
Leasing Activities Information



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

Final Notice of Sale Package Chukchi Sea Oil and Gas Lease Sale 193

The Final Notice of Sale (FNOS) for Sale 193, Chukchi Sea, was published January 2, 2008. The sale is scheduled to be held on February 6, 2008, in Anchorage, Alaska. In addition to the FNOS, the sale package consists of:

- Lease Stipulations for Sale 193
- Information to Lessees for Sale 193
- Blocks Available for Leasing in Sale 193
- Map of the sale area
- Instructions for Making EFT Bonus Payments
- Bidder Information and Contact form
- Geophysical Data and Information Statement
- EEO Forms
- Bid Form and Envelope

All documents are available on the MMS Web Site at: <http://www.mms.gov/alaska>. Official Protraction Diagrams for the Chukchi Sea OCS Planning area are available at the MMS website at: <http://www.mms.gov/ld/alaska.htm>

If you are unable to download off the website you may email MMS at akwebmaster@mms.gov or call 1-800-764-2627 to receive a PDF file by email or to receive a compact disk by mail.



Please Note: Terms and conditions for Sale 193 include the following:
(Summarized information-Consult actual document for precise language)

Stipulations: There are 7 stipulations that will be made a part of any lease issued from this sale. Bidders should note that Stipulation No. 4 – Industry Site-Specific Monitoring Program for Marine Mammal Subsistence Resources – applies to specific blocks during specified time frames. Stipulation #5 – Conflict Avoidance Mechanisms to Protect Subsistence Whaling and Other Marine Mammal Subsistence-Harvesting Activities – applies to specific lease blocks for offshore exploration, development, and production activities, but would also apply to all leases for associated activities, such as vessel and aircraft traffic that transit the specific blocks or that occur in federal waters landward of the sale area in support of Sale 193 leases.

Information to Lessees (ITLs): There are 25 ITLs that advise and provide further guidance to potential lessees on additional regulatory and other requirements pertinent to the leased area.

Bonding Requirements: The regulations at 30 CFR 256.58, “Termination of the period of liability and cancellation of a bond” define the terms and conditions under which MMS will terminate the period of liability of a bond or cancel a bond. Please see ITL 24 in the Information to Lessees document.

Electronic Funds Transfer (EFT) Payments: The 1/5th bonus bid deposits for successful bids will be due by 1:00 P.M. Eastern

Time the day following bid reading. In addition, certain bid submitters (i.e., those that do NOT currently own or operate an OCS mineral lease OR those that have ever defaulted on a 1/5th bonus payment [EFT or otherwise]) will be required to guarantee (secure) their 1/5th bonus payment prior to the submission of bids. Also, when paying the 4/5th bonus and rental payments, it is requested that only one transaction be used. Instructions for Making EFT Bonus Payments are included in the FNOS package.

Minimum Bonus Bid Amounts: All blocks offered in Sale 193 will carry a minimum bid amount of \$25 per hectare, or fraction thereof.

Rentals/Minimum Royalties/Royalty Suspension Provisions: Information on rentals, minimum royalties, and royalty suspension provisions is included in the FNOS. Royalty suspension provisions apply to all blocks in the sale area. Royalty suspensions are prorated by lease acreage and subject to a ceiling price threshold. All leases resulting from this sale will include an Addendum to modify Sections 4, 5, and 6 of the lease instrument to implement these revisions and to address royalty suspension provisions. The minimum royalty rate is \$13 per hectare, or fraction thereof, due at the expiration of each lease year which commences after the start of royalty-bearing production, and notwithstanding any royalty suspension which may apply. Annual rentals are due on or before the first day of each lease year as shown in the table included in the FNOS. Rental rates are lower in the early years and rise in later years.

MMS Inspection and Enforcement of Certain Coast Guard Regulations: On February 7, 2002, the Coast Guard published in the *Federal Register* (67 FR 5912) a final rule authorizing "... MMS to perform inspections on fixed Outer Continental Shelf facilities engaged in OCS activities ..." Bidders are referred to ITL 21 of the Information to Lessees document.



Statistical Information – Sale 193

Size of Area: About 29.4 million acres comprised of approximately 5,355 whole and partial blocks

Range of Water Depths: Approximately 95 feet to 262 feet (the northeast corner of sale area drops to approximately 9,800 feet).

Range of Distance from Shore: 25 miles to approximately 50 miles to nearshore edge of sale area

Initial Period of Leases: 10 years

Minimum Bonus Bid Amount: \$25 per hectare or fraction thereof

Rental/Minimum Royalty Rate: \$13 per hectare or fraction thereof

Royalty Rate: 12 ½ percent applies to all blocks

Royalty Suspension: Royalty suspensions prorated by lease acreage and subject to a ceiling price threshold will apply to all blocks. Refer to the section on Royalty Suspension Provisions in the FNOS.

For more information on the information included in the sale package, please contact the Sale 193 Coordinator at (907) 334-5200 of the Alaska OCS Region Leasing Activities Section.