# Gulf of Mexico Lease Terms and Royalty Relief

## Timeline

<table>
<thead>
<tr>
<th>Month</th>
<th>Year</th>
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<tbody>
<tr>
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<td>2013</td>
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<td>Aug</td>
<td>2017</td>
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<td>Nov</td>
<td>2020</td>
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## Shallow Water (0 - 399m)

### Royalty Rate
- 5 year initial period
  - Shallow Water (0 - 399m): 16 3/4%
  - 0 - 199 m: 12 1/2%
  - 200-399 m: 18 3/4%

### Water Depth
- 200 m (656 ft)
- 400 m (1,312 ft)

### Well Depth (TVD subsea)
- 15,000 ft
- 18,000 ft
- 20,000 ft

### Royalty Suspension Volumes (RSVs) per Lease
- 15 Bcf
- 25 Bcf

## Deep Water (>=400m)

### Royalty Rate
- 12 1/2%
- 16 2/3%
- 18 3/4%

### Water Depth
- 400 m (1,312 ft)
- 800 m (2,624 ft)
- 1600 m (5,248 ft)
- 2000 m (6,560 ft)

### Royalty Suspension Volumes (RSVs) per Lease
- 52.5 MMBOE
- 9.0 MMBOE
- 12.0 MMBOE
- 16.0 MMBOE

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*Footnotes:*  
2. For Gulf of Mexico leases wholly west of 87 degrees, 30 minutes West longitude where royalty relief before production starts is authorized by the DWRRA Sec.302. See regulations 30 CFR260.112-116, 260.120-124, 203.40-49, 203.30-36.  
3. 5-year initial period extended for 3 years after 25,000-foot well with escalation of rentals beginning in August 2007.  
4. 20 Bcf or leases can opt for incentives for pre-2001 leases.  
6. For wells spud on or after March 26, 2003 and producing before May 3, 2009 on leases in 0-200m water or on or after May 18, 2007 and producing before May 3, 2013 in 200-400 m water on leases with no deepwater royalty relief.  
7. Royalty Suspension Volumes (RSVs) per Lease: MMBOE = million barrels oil equiv, Bcf = billion cubic ft, Bcfe = billion cubic ft of gas equiv  
8. Authorized by Sec. 344 of EPAct05, Final Rule AD33 limits relief to wells spud on or after May 18, 2007 on leases with no deep wells nor deepwater royalty relief in 0-400m water.  
9. For lease with an 8-year term, spudding a well is required within the first 5 years of the lease to avoid lease cancellation.  
10. For lease with a “5+3” year term, spudding a well within the first 5 years prolongs the initial period by 3 years.  
11. For lease with a “7+3” year term, spudding a well within the first 7 years prolongs the initial period by 3 years.