

JANUARY 21, 2004

EASTERN GULF OF MEXICO, LEASE SALE 189 (DECEMBER 10, 2003)

PHASE 2 DECISION INFORMATION MATRIX

Attached is a tabulation of selected information from the Minerals Management Service's Phase 2 evaluation process for Sale 189.

Abbreviations and codes are defined as follows:

Tract Types

- DD** - Drainage or Development Tract
- CW** - Confirmed or Wildcat Tract

Royalty Rates

- RS F** - 1600m and greater water depth; possible royalty suspension for 12 mmboe; 12/1/2% Royalty Rate

- MROV** - Mean of the Range-of-Value
- ADV** - Adjusted Delay Value
- RAM** - Revised Arithmetic - average Measure
- MED** - Median (50th percentile value)

Tract Decision Rules

- C** - Accept tract's High Bid in Phase 2: High Bid \geq ADV.
- E** - Accept tract's High Bid in Phase 2: tract is Non-Viable.
- F** - Accept tract's High Bid in Phase 2: tract is CW with \geq 3 bids where 3rd highest bid at least 50% of the highest qualified bid.
- V** - Accept tract's High Bid in Phase 2: tract is CW and passes a categorial fair market value (FMV) threshold measure test.
- M** - Accept tract's High Bid in Phase 2: $ADV \geq High\ Bid \geq RAM$
- N** - Accept tract's High Bid in Phase 2: $MED < High\ Bid < RAM < ADV < DMROV$, and $< MROV$
- R** - Reject tract's High Bid in Phase 2: High Bid is below tract's fair market value.

Lease Terms

- 000 - 399m water depth: 5 year lease term
- 400 - 799m water depth: 8 year lease term
- \geq 800m water depth: 10 year lease term

PHASE 2 DECISION INFORMATION MATRIX

Sale Number: 189

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Region Name: Gulf of Mexico OCS Region

Sale Identifier: EASTERN GULF OF MEXICO

Sale Date: DECEMBER 10, 2003

OCS NUMBER	AREA CODE/ PROT NO	BLOCK NO.	ACRES/ HECTARES	TRACT TYPE	HIGH BID	MROV	MED	ADV	RAM	ADJ # BIDS	ROYALTY RATE	TRACT DEC. RULE
G25852	DC	353	5760.00	A CW	\$793,521	\$216,000		\$216,000	NA	3	12 1/2% RS F	E
G25853	DC	397	5760.00	A CW	\$616,251	\$216,000		\$216,000	NA	1	12 1/2% RS F	C
G25854	DC	398	5760.00	A CW	\$2,225,251	\$216,000		\$216,000	NA	1	12 1/2% RS F	C
G25855	DC	486	5760.00	A CW	\$516,521	\$216,000		\$216,000	NA	1	12 1/2% RS F	C
G25856	DC	487	5760.00	A CW	\$793,521	\$216,000		\$216,000	NA	1	12 1/2% RS F	C
G25858	DC	662	5760.00	A CW	\$222,500	\$216,000		\$216,000	NA	1	12 1/2% RS F	E
G25859	DC	663	5760.00	A CW	\$1,314,400	\$216,000		\$216,000	NA	1	12 1/2% RS F	E
G25860	DC	706	5760.00	A CW	\$222,500	\$216,000		\$216,000	NA	1	12 1/2% RS F	E
G25861	DC	707	5760.00	A CW	\$246,400	\$216,000		\$216,000	NA	1	12 1/2% RS F	E
G25862	DC	751	5760.00	A CW	\$304,700	\$216,000		\$216,000	NA	1	12 1/2% RS F	E