

## DEPARTMENT OF THE INTERIOR

### Minerals Management Service (MMS)

Outer Continental Shelf (OCS) Western Planning Area (WPA) Gulf of Mexico (GOM) Oil and Gas Lease Sale 207

**AGENCY:** Minerals Management Service, Interior

**ACTION:** Final Notice of Sale (FNOS) 207

**SUMMARY:** On Wednesday, August 20, 2008, the MMS will open and publicly announce bids received for blocks offered in WPA Oil and Gas Lease Sale 207, 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 207 Package (FNOS 207 Package) contains information essential to bidders, and bidders are charged with the knowledge of the documents contained in the Package.

**DATES:** Public bid reading for the WPA Oil and Gas Lease Sale 207 will begin at 9 a.m., Wednesday, August 20, 2008, at the Royal Sonesta Hotel in the Grand Ballroom, located at 300 Bourbon Street, New Orleans, Louisiana 70130. All times referred to in this document are local New Orleans times, unless otherwise specified.

**ADDRESSES:** Bidders can obtain a FNOS 207 Package 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 GOM Homepage Address on the Internet: [www.gomr.mms.gov](http://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, and from 8 a.m. to the Bid Submission Deadline of 10 a.m. on Tuesday, August 19, 2008, the day before the lease sale. If bids are mailed, please address the envelope containing all of the sealed bids as follows:

Attention: Supervisor, Sales and Support Unit (MS 5422)  
Leasing Activities Section  
MMS Gulf of Mexico Region  
1201 Elmwood Park Boulevard  
New Orleans, Louisiana 70123-2394

**Contains Sealed Bids for Oil and Gas Lease Sale 207**  
**Please Deliver to Ms. Nancy Kornrumpf, 6<sup>th</sup> Floor, Immediately**

Please note: Bidders mailing their bid(s) are advised to call Ms. Nancy Kornrumpf (504) 736-2726, immediately after putting their bid(s) in the mail.

If the RD receives bids later than the time and date specified above, he will return those bids unopened to bidders. 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 or access our website at: [www.gomr.mms.gov](http://www.gomr.mms.gov) 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 in Western Planning Area OCS Oil and Gas Lease Sale 207, all blocks and partial blocks listed in the document “List of Blocks Available for Leasing” included in the FNOS 207 Package. All of these blocks are shown on the following leasing maps and Official Protraction Diagrams (OPD’s):

**Outer Continental Shelf Leasing Maps - Texas Map Numbers 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 September 3, 2002)  
TX4 Matagorda Island Area (revised November 1, 2000)  
TX5 Brazos Area (revised November 1, 2000)  
TX5B Brazos Area, South Addition (revised 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 Leasing Maps - Louisiana Map Numbers 1A, 1B, and 12  
(These 3 maps sell for \$2.00 each.)**

LA1A West Cameron Area , West Addition (revised February 28, 2007)  
LA1B West Cameron Area, South Addition (revised February 28, 2007)  
LA12 Sabine Pass Area (revised February 28, 2007)

**Outer Continental Shelf Official Protraction Diagrams (OPD’s)  
(These 7 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 February 28, 2007)  
NG15-04 Alaminos Canyon (revised November 1, 2000)

NG15-05 Keathley Canyon (revised February 28, 2007)  
NG15-08 Sigsbee Escarpment (revised February 28, 2007)

Please note: A CD-ROM (in ARC/INFO and Acrobat (.pdf) format) containing all of the GOM leasing maps and OPD's, except for those not yet converted to digital format, is available from the MMS Gulf of Mexico Region Public Information Unit for a price of \$15. These GOM leasing maps and OPD's are also available for free online in .pdf and .gra format at [http://www.gomr.mms.gov/homepg/lseale/map\\_arc.html](http://www.gomr.mms.gov/homepg/lseale/map_arc.html).

For the current status of all Western GOM leasing maps and OPD's, please refer to 66 FR 28002 (published May 21, 2001), 67 FR 60701 (published September 26, 2002), and 72 FR 27590 (published May 16, 2007). 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. For additional information, please call Ms. Tara Montgomery (504) 736-5722.

All blocks are shown on these leasing maps and OPD's. The available Federal acreage of all whole and partial blocks in this lease sale is shown in the document "List of Blocks Available for Leasing" included in the FNOS 207 Package. Some of these blocks may be partially leased or deferred, or transected by administrative lines such as the Federal/State jurisdictional line. A bid on a block must include all of the available Federal acreage of that block. Also, information on the unleased portions of such blocks is found in the document "Western Planning Area, Lease Sale 207, August 20, 2008 - Unleased Split Blocks and Available Unleased Acreage of Blocks with Aliquots and Irregular Portions Under Lease or Deferred" included in the FNOS 207 Package.

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

Whole blocks and portions of blocks which lie within the boundaries of the Flower Garden Banks National Marine Sanctuary at the East and West Flower Garden Banks and Stetson Bank (the following list includes all blocks affected by the Sanctuary boundaries):

High Island, East Addition, South Extension (Leasing Map TX7C)

Whole Blocks: A-375, A-398

Portions of Blocks: A-366, A-367, A-374, A-383, A-384, A-385, A-388, A-389, A-397, A-399, A-401

High Island, South Addition (Leasing Map TX7B)

Portions of Blocks: A-502, A-513

Garden Banks (OPD NG15-02)

Portions of Blocks: 134, 135

Whole blocks and portions which lie within the former Western Gap portion of the 1.4 nautical mile buffer zone north of the continental shelf boundary between the United States and Mexico:

Keathley Canyon (OPD NG15-05)  
Portions of Blocks: 978 through 980

Sigsbee Escarpment (OPD NG15-08)  
Whole Blocks: 11, 57, 103, 148, 149, 194  
Portions of Blocks: 12 through 14, 58 through 60, 104 through 106, 150

**STATUTES AND REGULATIONS:** Each lease issued in this lease sale is subject to the OCS Lands Act of August 7, 1953; 43 U.S.C. 1331 et seq., as amended, hereinafter called “the Act;” all regulations issued pursuant to the Act and in existence upon the Effective Date of the lease; all regulations issued pursuant to the statute in the future which provide for the prevention of waste and conservation of the natural resources of the OCS and the protection of correlative rights therein; and all other applicable statutes and regulations.

**LEASE TERMS AND CONDITIONS:** Initial periods, extensions of initial periods, minimum bonus bid amounts, rental rates, escalating rental rates for leases with an approved extension of the initial 5-year period, royalty rate, minimum royalty, and royalty suspension provisions, if any, applicable to this sale are noted below. Depictions of related areas are shown on the map “Final, Western Planning Area, Lease Sale 207, August 20, 2008, Lease Terms and Economic Conditions” for leases resulting from this lease sale.

**Initial Periods:** 5 years for blocks in water depths of less than 400 meters; 8 years for blocks in water depths of 400 to less than 800 meters (pursuant to 30 CFR 256.37, commencement of an exploratory well is required within the first 5 years of the initial 8-year term to avoid lease cancellation); and 10 years for blocks in water depths of 800 meters or deeper.

**Extensions of Initial Periods:** The 5-year initial period for a lease in water depths of less than 400 meters and issued from this sale may be extended to 8 years if a well, targeting hydrocarbons below 25,000 feet true vertical depth subsea (TVD SS) is spudded within the initial period. The 3-year extension may be granted in cases where the well is drilled to a target below 25,000 TVD SS and also in cases where the well does not reach a depth below 25,000 TVD SS due to mechanical or safety reasons.

In order for the 5-year initial period to be extended to 8 years, the lessee is required to submit to the Regional Supervisor for Production and Development within 30 days after completion of the drilling operation a letter providing the well number, spud date, information demonstrating the target below 25,000 feet TVD SS, and if applicable, safety or mechanical problems encountered that prevented the well from reaching a depth below 25,000 feet TVD SS. The Regional Supervisor must concur in writing that the conditions have been met to extend the lease term 3 years. The Regional Supervisor will provide written confirmation of any lease extension within 30 days of receipt of the letter provided.

For any lease that has a well spudded in the first 5 years of the initial period with a hydrocarbon target below 25,000 feet TVD SS, the regulations found at 30 CFR 250.175(a), (b), and (c) will not be applicable at the end of the 5th year.

For any lease that does not have a well spudded in the first 5 years of the initial period which targets hydrocarbons below 25,000 feet TVD SS, the regulations found at 30 CFR 250.175(a), (b), and (c) will be applicable, but the 3-year extension will not be available.

At the end of the 8th year, the lessee is free to use all lease term extension provisions under the regulations.

**Minimum Bonus Bid Amounts:** A bonus bid will not be considered for acceptance unless it provides for a cash bonus in the amount of \$25 or more per acre or fraction thereof for blocks in water depths of less than 400 meters or \$37.50 or more per acre or fraction thereof for blocks in water depths of 400 meters or deeper; to confirm the exact calculation of the minimum bonus bid amount for each block, see “List of Blocks Available for Leasing” contained in the FNOS 207 Package. Please note that bonus bids must be in whole dollar amounts (i.e., any cents will be disregarded by the MMS).

**Rental Rates:** Subject to the one set of exceptions below, \$6.25 per acre or fraction thereof for blocks in water depths of less than 200 meters, and \$9.50 per acre or fraction thereof for blocks in water depths of 200 meters or deeper, to be paid on or before the 1st day of each lease year until determination of well producibility is made, then at the expiration of each lease year until the start of royalty-bearing production. An exception to the rental rate requirement for blocks in water depths up to 400 meters will be escalating rental rates in the 6<sup>th</sup>, 7<sup>th</sup>, and 8<sup>th</sup> year for leases with an approved extension of the 5-year initial period, as noted in the following paragraph of this document.

**Escalating Rental Rates for leases with an approved extension of the 5-year initial period:** Any lease in water depths less than 400 meters and granted a 3-year extension beyond the 5-year initial period as provided above will pay an escalating rental rate as set out in the following table, to be paid on or before the 1<sup>st</sup> day of each lease year until determination of well producibility is made, then at the expiration of each lease year until the start of royalty-bearing production. However, the escalating rental rates after the 5th year for blocks in up to 400 meters will become fixed and no longer escalate if another well is spudded during the 3-year extended term of the lease that targets hydrocarbons below 25,000 feet TVD SS, and MMS concurs that this has occurred. In this case the rental rate will become fixed at the rental rate in effect during the lease year in which the additional well was spudded.

Extended Lease Year No.	Escalating Annual Rental Rate for a Lease in: Less than a 200-Meter Water Depth	Escalating Annual Rental Rate for a Lease in a: 200- to Less than 400-Meter Water Depth
6	\$12.50 per acre or fraction thereof	\$19.00 per acre or fraction thereof
7	\$18.75 per acre or fraction thereof	\$28.50 per acre or fraction thereof
8	\$25.00 per acre or fraction thereof	\$38.00 per acre or fraction thereof

**Royalty Rate:** 18.75 percent royalty rate for blocks in all water depths, except during periods of royalty suspension, to be paid monthly on the last day of the month following the month during which the production is obtained.

**Minimum Royalty:** \$6.25 per acre or fraction thereof per year for blocks in water depths of less than 200 meters and \$9.50 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 beginning in the year in which royalty bearing production commences, and continuing thereafter regardless of either the lease year or whether any royalty suspension may apply. A credit will be applied for any actual royalty paid on the lease during the lease year in which minimum royalty is owed on the lease. If the actual royalty paid on the lease for a given lease year exceeds the minimum royalty otherwise owed, then no minimum royalty payment is due.

**Royalty Suspension Provisions:** Leases with royalty suspension volumes (RSV), are authorized under existing MMS rules at 30 CFR Part 260. There are no circumstances under which a single lease could receive a royalty suspension both for deep gas production and for deepwater production.

Section 344 of the Energy Policy Act of 2005 (EPA05) extends existing deep gas incentives in two ways. First, it mandates a RSV of at least 35 billion cubic feet of natural gas for certain wells completed in a drilling depth category (20,000 feet TVD SS or deeper) for leases in 0 - 400 meters of water. Second, section 344 directs that the same incentives prescribed in MMS's 2004 rule for wells completed between 15,000 feet and 20,000 feet TVD SS on leases in 0 - 200 meters of water be applied to leases in 200 - 400 meters of water. Section 345 of the EPA05 directs continuation of the MMS deepwater incentive program utilized since 2001 in the Gulf of Mexico for leases issued between August 8, 2005, and August 8, 2010, and provides for an increase in RSV from 12 million barrels of oil equivalent (MMBOE) to 16 MMBOE for leases in water depths greater than 2,000 meters.

### **Deep Gas Royalty Suspensions**

A lease issued as a result of this sale may be eligible for royalty relief. The MMS published a proposed rule on May 18, 2007, and will publish a final rule (Incentives for Natural Gas Production from Deep Wells in the Shallow Waters of the Gulf of Mexico) implementing Section 344 of EPA05. If a lease is eligible, it will be subject to the provisions of that final

rule, including any price threshold provisions. Please refer to the Royalty Suspension Provisions cited below.

**A. The following Royalty Suspension Provisions apply to qualifying deep wells on leases at least partly in water depths up to 200 meters:**

Such wells require a perforated interval the top of which is from 15,000 to less than 20,000 feet TVD SS. Suspension volumes, conditions, and requirements prescribed in 30 CFR 203.41 through 203.47 and any amendments or successor regulations apply to deep gas production from a lease in this water depth range issued as a result of this sale. Definitions that apply to this category of royalty relief are found in 30 CFR 203.0. To receive this category of royalty relief, production from a qualified well or drilling of a certified unsuccessful well must commence before May 3, 2009.

**B. The following Royalty Suspension Provisions apply to qualifying deep wells on leases entirely in water depths more than 200 but less than 400 meters:**

Such wells require a perforated interval, the top of which is from 15,000 to less than 20,000 feet TVD SS. The EAct05 requires the Secretary to issue regulations granting RSV to leases entirely in water depths more than 200 but less than 400 meters that will be calculated using the same methodology as is currently employed for leases at least partly in water depth up to 200 meters. Deep wells on leases in the 200 - 400 meter water depth range issued in Sale 207 will be eligible for royalty relief prescribed in the final rule implementing Section 344 of the EAct05.

**C. The following Royalty Suspension Provisions apply to qualifying ultra deep wells on leases entirely in water depths less than 400 meters:**

Ultra deep wells (i.e., wells completed with a perforated interval, the top of which is 20,000 feet TVD SS or deeper) on leases entirely in water depths less than 400 meters issued in Sale 207 will be eligible for the royalty relief prescribed in a final rule implementing section 344 of the EAct05.

**Deepwater Royalty Suspensions**

**The following Royalty Suspension Provisions apply to deepwater oil and gas production:**

A lease issued as a result of this sale may be eligible for royalty relief. The following Royalty Suspension Provisions for deepwater oil and gas production apply to a lease issued as a result of this sale. These provisions are similar to, and mean the same as, the language used in recent sales except for some clarifying text and updated examples. In addition to these provisions, and the EAct05, refer to 30 CFR 218.151 and applicable provisions of sections 260.120-260.124 for regulations on how royalty suspensions relate to field assignment, product types, rental obligations, and supplemental royalty relief.

1. A lease in water depths of 400 meters or more will receive a royalty suspension as follows, according to the water depth range in which the lease is located:

400 meters to less than 800 meters:	5 MMBOE
800 meters to less than 1600 meters:	9 MMBOE
1600 meters to 2000 meters:	12 MMBOE
Greater than 2000 meters:	16 MMBOE

2. In any calendar year during which the arithmetic average of the daily closing prices for the nearby delivery month on the New York Mercantile Exchange (NYMEX) for the applicable product exceeds the adjusted product price threshold, the lessee must pay royalty on production that would otherwise receive royalty relief under 30 CFR Part 260 or supplemental relief under 30 CFR Part 203, and such production will count towards the royalty suspension volume.
  - a) The base level price threshold for light sweet crude oil is \$36.39 per barrel in 2007. The adjusted oil price threshold in any subsequent calendar year is computed by changing the price threshold applicable in the immediately preceding calendar year by the percentage by which the implicit price deflator for the gross domestic product has changed during the calendar year.
  - b) The base level price threshold for natural gas is \$4.55 per million British thermal units (MMBTU) in 2007. The adjusted gas price threshold in any subsequent calendar year is computed by changing the price threshold applicable in the immediately preceding calendar year by the percentage by which the implicit price deflator for the gross domestic product has changed during the calendar year.
  - c) As an example, if the implicit price deflator indicates that inflation is 3 percent in 2008, then the price threshold in calendar year 2008 would become \$37.48 per barrel for oil and \$4.69 for gas. Therefore, royalty on oil production in calendar year 2008 would be due if the average of the daily closing prices for the nearby delivery month on the NYMEX in 2008 exceeds \$37.48 per barrel and royalty on gas production in calendar year 2008 would be due if the average of the daily closing prices for the nearby delivery month on the NYMEX in 2008 exceeds \$4.69 per MMBTU.
  - d) The MMS provides notice in March of each year when adjusted price thresholds for the preceding year were exceeded. Once this determination is made, based on the then-most recent implicit price deflator information, it will not be revised regardless of any subsequent adjustments in the implicit price deflator published by the U.S. Government for the preceding year. Information on price thresholds is available at the MMS website <http://www.mms.gov/econ>.
  - e) In cases where the actual average price for the product exceeds the adjusted price threshold in any calendar year, royalties must be paid no later than 90 days after the end of the year (see 30 CFR 260.122 (b)(2) for more detail) and royalties must be paid provisionally in the following calendar year (See 30 CFR 260.122 (c) for more detail).

- f) Full royalties are owed on all production from a lease after the RSV is exhausted, beginning on the first day of the month following the month in which the RSV is exhausted.

**LEASE STIPULATIONS:** The map “Final, Western Planning Area, Lease Sale 207, August 20, 2008, Stipulations and Deferred Blocks” depicts those blocks on which one or more of five lease stipulations apply: (1) Topographic Features; (2) Military Areas; (3) Operations in the Naval Mine and Anti-Submarine Warfare Area; (4) Law of the Sea Convention Royalty Payment; and (5) Protected Species.

The texts of the stipulations are contained in the document “Lease Stipulations, Western Planning Area, Oil and Gas Lease Sale 207, Final Notice of Sale” included in the FNOS 207 Package. In addition, the “List of Blocks Available for Leasing,” contained in this FNOS 207 Package identifies for each block listed the lease stipulations applicable to that block.

**INFORMATION TO LESSEES:** The FNOS 207 Package contains an “Information To Lessees” document that provides detailed information on certain specific issues pertaining to this proposed oil and gas lease sale.

**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 207, not to be opened until 9 a.m., Wednesday, August 20, 2008.” The submitting company's name, its company number, the map name/number, and block number should be clearly identified on the outside of the envelope.

Please refer to the sample bid envelope included within the FNOS 207 Package. The total amount of the 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 207 Package. A blank bid form has been provided for your convenience which may be copied and filled in.

Please also refer to the Telephone Numbers/Addresses of Bidders Form included within the FNOS 207 Package. We are requesting that you provide this information in the format suggested for each lease sale. Please provide this information prior to or at the time of bid submission. Do not enclose this form inside the sealed bid envelope.

The MMS published in the Federal Register a list of restricted joint bidders, which applies to this lease sale, at 73 FR 36556, on June 27, 2008. Please also refer to joint bidding provisions at 30 CFR 256.41 for additional information. Bidders must execute all documents in conformance with signatory authorizations on file in the MMS Gulf of Mexico Region Adjudication Office. Signatories must be authorized to bind their respective legal business entities (e.g., a corporation, partnership, or LLC) and must have an incumbency certificate setting forth the authorized signatories on file with the MMS GOM Region Adjudication Office. Bidders submitting joint bids must include on the bid form the proportionate interest of each participating bidder, stated as a percentage, using 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 payment of 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 207 Package).

**WITHDRAWAL OF BIDS:** Once submitted, bid(s) may not be withdrawn unless the RD receives a written request for withdrawal from the company who submitted the bid(s), prior to 10 a.m. on Tuesday, August 19, 2008. This request must be typed on company letterhead and must contain the submitting company's name, its company number, the map name/number and block number of the bid(s) to be withdrawn. The request must be in conformance with signatory authorizations on file in the MMS Gulf of Mexico Region Adjudication Office. Signatories must be authorized to bind their respective legal business entities (e.g., a corporation, partnership, or LLC) and must have an incumbency certificate setting forth the authorized signatories on file with the MMS GOM Region Adjudication Office. The name and title of said signatory must be typed under the signature block on the withdrawal letter. Upon the RD's, or his designee's, approval of such requests, he will indicate his approval by affixing his signature and date to the submitting company's request for withdrawal.

**ROUNDING:** The following procedure must be used to calculate the minimum bonus bid, annual rental, and minimum royalty: Round up to the next whole acre if the block acreage contains a decimal figure prior to calculating the minimum bonus bid, annual rental, and minimum royalty amounts. The appropriate rate per acre is applied to the whole (rounded up) acreage.

The bonus bid must be in whole dollar amounts (i.e., any cents will be disregarded by the MMS) and greater than or equal to the minimum bonus bid. The appropriate minimum bid per acre rate is applied to the whole (rounded up) acreage and the resultant calculation is rounded up to the next whole dollar amount if the calculation results in any cents. The minimum bonus bid calculation, including all rounding, is shown in the document "List of Blocks Available for Leasing" included in the FNOS 207 Package.

**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. All payments must be electronically deposited into an interest-bearing account in the U.S. Treasury (account information provided in the Electronic Funds Transfer (EFT) instructions) by 11 a.m. Eastern Time the day following bid reading. 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 Lease Sale 207, following the detailed instructions contained in the document "Instructions for Making EFT Bonus Payments," which can be found on the MMS website at <http://www.gomr.mms.gov/homepg/lseale/207/wgom207.html>. 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 are NOT currently an OCS mineral lease record title holder or designated operator 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 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 lease 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 207 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 Act, and other applicable regulations may be returned to the bidder submitting that bid by the RD and not considered for acceptance. The Attorney General may also review the results of the lease sale prior to the acceptance of bids and issuance of leases. To ensure that the Government receives a fair return for the conveyance of lease rights for this lease sale, high bids will be evaluated in accordance with MMS bid adequacy procedures. A copy of current procedures, "Modifications to the Bid Adequacy Procedures" at 64 FR 37560 on July 12, 1999, can be obtained from the MMS Gulf of Mexico Region Public Information Unit or via the MMS Gulf of Mexico Region Internet website at: <http://www.gomr.mms.gov/homepg/lseale/bidadeq.html>.

**SUCCESSFUL BIDDERS:** As required by the 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.

Also, in accordance with regulations at 2 CFR Parts 180 and 1400, 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.

**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 MMS Gulf of Mexico Region Adjudication Unit. This certification is required by 41 CFR Part 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.

**Every bidder submitting a bid on a block in Sale 207, or participating as a joint bidder in such a bid, must submit a Geophysical Data and Information Statement (GDIS)** identifying any enhanced or reprocessed geophysical data and information generated or used as part of the decision to bid or participate in a bid on the block. The data identified in the GDIS should clearly identify whether the data or information are non-exclusive data sets available from geophysical contractors or exclusive data specially processed for or by bidders. In addition, the GDIS should clearly identify the data type (2-D or 3-D, pre-stack or post-stack and time or depth); data extent (i.e., number of line miles for 2D or number of blocks for 3D) and migration algorithm of the data and information. The statement must also include the name and phone number of a contact person, and an alternate, who are both knowledgeable about the information and data listed and available for 30 days post-sale, the processing company, date processing completed, owner of the original data, original data survey name and permit number. The MMS reserves the right to query about alternate data sets and to quality check and compare the listed and alternative data sets to determine which data set most closely meets the needs of the fair market value determination process.

The statement must also identify each block upon which a bidder bid, or participated in a bid, but for which it did not use processed or reprocessed pre- or post-stack depth migrated geophysical data and information as part of the decision to bid or to participate in the bid. The GDIS must be submitted, even if no enhanced geophysical data and information were used for bid preparation of the tract.

In the event your company supplies any type of data to the MMS, in order to get reimbursed, your company must be registered with the Central Contractor Registration (CCR) at <http://www.ccr.gov>. This is a requirement that was implemented on October 1, 2003, and requires all entities doing business with the Government to complete a business profile in CCR and update it annually. Payments are made electronically based on the information contained in CCR. Therefore, if your company is not actively registered in CCR, the MMS will not be able to reimburse or pay your company for any data supplied.

Please also refer to the FNOS 207 Package for more detail concerning submission of the GDIS, making the data available to the MMS following the lease sale, preferred format, reimbursement for costs, and confidentiality.

**FORCE MAJEURE:** The RD of the MMS Gulf of Mexico Region has the discretion to change any date, time, and/or location specified in the Final Notice of Sale package in case of a force majeure which the RD deems may interfere with the carrying out of a fair and proper lease sale process. Such events may include, but are not limited to, natural disasters (earthquakes, hurricanes, floods), wars, riots, acts of terrorism, fire, strikes, civil disorder or other events of a

similar nature. In case of such events, bidders should call (504) 736-0557 or access our website at [www.gomr.mms.gov](http://www.gomr.mms.gov) for information about any changes.

s/ Randall B. Luthi  
Randall B. Luthi  
Director, Minerals Management Service

Date: July 9, 2008