

DEPARTMENT OF THE INTERIOR

Bureau of Ocean Energy Management

Gulf of Mexico Outer Continental Shelf Oil and Gas Lease Sale 259

AGENCY: Bureau of Ocean Energy Management, Interior.

ACTION: Proposed Notice of Sale

SUMMARY: The Bureau of Ocean Energy Management (BOEM) proposes to open and publicly announce bids received for blocks offered in the Gulf of Mexico (GOM) Region-wide Outer Continental Shelf (OCS) Oil and Gas Lease Sale 259 (GOM Lease Sale 259) on Wednesday, March 29, 2023, in accordance with the provisions of the Outer Continental Shelf Lands Act (OCSLA), as amended, and the implementing regulations issued pursuant thereto. The GOM Lease Sale 259 Proposed Notice of Sale (NOS) package contains information essential to potential bidders and consists of the NOS, Information to Lessees, and Lease Stipulations.

DATES: BOEM proposes to hold GOM Lease Sale 259 at 9:00 am on Wednesday, March 29, 2023. All times referred to in this document are Central time, unless otherwise specified.

Bid submission deadline: BOEM must receive all sealed bids prior to the Bid Submission Deadline of 10:00 a.m. on Tuesday, March 28, 2023, the day before the lease sale. For more information on bid submission, see Section VII, “Bidding Instructions,” of this document.

ADDRESSES: Interested parties may download the Proposed NOS package from BOEM’s website at <http://www.boem.gov/Sale-259/>. Copies of the sale maps can be obtained by contacting the BOEM GOM Region:

Gulf of Mexico Region Public Information Office
Bureau of Ocean Energy Management
1201 Elmwood Park Boulevard
New Orleans, Louisiana 70123-2394
(504) 736-2519 or (800) 200-GULF

FOR FURTHER INFORMATION, CONTACT: The New Orleans Office Lease Sale Coordinators at BOEMGOMRLeaseSales@boem.gov, 504-736-7502 or 504-736-1729.

AUTHORITY: This notice of sale is published pursuant to 43 U.S.C. §§ 1331 *et seq.* (Outer Continental Shelf Lands Act, as amended) and 30 CFR 556.304.

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I. Lease Sale Area

Blocks Offered for Leasing: BOEM proposes to offer for bid in this lease sale all of the available unleased acreage in the GOM OCS as identified on the map, “Proposed Notice of Sale, Gulf of Mexico OCS Oil and Gas Lease Sale 259, March 2023, Proposed Sale Area” (<http://www.boem.gov/Sale-259/>) except those blocks listed below in "Blocks Not Offered for Leasing."

Blocks Not Offered for Leasing: BOEM proposes excluding the following whole and partial blocks from this sale. The BOEM Official Protraction Diagrams (OPDs) and Supplemental OPDs are available online at <https://www.boem.gov/Maps-and-GIS-Data/>.

- **All whole and portions of blocks withdrawn from leasing by Presidential Withdrawal in the September 8, 2020, Memorandum on the Withdrawal of Certain Areas of the United States Outer Continental Shelf from Leasing Disposition:**

Area	OCS Block
Pensacola (OPD NH 16-05)	Whole Blocks: 751 through 754, 793 through 798, 837 through 842, 881 through 886, 925 through 930, and 969 through 975
Destin Dome (OPD NH 16-08)	Whole Blocks: 1 through 7, 45 through 51, 89 through 96, 133 through 140, 177 through 184, 221 through 228, 265 through 273, 309 through 317, 353 through 361, 397 through 405, 441 through 450, 485 through 494, 529 through 538, 573 through 582, 617 through 627, 661 through 671, 705 through 715, 749 through 759, 793 through 804, 837 through 848, 881 through 892, 925 through 936, and 969 through 981
DeSoto Canyon (OPD NH 16-11)	Whole Blocks: 1 through 15, 45 through 59, and 92 through 102
	Partial Blocks: 16, 60, 61, 89 through 91, 103 through 105, and 135 through 147
Henderson (OPD NG 16-05)	Partial Blocks: 114, 158, 202, 246, 290, 334, 335, 378, 379, 422, and 423

- **Whole and Partial Blocks within the Flower Garden Banks National Marine Sanctuary (East and West Flower Garden Banks and the Stetson Bank) as of the July 2008 Memorandum on Modification of the Withdrawal of Certain Areas of United States Outer Continental Shelf from Leasing Disposition:**

Area	OCS Block
High Island, East Addition, South Extension (Leasing Map TX7C)	Whole Block: A-398
	Partial Blocks: A-366, A-367, A-374, A-375, A-383, A-384, A-385, A-388, A-389, A-397, A-399, A-401
High Island, South Addition (Leasing Map TX7B)	Partial Blocks: A-502, A-513
Garden Banks (OPD NG 15-02)	Partial Blocks: 134, 135

- **Blocks that are adjacent to or beyond the United States Exclusive Economic Zone in the area known as the northern portion of the Eastern Gap:**

Area	OCS Block
Lund South (OPD NG 16-07)	Whole Blocks: 128, 129, 169 through 173, 208 through 217, 248 through 261, 293 through 305, and 349
Henderson (OPD NG 16-05)	Whole Blocks: 466, 508 through 510, 551 through 554, 594 through 599, 637 through 643, 679 through 687, 722 through 731, 764 through 775, 807 through 819, 849 through 862, 891 through 905, 933 through 949, and 975 through 992
	Partial Blocks: 335, 379, 423, 467, 511, 555, 556, 600, 644, 688, 732, 776, 777, 820, 821, 863, 864, 906, 907, 950, 993, and 994
Florida Plain (OPD NG 16-08)	Whole Blocks: 5 through 24, 46 through 67, 89 through 110, 133 through 154, 177 through 197, 221 through 240, 265 through 283, 309 through 327, and 363 through 370

- **Depth-restricted, segregated block portion(s).** The current block meeting this criterion is: Block 299, Main Pass Area, South and East Addition (as shown on Louisiana Leasing Map LA10A), containing 1,125 acres from the surface of the earth down to a subsea depth of 1,900 feet with respect to the following described portions:

$SW_{1/4}NE_{1/4}$; $NW_{1/4}SE_{1/4}NE_{1/4}$; $W_{1/2}NE_{1/4}SE_{1/4}NE_{1/4}$; $S_{1/2}S_{1/2}NW_{1/4}NE_{1/4}$;
 $S_{1/2}SW_{1/4}NE_{1/4}NE_{1/4}$; $S_{1/2}SW_{1/4}SE_{1/4}NE_{1/4}NE_{1/4}$; $N_{1/2}SW_{1/4}SE_{1/4}NE_{1/4}$;
 $SW_{1/4}SW_{1/4}SE_{1/4}NE_{1/4}$; $NW_{1/4}SE_{1/4}SE_{1/4}NE_{1/4}$; $N_{1/2}NW_{1/4}SW_{1/4}SE_{1/4}SE_{1/4}NE_{1/4}$;
 $N_{1/2}SE_{1/4}SW_{1/4}SE_{1/4}NE_{1/4}$; $N_{1/2}S_{1/2}SE_{1/4}SW_{1/4}SE_{1/4}NE_{1/4}$; $S_{1/2}NE_{1/4}NW_{1/4}$;
 $S_{1/2}S_{1/2}N_{1/2}NE_{1/4}NW_{1/4}$; $N_{1/2}SE_{1/4}NW_{1/4}$; $S_{1/2}SE_{1/4}NW_{1/4}NW_{1/4}$; $NE_{1/4}SE_{1/4}$
 $NW_{1/4}NW_{1/4}$; $E_{1/2}NE_{1/4}SW_{1/4}NW_{1/4}$; $N_{1/2}SE_{1/4}SE_{1/4}NW_{1/4}$; $NE_{1/4}SW_{1/4}SE_{1/4}NW_{1/4}$;
 $N_{1/2}NW_{1/4}SW_{1/4}SE_{1/4}NW_{1/4}$; $SE_{1/4}SE_{1/4}SE_{1/4}NW_{1/4}$; $E_{1/2}SW_{1/4}SE_{1/4}SE_{1/4}NW_{1/4}$;
 $N_{1/2}NW_{1/4}NE_{1/4}SW_{1/4}NW_{1/4}$; $N_{1/2}S_{1/2}NW_{1/4}NE_{1/4}SW_{1/4}NW_{1/4}$;
 $N_{1/2}N_{1/2}NE_{1/4}NE_{1/4}NE_{1/4}SW_{1/4}$; $N_{1/2}N_{1/2}N_{1/2}NW_{1/4}NW_{1/4}SE_{1/4}$;
 $N_{1/2}N_{1/2}NW_{1/4}NE_{1/4}NW_{1/4}SE_{1/4}$.

- **Whole or partial blocks whose lease status is currently under appeal.**
- **Whole or partial blocks that have received bids in previous sales, where the bidder has sought reconsideration of BOEM's rejection of the bid are not offered in this sale, unless the reconsideration request is fully resolved at least 30 days prior to publication of the Final NOS.**

BOEM reserves the right to modify the sale area in the Final NOS and is considering additional exclusion areas to reduce potential conflicts across all program areas. The final list of blocks available for bid will be posted on BOEM’s website at <http://www.boem.gov/sale-259> under the Final NOS tab.

II. Statutes and Regulations

BOEM has been directed to hold GOM Lease Sale 259 by March 31, 2023, as required under the Inflation Reduction Act of 2022 (Pub. L. No. 117-169). Each lease is issued pursuant to OCSLA, 43 U.S.C. §§ 1331 *et seq.*, as amended, and is subject to OCSLA implementing regulations promulgated pursuant thereto in 30 CFR part 556, and other applicable statutes and regulations in existence upon the effective date of the lease, as well as those applicable statutes enacted and regulations promulgated thereafter, except to the extent that the after-enacted statutes and regulations explicitly conflict with an express provision of the lease. Each lease is also subject to amendments to statutes and regulations, including but not limited to OCSLA, that do not explicitly conflict with an express provision of the lease. The lessee expressly bears the risk that such new or amended statutes and regulations (i.e., those that do not explicitly conflict with an express provision of the lease) may increase or decrease the lessee’s obligations under the lease. BOEM reserves the right to reject any and all bids received, regardless of the amount offered (see 30 CFR 556.516).

III. Lease Terms and Economic Conditions

OCS Lease Form

BOEM will use Form BOEM-2005 (February 2017) to convey leases resulting from this sale. This lease form can be viewed on BOEM’s website at <http://www.boem.gov/BOEM-2005>. The lease form will be amended to include specific terms, conditions, and stipulations applicable to the individual lease. The proposed terms, conditions, and stipulations applicable to this sale are below.

Proposed Primary Terms

Primary terms are summarized in the following table:

Water Depth (Meters)	Primary Term
0 to < 400	The primary term is 5 years; the lessee may earn an additional 3 years (i.e., for an 8-year extended primary term) if a well is spudded targeting hydrocarbons below 25,000 feet True Vertical Depth Subsea (TVDSS) during the first 5 years of the lease.
400 to < 800	The primary term is 5 years; the lessee will earn an additional 3 years (i.e., for an 8-year extended primary term) if a well is spudded during the first 5 years of the lease.
800 +	10 years

- 1) The primary term for a lease in water depths less than 400 meters issued as a result of this sale is 5 years. If the lessee spuds a well targeting hydrocarbons below 25,000 feet TVDSS

within the first 5 years of the lease, then the lessee may earn an additional 3 years, resulting in an 8-year primary term. The lessee will earn the 8-year primary term when the well is drilled to a target below 25,000 feet TVDSS; or, the lessee may earn the 8-year primary term in cases where the well targets, but does not reach, a depth below 25,000 feet TVDSS due to mechanical or safety reasons for reasons beyond the lessee's control, and is supported by sufficient evidence from the lessee. To earn the 8-year primary term, the lessee is required to submit a letter to the BOEM GOM Regional Supervisor, Office of Leasing and Plans, as soon as practicable, but no more than 30 days after completion of the drilling operation, providing the well number, spud date, information demonstrating a target below 25,000 feet TVDSS and whether that target was reached, and if applicable, any safety or mechanical reasons encountered that prevented the well from reaching a depth below 25,000 feet TVDSS. In the letter, the lessee must request confirmation that the lessee earned the 8-year primary term. The BOEM GOM Regional Supervisor for Leasing and Plans will confirm in writing, within 30 days of receiving the lessee's letter, whether the lessee has earned the extended primary term and accordingly update BOEM's records. The extended primary term is not effective unless and until the lessee receives confirmation from BOEM. A lessee that has earned the 8-year primary term by spudding a well with a hydrocarbon target below 25,000 feet TVDSS during the standard 5-year primary term of the lease will not be granted a suspension for that same period under the regulations at 30 CFR 250.175 because the lease is not at risk of expiring.

- 2) The primary term for a lease in water depths ranging from 400 to less than 800 meters issued as a result of this sale is 5 years. If the lessee spuds a well within the 5-year primary term of the lease, the lessee may earn an additional 3 years, resulting in an 8-year primary term. To earn the 8-year primary term, the lessee is required to submit a letter to the BOEM GOM Regional Supervisor, Office of Leasing and Plans, as soon as practicable, but no more than 30 days after spudding a well, providing the well number and spud date, and requesting confirmation that the lessee earned the 8-year extended primary term. Within 30 days of receipt of the request, the BOEM GOM Regional Supervisor for Leasing and Plans will provide written confirmation of whether the lessee has earned the extended primary term and accordingly update BOEM's records. The extended primary term is not effective unless and until the lessee receives confirmation from BOEM.
- 3) The primary term for a lease in water depths 800 meters or deeper issued as a result of this sale is 10 years.

Proposed Minimum Bonus Bid Amounts

BOEM will not accept a bonus bid unless it provides for a cash bonus in an amount equal to, or exceeding, the specified minimum bid, as described below.

- \$25 per acre or fraction thereof for blocks in water depths less than 400 meters; and
- \$100 per acre or fraction thereof for blocks in water depths 400 meters or deeper.

Proposed Rental Rates

Annual rental rates are summarized in the following table:

Water Depth (Meters)	Years 1–5	Year 6	Year 7	Year 8+
0 to < 200	\$10	\$20	\$30	\$40
200 to < 400	\$16	\$32	\$48	\$64
400 +	\$16	\$22	\$22	\$22

Proposed Escalating Rental Rates for Leases with an 8-Year Primary Term in Water Depths Less Than 400 Meters

Any lessee with a lease in less than 400 meters water depth who earns an 8-year primary term will pay an escalating rental rate as shown above. The rental rates after the fifth year for blocks in less than 400 meters water depth will become fixed and no longer escalate if another well is spudded targeting hydrocarbons below 25,000 feet TVDSS after the fifth year of the lease, and BOEM concurs that such a well has been spudded. In this case, the rental rate will become fixed at the rental rate in effect during the lease year in which the additional well was spudded.

Proposed Royalty Rate

- 18 ¾ percent for all leases.

Proposed Minimum Royalty Rate

- \$10 per acre or fraction thereof per year for blocks in water depths less than 200 meters; and
- \$16 per acre or fraction thereof per year for blocks in water depths 200 meters or deeper.

Proposed Royalty Suspension Provisions

The issuance of leases with Royalty Suspension Volumes (RSVs) or other forms of royalty relief is authorized under existing BOEM regulations at 30 CFR part 560. The specific details relating to eligibility and implementation of the various royalty relief programs, including those involving the use of RSVs, are codified in Bureau of Safety and Environmental Enforcement (BSEE) regulations at 30 CFR part 203. In this sale, the only royalty relief program being proposed involves RSVs for the drilling of ultra-deep wells in water depths of less than 400 meters, as described in the following section.

Proposed Royalty Suspension Volumes on Gas Production from Ultra-deep Wells

Pursuant to 30 CFR part 203, certain leases issued as a result of this sale may be eligible for RSV incentives on gas produced from ultra-deep wells. Under this program, wells on leases in less than 400 meters water depth and completed to a drilling depth of 20,000 feet TVDSS or deeper receive an RSV of 35 billion cubic feet on the production of natural gas. This RSV incentive is subject to applicable price thresholds set forth in the regulations at 30 CFR part 203. These regulations implement the requirements of the Energy Policy Act of 2005 (Pub. L. No. 109-58, 119 Stat. 594 (2005)).

IV. Lease Stipulations

One or more of the stipulations below may be applied to leases issued as a result of this sale. The applicable blocks for each stipulation are identified on the map “Proposed Notice of Sale, Gulf of Mexico OCS Oil and Gas Lease Sale 259, March 2023, Stipulations and Deferred Blocks” included in the Proposed NOS package. The full text of the following stipulations is

contained in the “Lease Stipulations” section of the Proposed NOS package. BOEM will announce a final decision on the sale, including the sale area and applicable stipulations, in the Final NOS. The final list of blocks available for bid and the applicable stipulations that apply to those blocks will be posted on BOEM’s website at <http://www.boem.gov/sale-259> under the Final NOS tab.

- 1) Military Areas
- 2) Evacuation
- 3) Coordination
- 4) Protected Species
- 5) Topographic Features
- 6) United Nations Convention on the Law of the Sea Royalty Payment
- 7) Agreement between the United States of America and the United Mexican States Concerning Transboundary Hydrocarbon Reservoirs in the Gulf of Mexico
- 8) Live Bottom
- 9) Blocks South of Baldwin County, Alabama
- 10) Restrictions due to Rights-of-Use and Easement for Floating Production Facilities
- 11) Royalties on All Produced Gas

V. Information to Lessees

Information to Lessees (ITLs) provide detailed information on certain issues pertaining to specific oil and gas lease sales. The full text of the ITLs for this sale is contained in the “Information to Lessees” section of the Proposed NOS package and covers the following topics. BOEM will announce a final decision on the sale, including the sale area and applicable ITLs, in the Final NOS.

- 1) Navigation Safety
- 2) Ordnance Disposal Areas
- 3) Existing and Proposed Artificial Reefs/Rigs-to-Reefs
- 4) Lightering Zones
- 5) Indicated Hydrocarbons List
- 6) Military Areas
- 7) Bureau of Safety and Environmental Enforcement Inspection and Enforcement of Certain U.S. Coast Guard Regulations
- 8) Significant Outer Continental Shelf Sediment Resource Areas
- 9) Notice of Arrival on the Outer Continental Shelf
- 10) Bidder/Lessee Notice of Obligations Related to Criminal/Civil Charges and Offenses, Suspension, or Debarment; Disqualification Due to a Conviction under the Clean Air Act or the Clean Water Act
- 11) Protected Species
- 12) Expansion of the Flower Garden Banks National Marine Sanctuary
- 13) Communication Towers
- 14) Deepwater Port Applications for Offshore Oil and Liquefied Natural Gas Facilities
- 15) Ocean Dredged Material Disposal Sites
- 16) Rights-of-Use and Easement
- 17) Industrial Waste Disposal Areas

- 18) Gulf Islands National Seashore
- 19) Air Quality Permit/Plan Approvals
- 20) Provisions Pertaining to Certain Transactions by Foreign Persons Involving Real Estate in the United States
- 21) Inflation Reduction Act of 2022

VI. Maps

The maps pertaining to this proposed lease sale can be viewed on BOEM's website at <http://www.boem.gov/Sale-259>. The following maps also are included in the Proposed NOS package:

Proposed Sale Area Map

The proposed sale area is shown on the map entitled, "Proposed Notice of Sale, Gulf of Mexico OCS Oil and Gas Lease Sale 259, March 2023, Proposed Sale Area."

Proposed Lease Terms and Economic Conditions Map

The proposed lease terms and economic conditions associated with leases of certain blocks are shown on the map entitled, "Proposed Notice of Sale, Gulf of Mexico Oil and Gas Lease Sale 259, March 2023, Lease Terms and Economic Conditions."

Proposed Stipulations and Deferred Blocks Map

The proposed lease stipulations and the blocks to which they apply are shown on the map entitled, "Proposed Notice of Sale, Gulf of Mexico OCS Oil and Gas Lease Sale 259, March 2023, Stipulations and Deferred Blocks."

VII. Bidding Instructions

Bids may be submitted BY MAIL ONLY through any parcel delivery service (e.g., FedEx, UPS, USPS, DHL) at the address below in the "Mailed Bids" section. Bidders should be aware that BOEM has eliminated in-person bidding for GOM Lease Sale 259. Instructions on how to submit a bid, secure payment of the advance bonus bid deposit (if applicable), and the information to be included with the bid are as follows:

Bid Form

For each block bid upon, a separate sealed bid must be submitted in a sealed envelope (as described below) and include the following items:

- Total amount of the bid in whole dollars only;
- Sale number;
- Sale date;
- Each bidder's exact name;
- Each bidder's proportionate interest, stated as a percentage, using a maximum of five decimal places (e.g., 33.33333 percent);

- Typed name and title, and signature of each bidder’s authorized officer. Electronic signatures are acceptable. The typed name, title, and signature must agree exactly with the name and title on file in the BOEM Gulf of Mexico OCS Region Adjudication Section;
- Each bidder’s BOEM qualification number;
- Map name and number or OPD name and number;
- Block number; and
- Statement acknowledging that the bidder(s) understands that this bid legally binds the bidder(s) to comply with all applicable regulations, including the requirement to post a deposit in the amount of one-fifth of the bonus bid amount for any tract bid upon and make payment of the balance of the bonus bid and first year’s rental upon BOEM’s acceptance of high bids.

The information required for each bid is specified in the document “Bid Form” that is available in the Proposed NOS package which can be found at <http://www.boem.gov/Sale-259/>. A blank bid form is provided in the Proposed NOS package for convenience and can be copied and completed with the necessary information described above.

Bid Envelope

Each bid must be submitted in a separate sealed envelope labeled as follows:

- “Sealed Bid for GOM Lease Sale 259, not to be opened until 9 a.m. Wednesday, March 29, 2023”;
- Map name and number or OPD name and number;
- Block number for block bid upon;
- Acreage, if the bid is for a block that is split between the Central and Eastern Planning Areas;
- The exact name and qualification number of the submitting bidder only.

The Proposed NOS package includes a sample bid envelope for reference.

Mailed Bids

Please address the envelope containing the sealed bid envelope(s) as follows:

Attention: Leasing and Financial Responsibility Section
 BOEM New Orleans Office
 1201 Elmwood Park Boulevard MS-266A
 New Orleans, Louisiana 70123-2394

Contains Sealed Bids for GOM Lease Sale 259
Please Deliver to Mr. Greg Purvis
2nd Floor, Immediately

Please Note: Bidders are advised to inform BOEM by email at BOEMGOMRLeaseSales@boem.gov immediately after placing bid(s) in the mail. This provides advance notice to BOEM regarding pending bids prior to the bid submission deadline. In the email, please state the tracking number of the bid package, the number of bids being submitted, and the email address of the person who should receive the bid receipt for signature. If BOEM receives bids later than the bid submission deadline, the BOEM GOM Regional Director (RD) will return those bids unopened to bidders. Please see “Section XI. Delay of

Sale” regarding BOEM’s discretion to extend the Bid Submission Deadline in the case of an unexpected event (e.g., flooding) and how bidders can obtain more information on such extensions.

Advance Bonus Bid Deposit Guarantee

Bidders that are not currently an OCS oil and gas lease record title holder or designated operator, or those that have ever defaulted on a one-fifth bonus bid deposit, must guarantee (secure) the payment of the one-fifth bonus bid deposit, by Electronic Funds Transfer (EFT) or otherwise, **prior to** bid submission using one of the following four methods:

- Provide a third-party guarantee;
- Amend a development stage area-wide bond via bond rider;
- Provide a letter of credit; or
- Provide a lump sum payment in advance via EFT.

Please provide, at the time of bid submittal, a confirmation or tracking number for the payment, the name of the company submitting the payment as it appears on the payment, and the date the payment was submitted so BOEM can confirm payment with the Office of Natural Resources Revenue (ONRR). Submitting payment to the bidders’ financial institution at least five business days prior to bid submittal helps ensure that the Office of Foreign Assets Control and the U.S. Department of the Treasury (U.S. Treasury) have the needed time to screen and process payments, so they are posted to ONRR prior to placing the bid. ONRR cannot confirm payment until the monies have been moved into settlement status by the U.S. Treasury. Bids will not be accepted if BOEM cannot confirm payment with ONRR.

If providing a third-party guarantee, amending a development stage area-wide bond via bond rider, or providing a letter of credit to secure your one-fifth bonus bid deposit, bidders are urged to file these documents with BOEM, well in advance of submitting the bid, to allow processing time and for bidders to take any necessary curative actions prior to bid submission. For more information on EFT procedures, see Section X of this document entitled, “The Lease Sale.”

Affirmative Action

Prior to bidding, each bidder should file the Equal Opportunity Affirmative Action Representation Form BOEM-2032 (February 2020, available on BOEM’s website at <http://www.boem.gov/BOEM-2032/>) and Equal Opportunity Compliance Report Certification Form BOEM-2033 (February 2020, available on BOEM’s website at <http://www.boem.gov/BOEM-2033/>) with the BOEM GOM Adjudication Section. This certification is required by 41 CFR part 60 and Executive Order (E.O.) 11246, issued September 24, 1965, as amended by E.O. 11375, issued October 13, 1967, and by E.O. 13672, issued July 21, 2014. Both forms must be on file for the bidder(s) in the GOM Adjudication Section prior to the execution of any lease contract.

Geophysical Data and Information Statement (GDIS)

The GDIS is composed of three parts:

- 1) A “Statement” page that includes the company representatives’ information and separate lists of blocks bid on that used proprietary data and those blocks bid upon that did not use

proprietary data;

- 2) A “Table” listing the required data about each proprietary survey used (see below); and
- 3) “Maps,” which contain the live trace maps for each proprietary survey that is identified in the GDIS statement and table.

Every bidder submitting a bid on a block in GOM Lease Sale 259, or participating as a joint bidder in such a bid, must submit at the time of bid submission all three parts of the GDIS. A bidder must submit the GDIS *even if a joint bidder or bidders on a specific block also have submitted a GDIS*. Any speculative data that has been reprocessed externally or “in-house” is considered proprietary due to the proprietary processing and is no longer considered to be speculative.

The bidder and joint bidder must submit the GDIS in a separate and sealed envelope and must identify all proprietary data; reprocessed speculative data, and/or any Controlled Source Electromagnetic surveys, Amplitude Versus Offset (AVO) data, gravity data, and/or magnetic data; or other information used as part of the decision to bid or participate in a bid on the block. The bidder and joint bidder must also include a live trace map (e.g., .pdf and ArcGIS shapefile) for each proprietary survey identified in the GDIS illustrating the actual areal extent of the proprietary geophysical data in the survey (see the “Example of Preferred Format” that is included in the Proposed NOS package for additional information). The shape file must not include cultural resources information; only the live trace map of the survey itself.

The GDIS statement must include the name, phone number, and full address for a contact person and an alternate, who are both knowledgeable about the geophysical information and data listed and who are available for 30 days after the sale date. The GDIS statement must also include a list of all blocks bid upon that did not use proprietary or reprocessed pre- or post-stack geophysical data and information, as part of the decision to bid or to participate as a joint bidder in the bid. **Bidders must submit the GDIS statement even if no proprietary geophysical data and information were used in bid preparation for the block.**

An example of the preferred format of the table is included in the Proposed NOS package, and a blank digital version of the preferred table can be accessed on the GOM Lease Sale 259 website at <http://www.boem.gov/Sale-259/>. The GDIS table should have columns that clearly state the following:

- The sale number;
- The bidder company’s name;
- The joint bidder’s company’s name (if applicable);
- The company providing proprietary data to BOEM;
- The block area and block number bid upon;
- The owner of the original data set (i.e., who initially acquired the data);
- The industry’s original name of the survey (e.g., E Octopus);
- The BOEM permit number for the survey;
- Whether the data set is a fast-track version;
- Whether the data is speculative or proprietary;
- The data type (e.g., 2-D, 3-D, or 4-D; pre-stack or post-stack; time or depth);

- The migration algorithm (e.g., Kirchhoff migration, wave equation migration, reverse migration, reverse time migration) of the data and areal extent of bidder survey (i.e., number of line miles for 2-D or number of blocks for 3-D);
- The live proprietary survey coverage (2-D miles 3-D blocks);
- The computer storage size, to the nearest gigabyte, of each seismic data and velocity volume used to evaluate the lease block;
- Who reprocessed the data;
- Date the final reprocessing was completed (month and year);
- If data were previously sent to BOEM, list the sale number and date of the sale for which it was used;
- Whether proprietary or speculative AVO/AVA (PROP/SPEC) was used;
- Date AVO or AVA was sent to BOEM if sent prior to the sale;
- Whether AVO/AVA is time or depth (PSTM or PSDM);
- Which angled stacks were used (e.g., NEAR, MID, FAR, ULTRAFAR);
- Whether the company used Gathers to evaluate the block in question; and
- Whether the company used Vector Offset Output (VOO) or Vector Image Partitions (VIP) to evaluate the block in question.

BOEM will use the computer storage size information to estimate the reproduction costs for each data set, if applicable. BOEM will determine the availability of reimbursement of production costs consistent with 30 CFR 551.13.

BOEM reserves the right to inquire about alternate data sets, to perform quality checks, and to compare the listed and alternative data sets to determine which data set most closely meets the needs of the fair market value determination process. See the “Example of Preferred Format” that is included in the Proposed NOS package.

The GDIS maps are live trace maps (e.g., .pdf and ArcGIS shapefiles) that bidders should submit for each proprietary survey identified in the GDIS table. The maps should illustrate the actual areal extent of the proprietary geophysical data in the survey (see the “Example of Preferred Format” that is included in the Proposed NOS package for additional information). As previously stated, the shapefile must not include cultural resources information, only the live trace map of the survey itself.

Pursuant to 30 CFR 551.12 and 30 CFR 556.501, as a condition of the sale, the BOEM GOM Regional Director requests that all bidders and joint bidders submit the proprietary data identified on their GDIS within 30 days after the lease sale (unless notified after the lease sale that BOEM has withdrawn the request). This request only pertains to proprietary data that is not commercially available. Commercially available data should not be submitted to BOEM unless specifically requested by BOEM. No reimbursement will be provided for unsolicited data sent to BOEM. The BOEM GOM RD will notify bidders and joint bidders of any withdrawal of the request, for all or some of the proprietary data identified on the GDIS, within 15 days of the lease sale. Where the BOEM GOM RD has notified bidders and joint bidders that the request for such proprietary data has been withdrawn, reimbursement will not be provided. Pursuant to 30 CFR part 551 and 30 CFR 556.501, as a condition of this sale, all bidders that are required to submit data must ensure that the data are received by BOEM no later than the 30th day following the

lease sale, or the next business day if the submission deadline falls on a weekend or Federal holiday.

The data must be submitted to BOEM at the following address:

Bureau of Ocean Energy Management
Resource Studies, GM 881A
1201 Elmwood Park Blvd.
New Orleans, Louisiana 70123-2304

BOEM recommends that bidders mark the submission's external envelope as "Deliver Immediately to DASPU." BOEM also recommends that bidders submit the data in an internal envelope, or otherwise marked, with the following designation: "Geophysical Data and Information Statement for Oil and Gas Lease Sale 259", Company Name, GOM Company Qualification Number, and "Proprietary Data."

In the event a person supplies any type of data to BOEM, that person must meet the following requirements to qualify for reimbursement:

- 1) Must be registered with the System for Award Management (SAM), formerly known as the Central Contractor Registration (CCR). CCR usernames will not work in SAM. A new SAM user account is needed to register or update an entity's records. The website for registering is gsa.gov/iaesystems.
- 2) Must be enrolled in the U.S. Treasury's Invoice Processing Platform (IPP) for electronic invoicing; to enroll go to <https://www.ipp.gov/>. Access then will be granted to use the IPP for submitting requests for payment. When submitting a request for payment, the assigned Purchase Order Number must be included.
- 3) Must have a current On-line Representations and Certifications Application at gsa.gov/iaesystems.

Please Note: Digital copies and duplicate hardcopies should be submitted for the GDIS Statement, Table and Maps. The GDIS Statement should be sent in as a digital PDF. The GDIS Information Table must be submitted digitally as an Excel spreadsheet. The Proprietary Maps should be sent in as PDF files and the live trace outline of each proprietary survey should also be submitted as a shapefile. Please flatten all layered PDF files, since layered PDFs can have many objects. Layered PDFs can cause problems opening or printing the file correctly. Bidders may submit the digital files on a CD, DVD, or any USB external drive (formatted for Windows). If bidders have any questions, please contact Ms. Dee Smith at (504) 736-2706, or Ms. Tere Campbell at (504) 736-3231.

Bidders should refer to Section X of this document, "The Lease Sale: Acceptance, Rejection, or Return of Bids," regarding a bidder's failure to comply with the requirements of the NOS, including any failure to submit information required in the Final NOS package.

Telephone Numbers/Addresses of Bidders

BOEM requests that bidders provide this information in the suggested format prior to or at the time of bid submission. The suggested format is included in the Proposed NOS package. The form must not be enclosed inside the sealed bid envelope.

Additional Documentation

BOEM may require bidders to submit other documents in accordance with 30 CFR 556.107, 556.401, 556.501, and 556.513.

VIII. Bidding Rules and Restrictions

Restricted Joint Bidders

On October 18, 2021, BOEM published the most recent List of Restricted Joint Bidders in the *Federal Register* at 86 FR 57689. Potential bidders are advised to refer to the *Federal Register* prior to bidding for the most current List of Restricted Joint Bidders in place at the time of the lease sale. Please refer to the joint bidding provisions at 30 CFR 556.511-556.515.

Authorized Signatures

All signatories executing documents on behalf of the bidder(s) must execute the same in conformance with the BOEM qualification records. Bidders are advised that BOEM considers the signed bid to be a legally binding obligation on the part of the bidder(s) to comply with all applicable regulations, including that requiring payment of one-fifth of the bonus bid on all high bids. A statement to this effect is included on each bid form (see the document “Bid Form” that is included in the Proposed NOS package).

Unlawful Combination or Intimidation

BOEM warns bidders against violation of 18 U.S.C. § 1860, which prohibits unlawful combination or intimidation of bidders.

Bid Withdrawal

Bids may be withdrawn only by written request delivered to BOEM prior to the bid submission deadline via any parcel delivery service. Withdrawals will not be accepted in person or via email. The withdrawal request must be on company letterhead and must contain the bidder’s name, its BOEM qualification number, the map name/number, and the block number(s) of the bid(s) to be withdrawn. The withdrawal request must be executed by one or more of the representatives named in the BOEM qualification records. The name and title of the authorized signatory must be typed under the signature block on the withdrawal request. The BOEM GOM RD, or the RD’s designee, will indicate approval by signing and dating the withdrawal request.

Bid Rounding

Minimum bonus bid calculations, including rounding, for all blocks are shown in the document “List of Blocks Available for Leasing” that will be included in the Final NOS package. The bonus bid amount must be stated in whole dollars. If the acreage of a block contains a decimal

figure, then prior to calculating the minimum bonus bid, BOEM will round up to the next whole acre. The appropriate minimum rate per acre will be applied to the whole (rounded up) acreage. The bonus bid amount must be greater than or equal to the minimum bonus bid, as calculated and stated in the Final NOS package.

IX. Forms

Both the Proposed NOS and the Final NOS packages will include instructions, samples, and/or the preferred format for the items listed below. BOEM strongly encourages bidders to use the recommended formats. If bidders use another format, they are responsible for including all the information specified for each item in the Final NOS package.

- 1) Bid Form
- 2) Sample Completed Bid
- 3) Sample Bid Envelope
- 4) Sample Bid Mailing Envelope
- 5) Telephone Numbers/Addresses of Bidders Form
- 6) GDIS Form
- 7) GDIS Envelope Form

X. The Lease Sale

Bid Opening and Reading

Sealed bids received in response to the Final NOS will be opened at the place, date, and hour specified under the “DATES” and “ADDRESSES” sections of the Final NOS. The venue will not be open to the public. Instead, the bid opening will be available for the public to view on BOEM’s website at www.boem.gov via live streaming. The opening of the bids is for the sole purpose of publicly announcing and recording the bids received; no bids will be accepted or rejected at that time.

Bonus Bid Deposit for Apparent High Bids

Each bidder submitting an apparent high bid must submit a bonus bid deposit to ONRR equal to one-fifth of the bonus bid amount for each such bid. A copy of the notification of the high bidder’s one-fifth bonus bid amount can be obtained on the BOEM website at <http://www.boem.gov/Sale-259/> under the heading “Notification of EFT 1/5 Bonus Liability” after 1:00 p.m. on the day of the sale. All payments must be electronically deposited into an interest-bearing account in the U.S. Treasury by 1:00 p.m. Eastern Time the day following the bid reading (no exceptions). Account information is provided in the “Instructions for Making Electronic Funds Transfer Bonus Payments” found on the BOEM website identified above.

Submitting payment to your financial institution as soon as possible the day of bid reading, but no later than 7:00 pm Eastern Time the day of bid reading, will help ensure that deposits have time to process through the U.S. Treasury and post to ONRR. ONRR cannot confirm payment until the monies have been moved into settlement status by the U.S. Treasury.

BOEM requires bidders to use EFT procedures for payment of one-fifth bonus bid deposits for GOM Lease Sale 259, following the detailed instructions contained on the ONRR Payment Information webpage at <https://www.onrr.gov/ReportPay/payments.htm>. Acceptance of a deposit does not constitute, and will not be construed as, acceptance of any bid on behalf of the United States.

Withdrawal of Blocks

The United States reserves the right to withdraw any block from this lease sale prior to issuance of a written acceptance of a bid for the block.

Acceptance, Rejection, or Return of Bids

The United States reserves the right to reject any and all bids, regardless of the amount offered. Furthermore, no bid will be accepted, and no lease for any block will be awarded to any bidder, unless:

- 1) The bidder has complied with all applicable regulations and requirements of the Final NOS, including those set forth in the documents contained in the Final NOS package;
- 2) The bid is the highest valid bid; and
- 3) The amount of the bid has been determined to be adequate by the authorized officer.

Any bid submitted that does not conform to the requirements of the Final NOS and Final NOS package, OCSLA, or other applicable statute or regulation will be rejected and returned to the bidder. The United States Department of Justice and the Federal Trade Commission will review the results of the lease sale for any antitrust issues prior to the acceptance of bids and issuance of leases.

Bid Adequacy Review Procedures for GOM Lease Sale 259

To ensure that the U.S. Government receives fair market value for the conveyance of leases from this sale, BOEM will evaluate high bids in accordance with the bid adequacy procedures that are effective on the date of the sale. The bid adequacy procedures are available on BOEM's website at <http://www.boem.gov/Oil-and-Gas-Energy-Program/Leasing/Regional-Leasing/Gulf-of-Mexico-Region/Bid-Adequacy-Procedures.aspx>.

Lease Award

BOEM requires each bidder awarded a lease to complete the following:

- 1) Execute all copies of the lease (Form BOEM-2005 [February 2017], as amended);
- 2) Pay by EFT the balance of the bonus bid amount and the first year's rental for each lease issued in accordance with the requirements of 30 CFR 218.155 and 556.520(a); and
- 3) Satisfy the bonding requirements of 30 CFR part 556, subpart I, as amended.

ONRR requests that only one transaction be used for payment of the balance of the bonus bid amount and the first year's rental. Once ONRR receives such payment, the bidder awarded the lease may not request a refund of the balance of the bonus bid amount or first year's rental payment.

XI. Delay of Sale

The BOEM GOM RD has the discretion to change any date, time, and/or location specified in the Final NOS package in the case of an event that the BOEM GOM RD deems could interfere with a fair and orderly lease sale process. Such events could include, but are not limited to, natural disasters (e.g., earthquakes, hurricanes, floods), wars, riots, acts of terrorism, fires, strikes, civil disorder, or other events of a similar nature. In case of such events, bidders should call (504) 736-0557, or access the BOEM website at <http://www.boem.gov>, for information regarding any changes.

XII. Upcoming Milestones

After the governors of the affected states (Texas, Mississippi, Florida, Alabama, and Louisiana) have had an opportunity to comment on the size, timing, and location of the lease sale, as required by section 19 of OCSLA (see 43 U.S.C. § 1345), the Assistant Secretary for Land and Minerals Management will make a decision on how to proceed with GOM Sale 259. Following the Assistant Secretary for Land and Minerals Management's decision, BOEM will publish a Final NOS in the *Federal Register* at least 30 days prior to the date of the public bid reading. The Final NOS Package for GOM Sale 259 will be available at that time from the BOEM GOM Region Public Information Office, and on BOEM's website at <http://www.boem.gov/Sale-259/>.

The Department of the Interior reserves the right to revise the areas offered for bidding and associated terms and conditions described in this Proposed NOS.