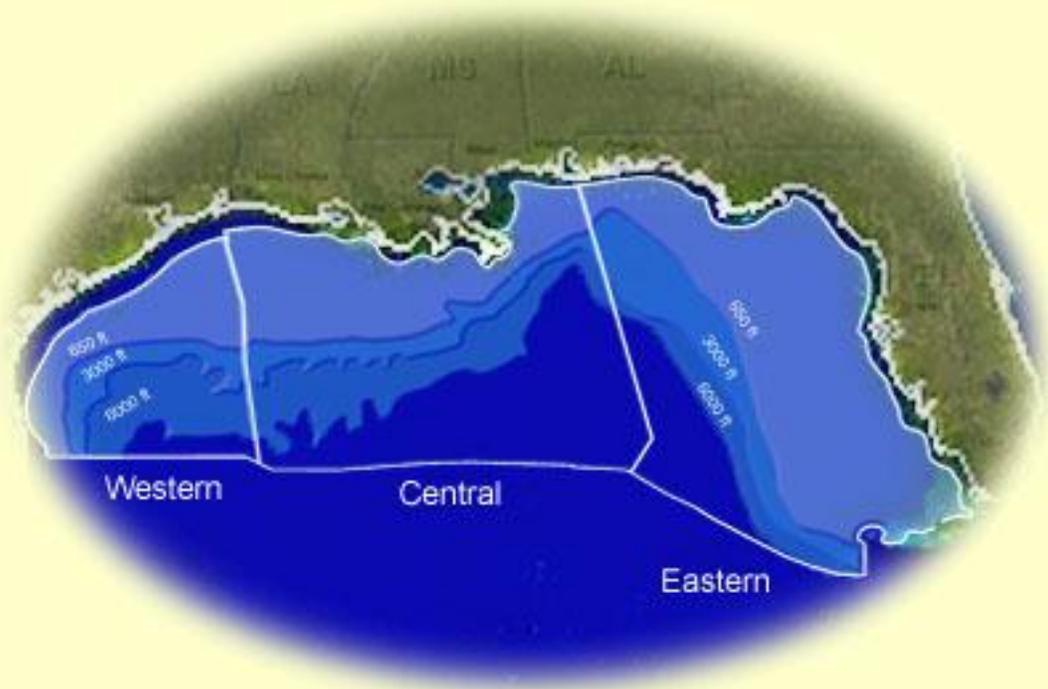


U.S. Department of the Interior



BUREAU OF OCEAN ENERGY MANAGEMENT

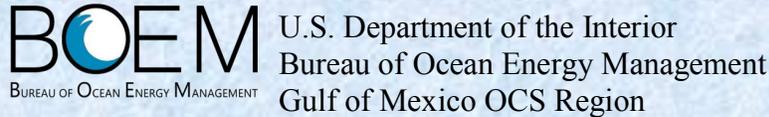
**Proposed Notice of Sale Package
Central Gulf of Mexico Planning Area (CPA)
Outer Continental Shelf (OCS)
Oil and Gas Lease Sale 235**



Wednesday, March 18, 2015

New Orleans, Louisiana

Leasing Activities Information



PROPOSED NOTICE OF SALE 235 Central Planning Area

Attached is the Proposed Notice of Sale (NOS) Package (Package), for the Central Gulf of Mexico Planning Area Oil and Gas Lease Sale 235 (CPA Sale 235) scheduled to be held at 9 a.m. on Wednesday, March 18, 2015, at the Mercedes-Benz Superdome in New Orleans, Louisiana.



This Proposed NOS Package consists of:

- [Proposed NOS for CPA 235](#)
- [Lease Stipulations](#)
- [Information to Lessees](#)
- [Example of Preferred Format—Geophysical Data and Information Statement and Sample Envelope](#)
- [Lease Terms and Economic Conditions Map](#)
- [Stipulations and Deferred Blocks Map](#)

All documents listed above are available on Compact Disc (CD) from the BOEM Gulf of Mexico (GOM) Region Public Information Office; telephone (800) 200-GULF or (504) 736-2519; or by written request to:

Bureau of Ocean Energy Management
Gulf of Mexico OCS Region
Public Information Office (GM 217G)
1201 Elmwood Park Boulevard
New Orleans, Louisiana 70123-2394

All of these documents may also be found on the Lease Sale Information page on the BOEM Gulf of Mexico website at <http://www.boem.gov/sale-235/>.

The Final Notice of Sale 235 Package is expected to be available in February 2015. It will contain final versions of the documents listed above as well as the following:

- List of Blocks Available for Leasing
- Unleased Split Blocks and Available Unleased Acreage of Blocks with Aliquots and Irregular Portions Under Lease or Deferred
- Bid Form and Envelope
- Telephone Numbers/Addresses of Bidders Form

Please Note:

Terms and conditions for CPA Sale 235 are generally the same as for the CPA Sale 231. The following noteworthy matters are highlighted for your attention:

Updated Electronic Funds Transfer (EFT) Instructions

Bidders are advised that the EFT instructions have been updated. Please note important payment information on the new ONRR Payment Information webpage at <http://onrr.gov/ReportPay/payments.htm> . Please refer to the following website for more information: <http://www.boem.gov/sale-235/>.

Deep Gas Royalty Relief Provision

Bidders are advised that only ultra-deep gas royalty relief may be provided for in this lease sale. Please refer to section 344 of the Energy Policy Act of 2005 and 30 CFR part 203.

Geophysical Data and Information Statements

This Package includes information for bidders regarding the submission of Geophysical Data and Information Statements (GDIS). Every bidder submitting a bid on a block in the CPA Sale 235, or participating as a joint bidder in such a bid, must submit at the time of bid submission a GDIS in a separate and sealed envelope, identifying any proprietary data, reprocessed speculative data and/or any Controlled Source Electromagnetic, Gravity or Magnetic data, or other information used as part of the decision to bid or participate in a bid on the block. **Please note: You may submit the GDIS Information Table digitally on a CD or Digital Video Disc as an Excel Spreadsheet.**

Information To Lessees

Bidders are advised to refer to the Information to Lessees portion of the CPA Sale 235 Package for several changes in the information clauses since the last sale in this planning area. In particular, a new ITL has been added regarding Protected Species in paragraph (s). The purpose of this ITL is to remind bidders that pursuant to the Protected Species stipulation proposed for this sale, they will be required to implement mitigation measures designed to reduce or avoid impacts on listed species and to notify them of the current ongoing consultations under the Endangered Species Act.

Notice of Proposed Change to Bid Adequacy Review Procedures

Please note that BOEM is considering a change to the current Bid Adequacy Procedures for ensuring receipt of Fair Market Value on OCS oil and gas leases. BOEM is proposing to remove the Number of Bids Rule for determining the acceptance of a tract's high bid in Phase 1 of the bid adequacy process. The Number of Bids Rule currently allows the acceptance of the highest qualified bid on blocks receiving three or more qualified bids, if certain other conditions are met, without further evaluation in Phase 2 of the bid adequacy procedures. For more information, bidders are advised to refer to the CPA Sale 235 Proposed Notice of Sale portion of the Package.

Stipulation No. 9 - Below Seabed Operations

Bidders are advised that due to changes in the lease status of some blocks, changes have been made to the particular blocks under this stipulation. For further information, the maps attached to this stipulation in the Stipulations portion of the CPA Sale 235 Package.

Stipulation No. 10 - Agreement between the United States of America and the United Mexican States Concerning Transboundary Hydrocarbon Reservoirs in the Gulf of Mexico (Agreement)

This stipulation notifies bidders that the terms stated in the agreement between Mexico and the United States will apply to some blocks offered in this sale. For more information, bidders are advised to refer to the Stipulations portion of the CPA Sale 235 Package.

U.S.-Mexico Maritime and Continental Shelf Boundary Area

Bidders are advised that the United States and the United Mexican States entered into an agreement regarding transboundary hydrocarbon reservoirs in the Gulf of Mexico, which entered into force on July 18, 2014.

The following blocks comprise the Boundary Area, as defined in and subject to the terms of the Agreement and will be offered, unless leased or deferred, in CPA Sale 235:

Sigsbee Escarpment –151, 152, 195, 196, 197, 239, 240, 241, 242, 243, 284, 285, 286, 287, 288, 289, 290, 291, 292, 293, 294, 295, 296, 297, 298, 299, 300, 301, 302, 303, 304, 305, 331, 332, 333, 334, 335, 336, 337, 338, 339, 340, 341, 342, 343, 344, 345, 346, 347, 348, 349

Amery Terrace – 118, 119, 120, 121, 122, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172, 173, 174, 175, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 232, 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 265, 266, 267, 271, 272, 273, 274, 275, 276, 277, 278, 279, 280, 281, 309, 310, 311, 312, 313, 314, 315, 316, 317, 318, 319, 320, 355, 356, 357, 358, 359

Lund South – 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 232, 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 293, 294, 295, 296

Notice of Arrival on the Outer Continental Shelf

Bidders are advised to refer to the Information to Lessees, paragraph (p), portion of the CPA Sale 235 Package. Since publication of the Final Rule on the Notice of Arrival on the Outer Continental Shelf (76 FR 2254, Jan. 13, 2011), the Coast Guard and Maritime Transportation Act of 2012 (Pub. L. No. 112-213) was signed into law by the President of the United States on December 20, 2012, and mandates that “the regulations required under section 109(a) of the Security and Accountability For Every Port Act of 2006 (33 U.S.C. 1223 note [Pub. L. 109-347, §109]) dealing with notice of arrival requirements for foreign vessels on the Outer Continental Shelf shall not apply to a vessel documented under section 12105 of title 46, United States Code, unless the vessel arrives from a foreign port or place.” Pub. L. No. 112-213, §704.

Deepwater Port Applications for Offshore Liquefied Natural Gas (LNG) Facilities

Bidders are advised to refer to the Information to Lessees, paragraph (j), portion of the CPA Sale 235 Package. This ITL clause informs bidders of potential activities that could impact oil and gas operations on and around both existing and proposed deepwater port locations.

Gulf Islands National Seashore (GUIS)

Bidders are advised to refer to the Information to Lessees, paragraph (q), portion of the CPA Sale 235 Package. This clause notifies lessees that post lease plans submitted by lessees of whole and partial lease blocks located within the first 12 miles of Federal waters near the Gulf Islands National Seashore may be subjected to additional review in order to minimize visual impacts from development operations on these blocks.

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.

Bidders and/or Lessees are advised to refer to the CPA Sale 235 Information to Lessees, paragraph (r), portion of the Package. This ITL clause reminds industry of the regulatory requirement to notify BOEM of any conviction that may result in a suspension and/or debarment prohibiting them from entering into a contract with the United States.

Updated Military Warning and Water Test Areas Notice to Lessees and Operators

Bidders are advised to refer to the latest Notice to Lessees and Operators (NTL), 2014-G04, "Military Warning and Water Test Areas," dated June 1, 2014, which can be found at <http://www.boem.gov/BOEM-NTL-No-2014-G04>. This updated NTL replaces the previous NTL, 2009-G06, dated April 22, 2009.

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Blocks Not Offered for Leasing: The following whole and partial blocks are not offered for lease in this sale:

Whole and partial blocks deferred by the Gulf of Mexico Energy Security Act of 2006, Pub. L. 109-432:

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

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:

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: 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

Blocks Not Offered for Leasing (Continued):

The lease status of the following block is currently under appeal; should the appeal be resolved prior to publishing the Final NOS, the block may be made available for lease in the CPA 235 Sale:

West Cameron (Leasing Map LA1) Block 171



Statistical Information (CPA Sale 235):

Approximate Size: 7,611 unleased blocks; 40.5 million acres*

*Statistical count of blocks and acreage available were revised as of 10/17/2014

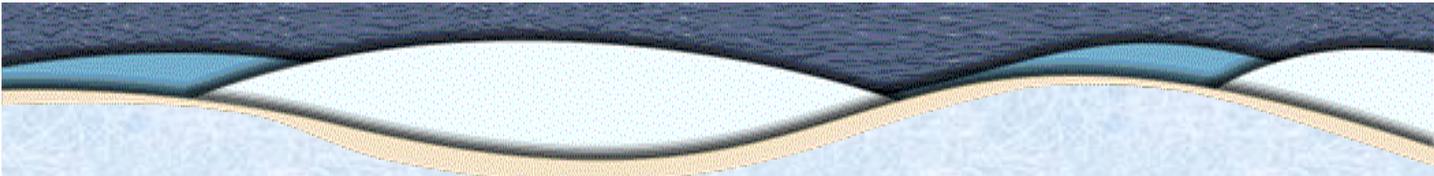


For more information on this Proposed NOS Package, potential bidders are advised to contact

Mr. Carrol Williams at (504) 736-2803,
Ms. Cindy Thibodeaux at (504) 736-2809, or
Ms. Kasey Couture at (504) 736-2909,

of the BOEM Gulf of Mexico OCS Region Leasing and Financial Responsibility Section.

**Gulf of Mexico Region Public Information Office
Bureau of Ocean Energy Management
1201 Elmwood Park Boulevard
New Orleans, Louisiana 70123-2394
Telephone: (504) 736-2519 or (800) 200-GULF [4853]
BOEM website: <http://www.boem.gov>**



DEPARTMENT OF THE INTERIOR

Bureau of Ocean Energy Management (BOEM)

Central Gulf of Mexico Planning Area (CPA)

Outer Continental Shelf (OCS) Oil and Gas

Lease Sale 235

Proposed Notice of Sale



SUMMARY:

On Wednesday, March 18, 2015, BOEM proposes to open and publicly announce bids received for blocks offered in CPA Sale 235 in accordance with the provisions of the OCS Lands Act (OCSLA, 43 U.S.C. 1331-1356, as amended) and the implementing regulations issued pursuant thereto (30 CFR parts 550 and 556).



DATES:

BOEM proposes to hold CPA Sale 235 at
9:00 a.m. on
Wednesday, March 18, 2015,
at a New Orleans site to be determined.

All times referred to in this document are local times in New Orleans, unless otherwise specified.

BID SUBMISSION DEADLINE:

BOEM must receive all sealed bids between 8:00 a.m. and 4:00 p.m. on normal working days, or from 8:00 a.m. to the Bid Submission Deadline of 10:00 a.m. on Tuesday, March 17, 2015, the day before the lease sale. For more information on bid submission, see Section VII, "[Bidding Instructions](#)," of this document.

ADDRESS:

Interested parties may obtain a Proposed Notice of Sale (NOS) Package by contacting the BOEM Gulf of Mexico (GOM) Region at:

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

Or by visiting the BOEM website:

<http://www.boem.gov/Sale-235/>

TABLE OF CONTENTS:

This Proposed NOS includes the following sections:

- I. LEASE SALE AREA
- II. STATUTES AND REGULATIONS
- III. LEASE TERMS AND ECONOMIC CONDITIONS
- IV. LEASE STIPULATIONS
- V. INFORMATION TO LESSEES
- VI. MAPS
- VII. BIDDING INSTRUCTIONS
- VIII. BIDDING RULES AND RESTRICTIONS
- IX. FORMS
- X. THE LEASE SALE
- XI. DELAY OF SALE
- XII. UPCOMING MILESTONES

Appendix A – Repeal Language for Royalty Suspension
Provisions for CPA Sale 235

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 CPA, except those listed in the “Blocks Not Offered for Leasing.”

NOTE: A treaty prohibition on exploration and development within 1.4 nautical miles of the Continental Shelf Boundary (1.4-nautical mile buffer area) expired on July 17, 2014. The Agreement between the United States of America and the United Mexican States Concerning Transboundary Hydrocarbon Reservoirs in the Gulf of Mexico (Agreement) entered into force on July 18, 2014, and will apply to, among others, whole and partial blocks in the 1.4-nautical mile buffer area. Therefore, with exploration and development no longer prohibited, BOEM plans to offer for lease in CPA Sale 235 whole and partial blocks within the 1.4-nautical mile buffer.

Blocks Not Offered for Leasing:

The following whole and partial blocks are not offered for lease in this sale:

Whole and partial blocks deferred by the Gulf of Mexico Energy Security Act of 2006, Pub. L. 109-432:	
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

Blocks Not Offered for Leasing:

Continued —

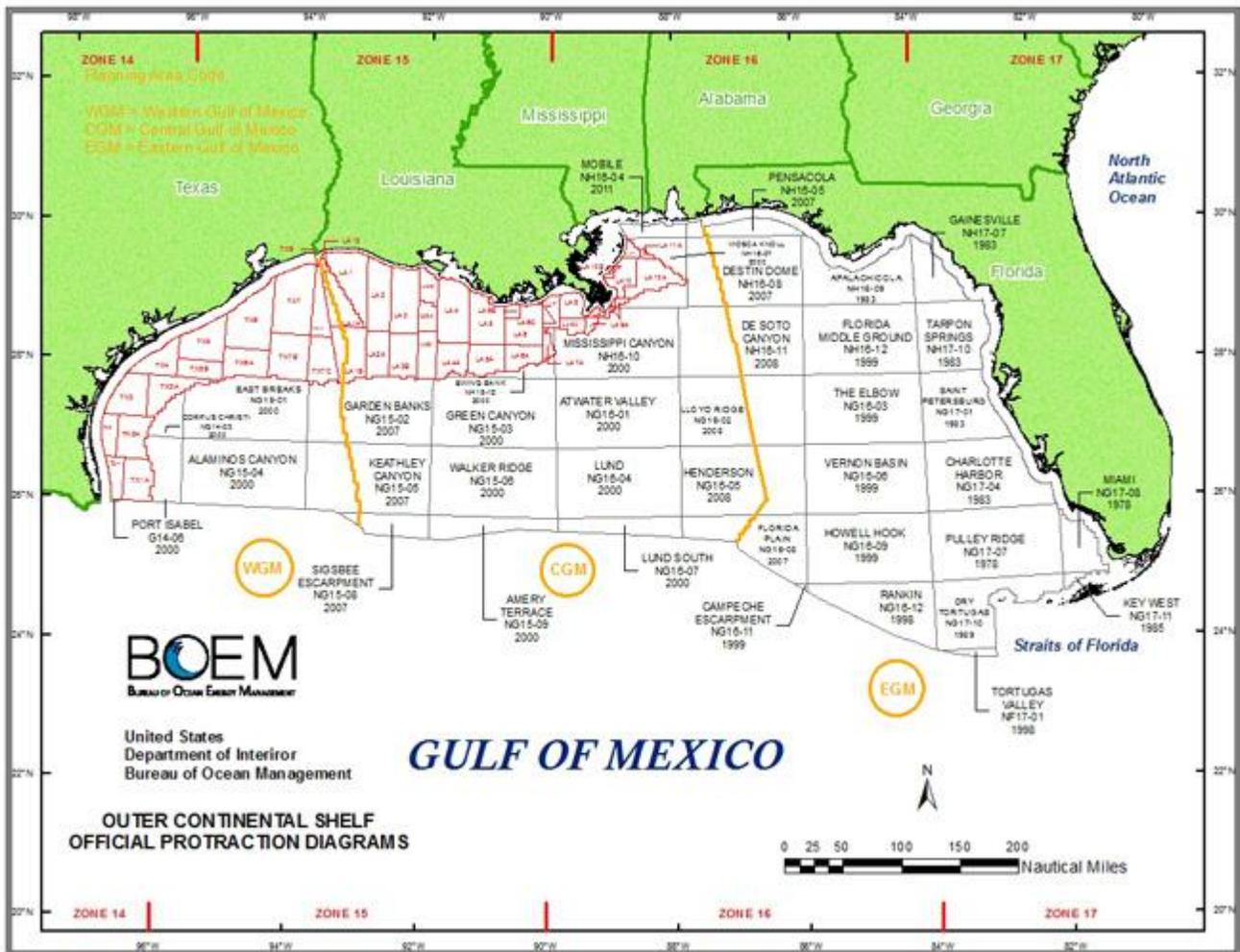
Blocks that are adjacent to or beyond the United States Exclusive Economic Zone in the area known as the northern portion of the Eastern Gap:	
Lund South (OPD NG 16-07)	Whole Blocks: 128, 129, 169 through 173, 208 through 217, 248 through 261, 293 through 305, and 349
Henderson (OPD NG 16-05)	Whole Blocks: 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: 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

The lease status of the following block is currently under appeal; should the appeal be resolved prior to publishing the Final NOS, the block may be available for lease in the CPA 235 Sale:

West Cameron (Leasing Map LA1)	Block 171
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II. STATUTES AND REGULATIONS

Each lease is issued pursuant to OCSLA, and is subject to OCSLA, implementing regulations promulgated pursuant thereto, 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 also is 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.



III. LEASE TERMS AND ECONOMIC CONDITIONS

Lease Terms

OCS Lease Form

BOEM will use Form BOEM-2005 (October 2011) to convey leases resulting from this sale. This lease form may be viewed on the BOEM website at:

<http://www.boem.gov/BOEM-2005/>

The lease form will be amended to conform with the specific terms, conditions, and stipulations applicable to the individual lease. The terms, conditions, and stipulations applicable to this sale are set forth below.

Initial Periods

Initial periods are summarized in the following table:

Water Depth in Meters	Initial Periods
0 to <400	Standard initial period is 5 years; the lessee may earn an additional 3 years (i.e., for an 8-year extended initial period), if a well is spudded targeting hydrocarbons below 25,000 feet True Vertical Depth Subsea (TVD SS) during the first 5 years of the lease
400 to <800	Standard initial period is 5 years; the lessee will earn an additional 3 years (i.e., for an 8-year extended initial period), if a well is spudded during the first 5 years of the lease
800 to <1,600	Standard initial period is 7 years; the lessee will earn an additional 3 years (i.e., for a 10-year extended initial period), if a well is spudded during the first 7 years of the lease
1,600+	10 years

(1) The standard initial period 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 TVD SS within the first 5 years of the lease, then the lessee may earn an additional 3 years, resulting in an 8-year extended initial period. The lessee will earn the 8-year extended initial period when the well is drilled to a target below 25,000 feet TVD SS, or the lessee may earn the 8-year extended initial period in cases where the well targets, but does not reach, a depth below 25,000 feet TVD SS due to mechanical or safety reasons, where sufficient evidence is provided.

In order to earn the 8-year extended initial period, the lessee is required to submit to the Bureau of Safety and Environmental Enforcement (BSEE) Gulf of Mexico Regional Supervisor for Production and Development, within 30 days after completion of the drilling operation, a letter providing the well number, spud date, information demonstrating a target below 25,000 feet TVD SS and whether that target was reached, and if applicable, any safety, mechanical, or other problems encountered that prevented the well from reaching a depth below 25,000 feet TVD SS. The BSEE Gulf of Mexico Regional Supervisor for Production and Development must concur in writing that the conditions have been met for the lessee to earn the 8-year extended initial period. The BSEE Gulf of Mexico Regional Supervisor for Production and Development will provide a written response within 30 days of receipt of the lessee's letter.

A lessee that has earned the 8-year extended initial period by spudding a well with a hydrocarbon target below 25,000 feet TVD SS during the first 5 years of the lease, confirmed by BSEE, 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 standard initial period for a lease in water depths ranging from 400 to less than 800 meters issued as a result of this sale is 5 years. The lessee will earn an additional 3 years, resulting in an 8-year extended initial period, if the lessee spuds a well within the first 5 years of the lease.

In order to earn the 8-year extended initial period, the lessee is required to submit to the appropriate BSEE District Manager, within 30 days after spudding a well, a letter providing the well number and spud date, and requesting concurrence that the lessee has earned the 8-year extended initial period. The BSEE District Manager will review the request and make a written determination within 30 days of receipt of the request. The BSEE District Manager must concur in writing that the conditions have been met by the lessee to earn the 8-year extended initial period.

(3) The standard initial period for a lease in water depths ranging from 800 to less than 1,600 meters issued as a result of this sale will be 7 years. The lessee will earn an additional 3 years, resulting in a 10-year extended initial period, if the lessee spuds a well within the first 7 years of the lease.

In order to earn the 10-year extended initial period, the lessee is required to submit to the appropriate BSEE District Manager, within 30 days after spudding a well, a letter providing the well number and spud date, and requesting concurrence that the lessee has earned the 10-year extended initial period. The BSEE District Manager will review the request and make a written determination within 30 days of receipt of the request. The BSEE District Manager must concur in writing that the conditions have been met by the lessee to earn the 10-year extended initial period.

(4) The standard initial period for a lease in water depths 1,600 meters or greater issued as a result of this sale will be 10 years.

Economic Conditions

Minimum Bonus Bid Amounts

- \$25.00 per acre or fraction thereof for blocks in water depths less than 400 meters
- \$100.00 per acre or fraction thereof for blocks in water depths 400 meters or deeper

BOEM will not accept a bonus bid unless it provides for a cash bonus in the amount equal to, or exceeding, the specified minimum bid of \$25.00 per acre or fraction thereof for blocks in water depths less than 400 meters, and \$100.00 per acre or fraction thereof for blocks in water depths 400 meters or deeper.

Rental Rates

Annual rental rates are summarized in the following table:

Rental Rates per Acre or Fraction Thereof		
Water Depth (Meters)	Years 1-5	Years 6, 7, & 8+
0 to <200	\$7.00	\$14.00, \$21.00 & \$28.00
200 to <400	\$11.00	\$22.00, \$33.00 & \$44.00
400 +	\$11.00	\$16.00

Escalating Rental Rates for Leases with an 8-Year Extended Initial Period in Water Depths of Less than 400 Meters

Any lessee with a lease in less than 400 meters water depth who earns an 8-year extended initial period 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 TVD SS after the fifth year of the lease, and BSEE 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.

Royalty Rate

- 18.75 percent

Minimum Royalty Rate

- \$7.00 per acre or fraction thereof per year for blocks in water depths less than 200 meters
- \$11.00 per acre or fraction thereof per year for blocks in water depths 200 meters or deeper

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 BSEE regulations at [30 CFR part 203](#). For proposed CPA Sale 235, the only royalty relief program that may be offered, which involves the provision of RSVs, relates to the drilling of ultra-deep wells in water depths of less than 400 meters, as described below. Please also see Appendix A.

Royalty Suspension Volumes on Gas Production from Ultra-deep Wells

Leases issued as a result of proposed CPA Sale 235 may be eligible for RSV incentives on gas produced from ultra-deep wells pursuant to [30 CFR part 203](#). These regulations implement the requirements of the Energy Policy Act of 2005. Under this program, certain wells on leases in less than 400 meters water depth and completed to a drilling depth of 20,000 feet TVD SS or deeper may 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 regulation at [30 CFR part 203](#).

IV. LEASE STIPULATIONS

One or more of the following stipulations may be applied to leases issued as a result of this sale. The detailed text of these stipulations is contained in the “[Lease Stipulations](#)” section of the Proposed NOS Package.

- (1) [Topographic Features](#)
- (2) [Live Bottoms](#)
- (3) [Military Areas](#)
- (4) [Evacuation](#)
- (5) [Coordination](#)
- (6) [Blocks South of Baldwin County, Alabama](#)
- (7) [Law of the Sea Convention Royalty Payment](#)
- (8) [Protected Species](#)
- (9) [Below Seabed Operations](#)
- (10) [Agreement between the United States of America and the United Mexican States Concerning Transboundary Hydrocarbon Reservoirs in the Gulf of Mexico](#)



V. INFORMATION TO LESSEES

The [Information to Lessees](#) (ITL) clauses provide detailed information on certain issues pertaining to this oil and gas lease sale. The detailed text of these ITL clauses is contained in the “Information to Lessees” section of the Proposed NOS Package:

- (1) [Navigation Safety](#)
- (2) [Ordnance Disposal Areas in the CPA](#)
- (3) [Communications Towers](#)
- (4) [Existing and Proposed Artificial Reefs/Rigs to Reefs](#)
- (5) [Lightering Zones](#)
- (6) [Indicated Hydrocarbons List](#)
- (7) [Military Areas in the CPA](#)
- (8) [Safety Zones for Certain Production Facilities](#)
- (9) [Bureau of Safety and Environmental Enforcement \(BSEE\) Inspection and Enforcement of Certain Coast Guard Regulations](#)
- (10) [Deepwater Port Applications for Offshore Liquefied Natural Gas Facilities](#)
- (11) [Ocean Dredged Material Disposal Sites](#)
- (12) [Potential Sand Dredging Activities in the CPA](#)
- (13) [Below Seabed Operations](#)
- (14) [Commercial Waste Disposal Areas](#)
- (15) [Air Quality Permits](#)
- (16) [Notice of Arrival on the Outer Continental Shelf](#)
- (17) [Gulf Islands National Seashore](#)
- (18) [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](#)
- (19) [Protected Species](#)

VII. BIDDING INSTRUCTIONS

Instructions on how to submit a bid, secure payment of the advance bonus bid deposit (if applicable), and what information must be included with the bid are as follows:

Bid Form

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

- 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;
- each bidder's qualification number;
- map name and number or Official Protraction Diagram (OPD) name and number;
- block number; and
- statement acknowledging that the bidder(s) understand that this bid legally binds the bidder(s) to comply with all applicable regulations including payment of one-fifth of the bonus bid amount on all apparent high bids.

The information required on the bid(s) will be specified in the document "Bid Form" contained in the Final NOS Package. A blank bid form has been provided therein for convenience and may 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 Oil and Gas Lease Sale 231, not to be opened until 9 a.m. Wednesday, March 18, 2015;"
- map name and number or OPD name and number;
- block number for block bid upon; and
- the exact name and qualification number of the submitting bidder only.

The Final NOS Package will include a sample bid envelope for reference.

Mailed Bids

If bids are mailed, please address the envelope containing the sealed bid envelope(s) as follows:

Attention: Leasing and Financial Responsibility Section

BOEM Gulf of Mexico Region

1201 Elmwood Park Boulevard

New Orleans, Louisiana 70123-2394

Contains Sealed Bids for CPA Oil and Gas Lease Sale 235

Please Deliver to Ms. Cindy Thibodeaux or Ms. Kasey Couture,

2nd Floor, Immediately

Please Note:

Bidders mailing bid(s) are advised to call Ms. Cindy Thibodeaux at (504) 736-2809, or Ms. Kasey Couture at (504) 736-2909, immediately after putting their bid(s) in the mail. If BOEM receives bids later than the Bid Submission Deadline, the BOEM Gulf of Mexico 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 or travel restrictions) and how bidders can obtain more information on such extensions.

Advance Bonus Bid Deposit

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, by Electronic Funds Transfer (EFT) or otherwise, must guarantee (secure) the payment of the one-fifth bonus bid deposit prior to bid submission using one of the following four methods:

- (1) provide a third-party guarantee.
- (2) amend an area wide development bond via bond rider.
- (3) provide a letter of credit; or
- (4) provide a lump sum payment in advance via EFT.

For more information on EFT procedures, see Section X of this document entitled, “The Lease Sale.”

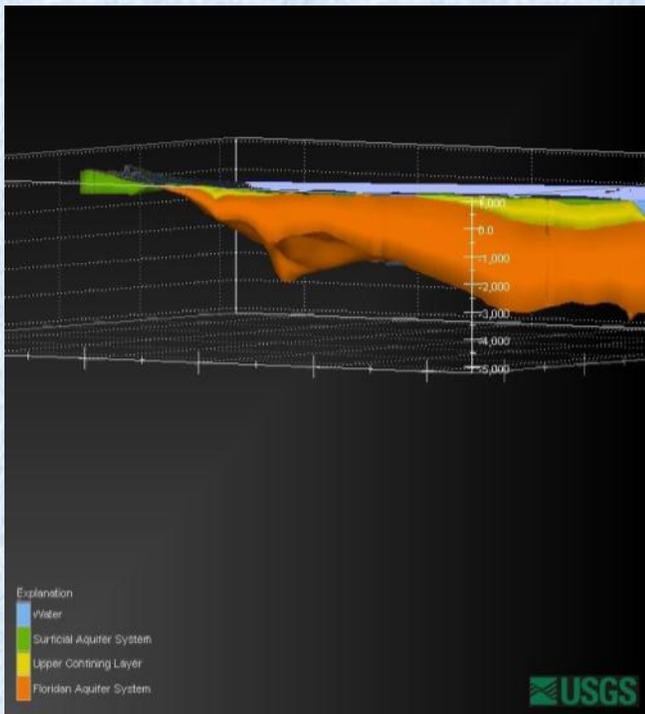
Affirmative Action

Prior to bidding, each bidder should file Equal Opportunity Affirmative Action Representation Form BOEM-2032 (October 2011) and Equal Opportunity Compliance Report Certification Form BOEM-2033 (October 2011) with the BOEM Gulf of Mexico Region Adjudication Section. This certification is required by 41 CFR part 60 and Executive Order No. 11246, issued September 24, 1965, as amended by Executive Order No. 11375, issued October 13, 1967. Both forms must be on file for the bidder(s) in the GOM Region Adjudication Section prior to the execution of any lease contract.

Geophysical Data and Information Statement (GDIS)

The GDIS is composed of three parts:

- 1) the “Statement” page includes the company representatives’ information and lists of blocks bid on that used proprietary data and those blocks bid on that did not use proprietary data;
- 2) the “Table” listing the required data about each proprietary survey used (see below); and
- 3) the “Maps” being the live trace maps for each survey that are identified in the GDIS statement and table.



Every bidder submitting a bid on a block in CPA Sale 235, 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 GDIS must be submitted in a separate and sealed envelope, and identify all proprietary data; reprocessed speculative data, and/or any Controlled Source Electromagnetic surveys, Amplitude Versus Offset, Gravity, 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 shape file) for each *proprietary* survey that they identify in the GDIS illustrating the

actual areal extent of the *proprietary* geophysical data in the survey (see the “Example of Preferred Format” in the Final NOS Package for additional information).

The GDIS statement must include the name, phone number, and full address of a contact person and an alternate who are both *knowledgeable about the information and data listed and who are available for 30 days after the sale date*. The GDIS statement also must include entries for 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. The GDIS statement must be submitted even if no proprietary geophysical data and information were used in bid preparation for the block.

The GDIS table should have columns that clearly state the sale number; the bidder company’s name; the block area and block number bid on; 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; and time or depth); 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). Provide the computer storage size, to the nearest gigabyte, of each seismic data and velocity volume used

to evaluate the lease block in question. This will be used in estimating the reproduction costs for each data set, if applicable. The availability of reimbursement of production costs will be determined consistent with 30 CFR 551.13. The next column should state who reprocessed the data (e.g., external company name or “in-house”) and when the date of final reprocessing was completed (month and year). If the data was sent to BOEM for bidding in a previous lease sale, list the date the data was processed (month and year) and indicate if AVO data was used in the evaluation. BOEM reserves the right to query about alternate data sets, to quality check, 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. An example of the preferred format of the table may be found in the Final NOS Package, and a blank digital version of the preferred table may be accessed on the CPA Sale 235 sale page at <http://www.boem.gov/Sale-235/>.

The GDIS maps are live trace maps (in .pdf and ArcGIS shape files) that should be submitted for each *proprietary* survey that is identified in the GDIS table. They should illustrate the actual areal extent of the proprietary geophysical data in the survey (see the “Example of Preferred Format” in the Final NOS Package for additional information).

Pursuant to 30 CFR 551.12 and 30 CFR 556.32, as a condition of the sale, the BOEM Gulf of Mexico RD requests that all bidders and joint bidders submit the proprietary data identified on their GDIS within 30 days after the lease sale (unless they are 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 is not required to be submitted to BOEM, and reimbursement will not be provided if such data is submitted by a bidder. The BOEM Gulf of Mexico 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. Pursuant to 30 CFR part 551 and as a condition of this sale, all bidders required to submit data must ensure that the data is 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, LA 70123-2304

BOEM recommends that bidders mark the submission’s external envelope as “Deliver Immediately to DASPU.” BOEM also recommends that the data be submitted in an internal envelope, or otherwise marked, with the following designation: “Proprietary Geophysical Data Submitted Pursuant to CPA 235 and used during <Bidder Name’s> evaluation of Block <Block Number>.”

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

- (1) Persons 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 <https://www.sam.gov>.
- (2) Persons must be enrolled in the Department of Treasury’s Internet Payment Platform (IPP) for electronic invoicing. The person must enroll in the IPP at <https://www.ipp.gov/>. Access then will be granted to use the IPP for submitting requests for payment. When a request for payment is submitted, it must include the assigned Purchase Order Number on the request.
- (3) Persons must have a current On-line Representations and Certifications Application at <https://www.sam.gov>.

Please Note:

GDIS Contacts

The GDIS Information Table must be submitted digitally, preferably as an Excel spreadsheet, on a CD or DVD along with the seismic data map(s). If you have any questions, please contact

Ms. Dee Smith at (504) 736-2706, or

Mr. John Johnson at (504) 736-2455.

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 Final NOS, including any failure to submit information as required in the Final NOS or 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 will be included in the Final 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 556.46.

VIII. BIDDING RULES AND RESTRICTIONS

Restricted Joint Bidders

On May 5, 2014, BOEM published the most recent List of Restricted Joint Bidders in the *Federal Register* at 79 FR 25615. 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 joint bidding provisions at 30 CFR 556.41 for additional restrictions.

Authorized Signatures

All signatories executing documents on behalf of 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 payment of one-fifth of the bonus bid on all high bids. A statement to this effect must be included on each bid form (see the document “Bid Form” to be contained in the Final NOS Package).

Unlawful Combination or Intimidation

BOEM warns bidders against violation of 18 U.S.C. 1860, prohibiting 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. 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 in conformance with the BOEM qualification records. Signatories must be authorized to bind their respective legal business entities (e.g., a corporation, partnership, or LLC) and documentation be on file with BOEM setting forth this authority to act on the business entity’s behalf for purposes of bidding and lease execution under OCSLA (e.g., business charter or articles, incumbency certificate, or power of attorney). The name and title of the authorized signatory must be typed under the signature block on the withdrawal request. The BOEM Gulf of Mexico RD, or the RD’s designee, will indicate any approval by signing and dating the withdrawal request.

Bid Rounding

Minimum bonus bid calculations, including all rounding, for all blocks will be shown in the document “List of Blocks Available for Leasing” 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 then be applied to the whole (rounded up) acreage. If this calculation results in a fractional dollar amount, the minimum bonus bid will be rounded up to the next whole dollar amount. The bonus bid amount must be greater than or equal to the minimum bonus bid in whole dollars.

IX. FORMS

The Final NOS Package includes instructions, samples, and/or the preferred format for the following items. BOEM strongly encourages bidders to use these formats; should 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 in the Final NOS. 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 the Office of Natural Resources Revenue (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 requirement deposit may be obtained at the EFT Area outside the Bid Reading Room on the day of the bid opening, or it may be obtained on the BOEM website at <http://www.boem.gov/Sale-235/> under the heading "Notification of EFT 1/5 Bonus Liability." All payments must be deposited electronically into an interest-bearing account in the U.S. Treasury by 11:00 a.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.

BOEM requires bidders to use EFT procedures for payment of one-fifth bonus bid deposits for CPA Sale 235, following the detailed instructions contained on the ONRR Payment Information webpage at <http://www.onrr.gov/FM/PayInfo.htm>. Acceptance of a deposit does not constitute and shall 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 or partial 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. 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 requirements of the Final NOS, including those set forth in the documents contained in the Final NOS Package and applicable regulations; (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 may be rejected and returned to the bidder. The U.S. Department of Justice and the Federal Trade Commission will review the results of the lease sale for antitrust issues prior to the acceptance of bids and issuance of leases.

To ensure that the Government receives a fair return for the conveyance of leases from this sale, high bids will be evaluated in accordance with BOEM's bid adequacy procedures. A copy of current procedures, "Modifications to the Bid Adequacy Procedures," published at 64 FR 37560 on July 12, 1999, can be obtained from the BOEM Gulf of Mexico Region Public Information Office, or via the BOEM Gulf of Mexico Region website at <http://www.boem.gov/Bid-Adequacy-Procedures/>.

Notice of Proposed Change to Bid Adequacy Review Procedures

Please note that BOEM is considering a change in its existing Bid Adequacy Procedures for ensuring receipt of Fair Market Value on OCS oil and gas leases. BOEM is proposing to remove the Number of Bids Rule for determining the acceptance of a tract's high bid in Phase 1 of the bid adequacy process. The Number of Bids Rule currently allows the acceptance of the highest qualified bid on blocks receiving three or more qualified bids, if certain other conditions are met, without further evaluation in Phase 2 of the bid adequacy procedures. BOEM will be seeking comments on this proposed change through a separate *Federal Register* Notice. If the proposal is adopted, BOEM plans to publish the revised Bid Adequacy Procedures before, or at the same time, as the CPA Sale 235 Final NOS. If revised Bid Adequacy Procedures are applicable to CPA Sale 235 bids, they will also be announced in the Final NOS.

Lease Award

BOEM requires each bidder awarded a lease to:

- (1) execute all copies of the lease (Form BOEM-2005 (October 2011), 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 556.47(f);
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 four-fifths bonus bid amount and the first year's rental.

XI. DELAY OF SALE

The BOEM Gulf of Mexico RD has the discretion to change any date, time, and/or location specified in the Final NOS Package in case of an event that the BOEM Gulf of Mexico RD deems may interfere with the carrying out of a fair and proper lease sale process. Such events could include, but are not limited to, natural disasters (e.g., earthquakes, hurricanes, and 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, Louisiana, Mississippi, Alabama, and Florida) have had an opportunity to comment on the size, timing, and location of the proposed lease sale, as required by section 19 of OCSLA (43 U.S.C. 1345), the Assistant Secretary for Land and Minerals Management will make a decision on whether and how to proceed with CPA Sale 235. 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. If the Assistant Secretary for Land and Minerals Management decides to proceed with the lease sale, a Final NOS for CPA Sale 235 will be published in the *Federal Register* at least 30 days prior to the date of the public bid reading. The Final NOS Package for CPA Sale 235, containing all lease sale terms and conditions and detailed instructions to bidders, also will be available at that time from the BOEM Gulf of Mexico Region Public Information Office, and on the BOEM website at

<http://www.boem.gov/Sale-235/>.



APPENDIX A

REPEAL LANGUAGE FOR ROYALTY SUSPENSION PROVISIONS FOR CPA SALE 235

Potential bidders are advised about possible changes in royalty relief for this sale. Congress could adopt and the President could sign a bill that repeals the Energy Policy Act of 2005 (EPAAct of 2005), Pub. L. No. 109-58, section 344, before BOEM issues the Final NOS for CPA Sale 235.

Should section 344 of the EPAAct of 2005 be repealed on or before January 30, 2015 – a date giving enough lead time for bidders and BOEM to prepare the Final NOS for CPA Sale 235 – BOEM intends to offer leases for sale with no ultra-deep gas RSVs in their lease terms. If section 344 is repealed, leases located in 0 to 400 meters of water with ultra-deep wells would not earn RSVs.

Leasing Activities Information

BOEM U.S. Department of the Interior
Bureau of Ocean Energy Management
Gulf of Mexico Region
BUREAU OF OCEAN ENERGY MANAGEMENT

LEASE STIPULATIONS

One or more of 10 lease stipulations will be applied to leases issued as a result of this lease sale on blocks shown on the map “Proposed, Central Planning Area, Lease Sale 235, Stipulations and Deferred Blocks” included in the Proposed NOS Package. In addition, the “List of Blocks Available for Leasing” contained in the Final NOS Package will identify the lease stipulations applicable to each block listed. These lease stipulations are as follows:

[Stipulation No. 1 –Topographic Features](#)

[Stipulation No. 2 –Live Bottoms](#)

[Stipulation No. 3 –Military Areas](#)

[Stipulation No. 4 –Evacuation](#)

[Stipulation No. 5 –Coordination](#)

[Stipulation No. 6 –Blocks South of Baldwin County, Alabama](#)

[Stipulation No. 7 –Law of the Sea Convention Royalty Payment](#)

[Stipulation No. 8 –Protected Species](#)

[Stipulation No. 9 –Below Seabed Operations](#)

[Stipulation No. 10 – Agreement between the United States of America and the United Mexican States Concerning Transboundary Hydrocarbon Reservoirs in the Gulf of Mexico](#)

(Stipulation No. 1, together with the appropriate Topographic Features Stipulation Map, will be included only in leases issued as a result of this lease sale on blocks within the areas so indicated in the Western and Central Gulf of Mexico Topographic Features Stipulation Map Package, which is available from the Bureau of Ocean Energy Management (BOEM) Gulf of Mexico (GOM) Region Public Information Office and on the BOEM website at http://www.boem.gov/uploadedFiles/topo_features_package.pdf. As referenced in paragraphs A, B, C, and D of this stipulation, a Topographic Features Stipulation Map will be attached to each lease instrument subject to this stipulation.)

Stipulation No. 1 – Topographic Features

The stipulation provides for protection of the following banks in the Central Planning Area (CPA):

<u>Bank Name</u>	<u>No Activity Zone (defined by isobaths in meters)</u>
Alderdice Bank	80
Bouma Bank	85
Bright Bank ¹	85
Diaphus Bank ²	85
Elvers Bank	85
Ewing Bank	85
Fishnet Bank ²	76
Geyer Bank	85
Jakkula Bank	85
McGrail Bank	85
Parker Bank	85
Rezak Bank	85
Sackett Bank ²	85
Sidner Bank	85
Sonnier Bank	55
Sweet Bank ³	85

Notes:

[1] Gulf of Mexico CPA bank with a portion of its “3-Mile Zone” in the GOM Western Planning Area.

[2] Only paragraphs A and B apply.

[3] Only paragraph A applies.

The lessee and its operators, personnel, and subcontractors are responsible for carrying out the specific mitigation measures outlined in the most current Notices to Lessees, which provide guidance on how to follow the requirements of this stipulation. See the attached “Topographic Features Stipulation Map” and the figures in the “Western and Central Gulf of Mexico Topographic Features Stipulation Map Package” on BOEM’s website at http://www.boem.gov/uploadedFiles/topo_features_package.pdf.

- A. No activity, including placement of structures, drilling rigs, pipelines, or anchoring, will be allowed within the listed isobath (“No Activity Zone”) of the banks listed above.
- B. Operations within the area shown as the “1,000-Meter Zone” on the attached “Topographic Features Stipulation Map” must be restricted by shunting all drill cuttings and drilling fluids to the bottom through a structurally sound downpipe that terminates at an appropriate distance, but no more than 10 meters, from the bottom.
- C. Operations within the area shown as the “1-Mile Zone” on the attached “Topographic Features Stipulation Map” must be restricted by shunting all drill cuttings and drilling fluids to the bottom through a structurally sound downpipe that terminates at an appropriate distance, but no more than 10 meters, from the bottom. Where a “1-Mile Zone” is designated, the “1,000-Meter Zone” in paragraph B is not designated.
- D. Operations within the area shown as “3-Mile Zone” on the “Topographic Features Stipulation Map” must be restricted by shunting all drill cuttings and drilling fluids from development operations to the bottom through a structurally sound downpipe that terminates at an appropriate distance, but no more than 10 meters, from the bottom. If more than two exploration wells that are for purposes other than development operations are to be drilled from the same surface location, all drill cuttings and drilling fluids must be restricted by shunting to the bottom through a structurally sound downpipe that terminates at an appropriate distance, but no more than 10 meters, from the bottom.

(Stipulation No. 2 will be included only in leases issued as a result of this lease sale, as shown on the map “Proposed, Central Planning Area, March 2015, Lease Sale 235, Stipulations and Deferred Blocks” included in the Proposed NOS Package.)

Stipulation No. 2 – Live Bottoms

- A. For the purpose of this stipulation, “live bottom areas” are defined as seagrass communities or those areas that contain biological assemblages consisting of sessile invertebrates such as sea fans, sea whips, hydroids, anemones, ascidians, sponges, bryozoans, or corals living upon and attached to naturally occurring hard or rocky formations with rough, broken, or smooth topography; or areas whose lithotope favors the accumulation of turtles, fishes, and other fauna. Live Bottom features may include Pinnacle Trend Features, Low-relief Features, or Potentially Sensitive Biological Features.
- B. Prior to any drilling activities or the construction or placement of any structure for exploration or development on this lease, including, but not limited to, anchoring, well drilling, and pipeline and platform placement, the lessee will submit to the Bureau of Ocean Energy Management (BOEM) Regional Director a live-bottom survey report containing a bathymetry map prepared utilizing remote sensing data and an interpretation of live bottom areas prepared from the data collected. The resultant bathymetry map will be prepared for the purpose of determining the presence or absence of live bottoms, which could be impacted by the proposed activity. This map must encompass such an area of the seafloor where surface-disturbing activities, including anchoring, may occur.
- C. If the BOEM Regional Director determines that the proposed activity might impact live bottoms adversely, the BOEM Regional Director will require the lessee to undertake any measure deemed economically, environmentally, and technically feasible to protect the live bottom areas. These measures may include, but are not limited to, relocation of operations, shunting of fluids and cuttings, and monitoring to assess the impact of the activity on the live bottoms.

(Stipulation No. 3 will be included in leases issued as a result of this lease sale, located within the Warning Areas and Eglin Water Test Areas 1, 3, and 4 as shown on the map “Proposed, Central Planning Area, March 2015, Lease Sale 235, Stipulations and Deferred Blocks” included in the Proposed NOS Package.)

Stipulation No. 3 – Military Areas

A. Hold and Save Harmless

Whether compensation for such damage or injury might be due under a theory of strict or absolute liability or otherwise, the lessee assumes all risks of damage or injury to persons or property that occur in, on, or above the Outer Continental Shelf (OCS), and to any persons or to any property of any person or persons who are agents, employees, or invitees of the lessee, its agents, independent contractors, or subcontractors doing business with the lessee in connection with any activities being performed by the lessee in, on, or above the OCS, if such injury or damage to such person or property occurs by reason of the activities of any agency of the United States (U.S.) Government, its contractors or subcontractors, or any of its officers, agents, or employees, being conducted as a part of, or in connection with, the programs and activities of the command headquarters listed in the following table.

Notwithstanding any limitation of the lessee’s liability in Section 14 of the lease, the lessee assumes this risk whether such injury or damage is caused in whole or in part by any act or omission, regardless of negligence or fault, of the U.S. Government, its contractors or subcontractors, or any of its officers, agents, or employees. The lessee further agrees to indemnify and save harmless the U.S. Government against all claims for loss, damage, or injury sustained by the lessee, or to indemnify and save harmless the U.S. Government against all claims for loss, damage, or injury sustained by the agents, employees, or invitees of the lessee, its agents, or any independent contractors or subcontractors doing business with the lessee in connection with the programs and activities of the aforementioned military installation, whether the same be caused in whole or in part by the negligence or fault of the U.S. Government, its contractors, or subcontractors, or any of its officers, agents, or employees and whether such claims might be sustained under a theory of strict or absolute liability or otherwise.

B. Electromagnetic Emissions

The lessee agrees to control its own electromagnetic emissions and those of its agents, employees, invitees, independent contractors, or subcontractors emanating from individual designated defense warning areas in accordance with requirements specified by the commander of the command headquarters listed in the following table to the degree necessary to prevent damage to, or unacceptable interference with, Department of Defense flight, testing, or operational activities conducted within individual designated warning areas. Necessary monitoring control and coordination with the lessee, its agents, employees, invitees, independent contractors, or subcontractors will be effected by the commander of the appropriate onshore military installation conducting operations in the particular warning area, provided, however, that control of such electromagnetic emissions will in no instance prohibit all manner of electromagnetic communication during any period of time between a lessee, its agents, employees, invitees, independent contractors, or subcontractors, and onshore facilities.

C. Operational

The lessee, when operating, or causing to be operated on its behalf, a boat, ship, or aircraft traffic in the individual designated warning areas, must enter into an agreement with the commander of the individual command headquarters shown in the following list, upon utilizing an individual designated warning area prior to commencing such traffic. Such an agreement will provide for positive control of boats, ships, and aircraft operating in the warning areas at all times.

Warning and Water Test Areas

Command Headquarters

W-59

Naval Air Station
JRB 159 Fighter Wing
400 Russell Avenue, Box 27
Building 285 (Operations)
New Orleans, Louisiana 70143-0027
Telephone: (504) 391-8695/8696

W-92

Fleet Area Control and Surveillance Facility
Attention: Schedules Officer
118 Albemare Ave.
P.O. Box 40
Jacksonville, Florida 32212
Telephone: (904) 542-2113

W-147

147 OSS/OSA
Attention: Sgt. Gina Turner
14657 Sneider Street
Houston, Texas 77034-5586
Telephone: (281) 929-2142

Eglin Water Test Areas 1, 3, and 4

Air Force Test Center (AFTC)
Attention: 96 Test Wing Technical Advisor
Mr. Ed Utt or Mr. Chris Smith
96 TW/CZ
101 West "D" Avenue, Suite 116
Eglin AFB, Florida 32542-5492
Telephone: (850) 882-5622

W-155

Fleet Area Control and Surveillance
Attention: Facility (FACSFAC)
NAS Pensacola
1860 Perimeter Road, Building 3963
NASP, FL 32508-5217
Telephone: (850) 452-2735

W-453

Air National Guard - CRTC
4715 Hewes Avenue, Building 60
Gulfport, Mississippi 39507-4324
Telephone: (228) 214-6027

(Stipulation No. 4 will be included only in leases issued as a result of this lease sale located in the easternmost portion of the Central Planning Area, as shown on the map “Proposed, Central Planning Area, March 2015, Lease Sale 235, Stipulations and Deferred Blocks” included in the Proposed NOS Package.)

Stipulation No. 4 – Evacuation

- A. The lessee, recognizing that oil and gas resource exploration, exploitation, development, production, abandonment, and site cleanup operations on the leased area of submerged lands may occasionally interfere with tactical military operations, hereby recognizes and agrees that the United States reserves and has the right to temporarily suspend operations and/or require evacuation on this lease in the interest of national security. Such suspensions are considered unlikely in this area. Every effort will be made by the appropriate military agency to provide as much advance notice as possible of the need to suspend operations and/or evacuate. Advance notice of fourteen (14) days normally will be given before requiring a suspension or evacuation, but in no event will the notice be less than four (4) days. Temporary suspension of operations may include the evacuation of personnel and appropriate sheltering of personnel not evacuated. Appropriate shelter means the protection of all lessee personnel for the entire duration of any Department of Defense activity from flying or falling objects or substances; it will be implemented by a written order from the Bureau of Safety and Environmental Enforcement (BSEE) Gulf of Mexico Region, Regional Supervisor for District Field Operations (RSDFO), after consultation with the appropriate command headquarters or other appropriate military agency or higher authority. The appropriate command headquarters, military agency, or higher authority will provide information to allow the lessee to assess the degree of risk to, and provide sufficient protection for, the lessee’s personnel and property. Such suspensions or evacuations for national security reasons normally will not exceed seventy-two (72) hours; however, any such suspension may be extended by order of the RSDFO. During such periods, equipment may remain in place, but all production, if any, must cease for the duration of the temporary suspension if the RSDFO so directs. Upon cessation of any temporary suspension, the RSDFO immediately will notify the lessee that such suspension has terminated and operations on the leased area can resume.
- B. The lessee must inform BSEE of the persons/offices to be notified to implement the terms of this stipulation.
- C. The lessee is encouraged to establish and maintain early contact and coordination with the appropriate command headquarters in order to avoid or minimize the effects of conflicts with potentially hazardous military operations.
- D. The lessee is not entitled to reimbursement for any costs or expenses associated with the suspension of operations or activities or the evacuation of property or personnel in fulfillment of the military mission in accordance with subsections A through C above.
- E. Notwithstanding subsection D, the lessee reserves the right to seek reimbursement from appropriate parties for the suspension of operations or activities, or the evacuation of property or personnel, associated with conflicting commercial operations.

(Stipulation No. 5 will be included only in leases issued as a result of this lease sale located in the easternmost portion of the Central Planning Area, as shown on the map “Proposed, Central Planning Area, March 2015, Lease Sale 235, Stipulations and Deferred Blocks” included in the Proposed NOS Package.)

Stipulation No. 5 – Coordination

- A. The placement, location, and planned periods of operation of surface structures on this lease during the exploration stage are subject to approval by the Bureau of Ocean Energy Management (BOEM) Regional Director after the review of an operator’s exploration plan (EP). Prior to approval of the EP, the lessee must consult with the appropriate command headquarters regarding the location, density, and planned periods of operation of such structures, and to maximize exploration while minimizing conflicts with Department of Defense activities. When determined necessary by the appropriate command headquarters, the lessee will enter into a formal Operating Agreement with such command headquarters, which delineates the specific requirements and operating parameters for the lessee’s activities in accordance with the military stipulation clauses contained herein. If it is determined that the operations will result in interference with scheduled military missions in such a manner as to possibly jeopardize national defense or to pose unacceptable risks to life and property, then the BOEM Regional Director may approve the EP with conditions, disapprove it, or require modification in accordance with 30 CFR part 550. The BOEM Regional Director will notify the lessee in writing of the conditions associated with plan approval, or the reason(s) for disapproval or required modifications. Moreover, if there is a serious threat of harm or damage to life or property, or if it is in the interest of national security or defense, pending or approved operations may be suspended or halted in accordance with 30 CFR part 250 or 30 CFR part 550. Such a suspension will extend the term of a lease by an amount equal to the length of the suspension. The Bureau of Safety and Environmental Enforcement (BSEE) Regional Director will attempt to minimize such suspensions within the confines of related military requirements. It is recognized that the issuance of a lease conveys the right to the lessee, as provided in section 8(b)(4) of the Outer Continental Shelf Lands Act, 43 U.S.C. 1337(b)(4), to engage in exploration, development, and production activities conditioned upon other statutory and regulatory requirements.
- B. The lessee is encouraged to establish and maintain early contact and coordination with the appropriate command headquarters, in order to avoid or minimize the effects of conflicts with potentially hazardous military operations
- C. If national security interests are likely to be in continuing conflict with an existing Operating Agreement, EP, Development and Production Plan, or Development Operations Coordination Document, the BSEE Regional Director, in consultation with BOEM, will direct the lessee to modify any existing operating agreement or to enter into a new operating agreement to implement measures to avoid or minimize the identified potential conflicts, subject to the terms and conditions and obligations of the legal requirements of the lease.

(Stipulation No. 6 will be included only in leases issued as a result of this lease sale on blocks south of and within 15 miles of Baldwin County, Alabama, as shown on the map “Proposed, Central Planning Area, March 2015, Lease Sale 235, Stipulations and Deferred Blocks” included in the Proposed NOS Package.)

Stipulation No. 6 – Blocks South of Baldwin County, Alabama

- A. In order to minimize visual impacts from development operations on this block, the lessee will contact lessees and operators of leases in the vicinity prior to submitting a Development Operations Coordination Document (DOCD) to determine if existing or planned surface production structures can be shared. If feasible, the lessee’s DOCD should reflect the results of any resulting sharing agreement, propose the use of subsea technologies, or propose another development scenario that does not involve new surface structures.
- B. If the lessee cannot formulate a feasible development scenario that does not call for new surface structure(s), the lessee’s DOCD should ensure that they are the minimum necessary for the proper development of the block and that they will be constructed and placed using orientation, camouflage, or other design measures in such a manner as to limit their visibility from shore.
- C. The Bureau of Ocean Energy Management (BOEM) will review and make decisions on the lessee’s DOCD in accordance with applicable Federal regulations and BOEM policies, and in consultation with the State of Alabama (Geological Survey/Oil and Gas Board).

(Stipulation No. 7 will be included only in leases issued as a result of this lease sale beyond the United States (U.S.) Exclusive Economic Zone (EEZ) in the area formerly known as the Western Gap, as shown on the map “Proposed, Central Planning Area, Lease Sale 235, March 2015, Stipulations and Deferred Blocks” included in the Proposed NOS Package.)

Stipulation No. 7 – Law of the Sea Convention Royalty Payment

If the United States becomes a party to the 1982 Law of the Sea Convention (Convention) prior to or during the life of a lease issued by the United States on a block or portion of a block located beyond its EEZ and subject to such conditions that the Senate may impose through its constitutional role of advice and consent, then the following royalty payment lease provisions will apply to the lease so issued, consistent with Article 82 of the Convention:

- A. The Convention requires payments annually by coastal states party to the Convention with respect to all production at a site after the first five years of production at that site. Any such payments will be made by the U.S. Government and not the lessee.
- B. For the purpose of this stipulation regarding payments by the lessee to the United States, each lease constitutes a separate site, whether or not a lease is committed to a unit.
- C. For the purpose of this stipulation, the first production year begins on the first day of commercial production (excluding test production). Once a production year begins, it will run for a period of 365 days, whether or not the lease produces continuously in commercial quantities. Subsequent production years will begin on the anniversary date of first production.
- D. If total lease production during the first five years following first production exceeds the total royalty suspension volume(s) provided in the lease terms, or through application and approval of relief from royalties, the provisions of this stipulation will not apply. If, after the first five years of production, but prior to termination of this lease, production exceeds the total royalty suspension volume(s) provided in the lease terms, or through application and approval of relief from royalties, the provisions of this stipulation no longer will apply effective the day after the suspension volumes have been produced.
- E. If, in any production year after the first five years of lease production, due to lease royalty suspension provisions or through application and approval of relief from royalties, no lease production royalty is due or payable by the lessee to the United States, then the lessee will be required to pay, as stipulated in paragraph I below, Convention-related royalty in the following amount so that the required Convention payments may be made by the U.S. Government as provided under the Convention:
 - 1) In the sixth year of production, 1 percent of the value of the sixth year’s lease production saved, removed, or sold from the leased area;
 - 2) After the sixth year of production, the Convention-related royalty payment rate will increase by 1 percent for each subsequent year until the twelfth year and will remain at 7 percent thereafter until lease termination.

- F. If the United States becomes a party to the Convention after the fifth year of production from the lease, and a lessee is required, as provided herein, to pay Convention-related royalty, the amount of the royalty due will be based on the above payment schedule as determined from first production. For example, the U.S. Government accession to the Convention in the tenth year of lease production would result in a Convention-related royalty payment of 5 percent of the value of the tenth year's lease production, saved, removed, or sold from the lease. The following year, a payment of 6 percent would be due and so forth, as stated above, up to a maximum of 7 percent per year.
- G. If, in any production year after the first five years of lease production, due to lease royalty suspension provisions or through application and approval of relief from royalties, lease production royalty is paid but is less than the payment provided for by the Convention, then the lessee will be required to pay to the U.S. Government the Convention-related royalty in the amount of the shortfall.
- H. In determining the value of production from the lease if a payment of Convention-related royalty is to be made, the provisions of the lease and applicable regulations will apply.
- I. The Convention-related royalty payment(s) required under paragraphs E through G of this stipulation, if any, will not be paid monthly but will be due and payable to the Office of Natural Resources Revenue on or before 30 days after expiration of the relevant production lease year.
- J. The lessee will receive royalty credit in the amount of the Convention-related royalty payment required under paragraphs E through G of this stipulation, which will apply to royalties due under the lease for which the Convention-related royalty accrued in subsequent periods as non-Convention-related royalty payments become due.
- K. Any lease production for which the lessee pays no royalty other than a Convention-related requirement, due to lease royalty suspension provisions or through application and approval of relief from royalties, will count against the lease's applicable royalty suspension or relief volume.
- L. The lessee will not be allowed to apply or recoup any unused Convention-related credit(s) associated with a lease that has been relinquished or terminated

(Stipulation No. 8 will be included in all leases issued as a result of this lease sale.)

Stipulation No. 8 – Protected Species

A. The Endangered Species Act (16 U.S.C. 1531-1544) and the Marine Mammal Protection Act (MMPA) (16 U.S.C. 1361-1423h) are designed to protect threatened and endangered species and marine mammals and apply to activities on the Outer Continental Shelf (OCS). The OCS Lands Act (43 U.S.C. 1331-1356a) provides that the OCS should be made available for expeditious and orderly development subject to environmental safeguards, in a manner which is consistent with the maintenance of competition and other national needs (see 43 U.S.C. 1332). The Bureau of Ocean Energy Management (BOEM) and the Bureau of Safety and Environmental Enforcement (BSEE) comply with these laws on the OCS.

B. The lessee and its operators must:

- 1) Collect and remove flotsam resulting from activities related to exploration, development, and production of this lease;
- 2) Post signs in prominent places on all vessels and platforms used as a result of activities related to exploration, development, and production of this lease detailing the reasons (legal and ecological) why release of debris must be eliminated;
- 3) Observe for marine mammals and sea turtles while on vessels, reduce vessel speed to 10 knots or less when assemblages of cetaceans are observed, and maintain a distance of 90 meters or greater from whales, and a distance of 45 meters or greater from small cetaceans and sea turtles;
- 4) Employ mitigation measures prescribed by BOEM/BSEE or the National Marine Fisheries Service (NMFS) for all seismic surveys, including the use of an “exclusion zone” based upon the appropriate water depth, ramp-up and shutdown procedures, visual monitoring, and reporting;
- 5) Identify important habitats, including designated critical habitat, used by listed species (e.g., sea turtle nesting beaches, piping plover critical habitat), in oil spill contingency planning and require the strategic placement of spill cleanup equipment to be used only by personnel trained in less-intrusive cleanup techniques on beaches and bay shores; and
- 6) Immediately report all sightings and locations of injured or dead protected species (e.g., marine mammals and sea turtles) to the appropriate stranding network. If oil and gas industry activity is responsible for the injured or dead animal (e.g., because of a vessel strike), the responsible parties should remain available to assist the stranding network. If the injury or death was caused by a collision with the lessee’s vessel, the lessee must notify BOEM within 24 hours of the strike.

C. BOEM and BSEE issue Notices to Lessees (NTLs), which more fully describe measures implemented in support of the above-mentioned implementing statutes and regulations, as well as measures identified by the U.S. Fish and Wildlife Service and NMFS arising from, among others, conservation recommendations, rulemakings pursuant to the MMPA, or consultation. The lessee and its operators, personnel, and subcontractors, while undertaking activities authorized under this lease, must implement and comply with the specific mitigation measures outlined in NTL No. 2012-JOINT-G01 (Vessel Strike Avoidance and Injured/Dead Protected Species Reporting), NTL No. 2012-JOINT-G02 (Implementation of Seismic Survey Mitigation Measures and Protected Species Observer Program), and NTL No. 2012-BSEE-G01 (Marine Trash and Debris Awareness and Elimination). At the lessee's option, the lessee, its operators, personnel, and contractors may comply with the most current measures to protect species in place at the time an activity is undertaken under this lease, including but not limited to new or updated versions of the NTLs identified in this paragraph. The lessee and its operators, personnel, and subcontractors will be required to comply with the mitigation measures, identified in the above referenced NTLs, and additional measures in the conditions of approvals for their plans or permits.

(Stipulation No. 9 will be included in any lease issued as a result of this sale on the following list of blocks.)

Blocks (see attached maps):

Mississippi Canyon 919, 920, 921, and 964

Mississippi Canyon 735

Mississippi Canyon 723 and 767

Walker Ridge 293 and 294

Walker Ridge 762 and 763

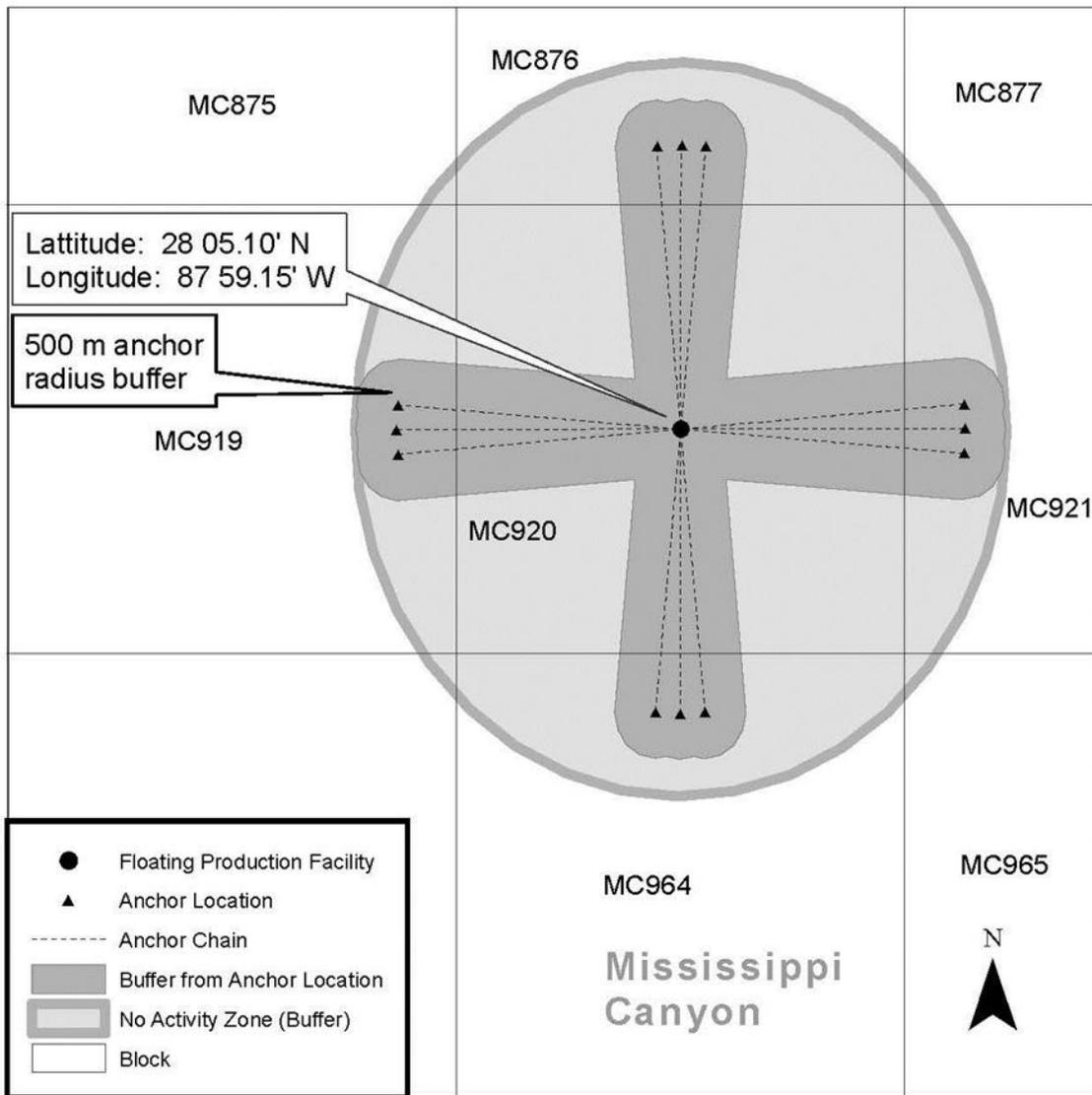
Green Canyon 786, 787, and 788

Stipulation No. 9 – Below Seabed Operations

Rights-of-use and easements have been granted to allow permanent mooring of floating production facilities. As a result, any lessee holding an interest in oil and gas leases for these blocks is not allowed to conduct activities, including, but not limited to, the construction and use of structures, operation of drilling rigs, laying of pipelines, and/or anchoring on the seafloor or in the water column within the areas depicted by the attached maps. Sub-seabed activities that are part of exploration, development, and production activities from outside the areas depicted by the attached maps may be allowed, including the use of directional drilling or other techniques.

UNITED STATES DEPARTMENT OF THE INTERIOR
 BUREAU OF OCEAN ENERGY MANAGEMENT
 GULF OF MEXICO OCS REGION
Blocks with Stipulations

MISSISSIPPI CANYON, BLOCKS 919, 920, 921 and 964



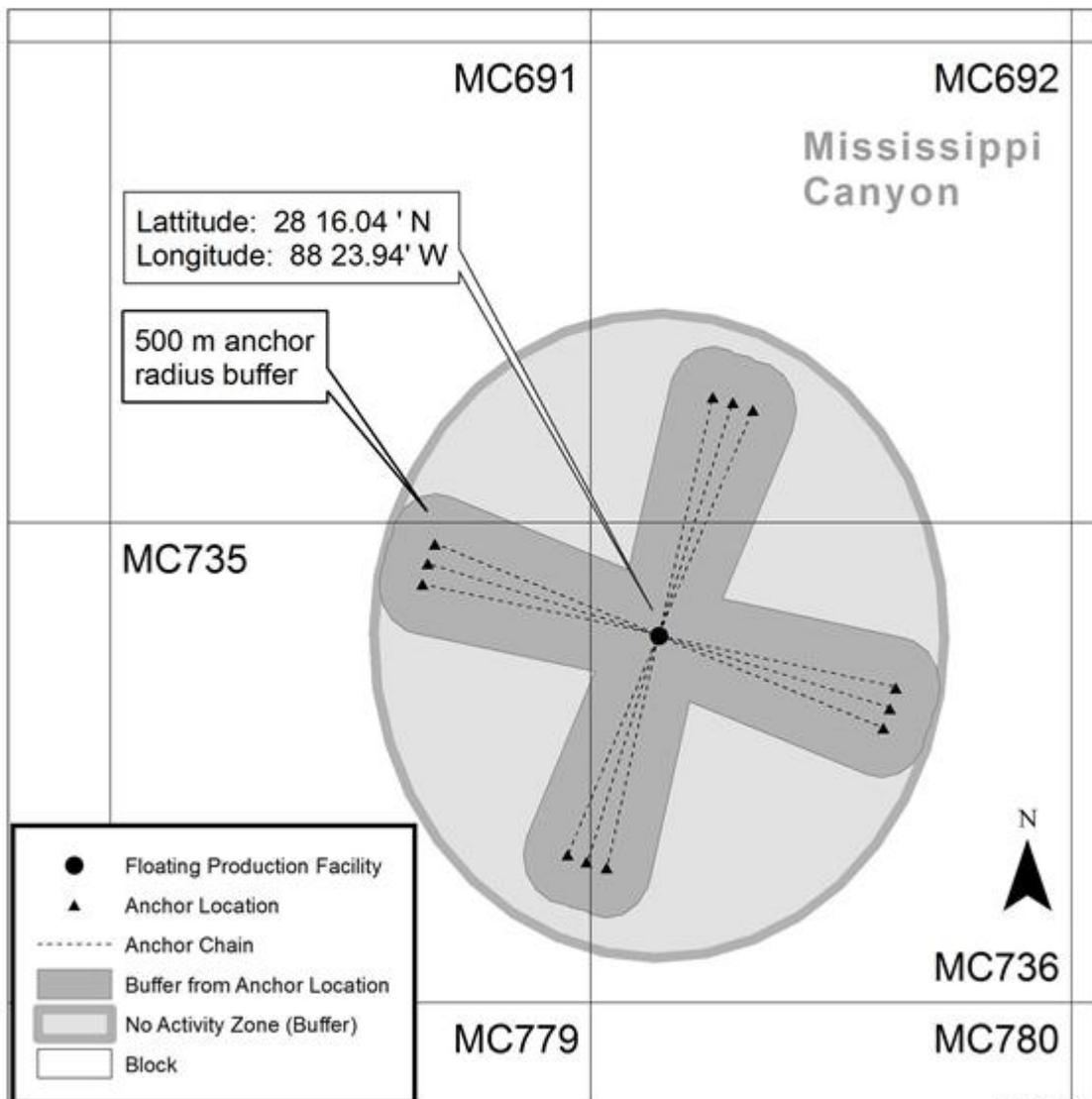
MAS201400376

**Central Planning Area, Lease Sale 235
 March 2015**

The data shown are an approximation of the location of the infrastructure and should not be used for final evaluation.

UNITED STATES DEPARTMENT OF THE INTERIOR
 BUREAU OF OCEAN ENERGY MANAGEMENT
 GULF OF MEXICO OCS REGION
Blocks with Stipulations

MISSISSIPPI CANYON, BLOCK 735

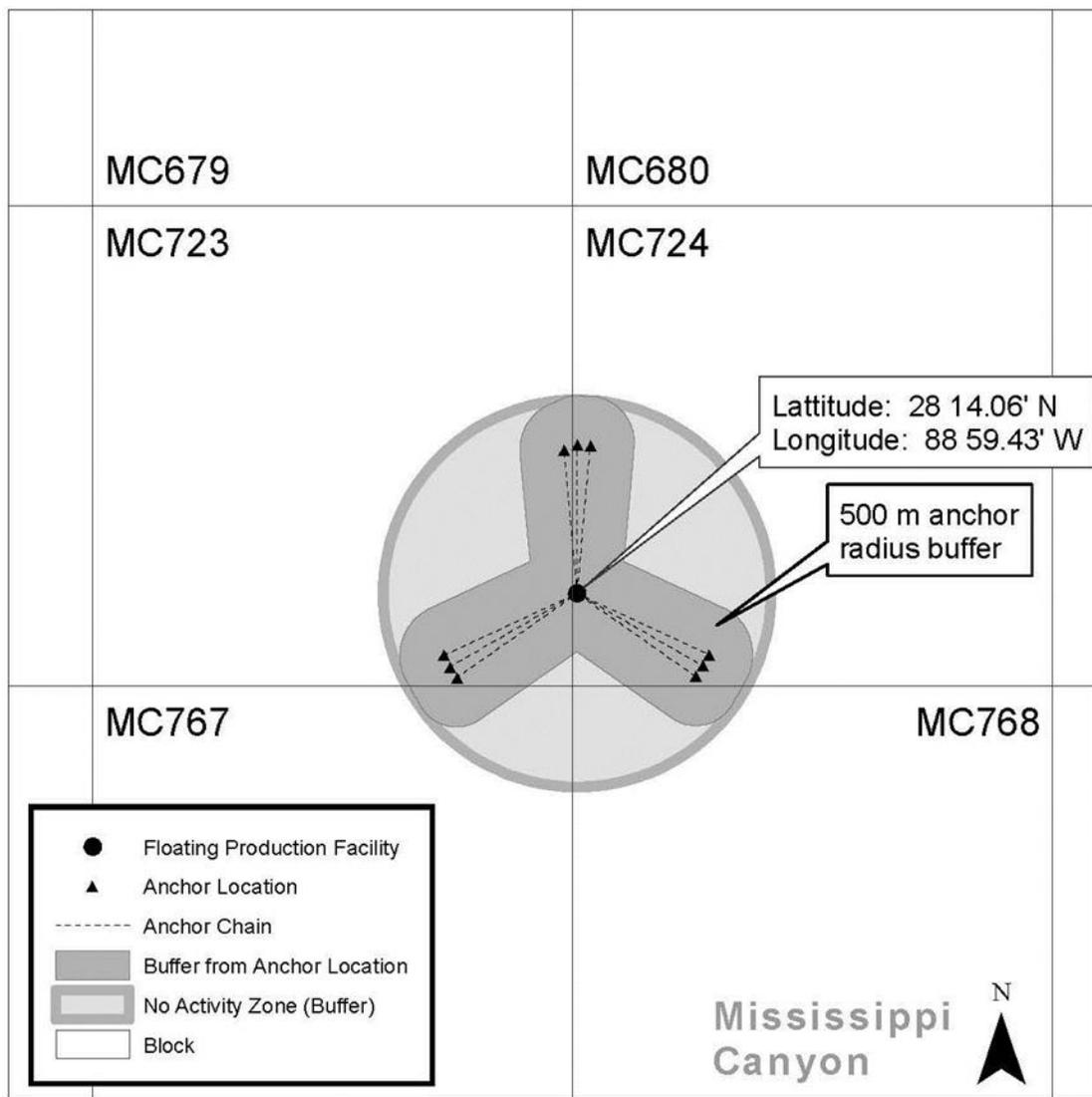


Central Planning Area, Lease Sale 235
 March 2015

The data shown are an approximation of the location of the infrastructure and should not be used for final evaluation.

UNITED STATES DEPARTMENT OF THE INTERIOR
 BUREAU OF OCEAN ENERGY MANAGEMENT
 GULF OF MEXICO OCS REGION
Blocks with Stipulations

MISSISSIPPI CANYON, BLOCKS 723 and 767

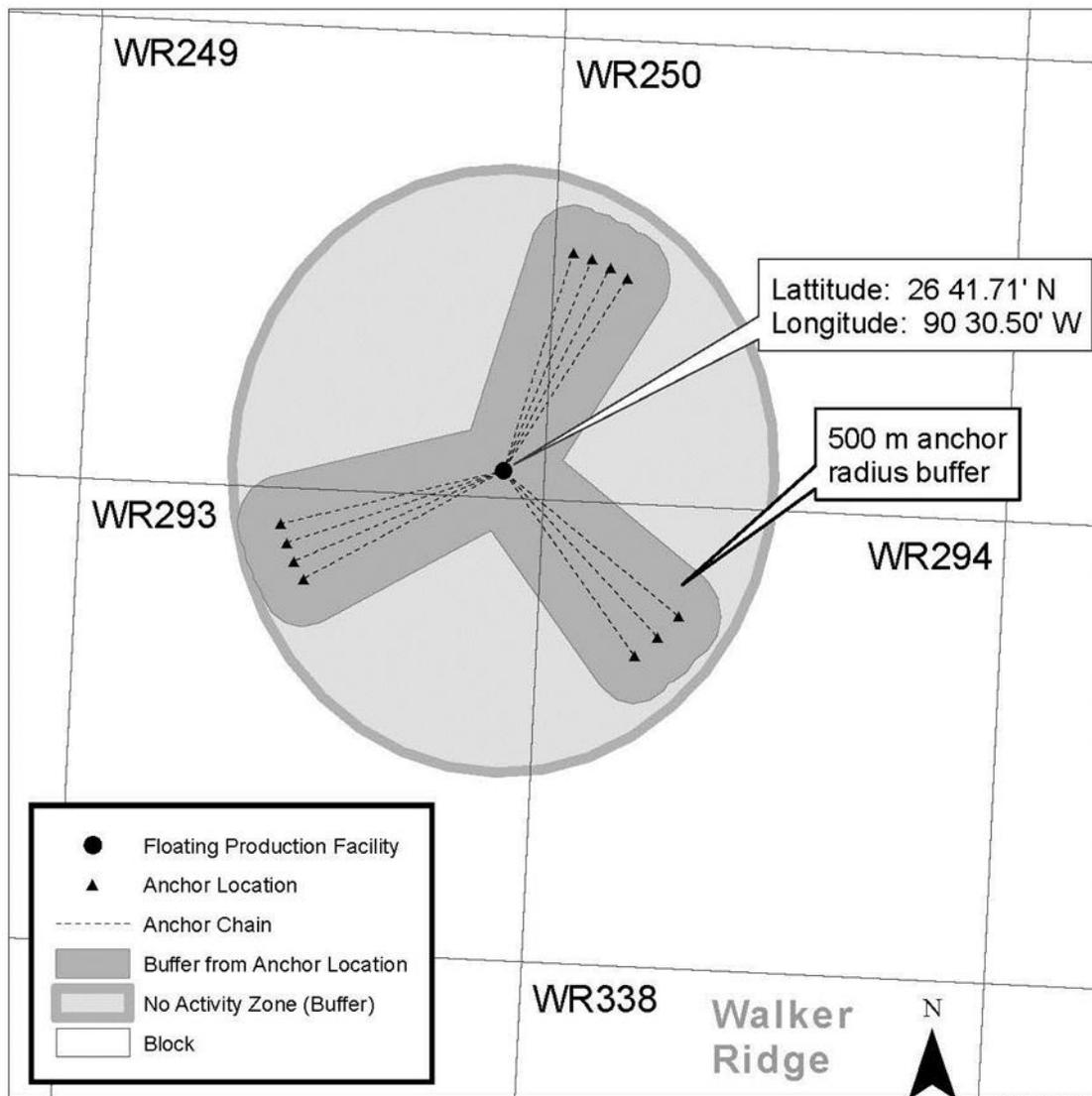


Central Planning Area, Lease Sale 235
 March 2015

The data shown are an approximation of the location of the infrastructure and should not be used for final evaluation.

UNITED STATES DEPARTMENT OF THE INTERIOR
 BUREAU OF OCEAN ENERGY MANAGEMENT
 GULF OF MEXICO OCS REGION
Blocks with Stipulations

WALKER RIDGE, BLOCKS 293 and 294

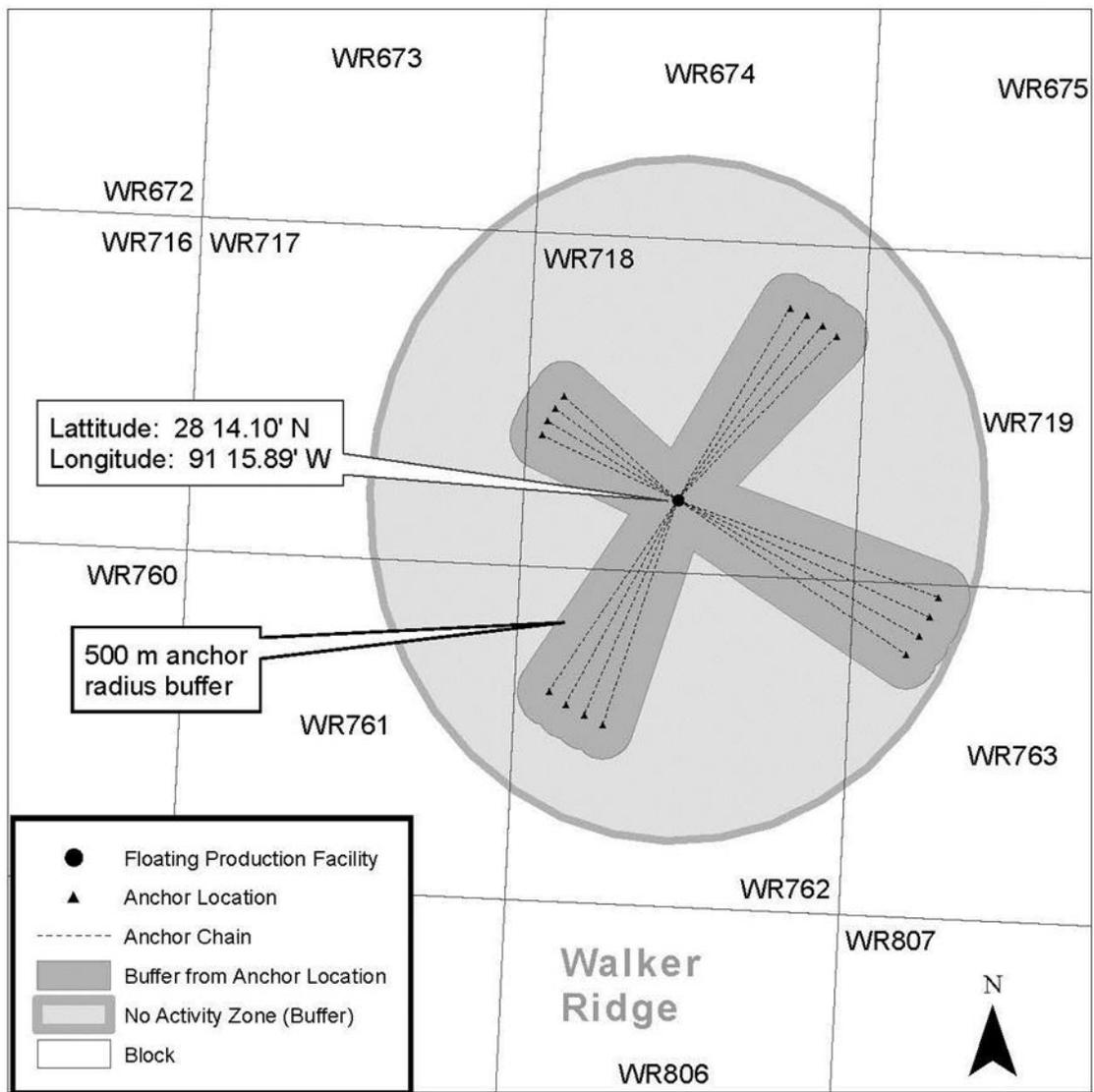


Central Planning Area, Lease Sale 235
 March 2015

The data shown are an approximation of the location of the infrastructure and should not be used for final evaluation.

UNITED STATES DEPARTMENT OF THE INTERIOR
 BUREAU OF OCEAN ENERGY MANAGEMENT
 GULF OF MEXICO OCS REGION
Blocks with Stipulations

WALKER RIDGE, BLOCKS 762 and 763

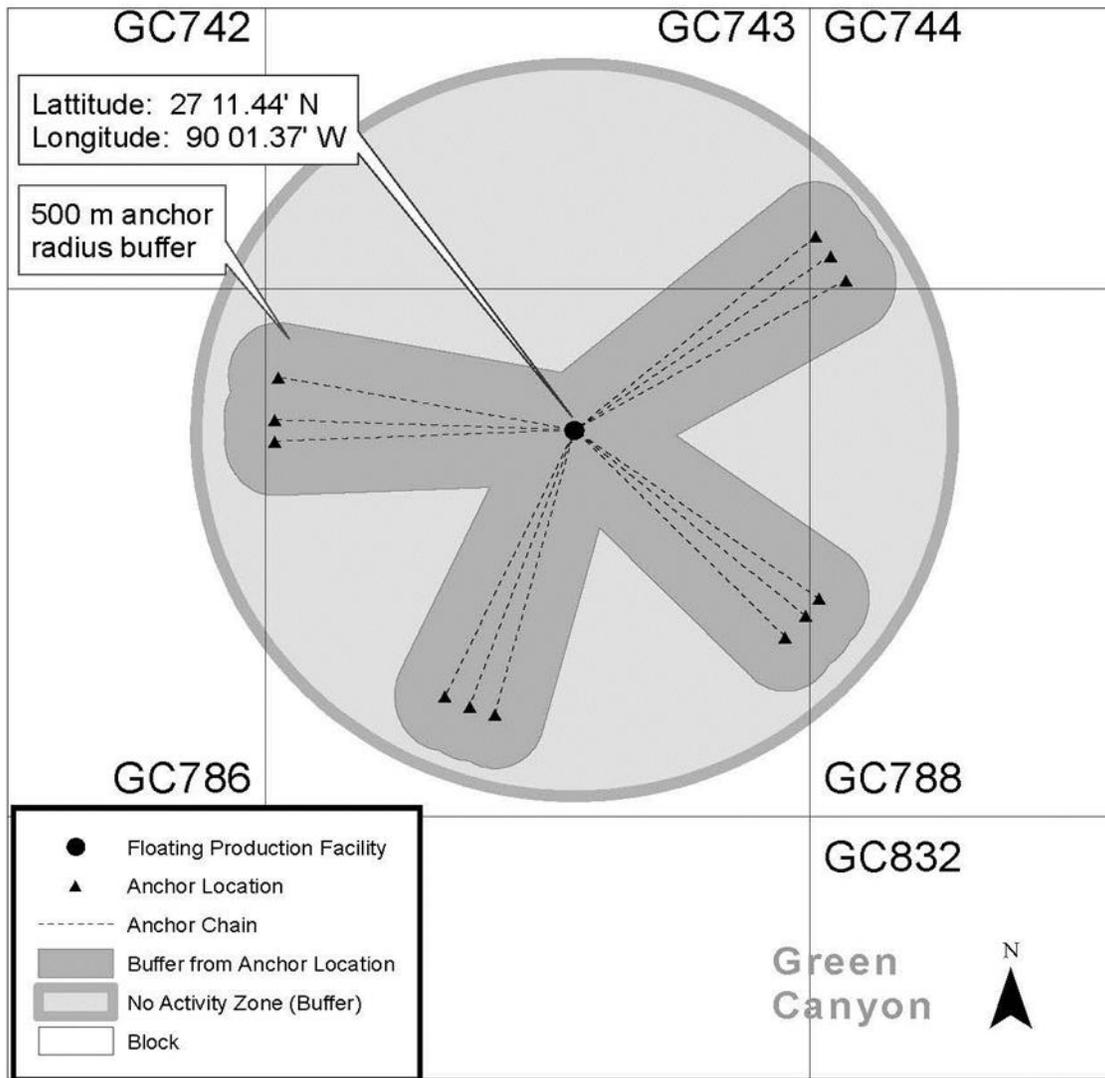


Central Planning Area, Lease Sale 235
 March 2015

The data shown are an approximation of the location of the infrastructure and should not be used for final evaluation.

UNITED STATES DEPARTMENT OF THE INTERIOR
 BUREAU OF OCEAN ENERGY MANAGEMENT
 GULF OF MEXICO OCS REGION
Blocks with Stipulations

GREEN CANYON, BLOCKS 786, 787 and 788



Central Planning Area, Lease Sale 235
 March 2015

The data shown are an approximation of the location of the infrastructure and should not be used for final evaluation.

(Stipulation No. 10 will be included in leases issued as a result of this lease sale that are wholly or partially located within 3 statute miles of the Maritime and Continental Shelf Boundary with Mexico, defined as the “Boundary Area” and as shown on the map “Proposed, Central Planning Area, March 2015, Lease Sale 235, Stipulation and Deferred Blocks Map” included in the Proposed NOS Package. The term “Boundary Area” means an area comprised of any and all blocks in the Western and Central Planning Areas that are wholly or partially located within 3 statute miles of the Maritime and Continental Shelf Boundary with Mexico, as the Maritime Boundary is delimited in the Treaty to Resolve Pending Boundary Differences and Maintain the Rio Grande and Colorado River as the International Boundary, signed November 24, 1970; the Treaty on Maritime Boundaries between the United Mexican States and the United States of America, signed on May 4, 1978; and, as the continental shelf in the Western Gulf of Mexico beyond 200 nautical miles is delimited in the Treaty between the Government of the United Mexican States and the Government of the United States of America, signed on June 9, 2000.)

Stipulation No. 10 – Agreement between the United States of America and the United Mexican States Concerning Transboundary Hydrocarbon Reservoirs in the Gulf of Mexico

The Agreement between the United States of America and the United Mexican States Concerning Transboundary Hydrocarbon Reservoirs in the Gulf of Mexico (Agreement) signed on February 20, 2012, entered into force on July 18, 2014. All activities carried out under this lease must comply with the Agreement and any law, regulation, or condition of approval of a unitization agreement, plan, or permit adopted by the United States to implement the Agreement before or after issuance of this lease. The lessee is subject to, and must comply with, all terms of the Agreement, including, but not limited to, the following requirements:

- A. When the United States is obligated under the Agreement to provide information that may be considered confidential, commercial, or proprietary to a third-party or the Government of the United Mexican States, if the lessee holds such information, the lessee is required to provide it to the lessor as provided for in the Agreement;
- B. When the United States is obligated under the Agreement to prohibit commencement of production on a lease, the Bureau of Safety and Environmental Enforcement (BSEE) will direct a Suspension of Production with which the lessee must comply;
- C. When the United States is obligated under the Agreement to seek development of a transboundary reservoir under a unitization agreement, the lessee is required to cooperate and explore the feasibility of such development with a licensee of the United Mexican States;
- D. When there is a proven transboundary reservoir, as defined by the Agreement, and the relevant parties, including the lessee, fail to conclude a unitization agreement, the lessee’s rights to produce the hydrocarbon resources will be limited by the terms of the Agreement;
- E. If the lessee seeks to jointly explore or develop a transboundary reservoir with a licensee of the United Mexican States, the lessee is required to submit to BSEE information and documents that comply with and contain terms consistent with the Agreement, including, but not limited to, a proposed unitization agreement that designates the unit operator for the transboundary unit and provides for the allocation of production and any redetermination of the allocation of production; and

- F. The lessee is required to comply with and abide by determinations issued as a result of the Agreement's dispute resolution process on, among other things, the existence of a transboundary reservoir, and the allocation and/or reallocation of production.

The lessee and its operators, personnel, and subcontractors are required to comply with these and any other additional measures necessary to implement the provisions of the Agreement, including, but not limited to, conditions of approvals for their plans and permits for activities related to any transboundary reservoir or geologic structure subject to the Agreement.

A copy of the Agreement is attached to this lease. The lessee accepts the risk that any provision of the Agreement or any U.S. law, regulation, or condition of approval of a unitization agreement, plan, or permit implementing the Agreement may increase or decrease the lessee's obligations and rights under the lease. The summary of provisions of the Agreement set forth above is provided for the lessee's reference. To the extent this summary differs or conflicts with the express language of the Agreement or implementing regulations, the provisions of the Agreement and regulations are incorporated by reference in their entirety and will control and be enforceable as binding provisions of this lease.

Leasing Activities Information

BOEM U.S. Department of the Interior
Bureau of Ocean Energy Management
Gulf of Mexico Region
BUREAU OF OCEAN ENERGY MANAGEMENT

INFORMATION TO LESSEES

This document contains ITL clauses designed to inform potential bidders of select applicable Federal requirements and other information that may be of benefit to bidders participating in this sale.

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(a) Navigation Safety. Bidders are advised that operations on certain blocks may be restricted by the designation of fairways, precautionary zones, anchorages, safety zones, or traffic separation schemes established by the U.S. Coast Guard (USCG) pursuant to the Ports and Waterways Safety Act (33 U.S.C. 1221-1236), as amended, and the Deepwater Port Act of 1974 (33 U.S.C. 1501-1524). Bidders are advised to review the USCG regulations at 33 CFR part 150, including 33 CFR 150.940, "Safety zones for specific deepwater ports," and the Louisiana Offshore Oil Port Safety Zones, included in Appendix A to 33 CFR part 150.

U.S. Army Corps of Engineers (USACE) permits are required for construction of any artificial islands, installations, and other devices permanently or temporarily attached to the seabed on the Outer Continental Shelf (OCS) in accordance with section 4(e) of the OCS Lands Act, as amended.

For additional USCG information, contact Lieutenant Commander Brandon Sullivan, Waterways Management Division, Sector New Orleans, 200 Hendee Street, New Orleans, Louisiana 70114, or at (504) 365-2281. For additional USACE information, contact Mr. Martin S. Mayer, CEMVN-OD-S, P.O. Box 60267, New Orleans, Louisiana 70160-0267, or at (504) 862-2255.

(b) Ordnance Disposal Areas in the CPA. Bidders are advised that two inactive ordnance disposal areas are located in Mississippi Canyon, as shown on the map "Stipulations and Deferred Blocks" included in the Proposed NOS Package. These areas were used to dispose of ordnance of unknown quantity and composition in approximate water depths of 750 to 1,525 meters. Bottom sediments in both disposal areas are soft, consisting of silty clays. Exploration and development activities in these areas require precautions commensurate with the potential hazards.

The U.S. Air Force (USAF) has released an indeterminable amount of unexploded ordnance throughout Eglin Water Test Areas (EWTAs) 1, 3, and 4. The exact location of the unexploded ordnance is unknown, and lessees are advised that all lease blocks within these water test areas should be considered potentially hazardous for drilling and platform/pipeline placement.

(c) Communications Towers. Bidders are advised that the USAF has installed seven military communications towers in the Chandeleur, Mobile, and Viosca Knoll areas that support Air Combat Maneuvering Instrumentation (ACMI). The USAF may impose certain restrictions on oil and gas activities in that area since no activity can take place within 500 feet of a tower site, and unobstructed lines of sight must be maintained between towers. The seven towers are located within Mobile Blocks 769, 819, and 990; Viosca Knoll Block 116; Chandeleur Area Blocks 33 and 61; and Chandeleur Area, East Addition, Block 39.

For information and maps of the specific locations and line of sight crossings for ACMI towers, contact Ms. Kasey Couture at (504) 736-2909, in the Bureau of Ocean Energy Management (BOEM) Gulf of Mexico (GOM) Region.

The Notice to Lessees and Operators (NTL) No. 2009-G26 also is available from the BOEM Gulf of Mexico Region (GOMR) Public Information Office at the address provided at the end of this document, or the BOEM website at <http://www.boem.gov/Regulations/Notices-To-Lessees/Notices-to-Lessees-and-Operators.aspx>.

(d) Existing and Proposed Artificial Reefs/Rigs-to-Reefs. Bidders are advised that there are OCS artificial reef planning and general permit areas for the GOMR in which reef sites are or may be established for use by the applicable State Rigs-to-Reefs program. Rigs-to-Reefs proposals for reefing oil and gas structures must be accepted by the appropriate State and approved by the Bureau of Safety and Environmental Enforcement (BSEE) Gulf of Mexico Region. The State Artificial Reef program developing a reef site must also obtain a permit from the USACE. Each State’s Artificial Reefs/Rigs-to-Reefs program is managed under that State’s Artificial Reef Plan. For more information, see the contact information in the table below.

State	Coordinator	Phone	URL
AL	Craig Newton	(251) 861-2882	http://www.outdooralabama.com/artificial-reefs/
FL	Jon Dodrill	(850) 487-0554	http://myfwc.com/conservation/saltwater/artificial-reefs/ar-program/
LA	Mike McDonough	(225) 763-5418	http://www.wlf.louisiana.gov/fishing/artificial-reef-program
MS	James Sander	(228) 523-4089	http://www.dmr.ms.gov/marine-fisheries/artificial-reef
TX	Dale Shively	(512) 389-4686	http://www.tpwd.state.tx.us/landwater/water/habitats/artificial_reef/

(e) Lightening Zones. Bidders are advised that the USCG has designated certain areas of the OCS as lightening zones for the purpose of permitting single hull vessels to offload oil within the U.S. Exclusive Economic Zone. Such designation may have implications for oil and gas operations in these areas. See 33 CFR 156.300 through 156.330 for the regulations concerning lightening zones. For more information, contact Shelley R. Miller, USCG Attorney Advisor, Eighth District Waterways Management, at (504) 671-2139, or via e-mail to Shelley.R.Miller@uscg.mil.

(f) Indicated Hydrocarbons List. Bidders are advised that BOEM makes available approximately three months prior to a lease sale, a list of unleased blocks in the Central, Western, and Eastern Planning Areas that have wellbores with indicated hydrocarbons. Information relating to production, wellbores, and pay range for each block is included (see the BOEM website at <http://www.boem.gov/Oil-and-Gas-Energy-Program/Resource-Evaluation/Gulf-OCS-Region-Activities/Indicated-Hydrocarbon-List.aspx>). Bidders should be aware that prior lessees on these lease blocks may have continuing rights and obligations with respect to the wells and infrastructure developed under the prior lessee’s lease, for at least a year after termination of the prior lessee’s lease (see 30 CFR part 250, subpart Q). Lessees seeking the right to use preexisting platforms, pipelines, wells, or other infrastructure on a lease block must first obtain BSEE approval and, in the event the request is made within the time BSEE authorizes for the completion of decommissioning, the express consent of the prior lessee also will be required. Bidders should also refer to 30 CFR 250.1702 for the circumstances under which lessees accrue decommissioning liabilities, including, but not limited to, when reentering wells that previously had been plugged.

(g) Military Areas in the CPA. Bidders are advised that Stipulation No. 3, Military Areas, found within the document “Lease Stipulations” included in the Proposed NOS Package, will apply to leases in any new areas that may be established by the Federal Aviation Administration (FAA) Air Traffic Organization Policy JO 7400.8W (see below) and any blocks that previously were subject to the stipulation.

The stipulation also applies to the EWTAs established by agreement between the USAF (Eglin Air Force Base) and the FAA. The proposed CPA lease sale area is included in EWTAs 1, 3, and 4.

Military Warning Areas are established in the FAA Air Traffic Organization Policy JO 7400.8W, "Title 14 -Aeronautics and Space - Chapter 1 Federal Aviation Administration - Subchapter Airspace - Part 73 - Special Use Airspace Regulatory and Nonregulatory." This document may be downloaded from the FAA website at <http://www.faa.gov/documentLibrary/media/Order/SUA.pdf>.

The lessee is responsible for establishing and maintaining contact and coordinating with the military commander(s) in any Military Warning Area in which operations, radio communications, or flights are planned during the occupation and development of any leases, including flights that pass through a Military Warning Area to a leased block that is not in a Military Warning Area.

Lessees should establish and maintain contact and coordinate with the appropriate military commander(s), whether or not their lease is subject to a Military Warning Areas Stipulation.

For more information, contact:

Federal Aviation Administration Airspace Office
Houston Air Route Traffic Control Center (ARTCC)
Attention: Mike McGee
16600 John F. Kennedy Boulevard
Houston, Texas 77032
Telephone: (281) 230-5563 (mission support/daily schedules)
Telephone: (281) 230-5520 (airspace and procedures)

For more information, including a map of the Military Warning and Water Test Areas, see BOEM's NTL No. 2014-G04, available from the BOEM Gulf of Mexico Region Public Information Office at the address provided at the end of this document, or see BOEM's website at <http://www.boem.gov/Regulations/Notices-To-Lessees/Notices-to-Lessees-and-Operators.aspx>.

(h) Safety Zones for Certain Production Facilities. Bidders are advised to review the USCG regulations at 33 CFR part 147, "Safety Zones." These regulations establish a 500-meter (1,640-foot) safety zone around several oil and gas production facilities on the OCS, measured from each point on its outer edge or from its construction site, so as not to interfere with the use of recognized sea lanes essential to navigation. These regulations prevent all vessels from entering or remaining in the safety zones except as follows: (1) an attending vessel, (2) a vessel under 100 feet in length overall not engaged in towing, or (3) a vessel authorized by the Eighth Coast Guard District Commander. These facilities and their locations are specifically identified at 33 CFR part 147.

(i) Bureau of Safety and Environmental Enforcement (BSEE) Inspection and Enforcement of Certain Coast Guard Regulations. Bidders are advised to review the USCG regulations at 33 CFR part 140 subpart B, "Inspections." These regulations authorize BSEE to perform inspections on fixed OCS facilities engaged in OCS activities and to enforce USCG regulations applicable to those facilities in accordance with 33 CFR subchapter N parts 140-147. For more information, contact USCG Sector New Orleans, 200 Hende Street, New Orleans, Louisiana 70114.

(j) Deepwater Port Applications for Offshore Liquefied Natural Gas Facilities. Bidders are advised that the USCG and the Maritime Administration (MARAD) may process applications for the licensing of deepwater ports involving proposed liquefied natural gas (LNG) importation/exportation facilities in the GOM. Bidders also are advised to review relevant deepwater port applications, MARAD records of decision, and port licenses to assess safety zones, no anchoring zones, avoidance areas, recommended routes, and other ships' routing measures that could prevent or otherwise impact oil and gas operations on and around both existing and proposed deepwater port locations. As of June 2014, no operational LNG facilities were located in the CPA. In addition, one applicant was seeking to export LNG through a CPA-located deepwater port, but MARAD has not yet received the license application for this proposed facility.

For more information contact:

Commandant (CG-OES-4)
Attn: Deepwater Ports Standards Division
U.S. Coast Guard Headquarters
2703 Martin Luther King Ave., SE (STOP 7509)
Washington, D.C. 20593-7509
(202) 372-1444
<http://www.uscg.mil/hq/cg5/cg522/cg5225/>
E-mail: DWP@comdt.uscg.mil

Contact:
Mr. Curtis Borland
U.S. Coast Guard
(202) 372-1444
Curtis.E.Borland@uscg.mil

For information on specific deepwater port projects, search by the docket numbers noted below on the website at <http://www.regulations.gov>.

License Issued: Port Dolphin Energy LLC
Deepwater Port License Application. Docket Number: USCG-2007-28532

Freeport-McMoRan Energy LLC Main Pass Energy Hub
Deepwater Port License Application. Docket Number: USCG-2004-17696

Intend to Retire: Gulf Gateway (formerly El Paso Energy Bridge Gulf of Mexico LLC)
Deepwater Port License Application. Docket Number: USCG-2003-14294

(k) Ocean Dredged Material Disposal Sites. Bidders are advised that pursuant to the Marine Protection, Research, and Sanctuaries Act of 1972, the U.S. Environmental Protection Agency (USEPA) has the responsibility for designating and managing Ocean Dredged Material Disposal Sites (ODMDS). The USEPA currently has six ODMDS in the GOM. Four of these ODMDS are located within the CPA offshore: one near Pascagoula, Mississippi; two near Gulfport, Mississippi; and one near Mobile, Alabama. Another two are located within the Eastern Planning Area, offshore Pensacola, Florida (located in Pensacola Blocks 846 and 847 and another site in State waters). A map and coordinates to these sites can be found on the USEPA Region 4 website and begin below. In addition, the USEPA is considering designation of an additional offshore ODMDS near Gulfport, Mississippi, and enlarging the existing or designating a new, offshore ODMDS near Mobile, Alabama. The USEPA Final National Pollutant Discharge Elimination System Permit (General Permit No. GEG460000) for Offshore Oil and Gas Activities in the Eastern GOM (including portions of the CPA) does not allow the discharge of any drilling fluids, drill cuttings, or wastewaters from offshore oil and gas facilities within 1,000 meters of, or within, any USEPA-designated ODMDS. A map and coordinates for each ODMDS can be found at 40 CFR 228.15(h), on the USEPA Region 4 website at <http://www.epa.gov/region4/water/oceans/sites.html>, or on the USEPA Region 6 website at http://www.epa.gov/region6/water/ecopro/em/ocean/odmd_sites.html.

For more information contact:

Mr. Chris McArthur, Ocean Disposal Program Coordinator,
Mcarthur.Christopher@epa.gov, (404) 562-9391

Mr. Doug Johnson, Regional Sediment Quality Coordinator,
Johnson.Doug@epa.gov, (404) 562-9386

Mr. Gary Collins, Biological Oceanographer,
Collins.GaryW@epa.gov, (404) 562-9395

Ms. Jenny Jacobson, USACE, Mobile District,
Jennifer.L.Jacobson@usace.army.mil, (251) 690-2724

(l) Potential Sand Dredging Activities in the CPA. Bidders are advised that offshore dredging activities performed in order to obtain OCS sand for beach nourishment and coastal restoration projects will occur in some of the blocks listed below. Please note that additional blocks were recently added in the Breton Sound Area and Main Pass Area.

CPA Blocks:

Breton Sound – 41, 42, 43, 44, 53, 54, 55, 56

Chandeleur – 30, 31, 32, 33, 34

Main Pass – 42, 43, 44, 86, 87, 88, 89, 90, 92, 93, 94, 95, 96, 97, 98, 99, 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 118, 119, 120

Main Pass South and East Addition – 161, 162, 180, 181

Sabine Pass Area – 11, 12, 13, 14, 15

West Cameron Area – 20, 21, 22, 43, 44, 45, 56, 57, 58, 90, 91, 92, 93, 113, 114, 115, 116, 117, 118, 128, 129, 130, 131, 132, 133, 134, 147, 148, 149, 168, 169, 170, 171, 172

West Cameron West Area – 155, 156, 162

Vermilion Area – 11, 30, 51, 52, 53, 54, 68, 69, 70, 71, 72, 74, 75, 76, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 108, 109, 110, 111

South Marsh Island Area, North Addition – 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, 241, 242, 243, 244, 245, 246, 247, 248, 249, 259, 260

Eugene Island Area – 10, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93

Ship Shoal Area – 64, 71, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100, 107, 108, 109, 110

South Pelto Area – 11, 12, 13, 14, 17, 18, 19, 20

West Delta Area – 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 43, 44, 45, 46, 47, 48, 49, 50, 56, 57, 58, 59, 60, 61

Mobile – 812, 813, 814, 815, 816, 817, 818, 819, 820, 821, 856, 857, 858, 859, 860, 861, 862, 863, 864, 865, 902, 903, 904, 905, 906, 907, 908, 909

On August 2, 2012, BOEM issued a noncompetitive negotiated lease to the Louisiana Coastal Protection and Restoration Authority (CPRA) to mine sand from the Ship Shoal sand body in the South Pelto Area, Blocks 12-14, for restoration of the Caminada Headland in Lafourche and Jefferson Parishes. Construction of the Caminada Headland project began in August 2013, and is anticipated to continue through summer 2015. Activity on the OCS consists of dredges excavating sand in South Pelto Area, Blocks 12-14, and transporting the sand via hopper dredges and towed scow barges to the fill area at Belle Pass and the Caminada Headland.

The CPRA and the National Oceanic and Atmospheric Administration (NOAA) have requested a noncompetitive negotiated agreement from BOEM to mine sand from Ship Shoal Area, Block 88, in order to construct an ecosystem restoration project on Whiskey Island. It is anticipated that the agreement will be issued in Fall 2014, with construction to begin before the end of 2014.

In July 2004, the USACE released a draft of the Louisiana Coastal Area (LCA) ecosystem restoration plan, which proposed the use of 60 million cubic yards of OCS sand for barrier island and headland restoration. Potential sand sources included Ship, Tiger, and Trinity Shoals.

The USACE Mobile District has requested that BOEM enter into a Memorandum of Agreement for the use of OCS sand for barrier island restoration in Mississippi as part of the Mississippi Coastal Improvements Program along the Gulf Islands National Seashore. Sand for the Mississippi Coastal Improvements Program potentially will be excavated from a borrow area that may include Mobile Area, Blocks 812-820, 856-864, and 902-908.

BOEM is partnering with the CPRA, the U.S. Fish and Wildlife Service (USFWS), and the U.S. Geological Survey on North Breton Island Restoration that is funded under the *Deepwater Horizon* Natural Resources Damage Assessment Early Restoration Program. It is anticipated that OCS sand from Breton Sound Area, Blocks 41-44, 53-56, and Main Pass Area, Blocks 42-44, will be used for the North Breton Island Project. Additionally, St. Bernard Shoals in Chandeleur Area, Blocks 30-34; Main Pass Area, Blocks 86-90, 92-114, and 118-120; and Main Pass Area South and East Addition, Blocks 161, 162, 180, and 181, have been identified as possible sand sources for the restoration of Breton and Chandeleur Islands.

BOEM advises lessees to refer to the most current NTL for obligations regarding significant OCS sediment resources. The most recent NTL, No. 2009-G04, "Significant OCS Sediment Resources in the GOM," may be found at <http://www.boem.gov/Regulations/Notices-To-Lessees/Notices-to-Lessees-and-Operators.aspx>. NTL No. 2009-G04 states, among others, that "[i]f it is determined that significant OCS sediment resources may be impacted by a proposed activity, the BOEM Gulf of Mexico Region may require you to undertake measures deemed economically, environmentally, and technically feasible to protect the resources to the maximum extent practicable. Measures may include modification of operations and monitoring of pipeline locations after installation."

For more information, or to obtain a map of the potentially affected blocks, contact the BOEM Gulf of Mexico Regional Supervisor, Office of Environment, at (504) 736-2759. Information also is available on BOEM's website at <http://www.boem.gov/Non-Energy-Minerals/Managing-Multiple-Uses-in-the-Gulf-of-Mexico.aspx>, or in NTL No. 2009-G04, "Significant OCS Sediment Resources in the GOM," which may be found at <http://www.boem.gov/Regulations/Notices-To-Lessees/Notices-to-Lessees-and-Operators.aspx>

(m) Below Seabed Operations. Rights-of-use and easement have been granted for the blocks listed below to allow permanent mooring of floating production facilities. Oil and gas leases for these blocks will prohibit any activities including, but not limited to, the construction and use of structures, operation of drilling rigs, laying of pipelines, and/or anchoring, from occurring or being located on the seafloor or in the water column within the areas depicted by the maps included in Stipulation No. 9 within the document "Lease Stipulations" included in the Proposed NOS Package. Sub-seabed activities that are part of exploration, development, and production activities from outside the no-activity zones and

associated 500-foot buffer zones may be allowed, including the use of directional drilling or other techniques.

Mississippi Canyon – 735, 723, 767, 919, 920, 921, 964

Walker Ridge – 293, 294, 762, 763

Green Canyon – 786, 787, 788

(n) Commercial Waste Disposal Areas. Bidders are advised that an inactive commercial waste disposal site exists on all or portions of blocks in the Mississippi Canyon Area. This site is more particularly described as being 28°00'00"N to 28°10'00"N by 89°15'00"W to 89°30'00"W, as depicted on the map "Stipulations and Deferred Blocks" included in the Proposed NOS Package. It was established in the 1970s to facilitate the USEPA's permitting for the seafloor deposition of thousands of steel barrels containing chemical wastes. According to limited USEPA documentation, the chemical wastes consist mostly of chlorinated hydrocarbons and liquid metal salts. The exact location of the waste material is unknown because the geospatial data was not collected when the barrels were jettisoned. Hazards surveys are required before bottom-disturbing activities are approved in plans and permits. Hundreds of barrels have been detected during hazards surveys conducted on blocks over 10 miles away from the designated disposal site boundaries, making the actual disposal site area much larger than the USEPA-permitted site shown on the map. Therefore, lessees are advised that the blocks associated with the disposal site and adjacent blocks associated with the disposal site that are included in the sale area should be considered potentially hazardous. Drilling and platform/pipeline placement may require precautions, such as avoidance upon identification and any other appropriate precautions.

(o) Air Quality Permits. Bidders are advised that section 328(a)(1) of the Clean Air Act requires the USEPA to establish requirements to control air pollution from OCS sources under its jurisdiction. USEPA implementing regulations in 40 CFR part 55 apply to OCS sources in the Gulf of Mexico except those located westward of 87°30'W longitude, which are subject to BOEM regulations at 30 CFR part 550 subparts B and C. Therefore, lessees who plan activity eastward of 87°30'W longitude must consult with the USEPA.

Bidders are advised to refer to NTL No. 2009-N11, "Air Quality Jurisdiction on the OCS," effective December 4, 2009, located on BOEM's website at <http://www.boem.gov/Regulations/Notices-To-Lessees/Notices-to-Lessees-and-Operators.aspx>.

For more USEPA information, contact:

Ms. Kelly Fortin, Air Permits
USEPA, Region 4, APTMD
61 Forsyth Street SW
Atlanta, Georgia 30303
Telephone: (404) 562-9117
E-mail: fortin.kelly@epa.gov

(p) Notice of Arrival on the Outer Continental Shelf. Bidders are advised that the USCG has published a Final Rule on the “Notice of Arrival on the Outer Continental Shelf” (76 FR 2254, January 13, 2011). This Final Rule, effective February 14, 2011, and codified at 33 CFR 146.405, implements provisions of the Security and Accountability for Every Port Act of 2006 and requires owners or operators of U.S. and foreign flag floating facilities, Mobile Offshore Drilling Units, and vessels to submit notice of arrival information to the National Vessel Movement Center (<http://www.nvmc.uscg.gov/NVMC/default.aspx>) prior to engaging in OCS activities (33 CFR part 146). Since publication of the Final Rule, the Coast Guard and Maritime Transportation Act of 2012 (Pub. L. No. 112-213) was signed into law by the President of the United States on December 20, 2012, and mandates that “the regulations required under section 109(a) of the Security and Accountability For Every Port Act of 2006 (33 U.S.C. 1223 note [Pub. L. No. 109-347, §109]) dealing with notice of arrival requirements for foreign vessels on the Outer Continental Shelf shall not apply to a vessel documented under section 12105 of title 46, United States Code, unless the vessel arrives from a foreign port or place” (Pub. L. No. 112-213, §704). For more information, contact:

LCDR Mike Lendvay
CVC-2 Port State Control Oversight
Telephone: (202) 372-1218
Michael.D.Lendvay@uscg.mil

(q) Gulf Islands National Seashore. Potential bidders are hereby notified that postlease plans submitted by lessees of whole and partial lease blocks located within the first 12 miles of Federal waters near the Gulf Islands National Seashore (State of Mississippi Barrier Island Chain Map – see page 11 of these ITLs) may be subject to additional review in order to minimize visual impacts from development operations on these blocks. BOEM will review and make decisions on a lessee’s plans for these blocks in accordance with applicable Federal law and regulations, and BOEM policies, to determine if visual impacts are expected to cause serious harm and if any additional mitigative action is required. Mitigations may include, but are not limited to, requested changes in location, modifications to design or direction of proposed structures, pursuing joint use of existing structures on neighboring blocks, changes in color design, or other plan modifications. BOEM may consult with the State of Mississippi and/or the State of Alabama and with the National Park Service, Southeast Regional Office, during such reviews as appropriate.

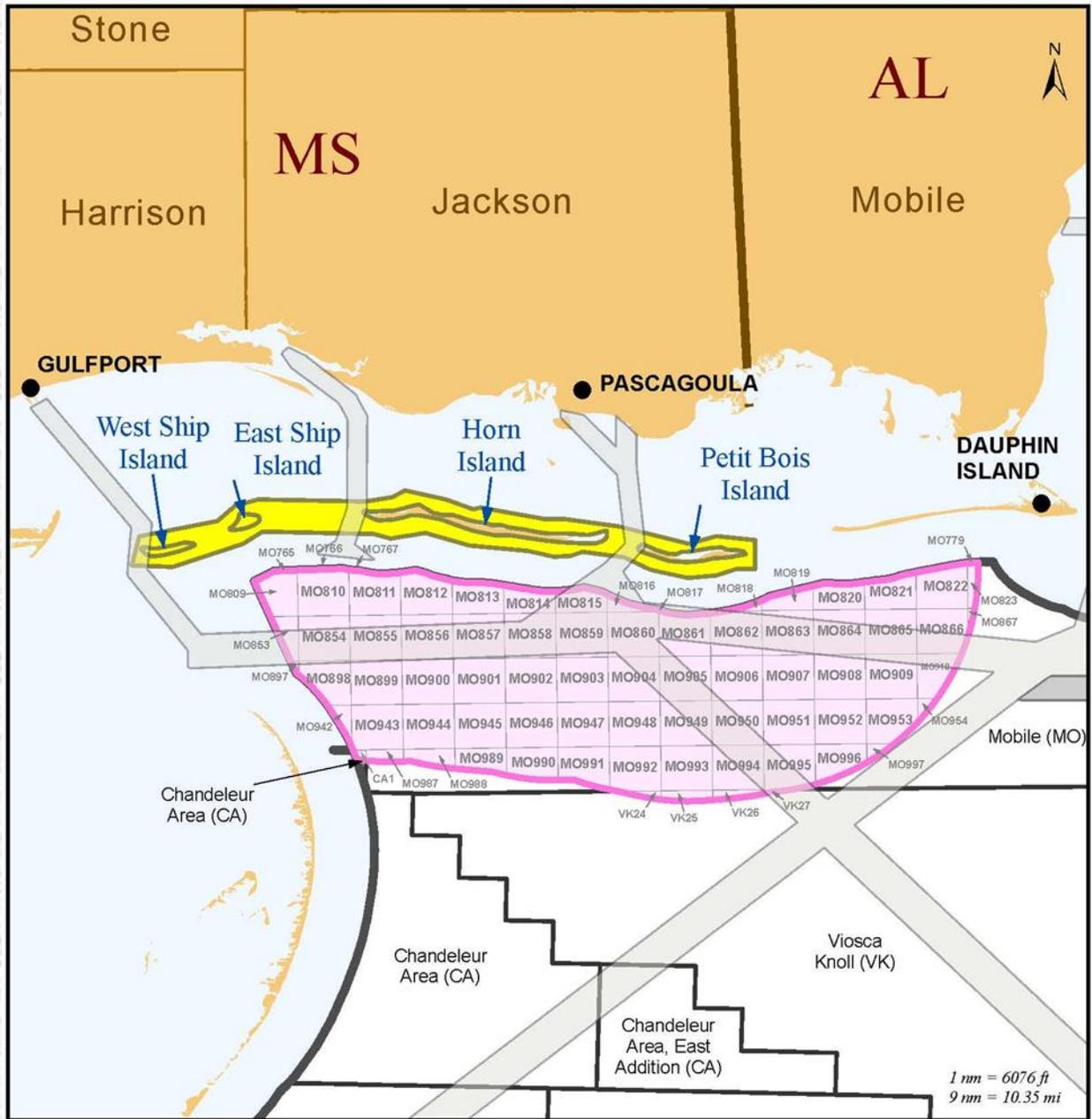
The following whole and partial blocks, shown on the enclosed map, are specifically identified for this ITL:

Chandeleur Area – 1

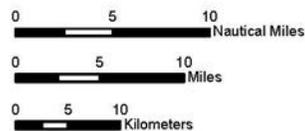
Mobile – 765-767, 778, 779, 809-823, 853-867, 897-910, 942-954, 987-997

Viosca Knoll – 24-27

State of Mississippi Barrier Island Chain Map



- Blocks 15 miles South of Mississippi's National Seashore
- Gulf Islands National Island Seashore (GUIS)
- Anchorage
- Fairway
- OCS Blocks
- Planning Area Boundary
- Protraction Map Boundary



BOEM
BUREAU OF OCEAN ENERGY MANAGEMENT

MAS201300288

(r) 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.

A. Information Bidders/Lesseees Must Provide to BOEM Related to Criminal/Civil Charges and Offenses, Suspension, or Debarment: Under 2 CFR 180.335, before submitting a bid, bidders/lessees must notify BOEM in writing if they know that they:

- Are presently excluded or disqualified from entering into a transaction with a Federal agency;
- Have been convicted within the preceding three years of any of the offenses listed in 2 CFR 180.800(a), or had a civil judgment rendered against them for one of those offenses within that time period;
- Are presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State, or local) with commission of any of the offenses listed in [2 CFR] 180.800(a); or
- Have had one or more public transactions (Federal, State, or local) terminated within the preceding three years for cause or default.

Under 2 CFR 180.350, after obtaining a lease, bidders/lessees must notify BOEM in writing if they learn that:

- They failed to disclose information earlier, as required by 2 CFR 180.335; or
- Due to changed circumstances, they or any of the principals for the transaction now meet any of the criteria in [2 CFR] 180.335.

B Effect of a Conviction Under the Clean Air Act or the Clean Water Act on Bidders/Lesseees: Under 2 CFR 1532.1110, if bidders/lessees are convicted of any offense described in 2 CFR 1532.1105, they are automatically disqualified from eligibility to receive any lease by award or assignment (i.e., a covered transaction under subpart A through I of 2 CFR part 180, or prohibited awards under 48 CFR part 9, subpart 9.4), if they:

- Will perform any part of the transaction or award at the facility giving rise to their conviction (called the violating facility); and
- They own, lease, or supervise the violating facility.

NOTE: A conviction under 2 CFR 1532.1105 automatically disqualifying bidders/lessees from eligibility as described in 2 CFR 1532.1110 set forth in “B” above triggers the notice requirements in 2 CFR 180.335 and 180.350 set forth in “A” above.

(s) Protected Species. Bidders should be advised that BOEM is including in the Proposed NOS Package a lease stipulation to address activities that may have an impact on species afforded special protection under the law, including, but not limited to, the Endangered Species Act (ESA) and the Marine Mammals Protection Act (MMPA) (see Stipulation 8: Protected Species in the Proposed NOS Package). As noted in the Proposed NOS Package, this lease stipulation is proposed to apply to all lease blocks that may be made available in CPA Sale 235. The purpose of the stipulation is to ensure that the lessees acknowledge and agree that they will be required to implement measures designed to reduce or avoid potential impacts on these protected species during postlease activities. As new species are listed for protection and as new measures and mitigations are identified to protect such species in the future (e.g., through ongoing or future consultations under the ESA or authorizations issued under the MMPA), BOEM and BSEE may condition approvals of plans and permits on implementation of the most current measures and mitigations in place at the time. Potential bidders should be aware that BOEM and BSEE are currently engaged in consultations under the ESA with the USFWS and the National Marine Fisheries Service (NMFS), which are expected to result in the issuance of biological opinions and related terms and conditions for the protection of these species. BOEM and BSEE are also petitioning NMFS for rulemaking under the MMPA that may result in additional mitigations for protected marine mammals.

Gulf of Mexico Region Public Information Office

Bureau of Ocean Energy Management

1201 Elmwood Park Boulevard

New Orleans, Louisiana 70123-2394

Telephone: (504) 736-2519 or (800) 200-GULF

BOEM Gulf of Mexico Region website at

<http://www.boem.gov/Gulf-of-Mexico-Region/>

Leasing Activities Information

BOEM U.S. Department of the Interior
Bureau of Ocean Energy Management
Gulf of Mexico Region
BUREAU OF OCEAN ENERGY MANAGEMENT

GEOPHYSICAL DATA AND INFORMATION STATEMENT (GDIS) EXAMPLE OF PREFERRED FORMAT

GDIS Data And Information Statement Definitions In Order Of Appearance:

Primary Company Contact should be:

1. *knowledgeable about the data sets* identified as used in evaluating the block(s);
2. in a position to provide *additional information* about the data upon BOEM request;
3. able to expedite the delivery of the information/data; and
4. available up to 30 days after the sale date. This individual may be contacted for information in regards to data used and any other pertinent information relating to the evaluation of the Sale block(s) in question.

This includes seismic, CSEM (Controlled Source Electro Magnetic Data), gravity & magnetic, AVO data, etc. This individual may be contacted by BOEM if there is a problem with the submitted GDIS or requested data (e.g., incorrect machine code format, I/O error, etc.).

Alternate Company Contact may be contacted if the Primary Company Contact is not available. The Alternate Company Contact should meet the criteria listed in the definition of the Primary Company Contact.

Area means the OCS Protraction Area of the block bid upon in the sale.

Block means the OCS block bid upon in the sale.

Company Official means an individual with signatory authorization on file in the BOEM Gulf of Mexico Region Adjudication Unit qualification records.

Company Address means the official physical mailing address including street address, city, state, and zip code of the “Company Official” defined above, or the address where the BOEM data requisition should be sent.

Example of GDIS Table (Spreadsheet)

1. The spreadsheet should be filled out with as much information as you know about each survey being listed. If any information is not known, place a dash in that space.
2. The following table **must be submitted digitally**, preferably as an Excel worksheet on a CD or DVD. While formatting is generally not critical, ALL columns shown below must be included and in the same order.

NOTE: A blank example GDIS Table in Excel format is available at the following link: <http://www.boem.gov/Sale-235/>

Sale	Bidder Company	Block Area	Block Number	Owner of Original Data set (WGC, CGG, etc.)	Original Industry Names (Crystal Wats)	BOEM Permit	Is Data a Fast Track	Is data Proprietary or Speculative	Data type used for sale (2D/3D PSDM, CSEM,	Migration Algorithm	Live Survey Coverage (2D miles, 3D Blocks)	Data Size in Giga Bytes	If Data was reprocessed, by whom	Date Final Reprocessing Completed (Mo., Yr.)	If data was sent to BOEM previous to current sale	Did you use AVO Data
229	Company Name	GC	400	Western	E-Octopus III	L07-012	No	Prop	3D PSDM	RTM	10	4	CGG/Veritas	2010	6/2012	No
229	Company Name	ST	170	IGC	Louisiana	N/A	No	Spec	Gravity	-	GOM	N/A	-	-	No	No
229	Company Name	WR	200	CGG	Phase I WAZ	L07-006	Yes	Spec	3D PSDM	KIRCH	5	2	-	-	No	No
229	Company Name	EI	100	Fairfield	Fairfield	N/A	No	Prop	3D PSDM	AVO (Near – Far)	5	2	In-House from Spec Gathers	2012	5/2013	Yes

GDIS Table Definitions in Order of Appearance

Sale means the current sale number.

Bidder Company is the name of your company.

Block Area means the OCS Protraction Area of the block bid upon in the sale.

Block Number means the OCS block bid upon in the sale.

Owner of Original Data means the company that acquired and processed the original data set. Indicate if the original data is proprietary to your company or if it is a speculative survey purchased from the company who originally acquired and processed the data.

Original Industry Survey Name means the name of the original survey.

Permit Number means the OCS permit number assigned by BOEM when the original survey was first acquired. *This number can be obtained from the data owner.*

Data Fast Track means the vendor sent your company a copy of the data before the processing is completed so that you can use the data for the sale.

Proprietary Data Type is any data that was solely acquired by an E&P Company or Speculative Data that has become proprietary through reprocessing. Any Speculative data such as 2-D or 3-D, pre-stack or post-stack, time or depth, amplitude with offset (AVO), inversion, CSEM, gravity and magnetic data that has been modified or changed from its original processing would be considered proprietary due to the proprietary processing.

Speculative Data Type is data that is available for purchase from a vendor; the original data “right out of the box”.

Data Type used for sale means the data description: 2-D or 3-D, pre-stack or post-stack, time or depth, amplitude with offset (AVO), inversion, CSEM (Controlled Source Electro Magnetic Data), gravity, etc. that was used for the sale.

Migration Algorithm Used for sale means the type of migration (e.g., Kirchhoff, beam, wave equation, reverse time migration, etc.) used for the sale.

Live Survey Coverage means the number of line miles of 2D or the number of blocks of 3D data that comprise the data set identified.

Dataset Size in Giga Bytes refers to the SEG-Y file size in Gigabytes for 32 bit data.

If Data was reprocessed, by whom (Reprocessing Company) means the party who reprocessed the data set identified under Data Type. *If the data was reprocessed internally, please answer “In-House.” If the data was reprocessed by an outside vendor, please name the company that reprocessed the data.* Additionally, **Reprocessing** is the alteration of the original seismic data to suppress noise, enhance signal and migrate seismic events to the appropriate location in space. Other types of data may also be reprocessed including gravity, magnetics, CSEM (Controlled Source Electro Magnetic Data), etc., to improve the data quality. **Reprocessed Data** refers to the final version of the reprocessed data used in evaluation for OCS block(s) bid upon.

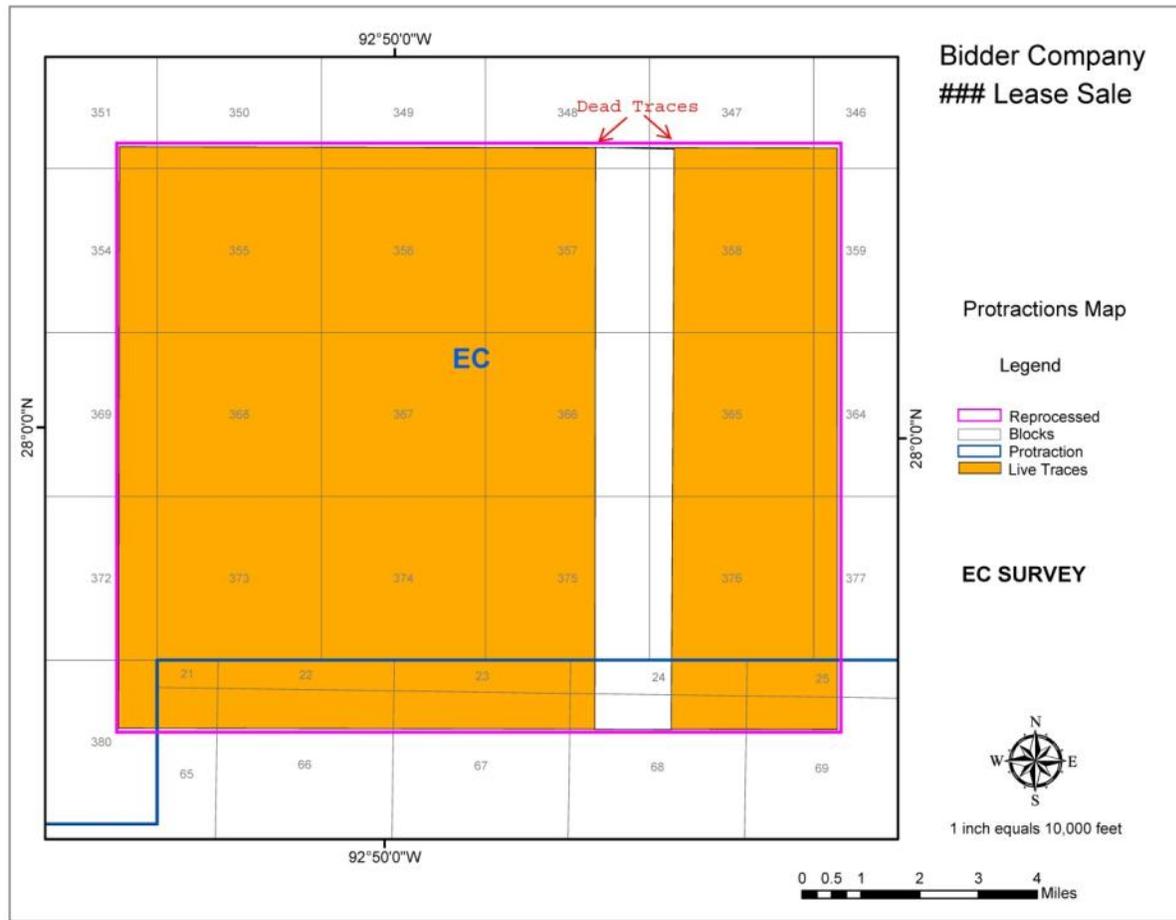
Date Reprocessing Completed (MO, YR) this means the month and year that the reprocessing was completed. If the month is not known list the year.

Data Sent to BOEM means BOEM has an identical copy of data used in the geophysical evaluation of the current lease block. Please indicate the date of transfer to BOEM and the associated sale number. Data may also have been sent to BOEM for a WCD or for the express purpose of re-evaluating reserves calculations.

Did you use AVO data means did you use Amplitude Versus Offset stacks during the evaluation of the blocks bid upon. AVO is the seismic reflection amplitude as a function of incidence angle.

Submittal of Reprocessed Data Survey Map

Example Seismic Survey Live Trace Map:



1. The reprocessed seismic data survey map should be submitted in the two preferred formats listed below:
 - a. PDF format: The map should be of such a scale that the protraction areas, blocks and block numbers are visible
 - b. ArcGIS Shape File: The shape file should include protractions areas, blocks and block numbers. The datum should be NAD1927. The map should not be projected; use latitudes and longitudes.

Submittal of Reprocessed Seismic Data

1. When submitting seismic data to BOEM, the following deliverables and formats are expected for 3D seismic data:
 - a. Three-dimensional final processed and migrated seismic volume(s) recorded on LT05, LT04, LT03, LT02, Super DLT Tape 2, USB External Hard Drive (formatted ext2 or ext3 Linux format) or DVD media in SEG-Y standard exchange format.
 - b. Digital bin-centered data of final locations associated with the survey(s) (first and last bin-centered points for each line) recorded on CD-ROM(s) and displayed in UK00A format (NAD 27 projection).
 - c. A digital copy of the processing sequences that were applied to the data, along with a digital basemap image of the seismic coverage on a CD or DVD.
 - d. Digital copies of SEG-Y byte positions for the three-dimensional digital data. Listings of the seismic lines on each data tape. Digital copies of workstations loading parameters for the data set, including survey azimuth, in-line spacing, trace or CDP spacing, sample rate, record length and the latitude, longitude (both in NAD 27 projection), line number, trace number for each corner position, (upper left, lower left, upper right, and lower right) recorded on CD-ROM.
 - e. The velocity model(s) used to generate the above depth-migrated data set(s) recorded on LT05, LT04, LT03, LT02, Super DLT Tape 2, USB External Hard Drive (formatted ext2 or ext3 Linux format) or DVD media in SEG-Y standard exchange format.

2. As stated in the NOS:
 - a. The data should be submitted to BOEM at the following address:

Bureau of Ocean Energy Management
Resource Studies, GM 881A
1201 Elmwood Park Blvd.
New Orleans, LA 70123-2304
 - b. BOEM recommends that you mark the submission's external envelope as "Deliver Immediately to DASPU."
 - c. BOEM also recommends that the data be submitted in an internal envelope, or otherwise marked, with the following designation "Proprietary Geophysical Data Submitted Pursuant to Lease Sale <Sale Number> and used during <Bidder Name's> evaluation of Block <Block Number>."

GDIS Envelope

Geophysical Data and Information Statement for Oil and Gas Lease Sale 235
Company Name

GOM Company Qualification Number #####

Proprietary Data

