DEPARTMENT OF THE INTERIOR

Minerals Management Service (MMS)

Outer Continental Shelf (OCS) Central Gulf of Mexico (GOM) Planning Area Oil and Gas Lease Sale 206

AGENCY: Minerals Management Service, Interior.

ACTION: Final Notice of Sale (FNOS) 206

SUMMARY: On March 19, 2008, the MMS will open and publicly announce bids received for blocks offered in Central GOM Planning Area Oil and Gas Lease Sale 206, 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 206 Package (FNOS 206 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 the Central GOM Planning Area Oil and Gas Lease Sale 206 will begin at 9 a.m., Wednesday, March 19, 2008, at the Louisiana Superdome, 1500 Sugarbowl Drive, New Orleans, Louisiana 70112. The lease sale will be held in the St. Charles Club Room on the second floor (Loge Level). Entry to the Superdome will be on the Poydras Street side of the building through Gate A on the Ground or Plaza Level, and parking should be available at Garage 6. All times referred to in this document are local New Orleans times, unless otherwise specified.

ADDRESSES: Bidders can obtain a FNOS 206 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 web site at www.gomr.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 18, 2008. If 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 206
Please Deliver to Ms. Nancy Kornrumpf, 6th Floor, Immediately

Please note: Bidders mailing their bid(s) are advised to call Ms. Nancy Kornrumpf, (504) 736-2726, 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 18, 2008. 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 blocks and partial blocks listed in the document "Blocks Available for Leasing in Central GOM Planning Area Oil and Gas Lease Sale 206" included in the FNOS 206 Package. All of these blocks are shown on the following leasing maps and Official Protraction Diagrams (OPD's):

Outer Continental Shelf Leasing Maps - Louisiana Map Numbers 1 through 12
(These 30 maps sell for $2.00 each.)

LA1	West Cameron Area (Revised November 1, 2000)
LA1A	West Cameron Area, West Addition (Revised February 28, 2007)
LA1B	West Cameron Area, South Addition (Revised February 28, 2007)
LA2	East Cameron Area (Revised November 1, 2000)
LA2A	East Cameron Area, South Addition (Revised November 1, 2000)
LA3	Vermilion Area (Revised November 1, 2000)
LA3A	South Marsh Island Area (Revised November 1, 2000)
LA3B	Vermilion Area, South Addition (Revised November 1, 2000)
LA3C	South Marsh Island Area, South Addition (Revised November 1, 2000)
LA3D	South Marsh Island Area, North Addition (Revised November 1, 2000)
LA4	Eugene Island Area (Revised November 1, 2000)
LA4A	Eugene Island Area, South Addition (Revised November 1, 2000)
LA5	Ship Shoal Area (Revised November 1, 2000)
LA5A	Ship Shoal Area, South Addition (Revised November 1, 2000)
LA6	South Timbalier Area (Revised November 1, 2000)
LA6A	South Timbalier Area, South Addition (Revised November 1, 2000)
LA6B	South Pelto Area (Revised November 1, 2000)

LA6C	Bay Marchand Area (Revised November 1, 2000)
LA7	Grand Isle Area (Revised November 1, 2000)
LA7A	Grand Isle Area, South Addition (Revised February 17, 2004)
LA8	West Delta Area (Revised November 1, 2000)
LA8A	West Delta Area, South Addition (Revised November 1, 2000)
LA9	South Pass Area (Revised November 1, 2000)
LA9A	South Pass Area, South and East Additions (Revised November 1, 2000)
LA10	Main Pass Area (Revised November 1, 2000)
LA10A	Main Pass Area, South and East Additions (Revised November 1, 2000)
LA10B	Breton Sound Area (Revised November 1, 2000)
LA11	Chandeleur Area (Revised November 1, 2000)
LA11A	Chandeleur Area, East Addition (Revised November 1, 2000)
LA12	Sabine Pass Area (Revised February 28, 2007)

Outer Continental Shelf Official Protraction Diagrams
(These 19 diagrams sell for $2.00 each.)

NG15-02	Garden Banks (Revised February 28, 2007)
NG15-03	Green Canyon (Revised November 1, 2000)
NG15-05	Keathley Canyon (Revised February 28, 2007)
NG15-06	Walker Ridge (Revised November 1, 2000)
NG15-08	Sigsbee Escarpment (Revised February 28, 2007)
NG15-09	Amery Terrace (Revised October 25, 2000)
NG16-01	Atwater Valley (Revised November 1, 2000)
NG16-02	Lloyd Ridge (Revised February 28, 2007)
NG16-04	Lund (Revised November 1, 2000)
NG16-05	Henderson (Revised February 28, 2007)
NG16-07	Lund South (Revised November 1, 2000)
NG16-08	Florida Plain (Revised February 28, 2007)
NH15-12	Ewing Bank (Revised November 1, 2000)
NH16-04	Mobile (Revised November 1, 2000)
NH16-05	Pensacola (Revised February 28, 2007)
NH16-07	Viosca Knoll (Revised November 1, 2000)
NH16-08	Destin Dome (Revised February 28, 2007)
NH16-10	Mississippi Canyon (Revised November 1, 2000)
NH16-11	De Soto Canyon (Revised February 28, 2007)

Please note: A CD-ROM (in ARC/INFO and Acrobat (.PDF) format) containing all of the GOM leasing maps and OPD’s, 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 the current status of all Central GOM Planning Area leasing maps and OPD’s, please refer to 66 FR 28002 (published May 21, 2001), 69 FR 23211 (published April 28, 2004), 72 FR 27590 (published May 16, 2007), and 72 FR 35720 (published June 29, 2007). In addition, Supplemental Official OCS Block Diagrams (SOBD’s) are available for blocks which contain the "U.S. 200 Nautical Mile Limit" line and the "U.S.-Mexico Maritime Boundary" line. These

SOBD's are also available from the MMS Gulf of Mexico Region Public Information Unit. For additional information, please call Ms. Tara Montgomery, (504) 736-5722.

All blocks are shown on these leasing maps and OPD's. The available Federal acreage of all whole and partial blocks in this lease sale is shown in the document "List of Blocks Available for Leasing in Lease Sale 206" included in the FNOS 206 Package. Some of these blocks may be partially leased or deferred, or transected by administrative lines such as the Federal/State jurisdictional line. A bid on a block must include all of the available Federal acreage of that block. Also, information on the unleased portions of such blocks is found in the document "Central Gulf of Mexico Planning Area Lease Sale 206 - Unleased Split Blocks and Available Unleased Acreage of Blocks with Aliquots and Irregular Portions Under Lease or Deferred" included in the FNOS 206 Package.

AREAS NOT AVAILABLE FOR LEASING: The following whole and partial blocks are not offered for lease in this lease sale:

Blocks currently under appeal (although currently unleased, the following blocks are under appeal and bids will not be accepted):

Mississippi Canyon (OPD NH16-10)
Block 943

West Delta Area (Leasing Map LA8)
Block 50

Whole blocks and portions of blocks which lie within the former Western Gap portion of the 1.4 nautical mile buffer zone north of the continental shelf boundary between the United States and Mexico:

Amery Terrace (OPD NG 15-09)
Whole Blocks: 280, 281, 318 through 320, and 355 through 359
Portions of Blocks: 235 through 238, 273 through 279, and 309 through 317

Sigsbee Escarpment (OPD NG 15-08)
Whole Blocks: 239, 284, 331 through 341
Portions of Blocks: 151, 195, 196, 240, 241, 285 through 298, 342 through 349

Whole blocks which are beyond the United States Exclusive Economic Zone in the area known as the Northern portion of the Eastern Gap:

Lund South (OPD NG 16-07)
Blocks: 172, 173, 213 through 217, 253 through 261, 296 through 305, and 349

Henderson (OPD NG 16-05)
Blocks: 467, 510, 511, 553 through 555, 595 through 599, 638 through 643, 681 through 688, 723 through 732, 766 through 776, 808 through 820, 851 through 863, 893 through 906, 935 through 949, and 977 through 993

Florida Plain (OPD NG 16-08)
Blocks: 7 through 24, 49 through 67, 90 through 110, 133 through 154, 177 through 197, 221 through 240, 265 through 283, 309 through 327, and 363 through 370

Blocks that were previously included in the Eastern GOM Planning Area and are within 100 miles of the Florida coast:

Pensacola (OPD NH 16-05)
Blocks: 751 through 754, 793 through 798, 837 through 842, 881 through 886, 925 through 930, 969 through 975

Destin Dome (OPD NH 16-08)
Blocks: 1 through 7, 45 through 51, 89 through 96, 133 through 140, 177 through 184, 221 through 228, 265 through 273, 309 through 317, 353 through 361, 397 through 405, 441 through 450, 485 through 494, 529 through 538, 573 through 582, 617 through 627, 661 through 671, 705 through 715, 749 through 759, 793 through 804, 837 through 848, 881 through 892, 925 through 936, and 969 through 981

DeSoto Canyon (OPD NH 16-11)
Whole Blocks: 1 through 16, 45 through 60, and 92 through 102
Portions of Blocks: 89 through 91, 103, 104, and 135 through 147

Blocks outside the original Sale 181 area that were previously included in the Eastern GOM Planning Area and are beyond 100 miles of the Florida coast, which are under the 1998 Presidential moratorium until 2012:

DeSoto Canyon (OPD NH 16-11)
Whole Blocks: 148, and 185 through 193
Portions of Blocks: 103, 104, and 141 through 147

Blocks east of the Military Mission Line (i.e. the north-south line at 86^{o}41'W. longitude), and north of the northern portion of the Eastern Gap, and west of the Central and Eastern Planning Area Boundary:

Henderson (OPD NG 16-05)
Portions of Blocks: 246, 290, 334, 378, 422, and 466

Blocks that are south of the Sale 181 area, as approved in the Final Outer Continental Shelf Oil and Gas Leasing Program for 1997-2002, and north of the previously noted Northern portion of the Eastern Gap and west of the Military Mission Line:

Lloyd Ridge (OPD NG 16-02)
Blocks: 529 through 550, 573 through 595, 617 through 639, 661 through 683, 705 through 727, 749 through 771, 793 through 816, 837 through 860, 881 through 904, 925 through 948, and 969 through 992

Henderson (OPD NG 16-05)
Whole Blocks: 1 through 25, 45 through 69, 89 through 113, 133 through 157, 177 through 201, 221 through 245, 265 through 289, 309 through 333, 353 through 377, 397 through 421, 441 through 465, 485 through 509, 529 through 552, 573 through 594, 617 through 637, 661 through 680, 705 through 722, 749 through 765, 793 through 807, 837 through 850, 881 through 892, 925 through 934, and 969 through 976
Portions of Blocks: 246, 290, 334, 378, 422, and 466

Florida Plain (OPD NG 16-08)
Blocks 1 through 6, 45 through 48, and 89

STATUTES AND REGULATIONS: Each lease issued in this lease sale is subject to the OCS Lands Act of August 7, 1953; 43 U.S.C. 1331 et seq., as amended, 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 periods, extensions of initial periods, minimum bonus bid amounts, rental rates, escalating rental rates for leases with an approved extension of the initial 5-year period, royalty rate, minimum royalty, and royalty suspension provisions, if any, applicable to this sale are noted below. Depictions of related areas are shown on the map "Lease Terms and Economic Conditions, Lease Sale 206, Final" for leases resulting from this lease sale.

Initial Periods: 5 years for blocks in water depths of less than 400 meters; 8 years for blocks in water depths of 400 to less than 800 meters (pursuant to 30 CFR 256.37, commencement of an exploratory well is required within the first 5 years of the initial 8-year term to avoid lease cancellation); and 10 years for blocks in water depths of 800 meters or deeper.

Extensions of Initial Periods: The 5-year initial term for a lease issued from this sale may be extended to 8 years if a well, targeting hydrocarbons below 25,000 feet true vertical depth subsea (TVD SS), is spudded within the first 5 years of the initial period. The 3-year extension may be granted in cases where the well is drilled to a target below 25,000 feet TVD SS and also in cases where the well does not reach a depth below 25,000 feet TVD SS due to mechanical or safety reasons.

In order for the lease term to be extended to 8 years, the lessee is required to submit to the Regional Supervisor for Production and Development, within 30 days after completion of the drilling operation, a letter providing the well number, spud date, information demonstrating the target below 25,000 feet TVD SS, and, if applicable, any safety or mechanical problems encountered that prevented the well from reaching a depth below 25,000 feet TVD SS. The Regional Supervisor must concur in writing that the conditions have been met to extend the lease term 3 years. The Regional Supervisor will provide written confirmation of any lease extension within 30 days of receipt of the letter provided.

For any lease that has a well spudded in the first 5 years of the initial period with a hydrocarbon target below 25,000 feet TVD SS, the regulations found at 30 CFR 250.175(a), (b), and (c) will not be applicable at the end of the 5th year.

For any lease that does not have a well spudded in the first 5 years of the initial period which targets hydrocarbons below 25,000 feet TVD SS, the regulations found at 30 CFR 250.175(a), (b), and (c) will be applicable, but the 3-year extension will not be available.

At the end of the 8th year, the lessee is free to use all lease-term extension provisions under the regulations.

Minimum Bonus Bid Amounts: A bonus bid will not be considered for acceptance unless it provides for a cash bonus in the amount of $25 or more per acre or fraction thereof for blocks in water depths of less than 400 meters, or $37.50 or more per acre or fraction thereof for blocks in water depths of 400 meters or deeper; to confirm the exact calculation of the minimum bonus bid amount for each block, see "List of Blocks Available for Leasing" which is contained in the FNOS 206 Package. Please note that bonus bids must be in whole dollar amounts (i.e., any cents will be disregarded by the MMS).

Rental Rates: $6.25 per acre or fraction thereof for blocks in water depths of less than 200 meters*, and $9.50 per acre or fraction thereof for blocks in water depths of 200 meters or deeper*, to be paid on or before the 1st day of each lease year until determination of well producibility is made, then at the expiration of each lease year until the start of royalty-bearing production.

> * An exception to the rental rate requirement for blocks in water depths up to 400 meters will be escalating rental rates in the 6^{th}, 7^{th}, and 8^{th} years for leases with an approved extension of the initial 5-year period, as noted in the following paragraph of this document.

Escalating Rental Rates for leases with an approved extension of the initial 5-year period: Any lease granted a 3-year extension beyond the initial 5-year period will pay an escalating rental rate as set out in the following table, to be paid on or before the 1^{st} day of each lease year until determination of well producibility is made, then at the expiration of each lease year until the start of royalty-bearing production:

Extended Lease Year No.	Escalating Annual Rental Rate† for a Lease in Less than a 200-Meter Water Depth	Escalating Annual Rental Rate† for a Lease in a 200- to less than 400-Meter Water Depth
6	$12.50 per acre or fraction thereof	$19.00 per acre or fraction thereof
7	$18.75 per acre or fraction thereof	$28.50 per acre or fraction thereof
8	$25.00 per acre or fraction thereof	$38.00 per acre or fraction thereof

† If another well is spudded during the 3-year extended term of the lease that targets hydrocarbons below 25,000 feet TVD SS, and MMS concurs that this has occurred, the rental rate will remain fixed at the rental rate in effect during the lease year in which the well was spudded.

Royalty Rate: 18-3/4 percent royalty rate for blocks in all water depths, except during periods of royalty suspension, to be paid monthly on the last day of the month following the month during which the production is obtained.

Minimum Royalty: After the start of royalty-bearing production, regardless of the year of the lease and notwithstanding any royalty suspension that may apply: $6.25 per acre or fraction thereof per year for blocks in water depths of less than 200 meters and $9.50 per acre or fraction thereof per year for blocks in water depths of 200 meters or deeper, 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 Provisions: Leases with royalty suspension volumes (RSV's) are authorized under existing MMS rules at 30 CFR Part 260. There are no circumstances under which a single lease could receive a royalty suspension both for deep gas production and for deepwater production.

Section 344 of the Energy Policy Act of 2005 (EPAct05) extends existing deep gas incentives in two ways. First, it mandates an RSV of at least 35 billion cubic feet of natural gas for certain wells completed in a drilling depth category (greater than 20,000 feet subsea) for leases in 0-400 meters of water. Second, section 344 directs that the same incentives prescribed in MMS's 2004 rule for wells completed between 15,000 feet and 20,000 feet TVD SS on leases in 0-200 meters of water be applied to leases in 200-400 meters of water. Section 345 of the EPAct05 directs continuation of the MMS deepwater incentive program utilized since 2001 in the Gulf of Mexico for leases issued between August 8, 2005, and August 8, 2010, and provides for an increase in RSV from 12 million barrels of oil equivalent (MMBOE) to 16 MMBOE for leases in water depths greater than 2,000 meters.

Deep Gas Royalty Suspensions

A lease issued as a result of this sale may be eligible for royalty relief. The MMS published a proposed rule on May 18, 2007, and will publish a final rule implementing Section 344 (Incentives for Natural Gas Production from Deep Wells in the Shallow Waters of the Gulf of Mexico) of EPAct05. Royalty relief under Section 344 of EPAct05 applies to all blocks in this sale west of 87.5°W. longitude. The same terms will be applied to all blocks in this sale east of 87.5°W. longitude in order to be consistent for all blocks within this Planning Area. If a lease is eligible, it will be subject to the provisions of that final rule, including any price threshold provisions. Please refer to the Royalty Suspension Provisions cited below.

A. The following Royalty Suspension Provisions apply to qualifying deep wells on leases, at least partly, in water depths up to 200 meters:

Such wells require a perforated interval the top of which is from 15,000 to less than 20,000 feet TVD SS. Suspension volumes, conditions, and requirements prescribed in 30 CFR 203.41 through 203.47 and any amendments or successor regulations apply to deep gas production from a lease in this water depth range issued as a result of this sale. Definitions that apply to this category of royalty relief are found in 30 CFR 203.0. To receive this category of royalty relief, production from a qualified well or drilling of a certified unsuccessful well must commence before May 3, 2009.

B. The following Royalty Suspension Provisions apply to qualifying deep wells on leases entirely in water depths more than 200 but less than 400 meters:

Such wells require a perforated interval the top of which is from 15,000 to less than 20,000 feet TVD SS. The EPAct05 requires the Secretary to issue regulations granting RSV's to leases entirely in water depths more than 200 but less than 400 meters that will be calculated using the same methodology as is currently employed for leases at least partly in water depths up to 200 meters. Deep wells on leases in the 200- to 400-meter water depth range issued in Sale 206 will be eligible for royalty relief prescribed in the final rule implementing section 344 of the EPAct05.

C. The following Royalty Suspension Provisions apply to qualifying ultra-deep wells on leases entirely in water depths less than 400 meters:

Ultra-deep wells (i.e., wells completed with a perforated interval the top of which is 20,000 feet TVD SS or deeper) on leases entirely in water depths less than 400 meters issued in Sale 206 will be eligible for royalty relief prescribed in the final rule implementing section 344 of the EPAct05.

Deepwater Royalty Suspensions

The following Royalty Suspension Provisions apply to deepwater oil and gas production:

A lease issued as a result of this sale may be eligible for royalty relief. Royalty relief under Section 345 of EPAct05 (Royalty Relief for Deepwater Production) applies to all blocks in this sale west of 87.5°W. longitude. The same terms will be applied to all blocks in this sale east of 87.5°W. longitude in order to be consistent for all blocks within this Planning Area. The following Royalty Suspension Provisions for deepwater oil and gas production apply to a lease issued as a result of this sale. These provisions are similar to, and mean the same as, the language used in recent sales except for some clarifying text and updated examples. In addition to these provisions and the EPAct05, refer to 30 CFR 218.151 and applicable provisions of sections 260.120-260.124 for regulations on how royalty suspensions relate to field assignment, product types, rental obligations, and supplemental royalty relief.

1. A lease in water depths of 400 meters or more will receive a royalty suspension as follows, according to the water depth range in which the lease is located:

400 meters to less than 800 meters:	5 MMBOE
800 meters to less than 1,600 meters:	9 MMBOE
1,600 meters to 2,000 meters:	12 MMBOE
Greater than 2,000 meters:	16 MMBOE

2. In any calendar year during which the arithmetic average of the daily closing prices for the nearby delivery month on the New York Mercantile Exchange (NYMEX) for the applicable product exceeds the adjusted product price threshold, the lessee must pay royalty on production that would otherwise receive royalty relief under 30 CFR Part 260 or supplemental relief under 30 CFR Part 203, and such production will count towards the RSV.

   a) The base level price threshold for light sweet crude oil is set at $35.75 per barrel in 2006. The adjusted oil price threshold in any subsequent calendar year is computed by changing the price threshold applicable in the immediately preceding calendar year by the percentage by which the implicit price deflator for the gross domestic product has changed during the calendar year.

   b) The base level price threshold for natural gas is set at $4.47 per million British thermal units (MMBTU) in 2006. The adjusted gas price threshold in any subsequent calendar year is computed by changing the price threshold applicable in the immediately preceding calendar year by the percentage by which the implicit price deflator for the gross domestic product has changed during the calendar year.

   c) As an example, if the implicit price deflator indicates that inflation is 2.5 percent in 2007 and 2 percent in 2008, then the price threshold in calendar year 2008 would become $37.37 per barrel for oil and $4.67 for gas. Therefore, royalty on oil production in calendar year 2008 would be due if the average of the daily closing prices for the nearby delivery month on the NYMEX in 2008 exceeds $37.37 per barrel, and royalty on gas production in calendar year 2008 would be due if the average of the daily closing prices for the nearby delivery month on the NYMEX in 2008 exceeds $4.67 per MMBTU.

d) The MMS plans to provide notice in March of each year when adjusted price thresholds for the preceding year were exceeded. Once this determination is made, based on the then-most-recent implicit price deflator information, it will not be revised regardless of any subsequent adjustments in the implicit price deflator published by the U.S. Government for the preceding year. Information on price thresholds is available at the MMS web site http://www.mms.gov/econ.

e) In cases where the actual average price for the product exceeds the adjusted price threshold in any calendar year, royalties must be paid no later than 90 days after the end of the year (see 30 CFR 260.122 (b)(2) for more detail), and royalties must be paid provisionally in the following calendar year (See 30 CFR 260.122 (c) for more detail).

f) Full royalties are owed on all production from a lease after the RSV is exhausted, beginning on the first day of the month following the month in which the RSV is exhausted.

LEASE STIPULATIONS: The map "Stipulations and Deferred Blocks, Lease Sale 206, Final" depicts the blocks on which one or more of 12 lease stipulations apply: (1) Topographic Features; (2) Live Bottoms; (3) Military Areas; (4) Evacuation; (5) Coordination; (6) Blocks South of Baldwin County, Alabama; (7) Law of the Sea Convention Royalty Payment; (8) Protected Species; (9) Limitation on Use of Seabed and Water Column in the Vicinity of the Approved Port Pelican Offshore Liquefied Natural Gas (LNG) Deepwater Port Receiving Terminal, Vermilion Area, Blocks 139 and 140; (10) Below Seabed Operations on Mississippi Canyon, Block 920; (11) Limitation on Use of Seabed and Water Column in the Vicinity of the Approved Gulf Landing Offshore LNG Deepwater Port Receiving Terminal, West Cameron Area, Block 213; and (12) Below Seabed Operations on a Portion of Mississippi Canyon, Block 650.

The texts of the stipulations are contained in the document “Lease Stipulations, Central Gulf of Mexico Planning Area Oil and Gas Lease Sale 206, Final” included in the FNOS 206 Package. In addition, the “List of Blocks Available for Leasing” contained in the FNOS 206 Package identifies for each block listed the lease stipulations applicable to that block.

INFORMATION TO LESSEES: The FNOS 206 Package contains an "Information To Lessees" document that provides detailed information on certain specific issues pertaining to this proposed 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 206, not to be opened until 9 a.m., Wednesday, March 19, 2008." The submitting company's name, its GOM company number, the map name, map number, and block number should be clearly identified on the outside of the envelope.

Please refer to the sample bid envelope included within the FNOS 206 Package. 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 206 Package. A blank bid form has been provided for your convenience which may be copied and filled in.

Please also refer to the Telephone Numbers/Addresses of Bidders Form included within the FNOS 206 Package. We are requesting that you provide this information in the format suggested for each lease sale. Please provide this information prior to or at the time of bid submission. Do not enclose this form inside the sealed bid envelope.

The MMS published in the Federal Register a list of restricted joint bidders, which applies to this lease sale, at 72 FR 64088 on November 14, 2007. Please also refer to joint bidding provisions at 30 CFR 256.41 for additional information. All bidders must execute all documents in conformance with signatory authorizations on file in the MMS Gulf of Mexico Region Adjudication Unit. Designated signatories must be authorized to bind their respective legal business entities (e.g., a corporation, partnership, or LLC) and must have an incumbency certificate setting forth the authorized signatories on file with the GOM Region Adjudication Office. 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 206 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 acre if the block acreage contains a decimal figure prior to calculating the minimum bonus bid, annual rental, and minimum royalty amounts. The appropriate rate per acre is applied to the next whole (rounded up) acreage figure, and the resultant calculation is rounded 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 206" included in the FNOS 206 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 (EFT) procedures for payment of one-fifth bonus bid deposits for Lease Sale 206, following the detailed instructions contained in the document "Instructions for Making EFT Bonus Payments" which can be found on the MMS web site at http://www.gomr.mms.gov/homepg/lsesale/206/cgom206.html. All payments must be electronically deposited into an interest-bearing account in the U.S. Treasury (account specified in the EFT instructions) by 11 a.m. Eastern Time the day following the 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 titleholder 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 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 206 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 or via the MMS Internet web site at: http://www.gomr.mms.gov/homepg/lsesale/bidadeq.html.

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 2 CFR Part 180 and 2 CFR Part 1400, 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 Part 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 206, or participating as a joint bidder in such a bid, must submit a Geophysical Data and Information Statement (GDIS) identifying any processed or reprocessed pre- and post-stack depth migrated geophysical data and information used as part of the decision to bid or participate in a bid on the block. The GDIS should clearly identify the survey type—two dimensional (2-D) or three dimensional (3-D); survey extent (i.e., number of line miles for 2D or number of blocks for 3D); and imaging type (pre-stack, post-stack and migration algorithm) of the data and information. The statement must also include the name and phone number of a contact person, and an alternate, who are both knowledgeable about the depth data listed, the owner or controller of the reprocessed data or information, the survey from which the data were reprocessed and the owner/controller of the original data set, the date of reprocessing, and whether the data were processed in-house or by a contractor. In the event such data and information include multiple data sets processed from the same survey using different velocity models or different processing parameters, you should identify only the highest quality data set used for bid preparation. The MMS reserves the right to query about alternate data sets and to quality check and compare the listed and alternative data sets to determine which data set most closely meets the needs of the fair-market-value determination process.
The statement must also identify each block upon which a bidder bid, or participated in a bid, but for which it did not use processed or reprocessed pre- or post-stack depth migrated geophysical data and information as part of the decision to bid or participate in the bid.

In the event your company supplies any type of data to the MMS, in order to get reimbursed, your company must be registered with the Central Contractor Registration (CCR) at http://www.ccr.gov. This is a requirement that was implemented on October 1, 2003, and requires all entities doing business with the Government to complete a business profile in the CCR and update it annually. Payments are made electronically based on the information contained in the CCR. Therefore, if your company is not actively registered in the CCR, the MMS will not be able to reimburse or pay your company for any data supplied.

The MMS will specify additional detailed procedures in the FNOS 206 Package regarding the GDIS. Please also refer to Notice to Lessees No. 2003-G05 for more detail concerning submission of the GDIS, making the data available to the MMS following the lease sale, preferred format, reimbursement for costs, and confidentiality.

FORCE MAJEURE: The Regional Director of the MMS Gulf of Mexico Region has the discretion to change any date, time, and/or location specified in the FNOS 206 Package in case of a force majeure which the Regional Director deems may interfere with the carrying out of a fair and proper lease sale process. Such events may include, but are not limited to, natural disasters (earthquakes, hurricanes, floods), wars, riots, acts of terrorism, fire, strikes, civil disorder, or other events of a similar nature. In case of such events, bidders should call (504) 736-0557 for information about any changes.

s/ Randall B. Luthi   Date: February 6, 2008
Randall B. Luthi
Director, Minerals Management Service