

DEPARTMENT OF THE INTERIOR
Minerals Management Service (MMS)
Outer Continental Shelf, Western Gulf of Mexico, Oil and Gas
Lease Sale 180

AGENCY: Minerals Management Service, Interior

ACTION: FINAL NOTICE OF SALE 180

SUMMARY: On August 22, 2001, the Minerals Management Service will open and publicly announce bids received for blocks offered in Sale 180, Western Gulf of Mexico, pursuant to the Outer Continental Shelf 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 180 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 180 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, August 22, 2001, in 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, 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, August 21, 2001. 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 180

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, August 21, 2001. 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) 736-0557 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 the blocks and partial blocks listed in the document "List of Blocks Available for Leasing, Sale 180" 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--Texas, Nos. 1 through 8. These 16 maps sell for \$2.00 each:

TX1 South Padre Island Area (revised November 1, 2000)
 TX1A South Padre Island Area, East Addition (revised November 1, 2000)
 TX2 North Padre Island Area (revised November 1, 2000)
 TX2A North Padre Island Area, East Addition (revised November 1, 2000)
 TX3 Mustang Island Area (revised November 1, 2000)
 TX3A Mustang Island Area, East Addition (revised November 1, 2000)
 TX4 Matagorda Island Area (revised November 1, 2000)
 TX5 Brazos Area (revised November 1, 2000)
 TX5B Brazos Area, South Addition (November 1, 2000)
 TX6 Galveston Area (revised November 1, 2000)
 TX6A Galveston Area, South Addition (revised November 1, 2000)
 TX7 High Island Area (revised November 1, 2000)
 TX7A High Island Area, East Addition (revised November 1, 2000)
 TX7B High Island Area, South Addition (revised November 1, 2000)
 TX7C High Island Area, East Addition, South Extension (revised November 1, 2000)
 TX8 Sabine Pass Area (revised November 1, 2000)

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

NG14-03 Corpus Christi (revised November 1, 2000)
 NG14-06 Port Isabel (revised November 1, 2000)
 NG15-01 East Breaks (revised November 1, 2000)
 NG15-02 Garden Banks (revised November 1, 2000)
 NG15-04 Alaminos Canyon (revised November 1, 2000)
 NG15-05 Keathley Canyon (revised November 1, 2000)
 NG15-08 Sigsbee Escarpment (revised November 1, 2000)

NOTE: A CD-ROM (in ARC/INFO and Acrobat (.pdf) formats) 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. The Leasing Maps and Official Protraction

Diagrams are also available on our Internet site. See also 66 FR 28002, published on May 21, 2001, for the current status of Central and Western 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 180" 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, or partially included in the Flower Garden Banks National Marine Sanctuary (in accordance with the President's June 1998 withdrawal directive, portions of blocks lying within National Marine Sanctuaries are no longer available for leasing). Information on the unleased portions of such blocks, including the exact acreage, is found in the document titled "Western Gulf of Mexico Lease Sale 180 - Unleased Split Blocks and Available Unleased Acreage of Blocks with Aliquots and Irregular Portions Under Lease or Deferred," included in the Sale Notice Package.

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

blocks currently under lease; and

the following unleased block:

High Island Area Block 170 (which is currently under appeal); and

High Island Area, East Addition, South Extension, Blocks A-375 and A-398 (at the Flower Garden Banks), and the portions of other blocks within the boundary of the Flower Garden Banks National Marine Sanctuary; portions of High Island Area, East Addition, South Extension, Blocks A-367 and A-401; High Island Area, South Addition, Block A-513; and Garden Banks Area Block 135; and

Mustang Island Area Blocks 793, 799, and 816 (blocks located off Corpus Christi which have been identified by the Navy as needed for testing equipment and training mine warfare personnel).

Blocks or portions of blocks beyond the United States Exclusive Economic Zone (in the area formerly known as the Western Gap) which are in the 1.4 nautical mile buffer zone north of the continental shelf boundary

between the United States and Mexico. Both the zone, in which leasing is prohibited for ten years, and the boundary were established by the "Treaty Between The Government Of The United States Of America And The Government Of The United Mexican States On The Delimitation Of The Continental Shelf In The Western Gulf Of Mexico Beyond 200 Nautical Miles" signed by the United States and Mexico on June 9, 2000; the U.S. Senate gave advice and consent to ratification on October 18, 2000, and the Mexican Senate gave its approval on November 28, 2000. The provisions of the treaty entered into force upon exchange of the instruments of ratification of the treaty on January 17, 2001.

The following blocks lie wholly within the 1.4 nautical mile buffer zone and are deferred from this sale:

Sigsbee Escarpment (Area NG15-08)

Blocks

11, 57, 103, 148, 149, 194, 239, 284
331 through 341

The portions of the following blocks lying within the 1.4 nautical mile buffer zone are deferred from this sale:

Keathley Canyon (Area NG15-05)

Blocks

978 through 980

Sigsbee Escarpment (Area NG15-08)

Blocks

12 through 14
58 through 60
104 through 106
150, 151, 195, 196, 240, 241
285 through 298
342 through 349

The available acreage in these blocks with deferred portions lying within the 1.4 nautical mile buffer are provided in the "Unleased Split Blocks and Available Unleased Acreage of Blocks with Aliquots and Irregular Portions Under Lease or Deferred" document included in the Final Sale Notice Package. Also, Supplemental Official OCS Block Diagrams for these blocks are available from the Public Information Unit, Gulf of Mexico Region, Minerals Management Service, 1201 Elmwood

Park Boulevard, New Orleans, Louisiana 70123-2394.
Telephone: (504) 736-2519. The SOBDS are also available for blocks which contain the "U.S. 200 Nautical Mile Limit" line and the "U.S.-Mexico Maritime Boundary" line. These diagrams can also be found on the MMS Homepage Address on the Internet: <http://www.mms.gov>. For additional information, please call Mr. Charles Hill (504) 736-2795.

LEASING TERMS AND CONDITIONS: Primary lease terms, minimum bids, annual rental rates, royalty rates, minimum royalty, and royalty suspension areas are shown on the map "Lease Terms and Economic Conditions, Sale 180, 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 water 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, to be paid on or before the first day of each lease year until a discovery in paying quantities of oil or gas is made, then at the expiration of each lease year until the start of royalty-bearing production;

Royalty rates: 16 2/3 percent royalty rate for blocks in water depths of less than 400 meters and a 12 1/2 percent royalty rate for blocks in water depths of 400 meters or deeper, except during periods of royalty suspension, to be paid monthly on the last day of the month next following the month in which the production is obtained;

Minimum royalty: After the start of royalty-bearing production: \$5 per acre or fraction thereof per year for blocks in water depths of less than 200 meters and \$7.50 per acre or fraction thereof per year for blocks in water depths of 200 meters or deeper, to be paid at the expiration of each lease year;

Royalty Suspension Areas: Leases are being offered in this sale subject to the regulations in 30 CFR Part 260, published in the Federal Register at 66 FR 11512 on February 23, 2001. Royalty suspension will apply for blocks in water depths less than 200 meters where new deep gas (15,000 feet or greater subsea) is drilled and commences production within the initial primary 5-year lease term, and in water depths of 800 meters or deeper (for oil and gas); see the map

titled "Lease Terms and Economic Conditions, Sale 180, Final" for specific areas. See the document contained within the Sale 180, Final Notice Package titled "Royalty Suspension Provisions (Sale 180)" for the specific details regarding royalty suspension eligibility and implementation. For blocks beyond the U.S. EEZ, see Stipulation 4 in the document "Lease Stipulations for Oil and Gas Lease Sale 180" contained in the Sale Notice Package.

The map titled "Stipulations and Deferred Blocks, Sale 180, Final" depicts the blocks where the Topographic Features, Military Areas, Naval Mine Warfare Area, and Law of the Sea Convention Royalty Payment stipulations apply. The texts of the lease stipulations are contained in the document "Lease Stipulations for Oil and Gas Lease Sale 180, Final" included in the 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 "List of Blocks Available for Leasing, Sale 180" 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 180, not to be opened until 9 a.m., Wednesday, August 22, 2001." 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 66 FR 17731, on April 3, 2001. Bidders must execute all documents in conformance with signatory authorizations on file in the MMS Gulf of Mexico Regional Office. Partnerships also must submit or have on file a list of signatories authorized to bind the partnership. 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 procedures, following the detailed instructions contained in the document "Instructions for Making EFT 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 mineral lease 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 Development Bond Coverage; 3. Provide a Letter of Credit; or 4. Provide a lump sum payment via EFT prior to the submission of bids. 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), is available from the MMS Gulf of Mexico Regional Office Public Information Unit and is also on our Internet site.

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 by EFT the balance of the cash bonus bid along with the first year's annual rental for each lease issued 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.

AFFIRMATIVE ACTION: 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. In any event, these forms are required to be on file in the MMS Gulf of Mexico Regional Office Adjudication Unit prior to execution of any lease contract. Bidders must also comply with the requirements of 41 CFR 60.

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/ Thomas R. Kitsos
Acting Director, Minerals Management Service

Approved:

s/ Piet deWitt
Acting Assistant Secretary, Land and Minerals Management

July 13, 2001
Date