

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

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MMS ISSUES FINAL NOTICE OF SALE FOR CENTRAL GULF OF MEXICO SALE 166

The U.S. Department of the Interior's Minerals Management Service (MMS) published the Final Notice of Sale for Central Gulf of Mexico (GOM) Sale 166 in the January 31, 1997 Federal Register. The sale will be held March 5, 1997, at the Hyatt Regency Hotel, 500 Poydras Plaza, New Orleans, Louisiana.

"This is the second Central Gulf of Mexico sale in which blocks receiving bids in water depths of 200 meters or more are eligible for consideration under the Deep Water Royalty Relief Act," said MMS Director Cynthia Quarterman. "The results of Central Gulf Sale 157, held April 24, 1996, clearly indicated that royalty relief was a tremendous success by setting an all-time leasing record on the number of bids received and number of blocks leased. Four hundred and forty-two bids on blocks in 400 to 800 meters of water clearly set the course for the future of the Gulf of Mexico. In Sale 166, there are 3,959 blocks in water depth of 200 meters or more. I don't know if this sale will be a record-setter like Sale 157, but I am confident that there will be considerable industry interest and that the coffers of the U.S Treasury will be fuller as a result."

The final Notice of Sale covers 5,063 available blocks encompassing about 27.2 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 3 to approximately 200 miles offshore in water depths ranging from 4 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:

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

Statistical Information (Sale 166)

Lease Terms:

- 5 Year 1,197 Blocks Water depths less than 400 meters
- 8 Year 155 Blocks Water depths between 400-800 meters
- 10 Year 3,711 Blocks Water depths greater than 800 meters

Bidding Systems:

- 12 1/2% Royalty - 3,866 Blocks;
- 16 2/3% Royalty - 1,197 Blocks

Royalty Suspension Areas:

- 200-400 Meter Royalty Suspension Area - 93 Blocks

400-800 Meter Royalty Suspension Area - 155 Blocks
800 Meter and Greater Royalty Suspension Area - 3,711 Blocks

Minimum Bid: \$25 per acre or fraction thereof

Sale 166 will be the 54th OCS lease sale in the Central Gulf. Copies of the final Notice of Sale are available from the Gulf Region's Public Information Office, 1201 Elmwood Park Boulevard, New Orleans, Louisiana 70123-2394, telephone (504) 736-2519 or 1-800-200-GULF. 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.

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