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Barney Congdon (504) 736-2595
Caryl Fagot (504) 736-2590
Debra Winbush (504) 736-2597

MMS Issues Final Notice of Western Gulf Lease Sale 180 Fact Sheet

Sale 180 encompasses about 4,114 available blocks in the Western Gulf of Mexico Outer Continental Shelf planning area offshore Texas and in deeper waters offshore Louisiana. This area covers about 22.37 million acres. Blocks in this sale are located from 9 to 250 miles offshore in water depths ranging from 8 to more than 3,000 meters. Estimates of undiscovered economically recoverable hydrocarbons expected to be discovered and produced as a result of this sale proposal range from 10 to 90 million barrels of oil and 0.57 to 1.93 TCF of natural gas. Lease Sale 180 will take place on August 22, 2001 at the Hyatt Regency Hotel Conference Center in New Orleans, Louisiana. Bid opening will start at 9 a.m.

Statistical Information Sale 180

Size:	4,114 unleased blocks; 22.37 million acres
Primary Lease Terms:	5 Year - Water depths less than 400 meters - 1,807 Blocks 8 Year - Water depths between 400 and 799 meters - 356 Blocks 10 Year - Water depths 800 meters or deeper - 1,951 Blocks
Minimum Bids:	\$25.00 per acre or fraction thereof - Water depths less than 800 meters - 2,163 Blocks \$37.50 per acre or fraction thereof - Water depths 800 meters or deeper - 1,951 Blocks
Annual Rental Rates:	\$5.00 per acre or fraction thereof - Water depths less than 200 meters - 1,625 Blocks \$7.50 per acre or fraction thereof - Water depths 200 meters or deeper - 2,489 Blocks
Royalty Rates:	16 2/3% Royalty - Water depths less than 400 meters - 1,807 Blocks 12 1/2% Royalty - Water depths 400 meters or deeper - 2,307 Blocks
Royalty Relief Areas:	0 - 199 Meter Royalty Suspension Area - 1,625 Blocks 800 - 1,599 Meter Royalty Suspension Area - 1,074 Blocks 1,600 Meters and Greater Royalty Suspension Area - 877 Blocks
Royalty Suspension Rates:	1,625 blocks subject to deep gas incentive (first 20 BCF) 538 blocks with no automatic royalty relief 1,074 blocks subject to 9-MMBOE relief

Deep Gas Initiative

- Applies to all new leases in 0 to 199 meters of water.
- Eliminates royalty for first 20 BCF of gas production from the lease at greater than 15,000-foot depth.
- Does not apply to oil production.
- Ends after 20 BCF of gas production.
- Ends for a year if prices reach trigger limit of \$5.00 per million BTU's (in Year 2000 dollars).

Deepwater Royalty Relief

- Previous deepwater relief given for new leases under DWRR Act of 1995 has expired. (Leases issued during 1996-2000 continue to have this relief).
- This new deepwater relief applies only to leases issued in water depths of 800 to 1,599 meters (first 9 MMBOE of production is royalty free) and for leases in 1,600 meters or greater water depth (first 12 MMBOE of production is royalty free).
- This royalty relief is provided on a lease basis.
- If a new lease from this sale is combined with a field under the 1995 DWRR provisions, it still gets its own relief of either 9 or 12 MMBOE.

MMS is the federal agency in the U.S. Department of the Interior that manages the nation's oil, natural gas and other mineral resources on the outer continental shelf in federal offshore waters. The agency also collects, accounts for and disburses mineral revenues from federal and Indian leases. These collections totaled nearly \$8 billion last year and more than \$110 billion since the agency was created in 1982. Annually, nearly \$1 billion from those revenues go into the Land and Water Conservation Fund for the acquisition and development of state and Federal park and recreation lands.