



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

FOR RELEASE:

June 22, 2001

Barney Congdon  
(504) 736-2595

Caryl Fagot  
(504) 736-2590

Debra Winbush  
(504) 736-2597

**Central Gulf of Mexico Sale 178, Part 1 Nets \$499.6 Million in High Bids**

The U.S. Department of the Interior's Minerals Management Service (MMS) announced today the completion of the two-phase bid evaluation process for Lease Sale 178, Part 1. The sale was held on March 28, 2001.

Of the 547 tracts receiving bids, MMS rejected 13 high bids totaling \$5,785,023 as insufficient for fair market value. As a result, MMS awarded 534 leases involving \$499,683,478 in high bids.

"We are pleased with the continued industry competition for Gulf of Mexico leases," said MMS Regional Director Chris Oynes. "Shallow water bidding —water depths up to 655 feet— was significant for this sale, with shallow water tracts receiving almost 62% of the total tracts bid on," he continued. This shallow water activity can be attributed to relatively strong energy prices, and the new MMS royalty relief provision for 20 Bcf of deep gas production (greater than 15,000 feet) in shallow shelf waters. Twenty percent of the winning bids were in deep water ranging from 2,624 feet to 5,248 feet, with a lease term of 10 years, and almost 9% of the bids were in ultra deepwater (5,249 feet or greater); these also have a lease term of 10 years.

The highest bid accepted on a tract was \$26,115,000 by Exxon Asset Management Company for Mississippi Canyon Block 912. Other winning bids of \$18,378,000 by Kerr-McGee Oil and Gas Corporation for Green Canyon Block 680 and \$18,315,000 by Exxon Asset Management Company for Mississippi Canyon Block 956 were the second and third highest bids in the sale. All top three bids were in water depths greater than 1,600 meters (5,249 feet). This sale indicates the continued strong showing of both major and independent oil and gas companies participating in the Gulf.

The companies which rank in the top six in number of winning bids for Sale 178, Part 1 are:

Company	Tracts
Chevron U.S.A., Inc.	53
Magnum Hunter Production, Inc.	45
Samedan Oil Corporation	33
Remington Oil and Gas Corporation	33
Kerr-McGee Oil and Gas Corporation	32
Spinnaker Exploration Company, L.L.C.	32

MMS is the federal agency in the U.S. Department of the Interior that manages the nation's oil, natural gas and other mineral resources on the outer continental shelf in federal offshore waters. The agency also collects, accounts for and disburses mineral revenues from federal and Indian leases. These collections totaled nearly \$8 billion last year and more than \$110 billion since the agency was created in 1982. Annually, nearly \$1 billion from those revenues go into the Land and Water Conservation Fund for the acquisition and development of state and Federal park and recreation lands.

-MMS-GOM-

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