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MMS SEEKS COMMENTS ON LEASING POLICIES, PROCEDURES
(#30055)

The Department of the Interior's Minerals Management Service (MMS) announced today that it is seeking comments on its leasing policies in the Central and Western Gulf of Mexico.

The announcement was made in today's Federal Register.

The Department hopes to incorporate useful suggestions into future leasing policies and procedures. "We need to assure that we're managing the public's resources in the most efficient way possible, that we're encouraging competition, that we're providing all necessary protection for the environment and that we're obtaining fair market value for the taxpayer," MMS Director Tom Fry said.

"The current leasing policies and procedures may be accomplishing these objectives," he said, "but we must examine the options to make sure. We're looking to States, industry and others to help create a viable leasing program that will not get ahead of the public will."

Fry cited many changes affecting leasing in the Central and Western Gulf of Mexico that have occurred in the last decade. The Outer Continental Shelf (OCS) program is faced with new conditions, including lower real oil prices, maturation of activity in the Gulf of Mexico, advances in 3-D seismic survey technology and a new mix of companies participating in lease sales.

Those changes are prompting MMS to re-evaluate leasing policies for Central and Western Gulf of Mexico sales under the existing, 1992-97 Natural Gas and Oil Resource Management Program.

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Fry stressed that no major policy changes will be considered "...until we've heard from all the parties. We have already heard comments on these complex issues, and we will consider them thoroughly. We want to assure all interested parties that we are listening, and that we intend to work with them."

Concerns have been raised that areawide sales may make planning and assessing the effects of leasing difficult for states to address and may

exaggerate the negative effects of price volatility on communities. Two alternative approaches which have been suggested include restrictions on tracts offered or restrictions on the number of tracts leased. Either could respond to concerns that too much acreage is being offered or maintained in inventory.

On the other hand, Fry noted that areawide lease sales encourage 3-D seismic exploration and allow companies with a variety of approaches and operating strategies to participate in sales.

MMS hopes to receive comments from States, local governments, other Federal agencies, the oil and gas industry, environmental groups, and other interested individuals and groups on what policies continue to work well and which should be changed. In addition to general observations, today's Federal Register notice requests comments on whether MMS should continue to offer large, contiguous areas of tracts each year, whether there should be restrictions on the acreage leased in any particular sales, whether the size of individual tracts should be changed, whether the minimum bid (usually \$25 per acre) should be raised, and whether MMS should offer lower royalty rates to encourage exploration and development in deep-water tracts or in selected shallow-water tracts.

Comments or information should be sent to the Program Director, Office of Program Development and Coordination, Minerals Management Service (MS-4430), 381 Elden St., Herndon, VA 22070. Envelopes or packages should be marked "Comments on Alternative Leasing Policies for the Gulf of Mexico" and should be received within 60 days of the publication of the Notice.

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SUBJECT: MMS seeks comments on alt. lsng.(#30055)