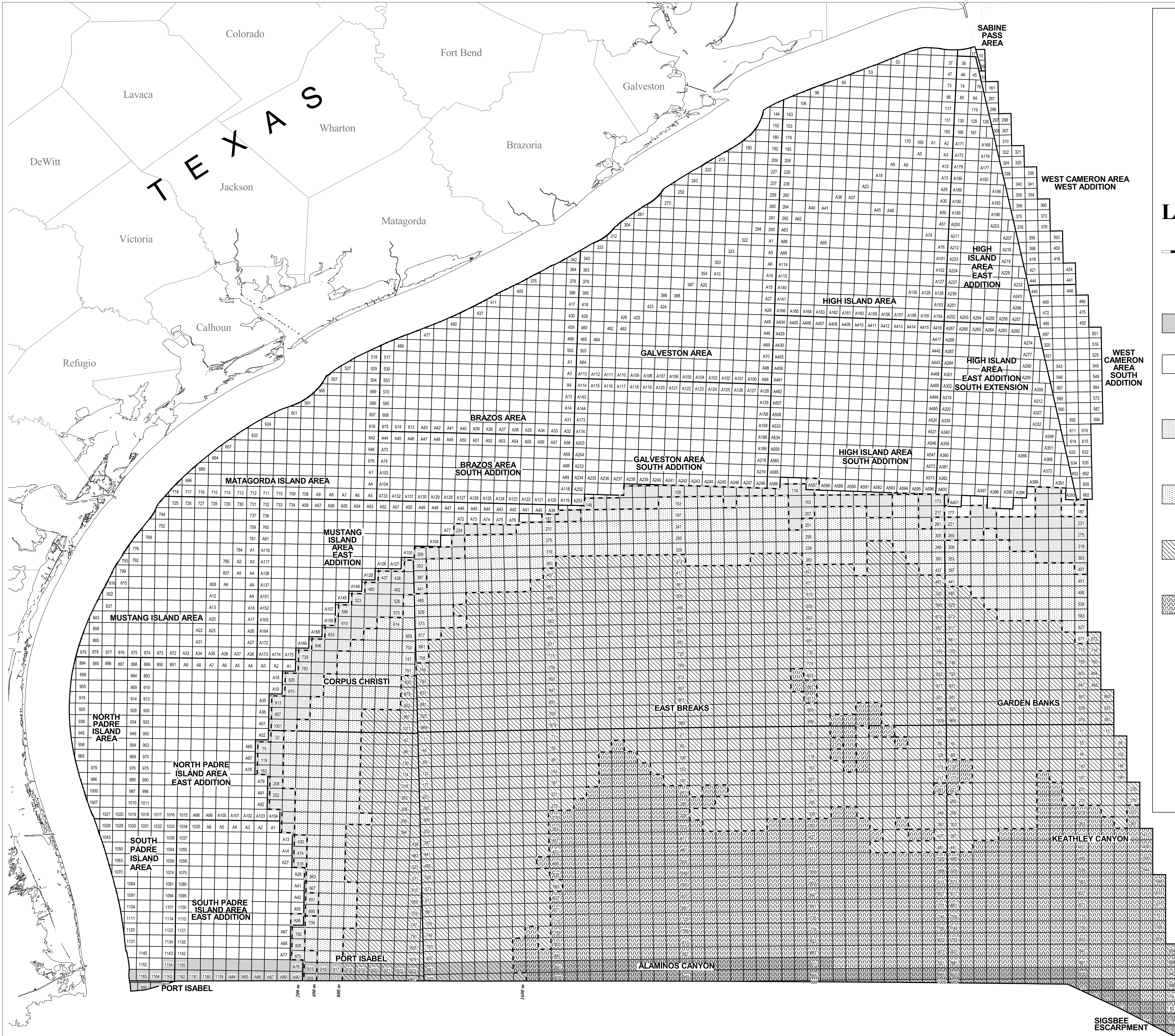


FINAL WESTERN PLANNING AREA LEASE SALE 218, DECEMBER 14, 2011
LEASE TERMS AND ECONOMIC CONDITIONS



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LEASE TERMS AND ECONOMIC CONDITIONS

- Water Depth (meters)
- 18 3/4% Royalty Rate for blocks in all water depths
- \$7.00 Per Acre Minimum Royalty Rate for blocks in depths less than 200 Meters
- \$11.00 Per Acre Minimum Royalty Rate for blocks in all other depths
- US-Mexico Transboundary Blocks ("Boundary Area") (refer to the Final Notice of Sale for information pertaining to these blocks)
- 5-Year Initial Period, plus 3 years for drilling below 25,000 feet TVD SS*, \$25.00 Per Acre Minimum Bonus Bid, \$7.00 Per Acre Rental, with Escalating Rental Rates for Leases with an Approved Extension, Shallow Water Ultra-Deep Gas Royalty Suspension per 30 CFR Part 203 (less than 200 Meters)
- 5-Year Initial Period, plus 3 years for drilling below 25,000 feet TVD SS*, \$100.00 Per Acre Minimum Bonus Bid, \$11.00 Per Acre Rental, with Escalating Rental Rates for Leases with an Approved Extension, Shallow Water Deep/Ultra-Deep Gas Royalty Suspension per 30 CFR Part 203 (200 to less than 400 Meters)
- 5-Year Initial Period, plus 3 years for drilling*, \$100.00 Per Acre Minimum Bonus Bid, \$11.00 Per Acre Rental for Years 1-5, with an Increased Rental Rate in Years 6+ (400 to less than 800 Meters)
- 7-Year Initial Period, plus 3 years for drilling*, \$100.00 Per Acre Minimum Bonus Bid, \$11.00 Per Acre Rental for Years 1-5, with an Increased Rental Rate in Years 6+ (800 to less than 1600 Meters)
- 10-Year Initial Period, \$100.00 Per Acre Minimum Bonus Bid, \$11.00 Per Acre Rental for Years 1-5, with an Increased Rental Rate in Years 6+ (1600 Meters and greater)

* Subject to administrative requirements as noted in the Final Notice of Sale

NOTICE TO USERS

The following map areas include irregular blocks that are too small to be seen at this map scale. To view these irregular blocks, please refer to the Official Protraction Diagrams:
Alaminos Canyon, Brazos Area, Corpus Christi, East Breaks, Galveston Area, High Island Area, Matagorda Island Area, North Padre Island Area, Port Isabel, Sigsbee Escarpment, and South Padre Island Area.

The user is cautioned regarding the use of this map for map areas, block number, and Federally available acreage information in preparing bids.

REFER TO THE SPECIFIC NOTICE OF SALE