



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

# Fact Sheet

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## MMS Issues Final Notice of Sale for Central Gulf of Mexico Lease Sale 178

Sale 178 encompasses about 4,391 available blocks in the Central Gulf of Mexico Outer Continental Shelf planning area offshore Louisiana, Mississippi, and Alabama. This area covers about 23.19 million acres. Blocks in this sale are located from 3 to 200 miles offshore in water depths ranging from 4 to more than 3,425 meters. Estimates of undiscovered economically recoverable hydrocarbons expected to be discovered and produced as a result of this sale proposal range from 150 to 400 million barrels of oil and 1.53 to 4.39 TCF of natural gas.

Blocks in the Central Gulf of Mexico portion of the "Western Gap", which were the subject of our new U.S./Mexican boundary agreement will not be offered. MMS plans to offer these blocks in Sale 178, part 2, which will be held concurrently with lease sale 180 in the Western Gulf of Mexico, scheduled for August 2001. Lease Sale 178 will take place at the Armstrong Ballroom of the Sheraton Hotel on Canal Street in New Orleans, Louisiana. Bid opening will start at 9 a.m.

### Statistical Information Sale 178 Part 1

<b>Size:</b>	4,391 Unleased blocks; 23.19 million acres
<b>Primary Lease Terms:</b>	5 Year - Water depths less than 400 meters - 1,380 Blocks 8 Year - Water depths between 400 and 800 meters - 141 Blocks 10 Year - Water depths 800 meters or deeper - 2,870 Blocks
<b>Minimum Bids:</b>	\$25.00 per acre or fraction thereof - Water depths less than 800 meters - 1,521 Blocks \$37.50 per acre or fraction thereof - Water depths 800 meters or deeper - 2,870 Blocks
<b>Annual Rental Rates:</b>	\$5.00 per acre or fraction thereof - Water depths less than 800 meters - 1,306 Blocks \$7.50 per acre or fraction thereof - Water depths 200 meters or deeper - 3,085 Blocks
<b>Royalty Rates:</b>	16 2/3% Royalty - Water depths less than 400 meters - 1,380 Blocks 12 1/2% Royalty - Water depths 400 meters or deeper - 3,011 Blocks
<b>Royalty Suspension Rates:</b>	0 - 200 Meter Royalty Suspension Area - 1,306 Blocks 800 - 1,600 Meter Royalty Suspension Area - 410 Blocks 1,600 Meter and Greater Royalty Suspension Area - 2,460 Blocks

### OCS Lease Sale 178 Part 1

#### Total proposed sale

4,391 unleased blocks; 23.19 million acres

#### Royalty Relief

1,306 blocks subject to deep gas incentive (first 20 BCF)  
215 blocks with no automatic royalty relief  
410 blocks subject to 9-MMBOE relief  
2,460 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).

#### **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.

The MMS, a bureau in the U.S. Department of the Interior, is the federal agency that manages the nation's natural gas, oil and other mineral resources on the outer continental shelf. The agency also collects, accounts for and [disburses more than \\$5 billion per year in revenues](#) from federal offshore mineral leases and from onshore mineral leases on federal and Indian lands.

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