

**U.S. Department of the Interior
Minerals Management Service
Office of Communications**

For Release: March 25, 1996

Contact: Tom DeRocco
(202) 208-3985
Barney Congdon
(504) 736-2595

**MMS ISSUES FINAL NOTICE OF SALE FOR CENTRAL GULF OF MEXICO SALE 157 AND INTERIM
RULE FOR DEEPWATER ROYALTY RELIEF**

The U.S. Department of the Interior's Minerals Management Service (MMS) published in the March 25, issue of the Federal Register, a final Notice of Sale for Sale 157 in the Central Gulf of Mexico (GOM). The sale will be held April 24, 1996, at the Hyatt Regency Hotel, 500 Poydras Plaza, New Orleans, Louisiana.

Concurrently with the final Notice of Sale, MMS published an interim rule for deepwater royalty relief, and a notice that MMS is modifying bid adequacy procedures used by the agency to ensure receipt of fair market value on Outer Continental Shelf (OCS) natural gas and oil leases.

"This is the first sale in which tracts receiving bids in water depths of 200 meters or more are eligible for consideration under provisions of the Deepwater Royalty Relief Act signed by the President last November," said MMS Director Cynthia Quarterman. "That Act authorizes us to modify the terms of certain existing leases and to establish new terms for leases in water depths of 200 meters or deeper in parts of the Central and Western Gulf of Mexico. In Sale 157, there are 4,352 tracts in water depths of 200 meters or more.

The final Notice of Sale covers 5,649 available blocks encompassing about 30.3 million acres in the Central GOM Outer Continental Shelf (OCS) Planning Area offshore Louisiana, Mississippi, and Alabama. Blocks in this sale area are located from three to approximately 200 miles offshore in water depths ranging from four to more than 3,425 meters.

Under the interim rule, MMS will apply royalty suspension volumes to new fields that were not producing prior to November 28, 1995 (i.e., the date of the Deep Water Royalty Relief Act enactment). Royalty suspension volumes are:

- o 17.5 million barrels of oil equivalent (mmboe) in 200 to 400 meters of water;
- o 52.5 mmboe in 400 to 800 meters of water; and,
- o 87.5 mmboe in more than 800 meters of water.

"We want comments on this interim rule," declared Quarterman, "just as we wanted them on the Advance Notice of Proposed Rulemaking published February 23. We will be publishing another interim rule in late May that will address other sections of the Deep Water Royalty Relief Act that relate to existing leases. All comments will be considered in preparing the next interim rule and the subsequent final rule."

Copies of the final Notice of Sale are available from MMS's GOM 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 the Nation's natural gas, oil and other mineral resources on the OCS, and collects, accounts for, and disburses about \$4 billion yearly in revenues from offshore mineral leases and from onshore mineral leases on federal and Indian lands.

-MMS-