

**DEPARTMENT OF THE INTERIOR**

**Minerals Management Service (MMS)**

Outer Continental Shelf (OCS) Eastern Gulf of Mexico (GOM) Oil and Gas Lease Sale 197

**AGENCY:** Minerals Management Service, Interior

**ACTION:** Final Notice of Sale (FNOS) 197

**SUMMARY:** On March 16, 2005, the MMS will open and publicly announce bids received for blocks offered in Eastern GOM Oil and Gas Lease Sale 197, pursuant to the OCS Lands Act (43 U.S.C. 1331-1356, as amended) and the regulations issued thereunder (30 CFR Part 256).

The Final Notice of Sale 197 Package (FNOS 197 Package) contains information essential to bidders, and bidders are charged with the knowledge of the documents contained in the Package.

**DATES:** Public bid reading for Eastern GOM Oil and Gas Lease Sale 197 will begin after the public bid reading for Central GOM Oil and Gas Lease Sale 194 which will begin at 9 a.m., Wednesday, March 16, 2005, in the Hyatt Regency Conference Center (Cabildo Rooms), 500 Poydras Plaza, New Orleans, Louisiana. All times referred to in this document are local New Orleans times, unless otherwise specified.

**ADDRESSES:** Bidders can obtain a FNOS 197 Package containing this Notice of Sale and several supporting and essential documents referenced herein from the MMS Gulf of Mexico Region Public Information Unit, 1201 Elmwood Park Boulevard, New Orleans, Louisiana 70123-2394, (504) 736-2519 or (800) 200-GULF, or via the MMS Internet website at [www.mms.gov](http://www.mms.gov).

**FILING OF BIDS:** Bidders must submit sealed bids to the Regional Director (RD), MMS Gulf of Mexico Region, 1201 Elmwood Park Boulevard, New Orleans, Louisiana 70123-2394, between 8 a.m. and 4 p.m. on normal working days, and from 8 a.m. to the Bid Submission Deadline of 10 a.m. on Tuesday, March 15, 2005. If the bids are mailed, please address the envelope containing all of the sealed bids as follows:

Attention: Supervisor  
Sales and Support Unit (MS 5422)  
Leasing Activities Section  
MMS Gulf of Mexico Region  
1201 Elmwood Park Boulevard  
New Orleans, Louisiana 70123-2394

**Contains Sealed Bids for Oil and Gas Lease Sale 197**  
**Please Deliver to Ms. Jane Burrell Johnson, Room 311, Immediately.**

Please note: Bidders mailing their bid(s) are advised to call Ms. Jane Burrell Johnson (504) 736-2811 immediately after putting their bid(s) in the mail.

If the RD receives bids later than the time and date specified above, he will return those bids unopened to bidders. Bidders may not modify or withdraw their bids unless the RD receives a written modification or written withdrawal request prior to 10 a.m. on Tuesday, March 15, 2005. Should an unexpected event such as flooding or travel restrictions be significantly disruptive to bid submission, the MMS Gulf of Mexico Region may extend the Bid Submission Deadline. Bidders may call (504) 736-0557 for information about the possible extension of the Bid Submission Deadline due to such an event.

**AREAS OFFERED FOR LEASING:** The MMS is offering for leasing all of the unleased whole blocks located within the portion of the Eastern GOM Planning Area that is west of 87 degrees 30 minutes West Longitude and which range from 100 to 196 miles south of Alabama, and from about 70 to 148 miles offshore Louisiana. Please see the map included in the FNOS 197 Package: "Lease Terms, Economic Conditions, and Stipulations, Sale 197, Final." All of these blocks are shown on the following Official Protraction Diagrams (which may be purchased from the MMS Gulf of Mexico Region Public Information Unit):

**Outer Continental Shelf Official Protraction Diagrams  
(These diagrams sell for \$2.00 each.)**

NG16-02      Lloyd Ridge (revised November 1, 2000)  
NH16-11      De Soto Canyon (revised November 1, 2000)

Please Note: A CD-ROM (in ARC/INFO and Acrobat (pdf) format) containing all of the GOM Leasing Maps and Official Protraction Diagrams, except for those not yet converted to digital format, is available from the MMS Gulf of Mexico Region Public Information Unit for a price of \$15. For additional information, please call Ms. Tara Montgomery (504) 736-5722.

All blocks are shown on these two Official Protraction Diagrams. The available Federal acreage of all blocks in this lease sale is shown in the document "List of Blocks Available for Leasing in Sale 197" included in the FNOS 197 Package. A bid on a block must include all of the available Federal acreage of that block.

**AREAS NOT AVAILABLE FOR LEASING:** The following whole blocks located within the sale area are currently leased and are therefore not available for bid in this lease sale:

De Soto Canyon Blocks 133, 134, 135, 136, 137, 177, 178, 179, 180, 181, 182, 223, 224, 225, 226, 267, 268, 269, 270, 309, 311, 313, 314, 353, 354, 397, 398, 401, 402, 443, 445, 446, 447, 485, 486, 487, 488, 489, 490, 491, 529, 530, 534, 535, 573, 574, 576, 577, 578, 617, 618, 619, 620, 621, 622, 623, 624, 662, 663, 664, 665, 666, 668, 706, 707, 709, 710, 751, 793, 794, 796, 798, 837, 838, 840, 842, 843, 883, 887, 927, 929, 932, 970, 971, 972, 975, 976.

Lloyd Ridge Blocks 1, 2, 5, 6, 7, 45, 46, 47, 48, 49, 50, 51, 52, 91, 94, 95, 96, 133, 134, 135, 136, 137, 139, 140, 177, 183, 221, 265, 267, 268, 309, 315, 316, 354, 355, 359, 360, 399, 400, 401, 402, 443, 444, 445, 446.

**STATUTES AND REGULATIONS:** Each lease issued in this lease sale is subject to the OCS Lands Act of August 7, 1953, 67 Stat. 462; 43 U.S.C. 1331 et seq., as amended (92 Stat. 629), hereinafter called "the Act"; all regulations issued pursuant to the Act and in existence upon the Effective Date of the lease; all regulations issued pursuant to the statute in the future which provide for the prevention of waste and conservation of the natural resources of the OCS and the protection of correlative rights therein; and all other applicable statutes and regulations.

**LEASE TERMS AND CONDITIONS:** Initial period, minimum bonus bid amount, rental rates, royalty rates, minimum royalty, and royalty suspension area are shown on the map "Lease Terms, Economic Conditions, and Stipulations, Lease Sale 197, Final" for leases resulting from this lease sale:

**Initial Period:** 10 years;

**Minimum Bonus Bid Amount:** A bonus bid will not be considered for acceptance unless it provides for a cash bonus in the amount of \$37.50 or more per acre or fraction thereof; see "List of Blocks Available for Leasing" contained in the FNOS 197 Package to confirm the exact calculation of the minimum bonus bid amount for each block;

**Rental Rates:** \$7.50 per acre or fraction thereof, to be paid on or before the first day of each lease year until a discovery in paying quantities of oil or gas, then at the expiration of each lease year until the start of royalty-bearing production;

**Royalty Rates:** 12-1/2 percent royalty rate, except during periods of royalty suspension, to be paid monthly on the last day of the month next following the month during which the production is obtained;

**Minimum Royalty:** After the start of royalty-bearing production: \$7.50 per acre or fraction thereof per year, to be paid at the expiration of each lease year with credit applied for actual royalty paid during the lease year. If actual royalty paid exceeds the minimum royalty requirement, then no minimum royalty payment is due;

**Royalty Suspension Area:** Royalty suspension of 12 million barrels of oil equivalent, subject to both oil and gas price thresholds, will apply to all leases in this lease sale. Please see the map "Lease Terms, Economic Conditions, and Stipulations, Lease Sale 197, Final" for specific details regarding royalty suspension eligibility, applicable price thresholds, and implementation.

**LEASE STIPULATIONS:** Four lease stipulations apply: (1) Military Areas; (2) Evacuation; (3) Coordination; and (4) Protected Species. Please refer to the map, "Lease Terms, Economic Conditions, and Stipulations, Lease Sale 197, Final" in the FNOS 197 Package. The texts of the lease stipulations are contained in the document "Lease Stipulations for Oil and Gas Lease Sale

197, Final" included in the FNOS 197 Package.

**INFORMATION TO LESSEES:** The FNOS 197 Package contains an "Information To Lessees" document which provides detailed information on certain specific issues pertaining to this oil and gas lease sale.

**METHOD OF BIDDING:** For each block bid upon, a bidder must submit a separate signed bid in a sealed envelope labeled "Sealed Bid for Oil and Gas Lease Sale 197, not to be opened until 9 a.m., Wednesday, March 16, 2005." The total amount of the bid must be in a whole dollar amount; any cent amount above the whole dollar will be ignored by the MMS. Details of the information required on the bid(s) and the bid envelope(s) are specified in the document "Bid Form and Envelope" contained in the FNOS 197 Package.

The MMS published in the Federal Register a list of restricted joint bidders, which applies to this lease sale, at 69 FR 61402 on October 18, 2004. Bidders must execute all documents in conformance with signatory authorizations on file in the MMS Gulf of Mexico Region Adjudication Unit. Partnerships also must submit or have on file a list of signatories authorized to bind the partnership. Bidders submitting joint bids must include on the bid form the proportionate interest of each participating bidder, stated as a percentage, using a maximum of five decimal places, e.g., 33.33333 percent. The MMS may require bidders to submit other documents in accordance with 30 CFR 256.46. The MMS warns bidders against violation of 18 U.S.C. 1860 prohibiting unlawful combination or intimidation of bidders. Bidders are advised that the MMS considers the signed bid to be a legally binding obligation on the part of the bidder(s) to comply with all applicable regulations, including payment of the one-fifth bonus bid amount on all high bids. A statement to this effect must be included on each bid (see the document "Bid Form and Envelope" contained in the FNOS 197 Package).

**ROUNDING:** The following procedure must be used to calculate the minimum bonus bid, annual rental, and minimum royalty: Round up to the next whole dollar amount if the calculation results in a decimal figure (see next paragraph).

Please note: The minimum bonus bid calculation, including all rounding, is shown in the document "List of Blocks Available for Leasing in Lease Sale 197" included in the FNOS 197 Package.

**BONUS BID DEPOSIT:** Each bidder submitting an apparent high bid must submit a bonus bid deposit to the MMS equal to one-fifth of the bonus bid amount for each such bid. Under the authority granted by 30 CFR 256.46(b), the MMS requires bidders to use electronic funds transfer procedures for payment of one-fifth bonus bid deposits for Lease Sale 197, following the detailed instructions contained in the document "Instructions for Making EFT Bonus Payments" included in the FNOS 197 Package. All payments must be electronically deposited into an interest-bearing account in the U.S. Treasury (account specified in the EFT instructions) by 1:00 p.m. Eastern Time the day following bid reading. Such a deposit does not constitute and shall not be construed as acceptance of any bid on behalf of the United States. If a lease is awarded, however, MMS requests that only one transaction be used for payment of the four-fifths bonus bid amount and the first year's rental.

Please note: Certain bid submitters (i.e., those that are NOT currently an OCS mineral lease record title holder or designated operator OR those that have ever defaulted on a one-fifth bonus bid payment (EFT or otherwise)) are required to guarantee (secure) their one-fifth bonus bid payment prior to the submission of bids. For those who must secure the EFT one-fifth bonus bid payment, one of the following options may be used:

- (1) Provide a third-party guarantee;
  - (2) Amend development bond coverage;
  - (3) Provide a letter of credit; or
  - (4) Provide a lump sum payment in advance via EFT.
- The EFT instructions specify the requirements for each option.

**WITHDRAWAL OF BLOCKS:** The United States reserves the right to withdraw any block from this lease sale prior to issuance of a written acceptance of a bid for the block.

**ACCEPTANCE, REJECTION, OR RETURN OF BIDS:** The United States reserves the right to reject any and all bids. In any case, no bid will be accepted, and no lease for any block will be awarded to any bidder, unless the bidder has complied with all requirements of this Notice, including the documents contained in the associated FNOS 197 Package and applicable regulations; the bid is the highest valid bid; and the amount of the bid has been determined to be adequate by the authorized officer. Any bid submitted which does not conform to the requirements of this Notice, the Act, and other applicable regulations may be returned to the person submitting that bid by the RD and not considered for acceptance. The Attorney General may also review the results of the lease sale prior to the acceptance of bids and issuance of leases. To ensure that the Government receives a fair return for the conveyance of lease rights for this lease sale, high bids will be evaluated in accordance with MMS bid adequacy procedures. A copy of current procedures, "Modifications to the Bid Adequacy Procedures" at 64 FR 37560 on July 12, 1999, can be obtained from the MMS Gulf of Mexico Region Public Information Unit.

**SUCCESSFUL BIDDERS:** As required by the MMS, each company that has been awarded a lease must execute all copies of the lease (Form MMS-2005 (March 1986) as amended), pay by EFT the balance of the bonus bid amount and the first year's rental for each lease issued in accordance with the requirements of 30 CFR 218.155, and satisfy the bonding requirements of 30 CFR 256, Subpart I, as amended.

Also, in accordance with regulations at 43 CFR, part 42, subpart C, the lessee shall comply with the U.S. Department of the Interior's nonprocurement debarment and suspension requirements and agrees to communicate this requirement to comply with these regulations to persons with whom the lessee does business as it relates to this lease by including this term as a condition to enter into their contracts and other transactions.

**AFFIRMATIVE ACTION:** The MMS requests that, prior to bidding, Equal Opportunity Affirmative Action Representation Form MMS 2032 (June 1985) and Equal Opportunity Compliance Report Certification Form MMS 2033 (June 1985) be on file in the MMS Gulf of Mexico Region Adjudication Unit. This certification is required by 41 CFR 60 and Executive Order No. 11246 of September 24, 1965, as amended by Executive Order No. 11375 of October 13, 1967. In any event, prior to the execution of any lease contract, both forms are required to be on file in the MMS Gulf of Mexico Region Adjudication Unit.

**GEOPHYSICAL DATA AND INFORMATION STATEMENT:** Pursuant to 30 CFR 251.12, the MMS has a right to access geophysical data and information collected under a permit in the OCS. Every bidder submitting a bid on a block in Sale 197, or participating as a joint bidder in such a bid, must submit a Geophysical Data and Information Statement identifying any processed or reprocessed pre- and post-stack depth migrated geophysical data and information in its possession or control and used in the evaluation of that block. The existence, extent (i.e., number of line miles for 2D or number of blocks for 3D) and type of such data and information must be clearly identified. The statement must include the name and phone number of a contact person, and an alternate, knowledgeable about the depth data sets (that were processed or reprocessed to correct for depth) used in evaluating the block. In the event such data and information includes data sets from different timeframes, you should identify only the most recent data set used for block evaluations.

The statement must also identify each block upon which a bidder participated in a bid but for which it does not possess or control such depth data and information.

Every bidder must submit a separate Geophysical Data and Information Statement in a sealed envelope. The envelope should be labeled "Geophysical Data and Information Statement for Oil and Gas Lease Sale 197" and the bidder's name and qualification number must be clearly identified on the outside of the envelope. This statement must be submitted to the MMS at the Gulf of Mexico Regional Office, Attention: Resource Evaluation (1201 Elmwood Park Boulevard, New Orleans, Louisiana 70123-2394) by 10 a.m. on Tuesday, March 15, 2005. The statement may be submitted in conjunction with the bids or separately. Do not include this statement in the same envelope containing a bid. These statements will not be opened until after the public bid reading at Lease Sale 197 and will be kept confidential. An Example of Preferred Format for the Geophysical Data and Information Statement is included in the FNOS 197 Package.

Please refer to NTL No. 2003-G05 for more detail concerning submission of the Geophysical Data and Information Statement, making the data available to the MMS following the lease sale, preferred format, reimbursement for costs, and confidentiality.

s/ Johnnie Burton  
R. M. "Johnnie" Burton  
Director, Minerals Management Service

February 3, 2005  
Date