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MMS Issues Proposed Notice of Western Gulf of Mexico Lease Sale 187

The U.S. Department of the Interior's Minerals Management Service (MMS) has made available the Proposed Notice of Sale 187, the Western Gulf of Mexico (GOM) lease sale scheduled for August 20, 2003. The proposed notice includes a continuation of recent royalty suspension measures that are designed to increase domestic natural gas and oil production to meet our Nation's energy needs:

- In water depths less than 200 meters, royalty suspension for the first 20 billion cubic feet (BCF) of gas production from wells drilled to new reservoirs at 15,000 feet or greater subsea,
- Deepwater oil and gas royalty relief in the 400-799 meter water depth zone (5 million barrels of oil equivalent (BOE) per lease); in the 800-1,599 meter water depth zone (9 million BOE per lease); and in the 1,600 meter and greater water depth zone (12 million BOE per lease), and,
- Opportunity to apply for additional "discretionary" royalty relief in water depths greater than 200 meters, pursuant to regulations at 30 CFR 203, if certain conditions are satisfied.

This proposed notice also includes a recently revised Protected Species Stipulation designed to minimize or avoid potential adverse impacts to federally protected species. These measures resulted from recent formal MMS consultations (pursuant to the Endangered Species Act) with the National Oceanic and Atmospheric Administration and the U.S. Fish and Wildlife Service.

Finally, this proposed notice contains a requirement that each bidder submit, by the bid submission deadline, a Geophysical Data and Information Statement declaring whether they possess or control depth-migrated geophysical data and information pertaining to each block upon which they are participating as a bidder. In connection therewith, MMS has issued a Notice to Lessees (NTL) No. 2003-G05, effective February 15, 2003, which provides more detail concerning submission of the Geophysical Data and Information Statement, making the data available to MMS following the lease sale, preferred format, reimbursement for costs, and confidentiality.

Proposed Sale 187 encompasses 3,985 unleased blocks, about 21.7 million acres, in the Western GOM Outer Continental Shelf Planning Area offshore Texas and in deeper waters offshore Louisiana. The blocks are located from 14 to 357 kilometers offshore in water depths ranging from 8 meters to more than 3,000 meters. It is estimated that this proposed sale could result in the production of 136 to 262 million barrels of oil and 0.81 to 1.44 trillion cubic feet of natural gas.

The Proposed Notice of Sale will be posted on the MMS Website at <http://www.gomr.mms.gov>. In addition, copies of the document are available from the MMS Gulf of Mexico Regional Office, Public Information Unit, 1201 Elmwood Park Boulevard, New Orleans, Louisiana 70123. Telephone (504) 736-2591, toll free 1-800-200-GULF.

Statistical Information for Proposed Sale 187:

Size:	3,985 unleased blocks; 21.7 million acres
Initial Period:	5 Years - Water depths less than 400 meters - 1,820 Blocks 8 Years - Water depths between 400 and 799 meters - 387 Blocks 10 Years - Water depths between 800 meters or deeper - 1,778 Blocks
Minimum Bonus Bid Amount:	\$25.00 per acre or fraction thereof - Water depths less than 800 meters - 2,207 Blocks \$37.50 per acre or fraction thereof - Water depths 800 meters or deeper - 1,778 Blocks
Annual Rental/Minimum Royalty Rates:	\$5.00 per acre or fraction thereof - Water depths less than 200 meters - 1,628 Blocks \$7.50 per acre or fraction thereof - Water depths 200 meters or deeper - 2,357 Blocks
Royalty Rates:	16 2/3% Royalty - Water depths less than 400 meters - 1,820 Blocks 12 1/2% Royalty - Water depths 400 meters or deeper - 2,165 Blocks
Royalty Suspension Areas:	0 - 199 Meter Royalty Suspension Area - 1,628 Blocks 400 - 799 Meter Royalty Suspension Area - 387 Blocks 800 - 1,599 Meter Royalty Suspension Area - 996 Blocks 1,600 Meters and Greater Royalty Suspension Area - 782 Blocks

The 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 American Indian leases. These revenues totaled over \$6 billion in 2002 and nearly \$127 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.

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MMS's Website Address: <http://www.mms.gov>