

U.S. Department of the Interior  
Minerals Management Service  
Office of Communications and Government Affairs

## ***NEWS RELEASE***

**FOR RELEASE:** April 7, 1995

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### **FINAL NOTICE OF SALE ISSUED FOR OFFSHORE LEASE SALE 152 IN CENTRAL GULF OF MEXICO**

The U.S. Department of the Interior's Minerals Management Service (MMS) today published a final Notice of Sale for the Outer Continental Shelf (OCS) natural gas and oil Lease Sale 152 in the Central Gulf of Mexico. Sale 152 will offer 5,810 unleased blocks, covering about 31.2 million acres. Bids will be opened May 10, 1995, at the Radisson Hotel (formerly the Clarion Hotel), 1500 Canal Street, New Orleans, Louisiana at 9:00 am.

"A stable and environmentally responsible offshore leasing program benefits local economies through jobs and serves the nation by promoting access to our domestic resources," said MMS Director Cynthia Quarterman.

"Exciting new technologies, including improved tension leg platforms and 3-D seismic analysis, have allowed better, safer and cheaper access to the nation's deep water reserves and to undetected reserves, such as subsalt plays. Innovative technology is one of the reasons why the Central Gulf of Mexico continues as the our greatest OCS oil and gas producing area," she said.

Blocks in the sale area are located from 3 to 220 miles offshore in water depths ranging from 4 to more than 3,400 meters. Sale 152 will be the 52nd lease sale in the Central Gulf.

The final Notice of Sale is the eighth step in a 2- to 3-year process leading up to an OCS oil and gas lease sale. The notice is issued by the Secretary of the Interior about 90 days after the final Environmental Impact Statement (FEIS) and Consistency Determination are released. The date, time, location, terms and conditions of the sale are described in the final Notice of Sale, published in the April 7, 1995, issue of the *Federal Register*.

Copies of the final Notice of Sale are available from MMS's Gulf of Mexico Regional Office, Public Information Unit, 1201 Elmwood Park Boulevard, New Orleans,

Louisiana, 70123, (504) 736-2519. Supplemental documents may also be obtained from that office.

MMS is the federal agency that manages and regulates the nation's natural gas, oil and other mineral resources on the OCS, and collects and distributes revenues from offshore federal mineral leases and from onshore mineral leases on federal and Indian lands.

NOTE: A fact sheet follows.

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## ***FACT SHEET***

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### **SALE 152 - CENTRAL GULF OF MEXICO**

#### **FINAL NOTICE OF SALE**

The U.S. Department of the Interior's Minerals Management Service (MMS) issued today a final Notice of Sale for the Outer Continental Shelf (OCS) natural gas and oil Lease Sale 152 in the Central Gulf of Mexico. The final Notice of Sale outlines the terms and conditions of the lease sale. Bids will be opened May 10, 1995, at the Radisson Hotel (formerly the Clarion Hotel), 1500 Canal Street, New Orleans, Louisiana, at 9:00 am.

The sale encompasses about 5,810 unleased blocks in the Central Gulf of Mexico planning area - covering about 31.2 million acres offshore Alabama, Louisiana, and Mississippi. The area to be offered is located from 3 to 220 miles offshore in water depths ranging from 4 meters to more than 3,400 meters.

Resource estimates for recoverable hydrocarbons within this sale area are about 1.06 trillion cubic feet of natural gas and 110 million barrels of oil. For the first time ever, MMS will also release to potential bidders an Indicated Hydrocarbon List on unleased fields. The listing will include information on: 1) fields or portions of fields that produce; 2) fields that never

produced, but have at least one well identified as containing hydrocarbons in paying quantities; and 3) fields with a well bore with hydrocarbons of sufficient quantity and/or

quality, which have been identified as capable of producing in paying quantities, but for which the operators did not request classification status.

## **LEASE TERMS**

Five years - about 1,489 blocks in water depths less than 400 meters.

Eight years - about 271 blocks in water depths from 400 meters to 900 meters.

Ten years - about 4,050 blocks in water depths 900 meters and deeper.

## **BIDDING**

Bonus bidding with 12 1/2 percent royalty on 4,321 deepwater blocks. Deep water is defined as blocks in water depths of 400 meters or greater.

Bonus bidding with 16 2/3 percent royalty on 1,489 blocks in shallow water.

Successful bidders are required to use electronic funds transfer for balance of bonus (80 percent) and first year's rental.

## **STIPULATIONS**

- \* Protection of topographic features for selected blocks -- lessees are prohibited from operating within biologically sensitive "no activity zones" and are required to follow specific operational procedures in the areas surrounding these zones.
- \* Protection of live bottom areas specified blocks -- lessees are required to submit to MMS a live bottom survey of the area of a proposed activity prior to beginning operations. If it is determined that sensitive live bottom areas might be adversely affected by the proposed activity, measures will be required to protect those areas.
- \* Military Warning Areas (W-453, W-155, W-92, and Eglin Water Test Areas 1 and 3).
  - a. Hold and save harmless provision states that the lessee assumes all risks of damaged property or injury of personnel when operating in areas affected by military operations.
  - b. Electromagnetic emissions provision states that the lessee agrees to control electromagnetic emissions during oil and gas exploration and development so as not to conflict with military operations.
  - c. Operational controls provision requires lessees to enter into an agreement with specified military personnel allowing for coordinated boat and aircraft operations in the warning area.

## **INFORMATION TO LESSEES**

Supplemental documents -- split block diagrams, leasing maps, and other documents identified as available in the Notice of Sale are available from the MMS's Gulf Of Mexico Regional Office, Public Information Unit, 1201 Elmwood Park Boulevard, New Orleans, Louisiana, 70123, telephone (504) 736-2519. Copies of the Notice may also be obtained from this office

Navigation safety -- some blocks may have operational restrictions placed on them by the U.S. Coast Guard under the amended Ports and Waterways Safety Act. Prospective bidders can obtain information on restrictions by contacting the 8th U.S. Coast Guard District in New Orleans and the New Orleans District of the U.S. Army Corps of Engineers

Offshore pipelines -- lessees are advised to consult with the Department of the Interior and the Department of Transportation regarding the Memorandum of Understanding dated May 6, 1976, that details responsibilities for design, installation, operation, and maintenance of offshore pipelines

Information on 8-year leases -- leases issued for a term of 8 years may be canceled after 5 years if the drilling of an exploratory well has not begun, or if the well is not drilled in accordance with approved exploratory plan criteria, or if a suspension of operations is not in effect. Bidders are referred to 30 CFR 256.37 and the MMS Gulf of Mexico Region Letter to Lessees of February 13, 1995

Affirmative action -- bidders are advised that the Department of Labor has proposed regulation changes regarding Affirmative Action. Pending review and issuance of revised regulations and forms, lessees will continue to submit equal opportunity information on existing Minerals Management Service (MMS) forms

Ordnance disposal areas -- bidders are cautioned about the hazards of two inactive military ordnance disposal areas identified in the sale area. Bidders are also cautioned regarding undetonated ordnance in Eglin Water Test Areas 1 and 3

Communications Towers -- bidders are advised that the U.S. Air Force has installed seven military communications towers in the sale area which support Air Combat Maneuvering Instrumentation. This Air Force project may impose certain restrictions on oil and natural gas activities within the sale area. For further information and maps please contact Mr. Wallace Williams, MMS, at (504) 736-2772.

Archaeological Resources -- bidders are advised that the provisions of the archaeological resource stipulation applied in previous sales have been incorporated into the operational regulations under 30 CFR 250 making the stipulation unnecessary in leases resulting from this sale. Bidders are referred to the Final Rule published October 21, 1994, in the Federal Register at 59 FR 53091

Proposed Rigs to Reefs -- bidders are advised that there are OCS artificial reef sites and planning sites within the sale area. For more information, prospective bidders should contact the State Artificial Reef Coordinator for their area of interest

Right of Use and Easement for Chandeleur Blocks 27 and 30 -- Bidders are advised that a right of use and easement has been granted for portions of Chandeleur Area Blocks 27 and 30 for gas storage purposes. For additional information, contact the MMS Gulf of Mexico Regional Supervisor for Production and Development at (504) 736-2675.

Proposed Lightering Zones -- bidders are advised that the U.S. Coast Guard has proposed certain areas in the Gulf of Mexico (60 FR 1958 published January 5, 1995) for the purpose of permitting single hull vessels to offload within the U.S. Exclusive Economic Zone. Such designations may have implications for oil and gas operations in the areas. More information may be obtained from Lt. Commander Stephen Kantz, Project Manager, at (202) 267-6740.

Statement Regarding Certain Geophysical Data -- bidders are reminded that MMS has a right of access to certain geophysical data and information obtained or developed as a result of operations on the OCS. MMS has worked with industry to develop trial procedures and requirements for MMS access to such information. The details of these Trial Procedures are specified in the Trial Procedures document which is available upon request from the MMS Gulf of Mexico Region Public Information Office at (504) 736-2519. For additional information, interested parties may contact the Region's Office of Resource Evaluation at (504) 736-2720.

## **BACKGROUND**

MMS offered 5,443 tracts covering 29.3 million acres in the Central Gulf of Mexico Sale 142, held in March 1993. Of the area offered, 187 tracts were leased for bonuses totaling over \$63.9 million.

Sale 147 in the Central Gulf of Mexico, held March 30, 1994, offered 5,759 tracts covering 30.9 million acres and received high bids totaling \$277 million on 375 tracts. Of these tracts, 368 were leased for bonuses totaling over \$274.3 million.

**-MMS-**