

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

NEWS RELEASE

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MMS Issues Final Notice of Sale for Central Gulf of Mexico Sale 172

The U.S. Department of the Interior's Minerals Management Service (MMS) published the Final Notice of Sale for Central Gulf of Mexico (GOM) Sale 172 in today's *Federal Register*. The sale will be held March 17, 1999, at the Hyatt Regency Hotel, 500 Poydras Plaza, New Orleans, Louisiana.

"This is the fourth annual Central Gulf of Mexico sale in which blocks in depths of 200 meters or more are eligible for royalty relief under the Deep Water Royalty Relief Act," said MMS Deputy Director Tom Kitsos. "Royalty relief has contributed to an unprecedented level of new activity in the Gulf of Mexico. In this sale, there are 2,970 deepwater blocks," he explained. "However, we understand that the recent fall in world oil prices has drastically affected the capital available for exploration and production in the U.S., and we anticipate a reduction in both the level of bidding and the number of companies participating in this upcoming lease sale."

The final Notice of Sale covers 3,807 available blocks encompassing about 20.37 million acres in the Central GOM Outer Continental Shelf (OCS) Planning Area offshore Louisiana, Mississippi, and Alabama. Blocks in this sale area are located from three to approximately 200 miles offshore in water depths ranging from four to more than 3,425 meters.

Sale 172 will be the 56th OCS lease sale in the Central Gulf. Copies of the final Notice of Sale are available from the Gulf Region's Public Information Office, 1201 Elmwood Park Boulevard, New Orleans, Louisiana 70123-2394, telephone (504) 736-2519 or 1-800-200-GULF. Supplemental documents may also be obtained from that office.

MMS is the Federal agency that manages the Nation's natural gas, oil, and other mineral resources on the OCS; and collects, accounts for, and last year disbursed about \$6 billion in revenues from Federal offshore mineral leases and from onshore mineral leases on Federal and Indian lands.

Editor's Note: Related statistical data can be found on the MMS website, at www.gomr.mms.gov/homepg/lseale.html.

Sale 172 Statistical Summary

Under the Deep Water Royalty Relief Act, MMS will apply royalty suspension volumes to new fields that were not producing prior to November 28, 1995. Royalty suspension volumes are:

- 17.5 million barrels of oil equivalent (MMBOE) in 200 to 400 meters of water;
- 52.5 MMBOE in 400 to 800 meters of water; and
- 87.5 MMBOE in more than 800 meters of water.

Sale Size: 3,807 unleased blocks; 20.37 million acres

Lease Terms:

5 Year — 895 Blocks — Water depths less than 400 meters

8 Year — 102 Blocks — Water depths between 400-800 meters

10 Year — 2,810 Blocks — Water depths greater than 800 meters

Royalty Rates: 12 1/2% Royalty — 2,912 Blocks; 16 2/3% Royalty — 895 Blocks

Royalty Suspension Areas:

200-400 Meter Royalty Suspension Area — 58 Blocks

400-800 Meter Royalty Suspension Area — 102 Blocks

800 Meter and Greater Royalty Suspension Area — 2,810 Blocks

Minimum Bid: \$25 per acre or fraction thereof in water depths of less than 800 meters — 997 blocks

\$37.50 per acre or fraction thereof in water depths of 800 meters or deeper — 2,810 blocks

Note: Tracts beyond the U.S. Exclusive Economic Zone (tracts in the northern portion of the Western Gap and in the northern portion of the Eastern Gap) are **NOT** offered for leasing in this sale.

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