
Leasing Activities Information



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

Information To Lessees Western Gulf Of Mexico Sale 200

(Final Notice of Sale)

This document contains Information to Lessees (ITL) paragraphs designed to inform potential bidders of notable applicable requirements of Federal agencies other than the U.S. Minerals Management Service (MMS) as well as emerging MMS requirements that may apply to this sale.

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(a) Navigation Safety. Operations on some of the blocks offered for lease may be restricted by designation of fairways, precautionary zones, anchorages, safety zones, or traffic separation schemes established by the U.S. Coast Guard pursuant to the Ports and Waterways Safety Act (33 U.S.C. 1221 et seq.), as amended, and the Deepwater Port Act (33 U.S.C. 1501-1524). Bidders are advised to review U.S. Coast Guard regulations.

U.S. Army Corps of Engineers (COE) permits are required for construction of any artificial islands, installations, and other devices permanently or temporarily attached to the seabed located on the OCS in accordance with section 4(e) of the OCS Lands Act, as amended.

For additional information, prospective bidders should contact Commander Scott Paradis, Eighth District, Sector New Orleans, Old Hammond Highway, Metairie, Louisiana 70005, (504) 846-6190. For COE information, prospective bidders should contact Mr. Don Nanninga, Chief Evaluation Section, Regulatory Branch, Post Office Box 1229, Galveston, Texas 77553, (409) 766-3938.

(b) Offshore Pipelines. Bidders are advised that the Department of the Interior and the Department of Transportation have entered into a Memorandum of Understanding (MOU), dated December 10, 1996, concerning the design, installation, operations, inspection, and maintenance of offshore pipelines. See also 30 CFR 250.1000(c)(1). Bidders should consult both Departments for regulations applicable to offshore pipelines; at the MMS Gulf of Mexico Regional Office, the appropriate contact is Mr. Alex Alvarado at (504) 736-2547; at DOT, contact Mr. Rodrick M. Seeley, Regional Director, Office of Pipeline Safety, Southwest Region, 8701 Gessner, Suite 1110, Houston, Texas 77004, (713) 272-2859. Copies of the MOU are available from the MMS Internet site and the MMS Gulf of Mexico Region Office Public Information Unit at the address at the end of this document.

(c) Ordnance Disposal Areas. Bidders are cautioned as to the existence of two inactive ordnance disposal areas in the Corpus Christi and East Breaks areas, shown on the "Stipulations and Deferred Blocks" map included in the Sale Notice Package. These areas were used to dispose of ordnance of unknown composition and quantity. These areas have not been used since about 1970. Water depths in the Corpus Christi area range from approximately 600 to 900 meters. Water depths in the East

Breaks area range from approximately 300 to 700 meters. Bottom sediments in both areas are generally soft, consisting of silty clays. Exploration and development activities in these areas require precautions commensurate with the potential hazards.

(d) Proposed Artificial Reefs/Rigs to Reefs. Bidders are advised that there are OCS artificial reef planning and general permit areas, and reef sites for the Gulf of Mexico. These are located in water depths of less than 200 meters. While all artificial reef sites require a permit from the U.S. Army Corps of Engineers, the Artificial Reefs/Rigs-to-Reefs program is implemented through State sponsorship through the following State Coordinators:

<u>Alabama</u>	Mr. Steve Heath	(251) 968-7576
<u>Florida</u>	Mr. Jon Dodrill	(850) 488-6058
<u>Louisiana</u>	Mr. Rick Kasprzak	(225) 765-2375
<u>Mississippi</u>	Mr. Mike Buchanan	(228) 374-5000
<u>Texas</u>	Mr. Douglas Peter	(281) 534-0112

For more information on Artificial Reef/Rigs-to-Reefs sites, prospective bidders should contact the above-listed State Artificial Reef Coordinators for their areas of interest.

(e) Lightering Zones. Bidders are advised that the U.S. Coast Guard has designated certain areas of the Gulf of Mexico as lightering zones for the purpose of permitting single hull vessels to off-load oil within the U.S. Exclusive Economic Zone. Such designation may have implications for oil and gas operations in the areas. See 33 CFR 156.300 for the regulations concerning lightering zones; additional information may be obtained from Lieutenant Commander Kevin Ullrich of the Coast Guard's Ports and Facilities Compliance Staff (G-MOC-3) at (202) 372-1232.

(f) Information about Indicated Hydrocarbons. Bidders are advised that MMS makes available, approximately 3 months prior to a lease sale, a list of unleased tracts having well bores with indicated hydrocarbons, which includes Eastern Gulf data as well as Central and Western Gulf data. Basic information relating to production, well bores, and pay range for each tract is included in the list. The list is available from the MMS Gulf of Mexico Region Public Information Unit at the address at the end of this document.

(g) Military Areas. Military Warning Areas are established in the DoD Flight Information Publication "Area Planning - Special Use Airspace - North and South America" published by the National Geospatial-Intelligence Agency (formerly the National Imagery and Mapping Agency), 3200 South Second Street, St. Louis, Missouri 63118-3399; NIMA reference number PLANXAP1A. The most recent version of this document was published on October 27, 2005; the next issue is expected to be published on September 28, 2006. This document may be downloaded from the NIMA website:

<https://164.214.2.62/products/digitalaero/index.cfm>

[scroll down to "Planning and Enroute Supplements" and click on: **AP1A**]

The NIMA home page may be found at: www.nima.mil.

The Military Areas Stipulation (Stipulation No. 2 in the document "Lease Stipulations" included in the Sale Notice Package) will be applied to leases in any new areas that may be established by that publication in addition to blocks in those Warning Areas which have had the stipulation in past sales.

Certain restrictions on flights and radio communications in the Warning Areas will require close coordination between lessees (and their operators and agents) and the appropriate military commander using the specific Warning Area. It is the responsibility of lessees to establish and maintain contact and coordination with the military commander(s) in any Warning Area in which operations or flights would be expected in the course of occupying and developing any leases; this could include flights through a Warning Area traveling to a leased block which is not in a Warning Area.

Lessees should establish and maintain contact and coordination with the appropriate military commander(s) whether or not there is a military stipulation in their lease(s).

The contact for administrative questions about the warning areas is:

Federal Aviation Administration
Houston Air Route Traffic Control (ARTC) Center
16600 John F. Kennedy Boulevard
Houston, Texas 77032
Telephone: (281) 230-5560/5520

For additional information, including a map of the Military Warning and Water Test Areas, see Notice to Lessees 2004-G02,

available from the MMS Gulf of Mexico Region Office Public Information Unit at the address at the end of this document and from the MMS Internet site at:
<http://www.gomr.mms.gov/homepg/regulate/regs/ntls/ntl04-g02.html>

(h) Lease Stipulation for Protected Species (Sea Turtles, Marine Mammals, Gulf Sturgeon, Brown Pelican, Whooping Cranes, and Other Federally Protected Species). Bidders are advised that, pursuant to requirements of section 7 of the Endangered Species Act, the MMS has completed formal consultations with the National Oceanic and Atmospheric Administration (NOAA Fisheries) and the U.S. Fish and Wildlife Service (FWS). The Biological Opinions issued by NOAA Fisheries and FWS specify measures to minimize or avoid potential adverse impacts to protected species. In accordance with these opinions, the MMS has included terms and conditions as appropriate in the Protected Species Stipulation (Stipulation No. 5), and in several Notices to Lessees (NTLs). Bidders should also note that NOAA Fisheries included in its opinion a conservation recommendation that permit holders maintain helicopter traffic over the Gulf at altitudes above 1,000 feet if practicable, to avoid disturbance to whales and sea turtles. The FWS has recommended in its opinion that, to avoid disturbance of brown pelican nesting activities, aircraft working on OCS activities should avoid flying lower than 1,000 feet above ground level or within a 2,000 foot perimeter around an island containing a nesting colony.

Three NTLs are currently in force to implement these measures.

NTL No. 2004-G01, entitled "Implementation of Seismic Survey Mitigation Measures and Protected Species Observer Program," is effective March 1, 2004. The NTL, issued pursuant to 30 CFR 250.103, explains how to implement seismic survey mitigation measures. This NTL supersedes and replaces NTL No. 2003-G08, effective June 5, 2003 and applies to all seismic operations throughout the Gulf of Mexico OCS in waters greater than 200 m (656 ft) in depth, and in all water depths in the Eastern Planning Area of the Gulf of Mexico. These measures apply to all on-lease seismic surveys conducted under 30 CFR 250.201 and all off-lease seismic surveys conducted under 30 CFR 251. NTL No. 2004-G01 may be obtained from our Public Information

Unit at the address at the end of this document or online at:

www.gomr.mms.gov/homepg/regulate/regs/ntls/ntl04-g01.html

NTL No. 2003-G10, entitled "Vessel Strike Avoidance and Injured/Dead Protected Species Reporting", became effective on June 19, 2003, is issued pursuant to 30 CFR 250.103, 30 CFR 250.203(o) and 30 CFR 250.204(s) to explain how to implement measures to minimize the risk of vessel strikes to protected species and report observations of injured or dead protected species. This NTL supersedes NTL 2003-G07 on this subject and revises the protected species reporting procedures and contact information. This NTL applies to all existing and future oil and gas operations in the Gulf of Mexico OCS. This NTL may be obtained from our Public Information Unit at the address at the end of this document or online at:

www.gomr.mms.gov/homepg/regulate/regs/ntls/ntl03-g10.html

NTL No. 2003-G11, entitled "Marine Trash and Debris Awareness and Elimination" became effective on June 19, 2003, and is issued pursuant to 30 CFR 250.103. This NTL supersedes NTL No. 2003-G06 on this subject. The NTL provides guidance to prevent intentional and/or accidental introduction of debris into the marine environment. This NTL applies to all existing and future oil and gas operations in the Gulf of Mexico OCS. The NTL requires careful handling of all trash and debris, specifies certain training, and directs the placement of certain placards warning about improper disposal of trash and debris. This NTL may be obtained from our Public Information Unit at the address at the end of this document or online at:

www.gomr.mms.gov/homepg/regulate/regs/ntls/ntl03-g11.html

(i) Safety Zones for Certain Production Facilities.

Bidders are advised to review the U.S. Coast Guard regulations at 33 CFR, Chapter I, Part 147 - Safety Zones. These regulations established a 500 meter (1,640.4 feet) safety zone around several oil and gas production facilities on the Gulf of Mexico OCS, measured from each point on its outer edge or from its construction site, not to interfere with the use of recognized sea lanes essential to navigation. These facilities

and their locations are specifically identified at 33 CFR, Chapter I, Parts 147.801 through 147.843.

These regulations prevent all vessels from entering or remaining in the safety zones except for: An attending vessel; a vessel under 100 feet in length overall not engaged in towing; or a vessel authorized by the Eighth Coast Guard District Commander.

(j) MMS Inspection and Enforcement of Certain Coast Guard Regulations. Bidders are advised to review the U.S. Coast Guard regulations at 33 CFR, Chapter I, Part 140, Subpart B - Inspections. These regulations authorize the Minerals Management Service to perform inspections on fixed Outer Continental Shelf (OCS) facilities engaged in OCS activities and to enforce Coast Guard regulations applicable to those facilities in accordance with 33 CFR, Chapter I, Subchapter N. Specific questions regarding this authorization may be directed to the U.S. Coast Guard's Eighth District, Marine Safety Office, 1615 Poydras Street, New Orleans, Louisiana 70112.

(k) Debarment and Suspension (Nonprocurement). Bidders are advised that in accordance with regulations at 43 CFR, part 42, subpart C, the lessee shall comply with the U.S. Department of the Interior's nonprocurement debarment and suspension requirements and agrees to communicate this requirement to comply with these regulations to persons with whom the lessee does business as it relates to this lease by including this term as a condition to enter into their contracts and other transactions. This agreement will be evidenced by language prepared by MMS through an Addendum included in each lease resulting from this lease sale.

(l) Deepwater Port Application for Offshore Liquefied Natural Gas Facility. The U.S. Coast Guard (USCG) and the Maritime Administration have received one application for the licensing of a deepwater port involving a proposed liquefied natural gas (LNG) import facility in the Western Planning Area of the Gulf of Mexico. This proposed facility would receive LNG ships, re-gasify the LNG offshore, and transport the natural gas to onshore markets through new pipelines to onshore facilities. The USCG is currently waiting for additional data from the applicant prior to resuming preparation of the environmental impact statement for the project.

Additional information regarding the proposed LNG receiving and re-gasification facility can be obtained at the following address:

Department of Homeland Security
U.S. Coast Guard
Deepwater Ports Standards Division
2100 Second Street, SW
Washington, DC 20593-0001
(202) 267-0225
(202) 267-4570 (fax)

By email to the USCG at: dwp@comdt.uscg.mil

From the USCG Deepwater Port Division website:
www.uscg.mil/hq/g-m/mso/mso5.htm

Or by contacting:

Mr. Kevin Tone
U.S. Coast Guard
(202) 267-0226
KTone@comdt.uscg.mil (e-mail)

You may also access all publicly-available data related to this as well as all other deepwater port projects on the U.S. Department of Transportation's Docket Management System at <http://dms.dot.gov/search/searchFormSimple.cfm>. The site includes the deepwater port application and its accompanying environmental reports and can be located by doing a simple search on the project's docket number noted below.

Beacon Port LLC, Liquefied Natural Gas Deepwater Port License Application. Docket Number: USCG-2005-21232.

(m) Change in Submission Time for Electronic Funds Transfer (EFT) to 11 a.m. Eastern Time. Bidders are advised of the change in submission time for the 1/5th bonus and 4/5th bonus and 1st year rental payments to 11 a.m. Eastern Time, which became effective in March 2006. Your 1/5th bonus bid EFT payment must be received in the appropriate United States Treasury account by 11 a.m. Eastern Time the day following bid reading and your 4/5th bonus and 1st year rental EFT payment must be received in the appropriate United States Treasury account no later than 11 a.m. Eastern Time on the 11th business day after receipt of the lease forms for execution by the

successful bidder. A business day is a day on which the OCS Regional Office conducting the lease offering is open for business. Detailed EFT payment procedures for this sale are included under Lease Information on the MMS website at www.gomr.mms.gov.

(n) Effect of Future Gulf of Mexico (GOM) Planning Area Boundary Changes on Availability of Certain Blocks Currently in the Western GOM in Future Proposed Lease Sales. Bidders are advised that if the Draft Proposed Oil and Gas Leasing Program for 2007-2012 is implemented in July 2007, as currently formulated, then certain blocks that are in the Garden Banks, Keathley Canyon, and Sigsbee Escarpment map areas will transfer from the Western GOM planning area to the Central GOM planning area. In association with this transfer, Western GOM Sale 200 is expected to be the last Western GOM sale to contain these blocks. After Sale 200, all transferred unleased blocks will not be available for lease again until the Central GOM Sale tentatively planned for March 2008.

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