



**U.S. Department of the Interior
Minerals Management Service
Office of Communications**

NEWS RELEASE

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RELEASE:

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MMS ISSUES PROPOSED NOTICE OF SALE FOR CENTRAL GULF OF MEXICO SALE 169

The U.S. Department of the Interior's Minerals Management Service (MMS) has issued a proposed Notice of Sale for Sale 169 in the Central Gulf of Mexico. The proposal outlines the terms and conditions of the lease sale. Bids will be opened March 18, 1998, at the Hyatt Regency, 500 Poydras Plaza, New Orleans, Louisiana at 9:00 a.m. The proposal is published in the November 25 edition of the Federal Register.

The sale encompasses about 4,244 available blocks in the Central Gulf of Mexico Outer Continental Shelf (OCS) planning area offshore Louisiana, Mississippi, and Alabama. This area covers about 22.85 million acres. Blocks in this sale are located from 3 to 200 miles offshore in water depths ranging from 4 to more than 3,400 meters. There are 3,428 tracts in this sale offering that are in water depths of 200 meters or more. Estimates of undiscovered recoverable hydrocarbons on unleased tracts within this sale area range from 36.91 to 39.42 trillion cubic feet of natural gas and 2.44 to 2.84 billion barrels of oil.

Included in this sale will be tracts beyond the United States Exclusive Economic Zone (EEZ) based upon provisions of the 1982 Law of the Sea Convention. The area beyond the EEZ in this sale includes the area that, for clarity and descriptive purposes, the MMS refers to as the "Northern Portion of the Western Gap." Tracts in the Northern Portion of the Western Gap could be subject to a continental shelf delimitation agreement between the United States and Mexico. Bid submission and opening procedures for bids on tracts in the Northern Portion of the Western Gap may differ from procedures for bids on other tracts in this sale. Specific procedures for handling such bids will be specified in the Final Notice of Sale.

In addition, for this sale, MMS is considering the expanded optional use of Electronic Funds Transfer (EFT) for payment of the 1/5 bonus bid. This could include the suspension of the requirement to secure their EFT payment with a lump sum check for those bidders who use EFT.

Other recent sales in the Central Gulf of Mexico include Sale 166 held in March 1997, where MMS offered 5,059 tracts covering 27.16 million acres. Of the area offered, 1,001 tracts were

leased for bonuses totaling over \$811 million. In April 1996, MMS held Central Gulf of Mexico Sale 157 and offered 5,649 tracts covering 30.32 million acres. Of those tracts, 902 were leased for bonuses totaling over \$512 million.

Statistical Summary

Size: 4,244 unleased blocks; 22.85 million acres

Lease Terms:

5 Year 886 Blocks - Water depths less than 400 meters

8 Year 116 Blocks - Water depths between 400 and 800 meters

10 Year 3,242 Blocks - Water depths greater than 800 meters

Bidding Systems:

12 1/2% Royalty - 3,358 Blocks

16 2/3% Royalty - 886 Blocks

Royalty Suspension Areas:

200-400 Meter Royalty Suspension Area - 70 Blocks

400-800 Meter Royalty Suspension Area - 116 Blocks

800 Meter and Greater Royalty Suspension Area - 3,242 Blocks

Minimum Bid: \$25 per acre or fraction thereof

MMS is the federal agency that manages the Nation's natural gas, oil and other mineral resources on the Outer Continental Shelf; and collects, accounts for, and disburses about \$4 billion in revenues each year from federal offshore mineral leases and from onshore mineral leases on federal and Indian lands.

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