

DEPARTMENT OF THE INTERIOR

Minerals Management Service (MMS)

Outer Continental Shelf (OCS), Central Gulf of Mexico (GOM), Oil and Gas Lease Sale 185

AGENCY: Minerals Management Service, Interior

ACTION: Final Notice of Sale 185

SUMMARY: On March 19, 2003, MMS will open and publicly announce bids received for blocks offered in Central GOM Oil and Gas Lease Sale 185, pursuant to the OCS Lands Act (43 U.S.C. 1331-1356, as amended) and the regulations issued thereunder (30 CFR Part 256).

The Final Notice of Sale 185 Package (FNOS 185) contains information essential to bidders, and bidders are charged with the knowledge of the documents contained in the Package.

DATES: Public bid reading will begin at 9 a.m., Wednesday, March 19, 2003, 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 times, unless otherwise specified.

ADDRESSES: Bidders can obtain an FNOS 185 containing this Notice of Sale and several supporting and essential documents referenced herein from the MMS Gulf of Mexico Region 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 Internet site at www.gomr.mms.gov.

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 18, 2003. If bids are mailed, the envelope containing all of the sealed bids must be marked as follows:

Attention: Mr. John L. Rodi
Contains Sealed Bids for Sale 185

If the RD receives bids later than the time and date specified above, he will return those 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 18, 2003. Should an unexpected event such as flooding or travel restrictions be significantly disruptive to bid submission, the MMS Gulf of Mexico Region 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 Central Gulf of Mexico OCS Oil and Gas Lease Sale 185" included in the FNOS 185. 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 GOM Leasing Maps and Official Protraction Diagrams, except for those not yet revised to digital format, is available from the MMS Gulf of Mexico Region Public Information Unit for a price of \$15.00. The Leasing Maps and Official Protraction Diagrams are also available via the Internet. For the current status of all Central GOM Leasing Maps and Official Protraction Diagrams, please refer to 66 FR 28002, published May 21, 2001. In addition, Supplemental Official OCS Block Diagrams (SOBDs) for these blocks are available for blocks which contain the "U.S. 200 Nautical Mile Limit" line and the "U.S.-Mexico Maritime Boundary" line. These SOBDs are also available from the MMS Gulf of Mexico Region Public Information Unit and via the Internet. For additional information, please call Mr. Charles Hill (504) 736-2795.

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 in Sale 185" included in the FNOS 185. Some of these blocks may be partially leased or transected by administrative lines such as the Federal/State jurisdictional line. Also, information on the unleased portions of such blocks is found in the document "Central Gulf of Mexico Lease Sale 185 - Unleased Split Blocks and Available Unleased Acreage of Blocks with Aliquots and Irregular Portions Under Lease or Deferred" included in the FNOS 185.

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

- ◆ 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 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: Initial period, extensions of initial period, minimum bonus bid amount, rental rates, royalty rates, minimum royalty, and royalty suspension areas are shown on the map "Lease Terms and Economic Conditions, Sale 185, Final" for leases resulting from this sale:

Initial Period: 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;

Extensions of Initial Period: Extensions may be granted for eligible leases on blocks in water depths less than 400 meters as specified in Notice To Lessees and Operators 2000-G22, effective December 22, 2000;

Minimum Bonus Bid Amount: A bonus bid amount of \$25 per acre or fraction thereof for blocks in water depths of less than 800 meters and a bonus bid amount of \$37.50 per acre or fraction thereof for blocks in water depths of 800 meters or deeper;

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, 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 during 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 with credit applied for actual royalty paid during the lease year. If actual royalty paid exceeds the minimum royalty requirement, then no minimum royalty payment is due;

Royalty Suspension Areas: Royalty suspension, subject to gas price thresholds, will apply to blocks in water depths less than 200 meters where new deep gas (15,000 feet or greater subsea) is drilled and commences production within 5 years from lease issuance, and, subject to both oil and gas price thresholds, will apply in water depths of 400 meters or deeper; see the map "Lease Terms and Economic Conditions, Sale 185, Final" for specific areas and the "Royalty Suspension Provisions, Sale 185, Final" document contained in the FNOS 185 for specific details regarding royalty suspension eligibility, applicable price thresholds and implementation.

STIPULATIONS: The map "Stipulations and Deferred Blocks, Sale 185, Final" depicts the blocks where seven 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; (6) Protected Species; and (7) Below Seabed Operations on Mississippi Canyon Block 474. The texts of the stipulations are contained in the document "Lease Stipulations for Oil and Gas Lease Sale 185, Final" included in the FNOS 185. This map also depicts the deferred blocks noted above.

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

Please Note: For the minimum bonus bid only, if the calculation results in a decimal figure, round up to the next whole dollar amount (see next paragraph). The minimum bonus bid

calculation, including all rounding, is shown in the document "List of Blocks Available for Leasing in Sale 185" included in the FNOS 185.

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 185, not to be opened until 9 a.m., Wednesday, March 19, 2003." 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 FNOS 185.

The MMS published a list of restricted joint bidders, which applies to this sale, in the *Federal Register* at 67 FR 66416 on October 31, 2002. Bidders must execute all documents in conformance with signatory authorizations on file in the MMS Gulf of Mexico Region 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 one-fifth bonus bid amount 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 FNOS 185).

BONUS BID DEPOSIT: Each bidder submitting an apparent high bid must submit a bonus bid deposit to the MMS equal to one-fifth of the bonus bid amount for each such bid. Under the authority granted by 30 CFR 256.46(b), the MMS requires bidders to use electronic funds transfer procedures for payment of one-fifth bonus bid deposits for Sale 185, following the detailed instructions contained in the document "Instructions for Making EFT Bonus Payments" included in the FNOS 185. All payments must be electronically deposited into an interest-bearing account in the U.S. Treasury (account specified in the EFT instructions) by 1:00 p.m. Eastern Time the day following bid reading. Such a deposit does not constitute and shall not be construed as acceptance of any bid on behalf of the United States. If a lease is awarded, however, MMS requests that only one transaction be used for payment of the four-fifths bonus bid amount and the first year's rental.

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 one-fifth bonus bid payment (EFT or otherwise)) are required to guarantee (secure) their one-fifth bonus bid payment prior to the submission of bids. For those who must secure the EFT one-fifth bonus bid payment, one of the following options may be used: (1) Provide a third-party guarantee; (2) Amend Development Bond Coverage; (3) Provide a Letter of Credit; or (4) Provide a lump sum payment in advance via EFT. 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 FNOS 185 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 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), can be obtained from the MMS Gulf of Mexico Region 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 bonus bid amount and the first year's 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 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 FNOS 185.

AFFIRMATIVE ACTION: The MMS requests that, prior to bidding, Equal Opportunity Affirmative Action Representation Form MMS 2032 (June 1985) and Equal Opportunity Compliance Report Certification Form MMS 2033 (June 1985) be on file in the Gulf of Mexico Region Adjudication Unit. This certification is required by 41 CFR 60 and Executive Order No. 11246 of September 24, 1965, as amended by Executive Order No. 11375 of October 13, 1967. In any event, prior to the execution of any lease contract, both forms are required to be on file in the MMS Gulf of Mexico Region Adjudication Unit.

GEOPHYSICAL DATA AND INFORMATION STATEMENT: Pursuant to 30 CFR 251.12, the MMS has a right to access geophysical data and information collected under a permit in the OCS. Each bidder submitting a bid on a block in Sale 185, or participating as a joint bidder in such a bid, must submit a Geophysical Data and Information Statement identifying any processed or reprocessed pre- and post-stack depth migrated geophysical data and information in its possession or control and used in the evaluation of that block. The existence, extent (i.e., number of line miles for 2D or number of blocks for 3D) and type of such data and information must be clearly identified. The statement must include the name and phone number of a contact person, and an alternate, knowledgeable about the depth data sets (that were processed or reprocessed to correct for depth) used in evaluating the block. In the event such data and information includes data sets from different timeframes, you should identify only the most recent data set used for block evaluations. The statement must also identify each block upon which a bidder participated in a bid but for which it does not possess or control such depth data and information.

Each bidder must submit a separate Geophysical Data and Information Statement in a sealed envelope. The envelope should be labeled "Geophysical Data and Information Statement for Oil and Gas Lease Sale 185" and the bidder's name and qualification number must be clearly identified on the outside of the envelope. This statement must be submitted to the MMS at the Gulf of Mexico Regional Office, Attention: Resource Evaluation (1201 Elmwood Park Boulevard, New Orleans, Louisiana 70123-2394) by 10 a.m. on Tuesday, March 18, 2003. The statement may be submitted in conjunction with the bids or separately. Do not include this statement in the same envelope containing a bid. These statements will not be opened until after the public bid reading at Lease Sale 185 and will be kept confidential. An Example of Preferred Format for the Geophysical Data and Information Statement is included in FNOS 185.

The MMS will issue a Notice to Lessees (NTL) to provide more detail concerning submission of the Geophysical Data and Information Statement, making the data available to the MMS following the lease sale, preferred format, reimbursement for costs, and confidentiality.

INFORMATION TO LESSEES: The FNOS 185 contains an "Information To Lessees" document which provides information on various matters of interest to potential bidders.

February 4, 2003
Date

s/ Johnnie Burton
R. M. "Johnnie" Burton
Director, Minerals Management Service