



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

Fact Sheet

FOR RELEASE: November 29, 2000

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Proposed OCS Lease Sale 178

Total proposed sale

4,366 unleased blocks; 23.07 million acres

Royalty Relief

1,290 blocks subject to deep gas incentive (first 20 BCF)
213 blocks with no automatic royalty relief
406 blocks subject to 9 MMBOE relief
2,457 blocks subject to 12 MMBOE relief

Deep Gas Initiative

- Applies to all new leases in 0 to 199 meters of water.
- Eliminates royalty for first 20 Bcf of gas production from the lease at greater than 15,000 foot depth.
- Does not apply to oil production.
- Ends after 20 Bcf of gas production.
- Ends for a year if prices reach trigger limit of \$3.50 per million BTU's (in Year 2000 dollars).

Subsalt Initiative

- Uses an application process.
- Applicant must drill a subsalt well during the original 5 year lease term in order to apply for the 2 year extension.
- Applies to new leases issued in areas of 0 to 399 meters water depth (1,362 blocks)

Deepwater Royalty Relief

- Previous deepwater relief given for new leases under DWRR Act of 1995 has expired.

(Leases issued during 1996-2000 continue to have this relief).

- This new deepwater relief applies only to leases issued in water depths of 800 to 1,599 meters of water (first 9 MMBOE of production is royalty free) and for leases in 1,600 meters or greater water depth (first 12 MMBOE of production is royalty free).
- This royalty relief is provided on a lease basis.
- If a new lease from this sale is combined with a field under the 1995 DWRR provisions it still gets its own relief of either 9 or 12 MMBOE.

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MMS's Website Address: <http://www.mms.gov>