see next paragraph). The minimum bid calculation, including all rounding, is shown in the document "Blocks Available for Leasing in Gulf of Mexico OCS Oil and Gas Lease Sale 175" included in the Sale Notice Package.

METHOD OF BIDDING: For each block bid upon, a bidder must submit a separate signed bid in a sealed envelope labeled "Sealed Bid for Oil and Gas Lease Sale 175, not to be opened until 9 a.m., Wednesday, March 15, 2000." The total amount bid must be in a whole dollar amount; any cent amount above the whole dollar will be ignored by the MMS. Details of the information required on the bid(s) and the bid envelope(s) are specified in the document "Bid Form and Envelope" contained in the Sale Notice Package.

The MMS published a list of restricted joint bidders, which applies to this sale, in the Federal Register at 64 FR 56215, on October 18, 1999. Bidders, i.e., corporations, partnerships, and limited liability companies, must execute all documents in conformance with signatory authorizations on file in the MMS Gulf of Mexico Regional Office Adjudication Unit. Bidders submitting joint bids must state on the bid form the proportionate interest of each participating bidder, in percent to a maximum of five decimal places, e.g., 33.33333 percent. The MMS may require bidders to submit other documents in accordance with 30 CFR 256.46. The MMS warns bidders against violation of 18 U.S.C. 1860 prohibiting unlawful combination or intimidation of bidders. Bidders are advised that the MMS considers the signed bid to be a legally binding obligation on

the part of the bidder(s) to comply with all applicable regulations, including paying the 1/5th bonus on all high bids. A statement to this effect must be included on each bid (see the document "Bid Form and Envelope" contained in the Sale Notice Package).

BID DEPOSIT: Submitters of high bids must deposit the 1/5th bonus by using electronic funds transfer (EFT) procedures, following the detailed instructions contained in the document "Instructions for Making EFT 1/5th Bonus Payments" included in the Sale Notice Package. All payments must be electronically deposited into an interest-bearing account in the U.S. Treasury (account specified in the EFT instructions) during the period the bids are being considered. Such a deposit does not constitute and shall not be construed as acceptance of any bid on behalf of the United States.

NOTE: Certain bid submitters (i.e., those that do NOT currently own or operate an OCS property OR those that have ever defaulted on a 1/5th bonus payment (EFT or otherwise)) are required to guarantee (secure) their 1/5th bonus payment. For those who must secure the EFT 1/5th bonus payment, one of the following options may be used: 1. Provide a third party guaranty; 2. Amend Areawide Coverage; 3. Provide a Letter of Credit; or 4. Provide a lump sum check. The EFT instructions specify the requirements for each option.

WITHDRAWAL OF BLOCKS: The United States reserves the right to withdraw any block from this sale prior to issuance of a written acceptance of a bid for the block.

ACCEPTANCE, REJECTION, OR RETURN OF BIDS: The United States reserves the right to reject any and all bids. In any case, no bid will be accepted, and no lease for any block will be awarded to any bidder, unless the bidder has complied with all requirements of this Notice, including the documents contained in the associated Sale Notice Package and applicable regulations; the bid is the highest valid bid; and the amount of the bid has been determined to be adequate by the authorized officer. Any bid submitted which does not conform to the requirements of this Notice, the OCS Lands Act, as amended, and other applicable regulations may be returned to the person submitting that bid by the RD and not considered for acceptance. To ensure that the Government receives a fair return for the conveyance of lease rights for this sale, high bids will be

evaluated in accordance with MMS bid adequacy procedures. A copy of the current procedures, "Modifications to the Bid Adequacy Procedures" (64 FR 37560 of July 12, 1999), effective July 1, 1999, is available from the MMS Gulf of Mexico Regional Office Public Information Unit.

SUCCESSFUL BIDDERS: As required by MMS each company that has been awarded a lease must execute all copies of the lease (Form MMS-2005 (March 1986) as amended), pay the balance of the cash bonus bid along with the first year's annual rental for each lease issued by EFT in accordance with the requirements of 30 CFR 218.155, and satisfy the bonding requirements of 30 CFR 256, Subpart I, as amended. Each bidder in a successful high bid must have on file, in the MMS Gulf of Mexico Regional Office Adjudication Unit, a currently valid certification (Debarment Certification Form) certifying that the bidder is not excluded from participation in primary covered transactions under Federal nonprocurement programs and activities. A certification previously provided to that office remains currently valid until new or revised information applicable to that certification becomes available. In the event of new or revised applicable information, the MMS will require a subsequent certification before lease issuance can occur. Persons submitting such certifications should review the requirements of 43 CFR, Part 12, Subpart D. A copy of the Debarment Certification Form is contained in the Sale Notice Package.

EQUAL OPPORTUNITY: The MMS requests that the certification required by 41 CFR 60-1.7(b) and Executive Order No. 11246 of September 24, 1965, as amended by Executive Order No. 11375 of October 13, 1967, on the Compliance Report Certification Form, Form MMS-2033 (June 1985), and the Affirmative Action Representation Form, Form MMS-2032 (June 1985) be on file in the MMS Gulf of Mexico Regional Office Adjudication Unit prior to bidding. However, if a lease is awarded to a successful bidder who does not have these forms on file, the lessee must comply with the affirmative action compliance program requirements within 120 days of the effective date of the lease.

INFORMATION TO LESSEES: The Sale Notice Package contains a document titled "Information to Lessees." These Information to

Lessees items provide information on various matters of interest to potential bidders.

s/Robert E. Brown
Acting Director, Minerals Management Service

Approved:

s/Sylvia V. Baca
Assistant Secretary, Land and Minerals Management

February 7, 2000
Date