

**DEPARTMENT OF THE INTERIOR
Minerals Management Service (MMS)**

Outer Continental Shelf, Central Gulf of Mexico, Oil and Gas Lease Sale 182

AGENCY: Minerals Management Service, Interior.

ACTION: **Final Notice of Sale 182**

SUMMARY: On March 20, 2002, the MMS will open and publicly announce bids received for blocks offered in Sale 182, 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 182 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>. Please Note: This site may be temporarily unavailable; if so, please use a temporary Homepage until further notice: <http://www.temporarygomr.com>.

The Final Notice of Sale 182 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 20, 2002, in Grand Ballroom C (5th floor) at the Sheraton New Orleans Hotel, 500 Canal Street, 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. on normal working days, prior to the Bid Submission Deadline of 10 a.m., Tuesday, March 19, 2002. If the bids are mailed, please mark on the envelope containing all the sealed bids the following:

Attention: Mr. John Rodi
Contains Sealed Bids for Sale 182

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 19, 2002. In the event of an unexpected event significantly disruptive to bid submission, such as flooding or travel restrictions, 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 blocks and partial blocks listed in the document "Blocks Available for Leasing in Gulf of Mexico OCS Oil and Gas Lease Sale 182" included in the Final Notice of Sale 182 package. This list of blocks available includes certain blocks and partial blocks beyond the United States Exclusive Economic Zone in the area formerly referred to as the Northern Portion of the Western Gap. 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 Region Public Information Unit):

**Outer Continental Shelf Leasing Maps - Louisiana Map Numbers 1 through 12
(These 30 maps sell for \$2.00 each.)**

- LA1 West Cameron Area (Revised November 1, 2000)
- LA1A West Cameron Area, West Addition (Revised November 1, 2000)
- LA1B West Cameron Area, South Addition (Revised November 1, 2000)
- LA2 East Cameron Area (Revised November 1, 2000)
- LA2A East Cameron Area, South Addition (Revised November 1, 2000)
- LA3 Vermilion Area (Revised November 1, 2000)
- LA3A South Marsh Island Area (Revised November 1, 2000)
- LA3B Vermilion Area, South Addition (Revised November 1, 2000)
- LA3C South Marsh Island Area, South Addition (Revised November 1, 2000)
- LA3D South Marsh Island Area, North Addition (Revised November 1, 2000)
- LA4 Eugene Island Area (Revised November 1, 2000)
- LA4A Eugene Island Area, South Addition (Revised November 1, 2000)
- LA5 Ship Shoal Area (Revised November 1, 2000)
- LA5A Ship Shoal Area, South Addition (Revised November 1, 2000)
- LA6 South Timbalier Area (Revised November 1, 2000)
- LA6A South Timbalier Area, South Addition (Revised November 1, 2000)
- LA6B South Pelto Area (Revised November 1, 2000)
- LA6C Bay Marchand Area (Revised November 1, 2000)
- LA7 Grand Isle Area (Revised November 1, 2000)
- LA7A Grand Isle Area, South Addition (Revised November 1, 2000)
- LA8 West Delta Area (Revised November 1, 2000)
- LA8A West Delta Area, South Addition (Revised November 1, 2000)
- LA9 South Pass Area (Revised November 1, 2000)
- LA9A South Pass Area, South and East Addition (Revised November 1, 2000)
- LA10 Main Pass Area (Revised November 1, 2000)
- LA10A Main Pass Area, South and East Addition (Revised November 1, 2000)
- LA10B Breton Sound Area (Revised November 1, 2000)
- LA11 Chandeleur Area (Revised November 1, 2000)
- LA11A Chandeleur Area, East Addition (Revised November 1, 2000)
- LA12 Sabine Pass Area (Revised November 1, 2000)

Outer Continental Shelf Official Protraction Diagrams
(These 10 diagrams sell for \$2.00 each.)

NG15-03	Green Canyon (Revised November 1, 2000)
NG15-06	Walker Ridge (Revised November 1, 2000)
NG15-09	Amery Terrace (Revised October 25, 2000)
NG16-01	Atwater Valley (Revised November 1, 2000)
NG16-04	Lund (Revised November 1, 2000)
NG16-07	Lund South (Revised November 1, 2000)
NH15-12	Ewing Bank (Revised November 1, 2000)
NH16-04	Mobile (Revised November 1, 2000)
NH16-07	Viosca Knoll (Revised November 1, 2000)
NH16-10	Mississippi Canyon (Revised November 1, 2000)

Please Note: A CD-ROM (in ARC/INFO and Acrobat (.pdf) 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 Region's Public Information Unit for a price of \$15.00. The Leasing Maps and Official Protraction Diagrams are also available via the Internet. See also 66 FR 28002, published on May 21, 2001, for the current status of all Central and Western Gulf of Mexico Leasing Maps and Official Protraction Diagrams.

All blocks are 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 182" included in the Final Notice of Sale 182 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 is also found in the document titled "Central Gulf of Mexico Lease Sale 182 - Unleased Split Blocks and Unleased Acreage of Blocks with Aliquots and Irregular Portions Under Lease," included in the Final Notice of Sale 182 package.

AREAS NOT AVAILABLE FOR LEASING: The following whole and partial blocks are not offered for lease in this sale:

- ◆ Blocks currently under lease;
- ◆ Mississippi Canyon Block 474, which is under consideration for use as the host location to develop several existing leases termed the "NaKika Project";
- ◆ Viosca Knoll Block 69 (lease termination currently under appeal);
- ◆ Blocks which are beyond the United States Exclusive Economic Zone in the area known as the Northern portion of the Eastern Gap:

Lund South (Area NG16-07)

Blocks
172 and 173
213 through 217
252 through 261
296 through 305
349

- ◆ Whole and partial blocks which are beyond the United States Exclusive Economic Zone in the area formerly known as the Northern portion of the Western Gap and which lie within the 1.4 nautical mile buffer zone north of the continental shelf boundary between the United States and Mexico:

Amery Terrace (Area NG15-09)

Partial Blocks:
235 through 238
273 through 279
309 through 317

Whole Blocks:
280 and 281
318 through 320
355 through 359

LEASE TERMS AND CONDITIONS: Primary lease terms, primary lease term extensions, minimum bids, annual rental rates, royalty rates, and royalty suspension areas are shown on the map titled "Lease Terms and Economic Conditions, Sale 182, 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;

Primary Lease Term Extensions: Extensions may be granted for eligible blocks in water depths less than 400 meters as specified in Notice To Lessees and Operators (NTL) 2000-G22, effective December 22, 2000;

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 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 resulting from this sale are subject to royalty relief regulations in 30 CFR Part 260, published in the *Federal Register* at 66 *FR* 11512 on February 23, 2001, and 30 CFR Part 203, published at 67 *FR* 1862 on January 15, 2002. 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 400 meters or deeper (for oil and gas); see the map titled "Lease Terms and Economic Conditions, Sale 182, Final" for specific areas. See the document contained within the Final Notice of Sale 182 package titled "Royalty Suspension Provisions, Sale 182" for the specific details regarding royalty suspension eligibility and implementation.

STIPULATIONS: The map titled "Stipulations and Deferred Blocks, Sale 182, Final" depicts the blocks where six lease stipulations apply: (1) Topographic Features; (2) Live Bottoms; (3) Military Areas; (4) Blocks South of Baldwin County, Alabama; (5) Law of the Sea Convention Royalty Payment; and (6) Marine Protected Species. Also shown on this map are the deferred blocks noted above. The texts of the stipulations are contained in the document "Lease Stipulations for Oil and Gas Lease Sale 182, Final" included in the Final Notice of Sale 182 package.

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.

Please 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 in Central Gulf of Mexico OCS Oil and Gas Sale 182" included in the Final Notice of Sale 182 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 182, not to be opened until 9 a.m., Wednesday, March 20, 2002." 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 Final Notice of Sale 182 package.

The MMS published a list of restricted joint bidders, which applies to this sale, in the *Federal Register* at 66 FR 52150, on October 12, 2001. Bidders must execute all documents in conformance with signatory authorizations on file in the MMS Gulf of Mexico Region's Adjudication Unit. 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 Final Notice of Sale 182 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 Final Notice of Sale 182 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.

Please 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 Final Notice of Sale 182 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. The Attorney General may also review the

results of the lease sale prior to the acceptance of bids and issuance of leases. 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 will not be 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), can be obtained from the MMS Gulf of Mexico Region's Public Information Unit via the Internet.

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 Region's 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 Final Notice of Sale 182 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 Region's Adjudication Unit prior to bidding. In any event, these forms are required to be on file in the MMS Gulf of Mexico Region's Adjudication Unit prior to execution of any lease contract. Bidders must also comply with the requirements of 41 CFR 60.

INFORMATION TO LESSEES: The Final Notice of Sale 182 package contains a document titled "Information to Lessees." These Information to Lessees items provide information on various matters of interest to potential bidders.

NOTICE OF BIDDING SYSTEMS: Section 8(a)(8) (43 U.S.C. 1337 (a) (8)) of the OCS Lands Act, as amended, requires that at least 30 days before any lease sale, a Notice be submitted to Congress and published in the *Federal Register*. This Notice of Bidding Systems is for Sale 182, Central Gulf of Mexico, scheduled to be held in March 2002.

In Sale 182, unleased blocks and partial blocks are being offered under a bidding system that uses a cash bonus and fixed royalty rates of 16-2/3 percent for blocks in water depths of less than 400 meters and 12-1/2 percent in water depths of 400 meters or deeper, except during periods of royalty suspension.

This bidding system is authorized under 30 CFR 260.110 (a) (7), which allows use of a cash bonus bid with a royalty rate of not less than 12-1/2 percent and with suspension of royalties for a period, volume, or value of production, and an annual rental.

Analysis performed by the MMS indicates that use of this system with the royalty suspension volumes and price thresholds specified in the Final Notice of Sale provides an incentive for development of this area while ensuring that a fair sharing of revenues will result if major discoveries are made and produced.

Specific provisions for Sale 182 are contained in the document "Royalty Suspension Provisions, Sale 182," and a map titled "Lease Terms and Economic Conditions, Sale 182, Final" depicts blocks and applicable royalty suspension volumes. Both documents are included in the Final Notice of Sale 182 package.

The MMS expects to use these same leasing systems in OCS lease sales in the Central and Western Gulf of Mexico in the future. For these sales, the specific blocks offered under each system will be shown on the sale's "Lease Terms and Economic Conditions" map. The MMS will publish a new notice of leasing systems for Central and Western Gulf of Mexico sales for any sales in which different systems are used.

s/ Lucy Querques Denett
Acting Director, Minerals Management Service

February 11, 2002
Date