



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

News Release

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MMS Issues Final 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 Final Notice of Sale 187, the Western Gulf of Mexico (GOM) lease sale scheduled for August 20, 2003. The Final Notice includes a continuation of recent royalty 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 water depth zone (5 million barrels of oil equivalent (BOE) per lease); in the 800-1,599 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.
- Opportunity to have an option to substitute the shallow-water deep gas provisions offered in Sale 187 for those in the regulations (30 CFR 203.48), provided the proposed deep-gas rule at 68 FR 14868, published March 26, 2003, becomes a final rule.

This final 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 Fisheries and the U. S. Fish and Wildlife Service.

Final Sale 187 encompasses 3,996 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 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.

Complete sale notice packages, including the Notice, sale maps, and supporting documents, are available from the MMS Gulf of Mexico Region Public Information Unit; telephone (800) 200-GULF or (504) 736-2519; or by written request to:

Minerals Management Service
Gulf of Mexico OCS Region
Public Information Unit (MS 5034)
1201 Elmwood Park Boulevard
New Orleans, Louisiana 70123-2394

Statistical Information for Sale 187

Size: 3,996 unleased blocks, 21.7 million acres

Initial Period 5 years – Water Depths less than 400 meters – 1,831 Blocks
8 years – Water Depths between 400-799 meters – 387 Blocks
10 years – Water Depths 800 meters or deeper – 1,778 Blocks

Minimum Bonus Bid Amount

\$25.00 per acre or fraction thereof – Water depths less than 800 meters – 2,218 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 – 1,637 blocks
\$7.50 per acre or fraction thereof – Water depths 200 meters or deeper - 2,359 blocks

Royalty Rates

16 2/3% Royalty – Water depths less than 400 meters – 1,831 blocks
12 ½% Royalty – Water depths 400 meters or deeper – 2,165 blocks

Royalty Suspension Areas

0-199 Meter Royalty Suspension Area – 1,637 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

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.

MMS Main Website: www.mms.gov
Gulf of Mexico Website: www.gomr.mms.gov