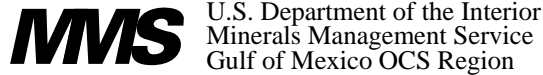

Leasing Activities Information



Lease Stipulations Central Gulf of Mexico Planning Area Oil and Gas Lease Sale 206 Final Notice of Sale

One or more of 12 lease stipulations will be applied to leases resulting from this lease sale on blocks shown on the map "Stipulations and Deferred Blocks, Lease Sale 206, Final" included in the Final Notice of Sale 206 Package (FNOS 206 Package). In addition, the "List of Blocks Available for Leasing" which is contained in the FNOS 206 Package identifies for each block listed the lease stipulations applicable to that block. These lease stipulations are:

- Stipulation No. 1 - Topographic Features
- Stipulation No. 2 - Live Bottoms
- Stipulation No. 3 - Military Areas
- Stipulation No. 4 - Evacuation
- Stipulation No. 5 - Coordination
- Stipulation No. 6 - Blocks South of Baldwin County, Alabama
- Stipulation No. 7 - Law of the Sea Convention Royalty Payment
- Stipulation No. 8 - Protected Species
- Stipulation No. 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
- Stipulation No. 10 - Below Seabed Operations on Mississippi Canyon, Block 920
- Stipulation No. 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
- Stipulation No. 12 - Below Seabed Operations on a Portion of Mississippi Canyon, Block 650

Stipulation No. 1 - Topographic Features

(This stipulation will be included only in leases resulting from this lease sale on blocks within the areas so indicated in the Biological Stipulation Map Package for the Central Planning Area, which is available from the Minerals Management Service (MMS) Gulf of Mexico (GOM) Region Public Information Unit and on the website at: <http://www.gomr.mms.gov/homepg/lseale/lseale.html>.)

The stipulation provides for protection of the following banks:

<u>Bank Name</u>	<u>No Activity Zone Defined by Isobath (meters)</u>
McGrail Bank	85
Bouma Bank	85
Rezak Bank	85
Sidner Bank	85
Sackett Bank[2]	85
Ewing Bank	85
Diaphus Bank[2]	85
Parker Bank	85
Jakkula Bank	85
Sweet Bank[1]	85
Bright Bank[3]	85
Geyer Bank	85
Elvers Bank	85
Alderdice Bank	80
Fishnet Bank[2]	76
Sonnier Bank	55

[1] Only paragraph A of the stipulation applies.

[2] Only paragraphs A and B apply.

[3] Central Planning Area bank with a portion of its “3-Mile Zone” in the Western Planning Area.

A. No activity including structures, drilling rigs, pipelines, or anchoring will be allowed within the listed isobath (“No Activity Zone” as shown in the aforementioned Biological Stipulation Map Package) of the banks as listed above.

B. Operations within the area shown as “1,000-Meter Zone” in the aforementioned Biological Stipulation Map Package shall be restricted by shunting all drill cuttings and drilling fluids to the bottom through a downpipe that terminates at an appropriate distance, but no more than 10 meters, from the bottom.

C. Operations within the area shown as “1-Mile Zone” in the aforementioned Biological Stipulation Map Package shall be restricted by shunting all drill cuttings and drilling fluids to the

bottom through a downpipe that terminates at an appropriate distance, but no more than 10 meters, from the bottom. (Where there is a “1-Mile Zone” designated, the “1,000-Meter Zone” in paragraph B. is not designated.)

D. Operations within the area shown as “3-Mile Zone” in the aforementioned Biological Stipulation Map Package shall be restricted by shunting all drill cuttings and drilling fluids from development operations to the bottom through a downpipe that terminates at an appropriate distance, but no more than 10 meters, from the bottom.

Stipulation No. 2 - Live Bottoms

(This stipulation will be included only in leases resulting from this lease sale as shown on the map "Stipulations and Deferred Blocks, Lease Sale 206, Final" included in the FNOS 206 Package.)

For the purpose of this stipulation, "live bottom areas" are defined as seagrass communities; those areas which contain biological assemblages consisting of such sessile invertebrates as sea fans, sea whips, hydroids, anemones, ascidians, sponges, bryozoans, or corals living upon and attached to naturally occurring hard or rocky formations with rough, broken, or smooth topography; or areas whose lithotope favors the accumulation of turtles, fishes, and other fauna.

Prior to any drilling activities or the construction or placement of any structure for exploration or development on this lease, including, but not limited to, anchoring, well drilling, and pipeline and platform placement, the lessee will submit to the Regional Director (RD) a live-bottom survey report containing a bathymetry map prepared utilizing remote sensing techniques. The bathymetry map shall be prepared for the purpose of determining the presence or absence of live bottoms, which could be impacted by the proposed activity. This map shall encompass such an area of the seafloor where surface disturbing activities, including anchoring, may occur.

If it is determined that the live bottoms might be adversely impacted by the proposed activity, the RD will require the lessee to undertake any measure deemed economically, environmentally, and technically feasible to protect the pinnacle area. These measures may include, but are not limited to, the following: relocation of operations; and monitoring to assess the impact of the activity on the live bottoms.

Stipulation No. 3 - Military Areas

(This stipulation will be included only in leases resulting from this lease sale located within the Warning Areas and Eglin Water Test Areas 1 and 3, as shown on the map “Stipulations and Deferred Blocks, Lease Sale 206, Final” included in the FNOS 206 Package.)

A. Hold and Save Harmless

Whether compensation for such damage or injury might be due under a theory of strict or absolute liability or otherwise, the lessee assumes all risks of damage or injury to persons or property which occur in, on, or above the Outer Continental Shelf (OCS), and to any persons or to any property of any person or persons who are agents, employees, or invitees of the lessee, its agents, independent contractors, or subcontractors doing business with the lessee in connection with any activities being performed by the lessee in, on, or above the OCS, if such injury or damage to such person or property occurs by reason of the activities of any agency of the United States Government, its contractors or subcontractors, or any of its officers, agents or employees, being conducted as a part of, or in connection with, the programs and activities of the command headquarters listed in the following table.

Notwithstanding any limitation of the lessee's liability in section 14 of the lease, the lessee assumes this risk whether such injury or damage is caused in whole or in part by any act or omission, regardless of negligence or fault, of the United States, its contractors or subcontractors, or any of its officers, agents, or employees. The lessee further agrees to indemnify and save harmless the United States against all claims for loss, damage, or injury sustained by the lessee, or to indemnify and save harmless the United States against all claims for loss, damage, or injury sustained by the agents, employees, or invitees of the lessee, its agents, or any independent contractors or subcontractors doing business with the lessee in connection with the programs and activities of the aforementioned military installation, whether the same be caused in whole or in part by the negligence or fault of the United States, its contractors, or subcontractors, or any of its officers, agents, or employees and whether such claims might be sustained under a theory of strict or absolute liability or otherwise.

B. Electromagnetic Emissions

The lessee agrees to control its own electromagnetic emissions and those of its agents, employees, invitees, independent contractors, or subcontractors emanating from individual designated defense warning areas in accordance with requirements specified by the commander of the command headquarters listed in the following table to the degree necessary to prevent damage to, or unacceptable interference with, Department of Defense flight, testing, or operational activities conducted within individual designated warning areas. Necessary monitoring control and coordination with the lessee, its agents, employees, invitees, independent contractors or subcontractors will be effected by the commander of the appropriate onshore military installation conducting operations in the particular warning area; provided, however, that control of such electromagnetic emissions shall in no instance prohibit all manner of electromagnetic communication during any period of time between a lessee, its agents, employees, invitees, independent contractors, or subcontractors and onshore facilities.

C. Operational

The lessee, when operating, or causing to be operated on its behalf, a boat, ship, or aircraft traffic into the individual designated warning areas shall enter into an agreement with the commander of the individual command headquarters listed in the following list, upon utilizing an individual designated warning area prior to commencing such traffic. Such an agreement will provide for positive control of boats, ships, and aircraft operating into the warning areas at all times.

Warning and Water Test Areas

Command Headquarters

W-59

Naval Air Station
JRB 159 Fighter Wing
400 Russell Avenue, Box 27
Building 285
New Orleans, Louisiana 70143-0027
Telephone: (504) 391-8696

W-92

Naval Air Station
Air Operations Department
Air Traffic Division/Code 52
400 Russell Avenue, Building 1
New Orleans, Louisiana 70143-0027
Telephone: (504) 678-3101

W-147

147 OG/DOV
14657 Sneider Street
Houston, Texas 77034-5586
Telephone: (281) 929-2142

Eglin Water Test Areas 1, 2, 3, and 4

Air Armament Center
Attention: Mr. Robert J. Arnold
Mission Enhancement Committee Chairman
101 West "D" Avenue, Suite 129
Eglin AFB, Florida 32542-5492
Telephone: (850) 259-1753

W-155

Fleet Area Control and Surveillance
Attention: Facility (FACSFAC)
NAS Pensacola
1860 Perimeter Road, Building 3963
NASP 32508-5217
Telephone: (850) 452-4671

W-453

Air National Guard - CRTC
4715 Hews Avenue, Building 70
Gulfport, Mississippi 39507-4324
Telephone: (228) 214-6027

Stipulation No. 4 – Evacuation

(This stipulation will be included only in leases resulting from this lease sale located in the easternmost portion of the Central Planning Area (formerly in the Eastern Planning Area), as shown on the map “Stipulations and Deferred Blocks, Lease Sale 206, Final” included in the FNOS 206 Package.)

- A. The lessee, recognizing that oil and gas resource exploration, exploitation, development, production, abandonment, and site cleanup operations on the leased area of submerged lands may occasionally interfere with tactical military operations, hereby recognizes and agrees that the United States reserves and has the right to temporarily suspend operations and/or require evacuation on this lease in the interest of national security. Such suspensions are considered unlikely in this area. Every effort will be made by the appropriate military agency to provide as much advance notice as possible of the need to suspend operations and/or evacuate. Advance notice of fourteen (14) days shall normally be given before requiring a suspension or evacuation, but in no event will the notice be less than four (4) days. Temporary suspension of operations may include the evacuation of personnel and appropriate sheltering of personnel not evacuated. Appropriate shelter shall mean the protection of all lessee personnel for the entire duration of any Department of Defense activity from flying or falling objects or substances, and will be implemented by a written order from the MMS Regional Supervisor for Field Operations (RS-FO), after consultation with the appropriate command headquarters or other appropriate military agency or higher authority. The appropriate command headquarters, military agency or higher authority shall provide information to allow the lessee to assess the degree of risk to, and provide sufficient protection for, lessee’s personnel and property. Such suspensions or evacuations for national security reasons will not normally exceed seventy-two (72) hours; however, any such suspension may be extended by order of the RS-FO. During such periods, equipment may remain in place, but all production, if any, shall cease for the duration of the temporary suspension if so directed by the RS-FO. Upon cessation of any temporary suspension, the RS-FO will immediately notify the lessee that such suspension has terminated and operations on the leased area can resume.
- B. The lessee shall inform the MMS of the persons/offices to be notified to implement the terms of this stipulation.
- C. The lessee is encouraged to establish and maintain early contact and coordination with the appropriate command headquarters in order to avoid or minimize the effects of conflicts with potentially hazardous military operations.
- D. The lessee shall not be entitled to reimbursement for any costs or expenses associated with the suspension of operations or activities or the evacuation of property or personnel in fulfillment of the military mission in accordance with subsections A through C above.

- E. Notwithstanding subsection D, the lessee reserves the right to seek reimbursement from appropriate parties for the suspension of operations or activities or the evacuation of property or personnel associated with conflicting commercial operations.

Stipulation No. 5 – Coordination

(This stipulation will be included only in leases resulting from this lease sale located in the easternmost portion of the Central Planning Area (formerly in the Eastern Planning Area), as shown on the map “Stipulations and Deferred Blocks, Lease Sale 206, Final” included in the FNOS 206 Package.)

- A. The placement, location, and planned periods of operation of surface structures on this lease during the exploration stage are subject to approval by the RD after the review of an operator’s exploration plan (EP). Prior to approval of the EP, the lessee shall consult with the appropriate command headquarters regarding the location, density, and planned periods of operation of such structures, and to maximize exploration while minimizing conflicts with Department of Defense activities. When determined necessary by the appropriate command headquarters, the lessee will enter a formal Operating Agreement with such command headquarters, that delineates the specific requirements and operating parameters for the lessee’s final activities in accordance with the military stipulation clauses contained herein. If it is determined that the final operations will result in interference with scheduled military missions in such a manner as to possibly jeopardize the national defense or to pose unacceptable risks to life and property, then the RD may approve the EP with conditions, disapprove it, or require modification in accordance with 30 CFR Part 250. The RD will notify the lessee in writing of the conditions associated with plan approval, or the reason(s) for disapproval or required modifications. Moreover, if there is a serious threat of harm or damage to life or property, or if it is in the interest of national security or defense, pending or approved operations may be suspended in accordance with 30 CFR Part 250. Such a suspension will extend the term of a lease by an amount equal to the length of the suspension, except as provided in 30 CFR 250.169(b). The RD will attempt to minimize such suspensions within the confine of related military requirements. It is recognized that the issuance of a lease conveys the right to the lessee, as provided in section 8(b)(4) of the Outer Continental Shelf Lands Act, to engage in exploration, development, and production activities conditioned upon other statutory and regulatory requirements.
- B. The lessee is encouraged to establish and maintain early contact and coordination with the appropriate command headquarters, in order to avoid or minimize the effects of conflicts with potentially hazardous military operations.
- C. If national security interests are likely to be in continuing conflict with an existing operating agreement, the RD will direct the lessee to modify any existing operating agreement or to enter into a new operating agreement to implement measures to avoid or minimize the identified potential conflicts, subject to the terms and conditions and obligations of the legal requirements of the lease.

Stipulation No. 6 - Blocks South of Baldwin County, Alabama

(This stipulation will be included only in leases resulting from this lease sale on blocks south of and within 15 miles of Baldwin County, Alabama, as shown on the map "Stipulations and Deferred Blocks, Lease Sale 206, Final" included in the FNOS 206 Package.)

In order to minimize visual impacts from development operations on this block, you will contact lessees and operators of leases in the vicinity prior to submitting a Development Operations Coordination Document (DOCD) to determine if existing or planned surface production structures can be shared. If feasible, your DOCD should reflect the results of any resulting sharing agreement, propose the use of subsea technologies, or propose another development scenario that does not involve new surface structures.

If you cannot formulate a feasible development scenario that does not call for new surface structure(s), your DOCD should ensure that they are the minimum necessary for the proper development of the block and that they will be constructed and placed, using orientation, camouflage, or other design measures in such a manner as to limit their visibility from shore.

The MMS will review and make decisions on your DOCD in accordance with applicable Federal regulations and MMS policies, and in consultation with the State of Alabama (Geological Survey/Oil and Gas Board).

Stipulation No. 7 - Law of the Sea Convention Royalty Payment

(This stipulation will be included only in leases resulting from this lease sale beyond the U.S. Exclusive Economic Zone (EEZ) in the area formerly known as the Western Gap, as shown on the map "Stipulations and Deferred Blocks, Lease Sale 206, Final" included in the FNOS 206 Package.)

If the United States becomes a party to the 1982 Law of the Sea Convention (Convention) prior to or during the life of a lease issued by the United States on a block or portion of a block located beyond the U.S. EEZ and subject to such conditions that the Senate may impose through its constitutional role of advice and consent, then the following royalty payment lease provisions will apply to the lease so issued, consistent with Article 82 of the Convention:

A. The Convention requires payments annually by coastal States party to the Convention with respect to all production at a site after the first 5 years of production at that site. Any such payments will be made by the U.S. Government and not the lessee.

B. For the purpose of this stipulation regarding payments by the lessee to the United States, a site is defined as an individual lease whether or not the lease is located in a unit.

C. For the purpose of this stipulation, the first production year begins on the first day of commercial production (excluding test production). Once a production year begins, it shall run for a period of 365 days whether or not the lease produces continuously in commercial quantities. Subsequent production years shall begin on the anniversary date of first production.

D. If total lease production during the first 5 years following first production exceeds the total royalty suspension volume(s) provided in the lease terms, or through application and approval of relief from royalties, the following provisions of this stipulation will not apply. If, after the first 5 years of production but prior to termination of this lease, production exceeds the total royalty suspension volume(s) provided in the lease terms, or through application and approval of relief from royalties, the following provisions of this stipulation will no longer apply effective the day after the suspension volumes have been produced.

E. If, in any production year after the first 5 years of lease production, due to lease royalty suspension provisions or through application and approval of relief from royalties, no lease production royalty is due or payable by the lessee to the United States, then the lessee will be required to pay, as stipulated in paragraph I below, Convention-related royalty in the following amount so that the required Convention payments may be made by the U. S. government as provided under the Convention:

- (a) In the sixth year of production, 1 percent of the value of the sixth year's lease production saved, removed, or sold from the leased area;
- (b) After the sixth year of production, the Convention-related royalty payment rate shall increase by 1 percent for each subsequent year until the twelfth year and shall remain at 7 percent thereafter until lease termination.

F. If the United States becomes a party to the Convention after the fifth year of production from the lease, and a lessee is required, as provided herein, to pay Convention-related royalty, the amount of the royalty due will be based on the above payment schedule as determined from first production. For example, U.S. accession to the Convention in the tenth year of lease production would result in a Convention-related royalty payment of 5 percent of the value of the tenth year's lease production, saved, removed, or sold from the lease. The following year, a payment of 6 percent would be due and so forth, as stated above, up to a maximum of 7 percent per year.

G. If, in any production year after the first 5 years of lease production, due to lease royalty suspension provisions or through application and approval of relief from royalties, lease production royalty is paid but is less than the payment provided for by the Convention, then the lessee will be required to pay to the U.S. Government the Convention-related royalty in the amount of the shortfall.

H. In determining the value of production from the lease if a payment of Convention-related royalty is to be made, the provisions of the lease and applicable regulations shall apply.

I. The Convention-related royalty payment(s) required under paragraphs E through G of this stipulation, if any, shall not be paid monthly but shall be due and payable to MMS on or before 30 days after the expiration of the relevant production lease year.

J. The lessee will receive royalty credit in the amount of the Convention-related royalty payment required under paragraphs E through G of this stipulation, which will apply to royalties due under the lease for which the Convention-related royalty accrued in subsequent periods as non-Convention related royalty payments become due.

K. Any lease production for which the lessee pays no royalty other than a Convention-related requirement, due to lease royalty suspension provisions or through application and approval of relief from royalties, will count against the lease's applicable royalty suspension or relief volume.

L. The lessee will not be allowed to apply or recoup any unused Convention-related credit(s) associated with a lease that has been relinquished or terminated.

Stipulation No. 8 - Protected Species

(This stipulation will be included in all leases resulting from this lease sale.)

The Outer Continental Shelf Lands Act (OCSLA) at 43 U.S.C. 1333 extends the laws of the United States to the subsoil and seabed of the OCS and to all artificial islands, and all installations and other devices erected thereon for the purpose of exploring for, developing, producing resources, or transporting such resources. The laws of the United States include the Endangered Species Act and the Marine Mammal Protection Act, which are designed to protect threatened and endangered species and marine mammals. The OCSLA at 43 U.S.C. 1332 also requires expeditious and orderly development of the OCS, subject to environmental safeguards. The MMS implements those laws in 30 CFR part 250, Subpart A (250.101, 250.106) and Subpart B Plans and Information (“implementing regulations”).

In response to these laws and MMS implementing regulations, the lessee and its operators must:

- (a) collect and remove flotsam resulting from activities related to exploration, development, and production of this lease;
- (b) post signs in prominent places on all vessels and platforms used as a result of activities related to exploration, development, and production of this lease detailing the reasons (legal and ecological) why release of debris must be eliminated;
- (c) observe for marine mammals and sea turtles while on vessels, reduce vessel speed to 10 knots or less when assemblages of cetaceans are observed, and maintain a distance of 90 meters or greater from whales, and a distance of 45 meters or greater from small cetaceans and sea turtles;
- (d) employ mandatory mitigation measures prescribed by MMS or National Oceanic and Atmospheric Administration for all seismic surveys including the use of an “exclusion zone” based upon the appropriate water depth, ramp-up and shutdown procedures, visual monitoring, and reporting;
- (e) immediately report all sightings and locations of injured or dead protected species (marine mammals and sea turtles) to the appropriate stranding network. If oil and gas industry activity is responsible for the injured or dead animal (e.g., because of a vessel strike), the responsible parties should remain available to assist the stranding network. If the injury or death was caused by a collision with the lessee’s vessel, the lessee must notify MMS within 24 hours of the strike; and
- (f) identify important habitats, including designated critical habitat,- used by listed species (e.g., sea turtle nesting beaches, piping plover critical habitat), in oil spill contingency planning and require the strategic placement of spill cleanup equipment to be used only by personnel trained in less-intrusive cleanup techniques on beach and bay shores.

The lessee and its operators, personnel, and subcontractors are responsible for carrying out the specific mitigation measures outlined in the most current MMS Notices to Lessees, which interpret requirements in the above-mentioned implementing regulations.

Stipulation No. 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

(This stipulation will be included in any lease resulting from this lease sale on Vermilion Area, Blocks 139 and/or 140. The LNG Port applicant has put the project on hold indefinitely. If the project is cancelled, this stipulation will no longer apply to any related lease.)

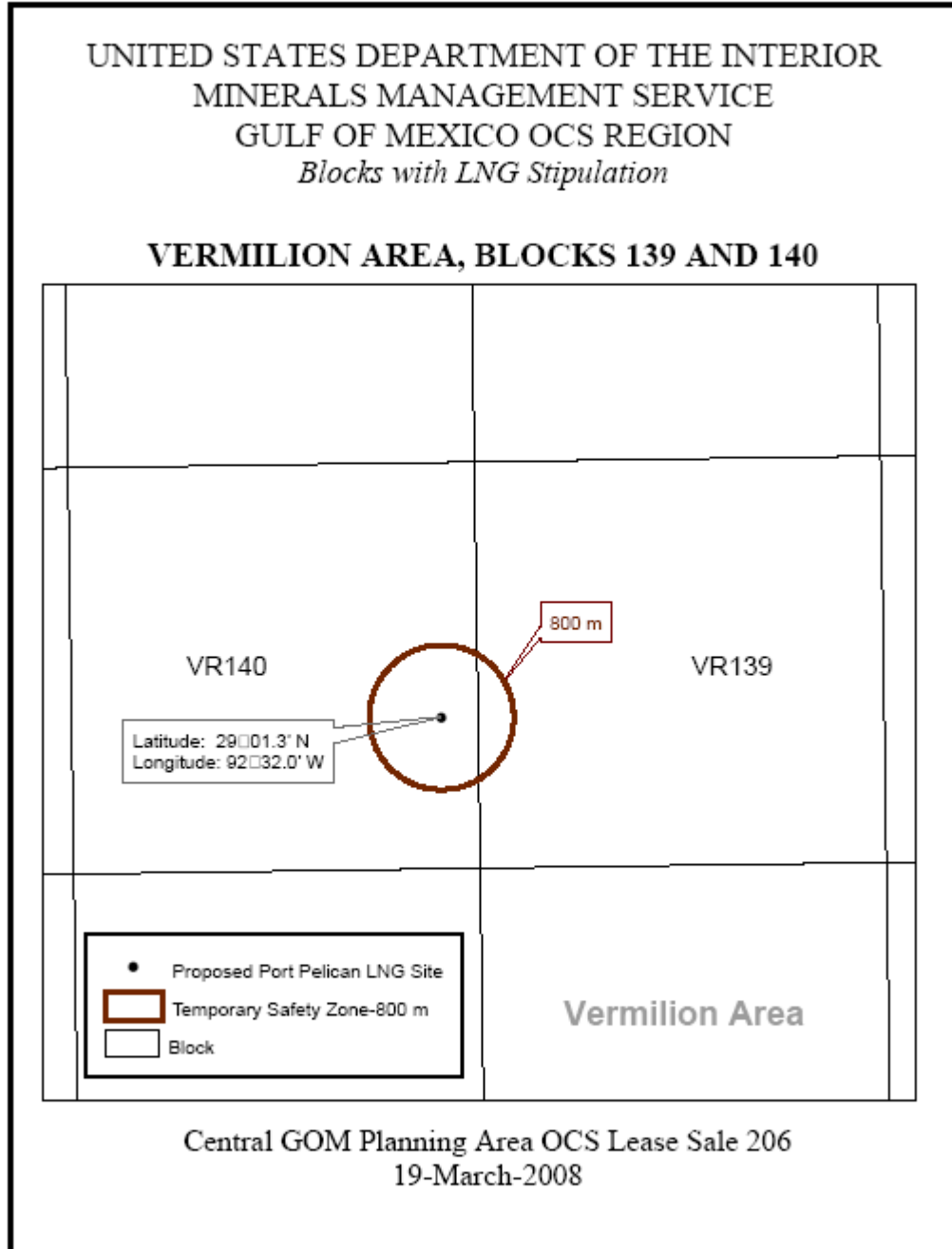
A. In accordance with federal deepwater port regulations at 33 CFR. Subchapter NN, the U.S. Department of Transportation's Maritime Administration has approved the application for the licensing of the Port Pelican deepwater port project, which is planned to include a liquefied natural gas (LNG) receiving facility located wholly within Vermilion Area, Block 140. The U.S. Coast Guard may establish an enforceable safety zone around a deepwater port that would extend 500 meters from the outermost points of the proposed LNG receiving facility. Lessee(s) agrees that all oil and gas exploration and development activities on or above the seabed, as well as other non-LNG related activities, are not allowed within the safety zone after facility construction has commenced.

B. Since the exact location and footprint of the proposed LNG receiving facility will not have been determined at the time this oil and gas lease is issued, the lease is subject to an 800-meter oil and gas exclusion area for the seabed and water column surrounding the center point of the proposed Port Pelican facility, i.e., within a circle extending 800 meters from the point at latitude north 29 degrees, 01.3 minutes; longitude west 92 degrees, 32.0 minutes (see attached map). Prior to commencement of LNG port construction activities, MMS may permit, in consultation with the U.S. Coast Guard, oil- and gas-related activities within the 800-meter zone as long as the activities (exploration drilling, seismic surveys, or subsea completions that do not/will not interfere with the LNG port facility) are commenced and completed before construction of the Port Pelican LNG facility begins. However, after commencement of facility construction, exploration and development drilling must take place from outside the 800-meter zone using directional drilling or other techniques. This 800-meter restriction area includes portions of Vermilion Area, Blocks 139 and 140, and this restriction will apply therein until final emplacement of the Port Pelican LNG facility or until withdrawal/cancellation of the project. After emplacement, consistent with U.S. Coast Guard authority, the final restriction area will be reduced to 500 meters surrounding the outermost points of the emplaced facility, and restrictions will apply as previously noted in paragraph A herein.

C. For additional information and coordination, contact:

Commandant, U.S. Coast Guard (G-MSO-5)
2100 Second Street, SW
Washington, DC 20593-0001

D. For information regarding the Port Pelican application and its supporting information, use the Department of Transportation's Docket Management System (DMS) found at <http://dms.dot.gov>. The DMS number for the Port Pelican project is USCG-2002-14134.



Stipulation No. 10 - Below Seabed Operations on Mississippi Canyon, Block 920

(This stipulation will be included only in a lease resulting from this sale on Mississippi Canyon, Block 920.)

The lessee agrees that no activity including, but not limited to, construction and use of structures, operation of drilling rigs, laying of pipelines, and/or anchoring will occur or be located on the seabed surface or in the water column above or within any portion of this lease. All activities on the seabed surface or within the water column that are part of exploration, development, and production activities or operations for Mississippi Canyon, Block 920, must take place from outside the lease by the use of directional drilling or other techniques.

Stipulation No. 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

(This stipulation will be included in any lease resulting from this lease sale on West Cameron Area, Block 213. The LNG Port applicant has put the project on hold indefinitely. If the project is cancelled, this stipulation will no longer apply to any related lease.)

A. In accordance with federal deepwater port regulations at 33 CFR Subchapter NN, the U.S. Department of Transportation’s Maritime Administration has approved the application for the licensing of the Gulf Landing deepwater port project, which is planned to include an LNG-receiving facility located wholly within West Cameron Area, Block 213. The U.S. Coast Guard may establish an enforceable safety zone around a deepwater port that would extend 500 meters from the outermost points of the proposed LNG receiving facility. Lessee(s) agrees that all oil and gas exploration and development activities on or above the seabed, as well as other non-LNG related activities, are not allowed within the safety zone after facility construction has commenced.

B. Since the exact location and footprint of the proposed LNG receiving facility will not have been determined at the time this oil and gas lease is issued, the lease is subject to an 800-meter oil and gas exclusion area for the seabed and water column surrounding the center point of the proposed Gulf Landing facility, i.e., within a circle extending 800 meters from the point at latitude north 29 degrees, 13.31 minutes; longitude west 93 degrees, 16.41 minutes (see attached map). Prior to commencement of LNG port construction activities, MMS may permit, in consultation with the U.S. Coast Guard, oil- and gas-related activities within the 800-meter zone as long as the activities (exploration drilling, seismic surveys, or subsea completions that do not/will not interfere with the LNG port facility) are commenced and completed before construction of the Gulf Landing LNG facility begins. However, after commencement of facility construction, exploration and development drilling must take place from outside the 800-meter zone using directional drilling or other techniques. This 800-meter restriction area includes portions of West Cameron Area, Block 213, and this restriction will apply therein until final emplacement of the Gulf Landing LNG facility or until withdrawal/cancellation of the project. After emplacement, consistent with U.S. Coast Guard authority, the final restriction area will be reduced to 500 meters surrounding the outermost points of the emplaced facility and restrictions will apply as previously noted in paragraph A herein.

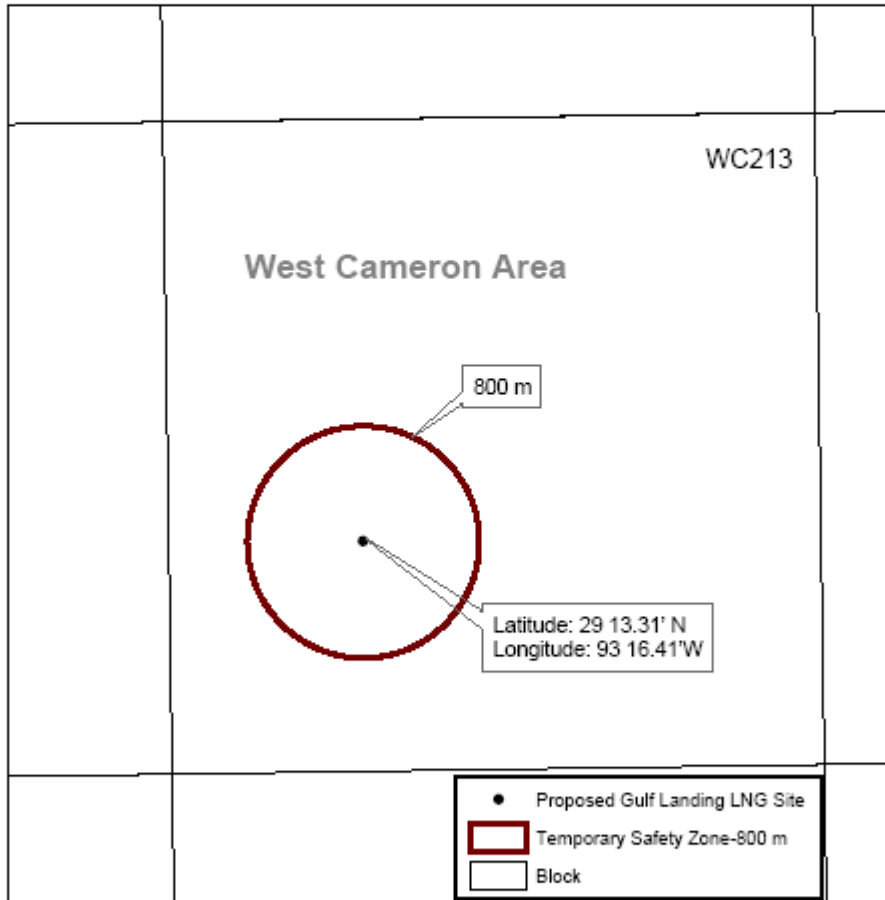
C. For additional information and coordination, contact:

Commandant, U.S. Coast Guard (G-MSO-5)
2100 Second Street, SW
Washington, DC 20593-0001

D. For information regarding the Gulf Landing application and its supporting information, use the Department of Transportation’s Docket Management System (DMS) found at <http://dms.dot.gov>. The DMS number for the Gulf Landing project is USCG-2004-16860.

UNITED STATES DEPARTMENT OF THE INTERIOR
MINERALS MANAGEMENT SERVICE
GULF OF MEXICO OCS REGION
Block with LNG Stipulation

WEST CAMERON AREA, BLOCK 213



Central GOM Planning Area OCS Lease Sale 206
19-March-2008

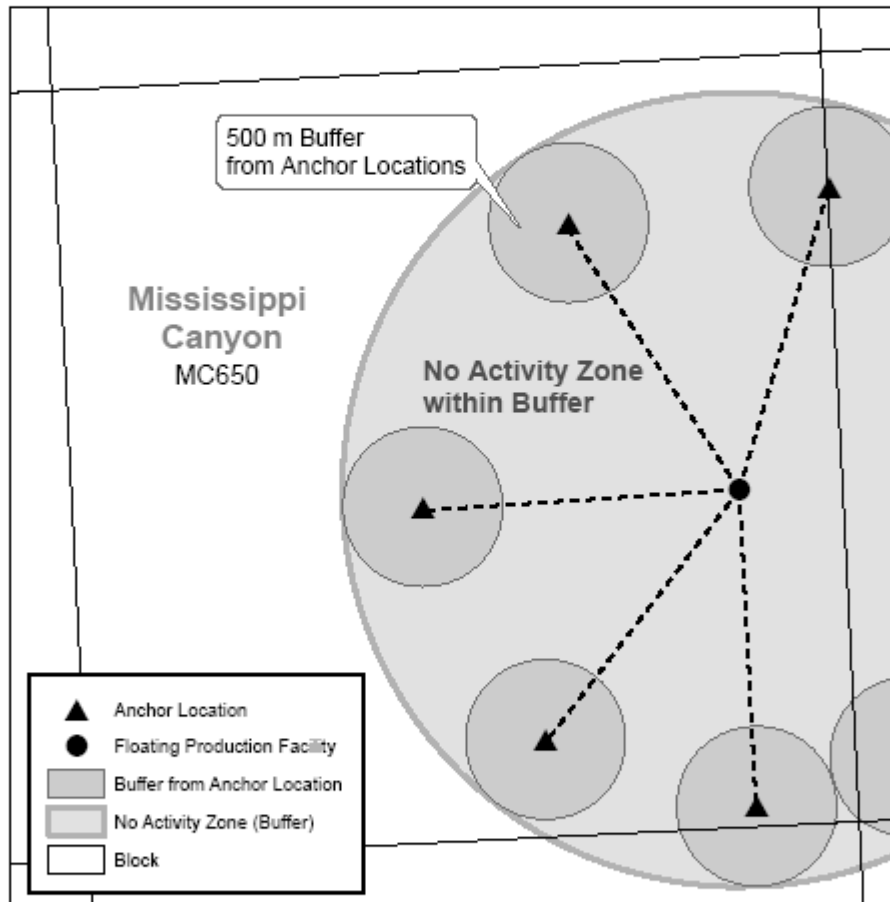
Stipulation No. 12 - Below Seabed Operations on a Portion of Mississippi Canyon, Block 650

(This stipulation will be included in any lease awarded from this sale on Mississippi Canyon, Block 650.)

The MMS has previously approved a request for a right-of-use and easement in Mississippi Canyon, Block 650, which allows the permanent mooring of a floating production facility. In accordance with that approval, any lessee in this oil and gas lease agrees that no activity, including but not limited to construction and use of structures, operation of drilling rigs, laying of pipelines, and/or anchoring, will occur or be located on the seabed surface or in the water column within the portion of this lease depicted in the attached map. All activities on the seabed surface or within the water column that are part of exploration, development, and production activities or operations for this depicted portion of Mississippi Canyon, Block 650, must take place from outside the depicted portion of the lease by the use of directional drilling or other techniques.

UNITED STATES DEPARTMENT OF THE INTERIOR
MINERALS MANAGEMENT SERVICE
GULF OF MEXICO OCS REGION
Block with Stipulation

MISSISSIPPI CANYON, BLOCK 650



Central GOM Planning Area OCS Lease Sale 206
19-March-2008

The data shown are an approximation of the location of the infrastructure and should not be used for final evaluation.