
Leasing Activities Information



Information To Lessees Central Gulf Of Mexico Sale 190

(Final Notice of Sale)

This document contains Information to Lessees (ITL) paragraphs designed to inform potential bidders of notable applicable requirements of Federal agencies other than the U.S. Minerals Management Service (MMS) as well as emerging MMS requirements that may apply to this sale.

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(a) Navigation Safety. Operations on some of the blocks offered for lease may be restricted by designation of fairways, precautionary zones, anchorages, safety zones, or traffic separation schemes established by the U.S. Coast Guard pursuant to the Ports and Waterways Safety Act (33 U.S.C. 1221 et seq.), as amended, and the Deepwater Port Act (33 U.S.C. 1501-1524). Bidders are advised to review the U.S. Coast Guard regulations at 33 CFR Part 150, including Appendix A, regarding Deepwater Port Safety Zone Boundaries, and Annex A regarding the Louisiana Offshore Oil Port (LOOP) Safety Zones.

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

For additional information, prospective bidders should contact Lieutenant Commander Rob Holzman, Assistant Marine Port Safety Officer, 8th Coast Guard District, Hale Boggs Federal Building, New Orleans, Louisiana 70130, (504) 589-4257. For COE information, prospective bidders should contact Mr. Ron Ventola CELMN-OD-S, Post Office Box 60267, New Orleans, Louisiana 70160-0267, (504) 862-2255.

(b) Offshore Pipelines. Bidders are advised that the Department of the Interior and the Department of Transportation have entered into a Memorandum of Understanding (MOU), dated December 10, 1996, concerning the design, installation, operations, inspection, and maintenance of offshore pipelines. See also 30 CFR 250.1000(c)(1). Bidders should consult both Departments for regulations applicable to offshore pipelines; at the MMS Gulf of Mexico Region Office, the appropriate contact is Mr. Alex Alvarado at (504) 736-2547; at DOT, contact Mr. Rodrick M. Seeley, Regional Director, Office of Pipeline Safety, Southwest Region, at (713) 718-3748. Copies of the MOU are available from the MMS Internet site and the MMS Gulf of Mexico Region Office Public Information Unit (see address at the end of this document).

(c) Ordnance Disposal Areas. Bidders are cautioned as to the existence of two inactive ordnance disposal areas in the Mississippi Canyon area, shown on the map "Stipulations and Deferred Blocks, Sale 190" included in the Sale Notice Package. These areas were used to dispose of ordnance of unknown quantity and composition. Water depths range from approximately 750 to

1,525 meters. Bottom sediments in both 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 has released an indeterminable amount of unexploded ordnance throughout Eglin Water Test Areas 1 and 3. The exact location of the unexploded ordnance is unknown, and lessees are advised that all lease blocks included in this sale within these water test areas should be considered potentially hazardous to drilling and platform and pipeline placement.

(d) Communications Towers. The U.S. Air Force has installed seven military communications towers in the Chandeleur/Mobile/Viosca Knoll area which support Air Combat Maneuvering Instrumentation (ACMI). This project 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. Information and maps of the specific locations and line of sight crossings for ACMI towers may be obtained from Mr. Charles Hill, GOMR, (504) 736-2795.

(e) Proposed Artificial Reefs/Rigs to Reefs. Bidders are advised that there are OCS artificial reef planning and general permit areas, and reef sites for the Gulf of Mexico. These are located in water depths of less than 200 meters. While all artificial reef sites require a permit from the U.S. Army Corps of Engineers, the Artificial Reefs/Rigs-to-Reefs program is implemented through State sponsorship through the following State Coordinators:

<u>Alabama</u>	Mr. Steve Heath	(334) 968-7576
<u>Florida</u>	Mr. Jon Dodrill	(850) 488-6058
<u>Louisiana</u>	Mr. Rick Kasprzak	(225) 765-2375
<u>Mississippi</u>	Mr. Mike Buchanan	(228) 374-5000
<u>Texas</u>	Mr. Dale Shivley	(512) 389-4686

For more information on Artificial Reef/Rigs-to-Reefs sites, prospective bidders should contact the above-listed State Artificial Reef Coordinators for their areas of interest.

(f) Lightering Zones. Bidders are advised that the U.S. Coast Guard has designated certain areas of the Gulf of Mexico as lightering zones for the purpose of permitting single hull vessels to off-load oil within the U.S. Exclusive Economic Zone. Such designation may have implications for oil and gas operations in the areas. See 33 CFR 156.300 for the regulations concerning lightering zones; additional information may be obtained from Lieutenant Commander Russ Proctor of the Coast Guard's Ports and Facilities Compliance Staff (G-MOC-3) at (202) 267-0499.

(g) Information about Indicated Hydrocarbons. Bidders are advised that the MMS makes available, approximately 3 months prior to a lease sale, a list of unleased tracts having well bores with indicated hydrocarbons, which includes Eastern Gulf data as well as Central and Western Gulf data. Basic information relating to production, well bores, and pay range for each tract is included in the list. The list is available from the MMS Gulf of Mexico Region Office Public Information Unit (see address at the end of this document).

(h) Military Areas. Military Warning Areas are established in the DoD Flight Information Publication "Area Planning - Special Use Airspace - North and South America" published by the National Imagery and Mapping Agency (NIMA), 3200 South Second Street, St. Louis, Missouri 63118-3399; NIMA reference number PLANXAP1A. The most recent version of this document was published on December 25, 2003; the next issue is expected to be published on November 25, 2004. This document may be downloaded from the NIMA website:

<https://164.214.2.62/products/digitalaero/index.cfm>

[scroll down to "Planning Documents" and click on:

AP1A (2.58 MB)]

The NIMA home page may be found at: www.nima.mil.

The Military Areas Stipulation (Stipulation No. 3 in the document "Lease Stipulations for Oil and Gas Lease Sale 190", included in the Sale Notice Package) will be applied to leases in any new areas that may be established by that publication in addition to blocks in those Warning Areas which have had the stipulation in past sales.

Certain restrictions on flights and radio communications in the Warning Areas will require close coordination between lessees (and their operators and agents) and the appropriate military commander using the specific Warning Area. It is the

responsibility of lessees to establish and maintain contact and coordination with the military commander(s) in any Warning Area in which operations or flights would be expected in the course of occupying and developing any leases; this could include flights through a Warning Area traveling to a leased block which is not in a Warning Area.

Lessees should establish and maintain contact and coordination with the appropriate military commander(s) whether or not there is a military stipulation in their lease(s).

The contact for administrative questions about the warning areas is:

Federal Aviation Administration
Houston Air Route Traffic Control (ARTC) Center
16600 John F. Kennedy Boulevard
Houston, Texas 77032
Telephone: (281) 230-5560/5563/5600

The stipulation also applies to the Eglin Water Test Areas (EWTAs), which are established by agreement between the U.S. Air Force (Eglin Air Force Base) and the FAA. A small portion of the extreme eastern portion of the Central Gulf is included in EWTAs 1 and 3.

For additional information, including a map of the Military Warning and Water Test Areas, see Notice to Lessees 2004-G02, available from the MMS Gulf of Mexico Region Office Public Information Unit (see address at the end of this document), and from the MMS Internet site at:

<http://www.gomr.mms.gov/homepg/regulate/regs/ntls/ntl04-g02.html>

(i) Unleased Blocks Offshore Baldwin County, Alabama. The MMS is offering unleased blocks within this area for leasing in Sale 190 subject to a stipulation (Stipulation No. 4) to mitigate possible visual impacts from fixed structures on the blocks.

The stipulation requires lessees to minimize surface structures, and, when surface structures are necessary, to limit their visibility from shore. The MMS will consult with the State of Alabama prior to approving a Development Operations Coordination Document (DOCD) in these blocks.

(j) Lease Stipulation for Protected Species (Sea Turtles, Marine Mammals, Gulf Sturgeon, Brown Pelican, Whooping Cranes,

and Other Federally Protected Species). Bidders are advised that, pursuant to requirements of section 7 of the Endangered Species Act, the MMS has completed formal consultations with the National Oceanic and Atmospheric Administration (NOAA - Fisheries) and the U.S. Fish and Wildlife Service (FWS). The Biological Opinions issued by NOAA - Fisheries and FWS specify measures to minimize or avoid potential adverse impacts to protected species. In accordance with these opinions, the MMS has included terms and conditions as appropriate in the Protected Species Stipulation (Stipulation No. 6), and in several Notices to Lessees (NTLs). Bidders should also note that NOAA - Fisheries included in its opinion a conservation recommendation that permit holders maintain helicopter traffic over the Gulf at altitudes above 1,000 feet if practicable, to avoid disturbance to whales and sea turtles. The FWS has recommended in its opinion that, to avoid disturbance of brown pelican nesting activities, aircraft working on OCS activities should avoid flying lower than 1,000 feet above ground level or within a 2,000 foot perimeter around an island containing a nesting colony.

Three NTLs are currently in force to implement these measures.

NTL No. 2004-G01, entitled "Implementation of Seismic Survey Mitigation Measures and Protected Species Observer Program," is effective March 1, 2004. The NTL, issued pursuant to 30 CFR 250.103, explains how to implement seismic survey mitigation measures. This NTL supersedes and replaces NTL No. 2003-G08, effective June 5, 2003 and applies to all seismic operations throughout the Gulf of Mexico OCS in waters greater than 200 m (656 ft) in depth, and in all water depths in the Eastern Planning Area of the Gulf of Mexico. These measures apply to all on-lease seismic surveys conducted under 30 CFR 250.201 and all off-lease seismic surveys conducted under 30 CFR 251. NTL No. 2004-G01 may be obtained from our Public Information Unit at the address at the end of this document or online at:

www.gomr.mms.gov/homepg/regulate/regs/ntls/ntl04-g01.html

NTL No. 2003-G10, entitled "Vessel Strike Avoidance and Injured/Dead Protected Species Reporting", became effective on June 19, 2003, is issued pursuant to 30 CFR 250.103, 30 CFR 250.203(o) and 30 CFR 250.204(s) to

explain how to implement measures to minimize the risk of vessel strikes to protected species and report observations of injured or dead protected species. This NTL supersedes NTL 2003-G07 on this subject and revises the protected species reporting procedures and contact information. This NTL applies to all existing and future oil and gas operations in the Gulf of Mexico OCS. This NTL may be obtained from our Public Information Unit at the address at the end of this document or online at:

www.gomr.mms.gov/homepg/regulate/regs/ntls/ntl03-g10.html

NTL No. 2003-G11, entitled "Marine Trash and Debris Awareness and Elimination" became effective on June 19, 2003, and is issued pursuant to 30 CFR 250.103. This NTL supersedes NTL No. 2003-G06 on this subject. The NTL provides guidance to prevent intentional and/or accidental introduction of debris into the marine environment. This NTL applies to all existing and future oil and gas operations in the Gulf of Mexico OCS. The NTL requires careful handling of all trash and debris, specifies certain training, and directs the placement of certain placards warning about improper disposal of trash and debris. This NTL may be obtained from our Public Information Unit at the address at the end of this document or online at:

www.gomr.mms.gov/homepg/regulate/regs/ntls/ntl03-g11.html

(k) Proposed Rule Establishing Safety Zones for Certain Production Facilities. The Coast Guard, at the request of the affected lessees, published a proposed rule on December 10, 2001 (66 FR 63642), which would establish a safety zone of 500 meters (1,640.4 feet) around five oil and gas production facilities on the Gulf of Mexico OCS. The five facilities are:

- Alaminos Canyon 25 (Hoover Floating Facility)
- Ewing Bank 921 (Morpeth Tension Leg Platform)
- Green Canyon 254 (Allegheny TLP)
- Green Canyon 158 (Brutus TLP)
- Garden Banks 128 (Enchilada Platform)

On April 2, 2002, the Coast Guard published a second proposed rule (67 FR 15505) for a sixth facility:
Green Canyon 205 (Chevron Genesis Spar)

The proposed rules would prevent all vessels from entering or remaining in the safety zones except for: An attending

vessel; a vessel under 100 feet in length overall not engaged in towing; or a vessel authorized by the Eighth Coast Guard District Commander.

(l) MMS Inspection and Enforcement of Certain Coast Guard Regulations. On February 7, 2002, the Coast Guard published a final rule (67 FR 5912) authorizing "...the Minerals Management Service (MMS) to perform inspections on fixed Outer Continental Shelf (OCS) facilities engaged in OCS activities and to enforce Coast Guard regulations applicable to those facilities in 33 CFR chapter I, subchapter N." Questions regarding this authorization may be directed to the Coast Guard as indicated in the final rule.

(m) Potential Sand Dredging Activities on Ship Shoal Area Blocks 87, 88, 89, 94 and 95; South Pelto Area Blocks 12, 13, 14, 18 and 19; and West Delta Area Blocks 27 and 49. It is likely that offshore dredging activities will occur in some of the blocks cited above in the near-term. The U.S. Environmental Protection Agency, Region 6, and the Louisiana Department of Natural Resources, are considering the use of sand offshore Louisiana for coastal and barrier island protection projects at New Cut and Whiskey Island. At the present time, the New Cut project (1.2 million cubic yards of sand) will likely use sand from the South Pelto area and is scheduled to begin in May 2004. The Whiskey Island project (2.5 million cubic yards of sand) will use sand from the Ship Shoal area and is scheduled to begin in May 2005. Additionally, the U. S. Army Corp of Engineers (USACE) is evaluating the use of 10 million cubic yards of sand from South Pelto Area Block 13 for levee construction near Houma, Louisiana, possibly beginning in late 2004.

The MMS completed an Environmental Assessment (EA) to evaluate the potential impacts associated with all three of these efforts in January 2004. Use of the sand for the New Cut, Whiskey Island, and levee projects will require non-competitive, negotiated sand and gravel leases to be issued to the State of Louisiana.

The coordinates for two polygons that define the proposed sand borrow areas in Ship Shoal and South Pelto areas are shown in the table below for uploading into a company GIS database:

POINT	X_NAD83FT	Y_NAD83FT	LAT_NAD27	LONG_NAD27	DDLA_NAD27	DDLO_NAD27
SS1	3403615.28	154737.52	28 55 28.82	90 56 58.12	28.924672	-90.949478
SS2	3426654.28	154737.52	28 55 27.98	90 52 38.89	28.924439	-90.877469
SS3	3427930.87	148814.54	28 54 29.30	90 52 24.79	28.908139	-90.873553
SS4	3422516.83	140261.93	28 53'04.85	90 53 26.08	28.884681	-90.890578
SS5	3411242.85	138799.26	28 52 50.78	90 55 32.94	28.880772	-90.925817
PL6	3491588.53	155771.84	28 55 35.09	90 40 28.21	28.926414	-90.674503
PL7	3519364.36	155870.32	28 55 34.39	90 35 15.67	28.926219	-90.587686
PL8	3519364.36	151052.23	28 54 46.69	90 35 16.03	28.912969	-90.587786
PL9	3504679.67	146542.30	28 54 02.96	90 38 01.54	28.900822	-90.633761
PL10	3499259.23	141497.67	28 53 13.35	90 39 02.89	28.887042	-90.650794
PL11	3487150.10	146696.62	28 54 05.51	90 41 18.72	28.901531	-90.688533

In addition to the above, the NOAA is considering the use of OCS sand from West Delta Area Blocks 27 and 49 for a coastal restoration project in Plaquemines Parish, Louisiana. The sand would be used for barrier shoreline restoration in an area from Pass Chaland to Grand Bayou and Pelican Island. The MMS cooperated with NOAA during the required NEPA process and completed an EA on this project in January 2004. A non-competitive, negotiated sand and gravel lease for this project will need to be issued by the MMS to the State of Louisiana or Plaquemines Parish, Louisiana.

Dredging of the sand in these Ship Shoal, South Pelto, and West Delta Blocks and the associated presence of an ocean-going dredge vessel could present some use conflicts should the blocks be leased for oil and/or gas extraction. If this situation should arise, MMS will coordinate all activities of the dredge vessel(s) with any pertinent oil and gas lessees operating within the same area so as to preclude any adverse time and space use conflicts.

For further information regarding planned/anticipated offshore sand and gravel activities offshore Louisiana, contact Mr. Barry Drucker, MMS Headquarters Leasing Division, Sand and Gravel Section, at (703) 787-1296, or by email at barry.drucker@mms.gov.

(n) Mississippi Canyon Block 474. Mississippi Canyon Block 474, the site of Shell Offshore's planned NaKika Project, has been deferred in the past two Central Gulf sales. The MMS is offering this block in Sale 190 subject to Stipulation 7, which requires all exploration and development activities to be conducted from outside Block 474.

(o) Deepwater Port Applications for Offshore Liquefied Natural Gas Facilities. To date, the U.S. Coast Guard and the Maritime Administration have received three applications for the licensing of deepwater ports involving proposed liquefied natural gas (LNG) facilities. These proposed facilities would receive LNG ships, re-gasify the LNG offshore, and transport the natural gas to onshore markets through new pipelines that interconnect with existing pipeline systems. Two of these LNG projects have been approved by the Maritime Administration - Port Pelican, on Vermilion Area, Blocks 139 and 140 (currently unleased, but unavailable in Sale 190), and Energy Bridge on West Cameron Area, South Addition, Block 603 (currently leased by El Paso Production Company).

Additional information regarding the proposed offshore LNG receiving and re-gasification facilities can be obtained at the following address:

Department of Homeland Security
U.S. Coast Guard (G-MSO-2)
2100 Second Street, SW
Washington, DC 20593-0001

The following U.S. Coast Guard Dockets include the deepwater port applications and their accompanying environmental reports:

Port Pelican L.L.C. Deepwater Port License Application.
Docket Number: USCG-2002-14134.

El Paso Energy Bridge Gulf of Mexico L.L.C. Deepwater Port License Application. Docket Number: USCG-2003-14294.

Gulf Landing LLC Liquefied Natural Gas Deepwater Port License Application. Docket Number: USCG-2004-16860.

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