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MMS Issues Proposed Notices of Central and Eastern Gulf Lease Sales

NEW ORLEANS – The Department of the Interior’s Minerals Management Service (MMS) has proposed that lease sales 206 and 224 for the Central Gulf of Mexico (GOM) and Eastern Gulf of Mexico Planning Areas (respectively) be held consecutively March 19, 2008. The Notices of Availability of the Proposed Notices of Sale (PNOS) were published in today’s [Federal Register](#).

The proposed lease sale 206 encompasses approximately 5,000 unleased blocks covering more than 28.5 million acres in the Central GOM Planning Area offshore Louisiana, Mississippi, and Alabama. The acreage is located from three to 230 miles offshore in water depths of about 10 feet (three meters) to more than 11,200 feet (3,400 meters). Sale 206 offers the same area for lease as did Central Gulf Sale 205 held October 3, 2007.

Sale 205, the last lease sale conducted by the MMS, included tracts in the Central GOM Planning Area and resulted in \$2.9 billion dollars in high bids, making it the agency’s second largest sale behind 1983’s Sale 72, which generated \$3.46 billion in high bids.

The department estimates that this Sale 206 area contains approximately 0.877 to 1.457 billion barrels of oil and 3.653 to 5.892 trillion cubic feet of natural gas.

The proposed lease sale 224, mandated by the Gulf of Mexico Energy Security Act of 2006, encompasses 118 whole or partial unleased blocks which cover 547,230 acres in the Eastern GOM Planning Area. The acreage is located 125 miles offshore, south of Florida and west of the Military Mission Line in water depths ranging from 2,657 feet (810 meters) to 10,213 feet (3,113 meters).

“This is the first sale in the Eastern Gulf of Mexico Planning area to offer these blocks since 1988,” said Assistant Secretary for Land and Minerals Management C. Stephen Allred. “It is also the first sale where sharing provisions of the Energy Security Act will start immediately. The states of Alabama, Mississippi, Louisiana, and Texas will share in revenue from all leases resulting from this sale.”

The MMS estimates that this Sale 224 area contains from 100 to 140 million barrels of oil and 0.16 to 0.34 trillion cubic feet of natural gas. It will be the only sale in the Eastern GOM to be held during the current Five Year Program.

(MORE)

The PNOS for sales 206 and 224 include an increase in the royalty rate to 18.75 percent and will include rental rates of \$6.25/acre for tracts in waters 200 meters or less and \$9.50/acre for tracts in deeper waters. Deepwater Royalty Relief is provided in Sale 206 but has price thresholds above which the Relief would end. The price thresholds for the sale are \$35.75 per barrel of oil and \$4.47 per Mcf of gas, both based on 2006 dollars.

The Proposed Notices of Sale information packages are posted on the MMS Website.

In addition, copies can be requested by mail at:
MMS Gulf of Mexico Regional Office
Public Information Unit
1201 Elmwood Park Boulevard
New Orleans, Louisiana 70123

Or by telephone at (504) 736-2519, toll free 1-800-200-GULF.

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