
Leasing Activities Information

MMS U.S. Department of the Interior
Minerals Management Service
Gulf of Mexico OCS Region

FINAL NOTICE OF OCS SALE 168

Western Gulf of Mexico August 27, 1997

Attached is the Final Notice of OCS Sale (FNOS) 168, Western Gulf of Mexico, which is scheduled to be held August 27, 1997, at the Royal Sonesta Hotel in New Orleans.

In addition to the Final Notice, this Sale Notice Package consists of:

- o Western Gulf of Mexico Leased Lands List dated July 15, 1997
- o Unleased Split Blocks and Unleased Acreage of Blocks with Aliquots and Irregular Portions Under Lease
- o Debarment Certification Form
- o Preferred Bid Form and Envelope
- o Phone Numbers/Addresses of Bidders Form
- o Tracts in the "Northern Portion of the Western Gap" Map (page size) and List
- o Instructions for Making EFT 1/5 Bonus Payments
- o Stipulations and Deferred Blocks, Sale 168 Map
- o Lease Terms, Bidding Systems, and Royalty Suspension Areas, Sale 168 Map

The Biological Stipulation Map Package referred to in paragraph 13 of the Notice has been included in the Sale Notice Package in past years but is not included with this Package. There have been no changes to those maps since Sale 161. Prospective bidders requiring the Map Packages at this time may request them from the MMS Gulf of Mexico (GOM) OCS Region Public Information Unit as indicated in paragraph 14(a) of the Notice. Blocks affected by the biological stipulation are indicated on the "Stipulations and Deferred Blocks, Sale 168" Map included in this package.

Prospective bidders are reminded of the requirement to submit a statement notifying MMS of possession of certain geophysical data, and, upon request, provide MMS with those data. See paragraphs 3(c) and 14(j) of the Notice, and the document "Trial Procedures For Access To Certain Geophysical Data And Information In The Gulf Of Mexico" revised January 19, 1996, available from the MMS GOM OCS Region Public Information Unit as indicated in paragraph 14(a) of the Notice.

Notes:

Preferred Bid Form and Bid Envelope. Bidders are strongly urged to use the formats of the Preferred Bid Form and Preferred Bid Envelope included in this package. Note that "Amount Per Acre" is no longer on the Bid Form, and it is requested that "Area Number" be included on both the Bid Form and the Bid Envelope. See also paragraph 3 of the Notice.

Deepwater Operations Plans. Bidders are reminded that MMS Notice to Lessees (NTL) 96-4N, which became effective on August 19, 1996, requires that a Deepwater Operations Plan be submitted for all deepwater development projects (water depths greater than 304.8 meters (1,000 feet)) and for certain other projects; see paragraph 14(o) of the Notice.

Lease Terms. In a Final Rule published in the Federal Register on October 30, 1996, and effective for leases resulting from sales subsequent to that date, the area in which tracts are leased for eight years (initial term) was changed from 400 to 900 meter water depths to 400 to 800 meters, making lease terms and royalty relief water depths consistent with each other. Leases in water depths greater than 800 meters will have an initial lease term of ten years. See the **Lease Terms, Bidding Systems, and Royalty Suspension Areas, Sale 168 Map** included in this package.

Electronic Funds Transfer (EFT) Payments for the 1/5th of the Cash Bonus Payments. Bidders are offered the option of paying the 1/5th of the cash bonus (required to be submitted with a bid) by EFT procedures; see paragraph 3(a)(2) of the Notice. Note that a "lump sum check securing EFT payments" is required if this option is exercised.

Northern Portion of the Western Gap. Certain tracts which are beyond the U.S. Exclusive Economic Zone are offered for leasing. These tracts may later be subject to a continental shelf delimitation agreement between the United States and Mexico; these tracts are in an area referred to as the Northern Portion of the Western Gap and are shown on the **Tracts in the "Northern Portion of the Western Gap" Map and List** and the **Stipulations and Deferred Blocks, Sale 168 Map** provided with this package. Paragraphs 2 and 3 of the Notice provide for separate handling of bids, statements regarding certain geophysical data, and EFT (electronic funds transfer) payments of the 1/5th of the cash bonus (if this optional payment procedure is chosen) for bids on tracts in this area.

New Bonding Requirements. Revisions to the MMS surety bond program were published on May 22, 1997; potential bidders are referred to paragraph 14(q) of the Notice.

Oil Spill Financial Responsibility for Offshore Facilities. Potential bidders are referred to paragraph 14(r) of the Notice which discusses the proposed rule published on March 25, 1997.

Response Plans for Facilities Located Seaward of the Coast Line. A final rule on this subject was published on March 25, 1997, and is discussed in paragraph 14(s) of the Notice.

DEFERRALS: High Island Area, East Addition, South Extension, Blocks A-375 and A-398 (Flower Gardens Banks)
Mustang Island Area Blocks 793, 799, and 816 (Naval Mine Warfare training areas)

UNLEASED BUT UNAVAILABLE (under appeal): High Island Area Block 170; Galveston Area, South Addition, Block A-125

NOTE: The following blocks have become available since release of the Proposed Notice of Sale: North Padre Island Block 956; North Padre Island, East Addition, Block A-72; Mustang Island Block 831; Brazos Blocks 397 and 411; Galveston Blocks 189 (por), 190, 349, and 391; High Island Block 34; High Island, South Addition, Block A-562 (por); High Island, East Addition, Block A-200; East Breaks Blocks 593, 637, 638, 639, 640, 641, 683, 684, 685, 686, 728, and 729; and Keathley Canyon Blocks 156 and 157.

STATISTICAL INFORMATION (Sale 168)

- o **SIZE:** 4,710 Available Blocks; 25.7 Million acres
- o **LEASE TERMS:**
 - 5 Year - 1,690 Blocks - Water depths less than 400 meters
 - 8 Year - 354 Blocks - Water depths between 400-800 meters
 - 10 Year - 2,666 Blocks - Water depths greater than 800 meters
- o **BIDDING SYSTEMS:**
 - 12 1/2% Royalty - 3,020 Blocks
 - 16 2/3% Royalty - 1,690 Blocks
- o **ROYALTY SUSPENSION AREAS:**
 - 200-400 Meter Royalty Suspension Area - 180 Blocks
 - 400-800 Meter Royalty Suspension Area - 354 Blocks
 - 800 Meter and Greater Royalty Suspension Area - 2,666 Blocks
- o **MINIMUM BID:** \$25 per acre or fraction thereof

For more information on this Final Notice of Sale, potential bidders are advised to contact Mr. Charles Hill of the MMS GOM OCS Region Sales and Support Unit at (504) 736-2795.

-MMS-

**MMS's Website Address: <http://www.mms.gov>
MMS's 24-Hour Fax-on-Demand Service: (202) 219-1703**

DEPARTMENT OF THE INTERIOR

Minerals Management Service

Outer Continental Shelf, Western Gulf of Mexico, Oil and Gas
Lease Sale 168

AGENCY: Minerals Management Service

ACTION: Final Notice of Sale

1. Authority. This Notice is published pursuant to the Outer Continental Shelf (OCS) Lands Act (43 U.S.C. 1331-1356, (1988)), and the regulations issued thereunder (30 CFR Part 256).

A "Sale Notice Package," containing this Notice and several supporting documents referenced in the Notice, including the maps, "Lease Terms, Bidding Systems, and Royalty Suspension Areas, Sale 168" and "Stipulations and Deferred Blocks, Sale 168," is available from the MMS Gulf of Mexico Regional Office Public Information Unit (see paragraph 14(a) of this Notice).

2. Filing of Bids.

(a) Filing of Bids. Sealed bids will be received by the Regional Director (RD), Gulf of Mexico Region, Minerals Management Service (MMS), 1201 Elmwood Park Boulevard, New Orleans, Louisiana 70123-2394. Bids may be delivered in person to that address during normal business hours (8 a.m. to 4 p.m., Central Standard Time (c.s.t.)) until the Bid Submission Deadline at 10 a.m., Tuesday, August 26, 1997. Hereinafter, all times cited in this Notice refer to c.s.t. unless otherwise stated. Bids will not be accepted the day of Bid Opening, Wednesday, August 27, 1997. Bids received by the RD later than the time and date specified above will be returned unopened to the bidders. Bids may not be modified or withdrawn unless written modification or written withdrawal request is received by the RD prior to 10 a.m. Tuesday, August 26, 1997.

NOTE: As noted in the Final Notices of Sale for Sales 157, 161, and 166, tracts or portions of tracts beyond the United States Exclusive Economic Zone are offered based upon provisions of the 1982 Law of the Sea Convention, and could be subject to a continental shelf delimitation agreement

between the United States and Mexico. For clarity and descriptive purposes, this area is referred to in this Notice as the "Northern Portion of the Western Gap." A list of these tracts or portions of tracts and a map are included in the Sale Notice Package available from the MMS Gulf of Mexico Regional Office Public Information Unit (see paragraph 14(a)).

Procedures for opening of bids for all blocks except for blocks in the Northern Portion of the Western Gap are specified in paragraph (1) below. Procedures for opening of bids for blocks in the Northern Portion of the Western Gap are specified in paragraph (2) below:

(1) Bid Opening Time will be 9 a.m., Wednesday, August 27, 1997, at the Royal Sonesta Hotel, 300 Bourbon Street, New Orleans, Louisiana. All bids must be submitted and will be considered in accordance with applicable regulations, including 30 CFR Part 256. The list of restricted joint bidders which applies to this sale appeared in the Federal Register at 62 FR 14699, published on March 27, 1997.

(2) Procedures for opening bids on blocks in this area will differ from procedures described above as follows: The MMS will set aside bids for blocks in the Northern Portion of the Western Gap until a future date. On or before March 3, 1998, the Secretary will determine whether it is in the best interest of the United States either to open bids for these blocks or to return the bids unopened. The MMS will notify bidders at least 30 days prior to bid opening. Bidders on these blocks may withdraw their bids at any time after such notice and prior to 10 a.m. (c.s.t.) of the day before bid opening. If MMS does not give notice by March 3, 1998, MMS will return the bids unopened. This will provide time for companies to make decisions regarding the next annual Central Gulf and the next annual Western Gulf lease sales, proposed for March and August 1998, respectively, which may also, as they have for more than the past decade, offer tracts in the Northern Portion of the Western Gap. The MMS reserves the right to return these bids at any time. The MMS will not disclose which blocks received bids or the names of bidders in this area unless and until the bids are opened.

(b) Natural Disasters. In the event a natural disaster (such as widespread flooding) or other occurrence causes the MMS Gulf of Mexico Regional Office to be closed on Tuesday, August 26, 1997, bids will be accepted until 9 a.m., Wednesday, August 27, 1997, at the site of bid opening specified above. Under these conditions, bids may be modified or withdrawn upon written

notification up until 9 a.m., Wednesday, August 27, 1997. Closure of the office may be determined by calling (504) 736-0557 and hearing a recorded message to that effect.

3. Method of Bidding.

Procedures for the submission of bids in Sale 168 are described in paragraph (a) below. Procedures for the submission of bids for blocks in the Northern Portion of the Western Gap will differ from bid submission procedures for bids on blocks outside that area. These differences are specified in paragraph (b) below.

(a) Submission of Bids. A separate signed bid in a sealed envelope labeled "Sealed Bid for Oil and Gas Lease Sale 168, not to be opened until 9 a.m., c.s.t., Wednesday, August 27, 1997" must be submitted for each tract bid upon. The sealed envelope and the bid should contain the following information: the company name, Gulf of Mexico Company Number (GOM Company Number), Leasing Map or Official Protraction Diagram number (e.g., TEX-MAP No. 1 for the South Padre Island Area, NG 14-3 for the Corpus Christi Area), and the area name and block number of the tract bid upon. In addition, the total amount bid to be considered by MMS must be in a whole dollar amount. Any cent amount above the whole dollar will be ignored by MMS. No bid for less than all of the available portion(s) of a block will be considered.

All documents must be executed in conformance with signatory authorizations on file in the Gulf of Mexico Regional Office. Partnerships also need to submit or have on file a list of signatories authorized to bind the partnership. Bidders submitting joint bids must state on the bid form the proportionate interest of each participating bidder, in percent, to a maximum of five decimal places, e.g., 33.33333 percent. Other documents may be required of bidders under 30 CFR 256.46. Bidders are warned against violation of 18 U.S.C. 1860 prohibiting unlawful combination or intimidation of bidders.

Bidders must submit the 1/5th cash bonus using one of the following options:

(1) Bidders may submit with each bid 1/5th of the cash bonus, in cash or by cashier's check, bank draft, or certified check, payable to the order of the U.S. Department of the Interior--Minerals Management Service. For identification purposes, the following information must appear on the check or draft: company name, GOM Company Number, and the area and block bid on (abbreviation acceptable); or

(2) Bidders may use electronic funds transfer (EFT) payment for 1/5th of the cash bonus, payable to the Minerals Management Service. Bidders who choose this method must contact MMS Royalty Management (Mr. David Menard at (303) 231-3574) by the Bid Submission Deadline to inform MMS of their intent to use EFT, to clarify EFT procedures to be used, and to designate an EFT coordinator. Joint bidders must designate one bidder as EFT coordinator. EFT coordinators must submit the bids and ensure that the total of the 1/5 cash bonus for the high bids they submit is transferred to MMS via EFT. The EFT payment shall be made by either the Fedwire Deposit System (same day payments) or the Automated Clearing House (overnight payments).

The Gulf of Mexico OCS Regional Office will advise bidders who submit high bids of the amount required for EFT payment. Promptly after notification, the EFT coordinators must instruct their banks to send via EFT the sum of the 1/5th bonus for all high bids to the appropriate United States Treasury account. Instructions for making EFT 1/5th bonus payments are included in the Sale Notice Package. [These procedures/instructions are consistent with 4/5th bonus and first year rental payment procedures using EFT.]

Additionally, each EFT coordinator must submit in a separate sealed envelope accompanying the bids, a single payment for 1/5th of the sum of all bids submitted by that EFT coordinator for Sale 168, including joint bids. The lump sum payment(s) in the sealed envelope(s) must be in cash, or by cashier's check, bank draft, or certified check, payable to the order of the U.S. Department of the Interior--Minerals Management Service. These lump sum payments will be used to secure the EFT payments. Once the EFT payment in an amount sufficient to cover that bidder's high bids is credited to the appropriate United States Treasury account, the lump sum payment accompanying those bids will be returned. The envelope containing this payment should be in the following format:

LUMP SUM CHECK SECURING EFT PAYMENTS
Submitted by: Explorer LTD.
GOM Company No.: 20999

The EFT payment for 1/5th of the sum of the high bids on blocks must be received in the appropriate United States Treasury account no later than noon, Eastern Time, on August 28, 1997, the day after Lease Sale 168.

If the EFT payments are late or deficient in amount, the lump sum payments accompanying the bids will be deposited into

the appropriate United States Treasury account. Should these payments (which secure high bids and unsuccessful bids) require a refund to the bidders, those refunds, without interest, will be accomplished through EFT as soon as practicable. No interest payments will be made for unsuccessful bid(s) returned in this manner.

(b) Submission of Bids in the Northern Portion of the Western Gap. Procedures for the submission of bids on blocks in this area will differ from procedures described in paragraph (a) above as follows:

The MMS will receive bids on blocks in the Northern Portion of the Western Gap. Separate, signed bids on these blocks must be submitted in sealed envelopes labeled only with "Northern Portion of Western Gap Bid", the Gulf of Mexico Company Number, and a sequential bid number for the company submitting the bid(s). The envelope would thus be in the following format:

Northern Portion of Western Gap Bid
GOM Company No.: 20999
Northern Portion of Western Gap Bid number 1

Bidders must submit bids using one of the options described in paragraph 3(a) above. If the option to use EFT for the 1/5th cash bonus is selected, each EFT coordinator submitting bids on blocks within the Northern Portion of the Western Gap must submit, in a separate sealed envelope accompanying those bids, a single payment for 1/5th of the sum of all bids on blocks within the Northern Portion of the Western Gap, including joint bids. The envelope containing this payment should be in the following format:

LUMP SUM CHECK SECURING EFT PAYMENTS
Northern Portion of the Western Gap
GOM Company No.: 20999

If the bids on blocks in the Northern Portion of the Western Gap are not opened, the sealed envelopes containing the lump sum checks will be returned to EFT coordinators along with the unopened bids.

The EFT payment for 1/5th of the sum of the high bids on blocks within the Northern Portion of the Western Gap must be received in the appropriate United States Treasury account no later than noon, Eastern Time, on the day after opening of bids on these blocks (see paragraph 2(a)(2)).

(c) Submission of Statement(s) Regarding Certain Geophysical Data. Each company submitting a bid, or participating as a joint bidder in such a bid, shall submit, prior to the Bid Submission Deadline specified in paragraph 2 of this Notice, a statement or statements identifying any processed or reprocessed pre- and post-stack depth-migrated geophysical data in their possession or control pertaining to each and every block on which they are participating as a bidder. The existence, extent, and type of such data must be clearly identified. In addition, the statement shall certify that no such data is in their possession for any other blocks on which they participate as a bidder. The statement shall be submitted in an envelope separate from those containing bids and shall be clearly marked; an example of a preferred format for the statement and the envelope is included in the document titled "Trial Procedures for Access to Certain Geophysical Data in the Gulf of Mexico" (revised January 19, 1996). Only one statement per bidder is required for each sale, but more than one may be submitted if desired, provided that all tracts bid on by that company are covered in the one or more statements. Companies bidding on blocks in the Northern Portion of the Western Gap (see paragraph 2(a)) must submit a separate statement covering any blocks in that area. This statement must be in a sealed envelope with a label stating that it contains information regarding blocks in the Northern Portion of the Western Gap. The following format is recommended:

FOR BLOCKS IN THE NORTHERN PORTION OF THE WESTERN GAP ONLY
 GOM Company No. 20137
 Depth-Migrated Seismic Data Statement
 Proprietary Data
 SUBMITTED IN CONJUNCTION WITH OIL AND GAS LEASE SALE 168

This envelope will be opened only if and when bids on blocks in this area are opened (see paragraph 2(a)). If these bids are not opened, the sealed envelopes will be returned to the companies who submitted them.

Paragraph 14(j), Information to Lessees, contains additional information pertaining to geophysical data.

4. Minimum Bid, Yearly Rental, and Bidding Systems. The following bidding, yearly rental, and royalty systems apply to this sale:

(a) Minimum Bid. All bids submitted at this sale must provide for a cash bonus in the amount of \$25.00 or more per acre or fraction thereof.

(b) Yearly Rental. All leases awarded on tracts in water depths of 200 meters and greater as depicted on the map "Lease Terms, Bidding Systems, and Royalty Suspension Areas, Sale 168" (i.e., tracts in any of the three royalty suspension areas) will provide for a yearly rental payment of \$7.50 per acre or fraction thereof until initial production is obtained. This map is available from the MMS Gulf of Mexico Regional Office Public Information Unit (see paragraph 14(a) of this Notice).

All leases awarded on other tracts (i.e., those in water depths of less than 200 meters) will provide for a yearly rental payment of \$5.00 per acre or fraction thereof until initial production is obtained.

(c) Bidding Systems. After initial production is obtained, leases will provide for a minimum royalty of the amount per acre or fraction thereof as specified as the yearly rental in paragraph 4(b) above, except during periods of royalty suspension as discussed in paragraph 4(c)(3) of this Notice. The following royalty systems will be used in this sale:

(1) Leases with a 12 ½-Percent Royalty. This royalty rate applies to tracts in water depths of 400 meters or greater; this area is shown on the Map "Lease Terms, Bidding Systems, and Royalty Suspension Areas, Sale 168" applicable to this Notice (see paragraph 13). Leases issued on the tracts offered in this area will have a fixed royalty rate of 12 ½ percent, except during periods of royalty suspension (see paragraph 4(c)(3) of this Notice).

(2) Leases with a 16 2/3-Percent Royalty. This royalty rate applies to tracts in water depths of less than 400 meters (see aforementioned map). Leases issued on the tracts offered in this area will have a fixed royalty rate of 16 2/3 percent, except during periods of royalty suspension for leases in water depths 200 meters or greater (see paragraph 4(c)(3) of this Notice).

(3) Royalty Suspension. In accordance with Public Law 104-58, signed by the President on November 28, 1995, MMS has developed procedures providing for the suspension of royalty payments on production from eligible leases issued as a result of this sale. MMS will allow only one royalty suspension volume per field regardless of the number of eligible leases producing the field. For purposes of this paragraph, an eligible lease is one that: is located in the Gulf of Mexico in water depths 200 meters or deeper; lies wholly west of 87 degrees, 30 minutes West

longitude; and is offered subject to a royalty suspension volume authorized by statute.

An eligible lease from this sale may receive a royalty suspension volume only if it is in a field where no currently active lease produced oil or gas (other than test production) before November 28, 1995. The following applies only to eligible leases in fields meeting this condition.

(i) The 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 800 meters of water and greater.

A map titled "Lease Terms, Bidding Systems, and Royalty Suspension Areas, Sale 168" depicting blocks in which such suspensions may apply is currently available from the MMS Gulf of Mexico Regional Office Public Information Unit (see paragraph 14(a) of this Notice).

(ii) When production first occurs from any of the eligible leases in a field (not including test production), MMS will determine the royalty suspension volume applicable to eligible lease(s) in that field. The determination is based on the royalty suspension volumes and the map specified in paragraph 4(c)(3)(i) above.

(iii) If a new field consists of eligible leases in different water depth categories, the royalty suspension volume associated with the deepest eligible lease applies.

(iv) If an eligible lease is the only eligible lease in a field, royalty is not owed on the production from the lease up to the amount of the applicable royalty suspension volume.

(v) If a field consists of more than one eligible lease, payment of royalties on the eligible leases' initial production is suspended until their cumulative production equals the field's established royalty suspension volume. The royalty suspension volume for each eligible lease is equal to each lease's actual production (or production allocated under an approved unit agreement) until the field's established royalty suspension volume is reached.

(vi) If an eligible lease is added to a field that has an established royalty suspension volume, the field's royalty suspension volume will not change even if the added lease is in deeper water. The additional lease may receive a royalty suspension volume only to the extent of its production before the cumulative production from all eligible leases in the field equals the field's previously established royalty suspension volume.

(vii) If MMS reassigns a well on an eligible lease to another field, the past production from that well will count toward the royalty suspension volume, if any, specified for the new field to which it is assigned. The past production will not be counted toward the suspension volume, if any, from the first field.

(viii) An eligible lease may receive a royalty suspension volume only if the entire lease is west of 87 degrees, 30 minutes West longitude. A field that lies on both sides of this meridian will receive a royalty suspension volume only for those eligible leases lying entirely west of the meridian.

(ix) An eligible lease may obtain more than one royalty suspension volume. If a new field is discovered on an eligible lease that already benefits from the royalty suspension volume for another field, production from that new field receives a separate royalty suspension.

(x) A lessee must measure natural gas production subject to the royalty suspension volume as follows: 5.62 thousand cubic feet of natural gas equals one barrel of oil equivalent, as measured fully saturated at 15.025 psi, 60 degrees F.

(xi) In any year during which the arithmetic average of the closing prices on the New York Mercantile Exchange for light sweet crude oil exceeds \$28.00 per barrel, royalties on the production of oil must be paid at the lease stipulated royalty rate (see paragraphs 4(c)(1) and (2) above), and production during such years counts toward the royalty suspension volume.

In any year during which the arithmetic average of the closing prices on the New York Mercantile Exchange for natural gas exceeds \$3.50 per million British thermal units, royalties on the production of natural gas must be paid at the lease stipulated royalty rate (see paragraphs 4(c)(1) and (2) above), and production during such years counts toward the royalty suspension volume.

These prices for oil and natural gas are as of the end of 1994, and must be adjusted for subsequent years by the percentage by which the implicit price deflator for the gross domestic product changed during the preceding calendar year.

(xii) A royalty suspension will continue until the end of the month in which the cumulative production from eligible leases in the field reaches the royalty suspension volume for the field.

Paragraph 14(1), Information to Lessees, contains additional information pertaining to royalty suspension matters.

5. Equal Opportunity. The certification required by 41 CFR 60-1.7(b) and Executive Order No. 11246 of September 24, 1965, as amended by Executive Order No. 11375 of October 13, 1967, on the Compliance Report Certification Form, Form MMS-2033 (June 1985), and the Affirmative Action Representation Form, Form MMS-2032 (June 1985) must be on file in the MMS Gulf of Mexico Regional Office prior to lease award (see paragraph 14(e)).

6. Bid Opening. Bid opening will begin at the bid opening times stated in paragraph 2. The opening of the bids is for the sole purpose of publicly announcing bids received, and no bids will be accepted or rejected at that time.

7. Deposit of Payment. Any cash, cashier's checks, certified checks, or bank drafts submitted with high bids, and any EFT payments made in accordance with paragraph 3(a)(2) above, will be deposited by the Government in an interest-bearing account in the U.S. Treasury during the period the bids are being considered. Such a deposit does not constitute and shall not be construed as acceptance of any bid on behalf of the United States.

8. Withdrawal of Tracts. The United States reserves the right to withdraw any tract from this sale prior to issuance of a written acceptance of a bid for the tract.

9. Acceptance, Rejection, or Return of Bids. The United States reserves the right to reject any and all bids. In any case, no bid will be accepted, and no lease for any tract will be awarded to any bidder, unless:

(a) the bidder has complied with all requirements of this Notice and applicable regulations;

(b) the bid is the highest valid bid; and

(c) the amount of the bid has been determined to be adequate by the authorized officer.

No bonus bid will be considered for acceptance unless it provides for a cash bonus in the amount of \$25.00 or more per acre or fraction thereof. Any bid submitted which does not conform to the requirements of this Notice, the OCS Lands Act, as amended, and other applicable regulations may be returned to the person submitting that bid by the RD and not considered for acceptance.

To ensure that the Government receives a fair return for the conveyance of lease rights for this sale, tracts will be evaluated in accordance with established MMS bid adequacy procedures. A copy of the current procedures ("Summary of Procedures for Determining Bid Adequacy at Offshore Oil and Gas Lease Sales: Effective August 1997, with Sale 168") is available from the MMS Gulf of Mexico Regional Office Public Information Unit (see paragraph 14(a) of this Notice).

PLEASE NOTE: MMS recently made modifications to its process for bid adequacy determination. These changes affect Sale 168 and were announced in a Federal Register Notice at 62 FR 37589, dated July 14, 1997, and are included in the Summary document mentioned above available from the Gulf of Mexico Regional Office Public Information Unit.

10. Successful Bidders. The following requirements apply to successful bidders in this sale:

(a) Lease Issuance. Each person who has submitted a bid accepted by the authorized officer will be required to execute copies of the lease (Form MMS-2005 (March 1986) as amended), pay the balance of the cash bonus bid along with the first year's annual rental for each lease issued, by EFT in accordance with the requirements of 30 CFR 218.155, and satisfy the bonding requirements of 30 CFR 256, Subpart I, as amended.

Paragraphs 14(m), (n), and (q), Information to Lessees, contain additional information pertaining to this matter.

(b) Certification Regarding Nonprocurement Debarment, Suspension, and Other Responsibility Matters -- Primary Covered Transactions. Each person involved as a bidder in a successful high bid must have on file, in the MMS Gulf of Mexico Regional Office Adjudication Unit, a currently valid certification that the person is not excluded from participation in primary covered transactions under Federal nonprocurement programs and

activities. A certification previously provided to that office remains currently valid until new or revised information applicable to that certification becomes available. In the event of new or revised applicable information, a subsequent certification is required before lease issuance can occur. Persons submitting such certifications should review the requirements of 43 C.F.R., Part 12, Subpart D, as amended in the Federal Register of June 26, 1995, at 60 FR 33035.

Copies of the certification form are available from the MMS Gulf of Mexico Regional Office Public Information Unit. See paragraph 14(a) of this Notice for directions on how to obtain the forms.

11. Leasing Maps and Official Protraction Diagrams. Tracts offered for lease may be located on the following Leasing Maps or Official Protraction Diagrams which may be purchased from the MMS Gulf of Mexico Regional Office Public Information Unit (see paragraph 14(a)):

(a) OCS Leasing Maps--Texas, Nos. 1 through 8. This is a set of 16 maps which sells for \$18.00.

(b) OCS Official Protraction Diagrams. These diagrams sell for \$2.00 each.

NG 14-3 Corpus Christi (rev. 01/27/76)

NG 14-6 Port Isabel (rev. 01/15/92)

NG 15-1 East Breaks (rev. 01/27/76)

NG 15-2 Garden Banks (rev. 10/19/81)

NG 15-4 Alaminos Canyon (rev. 04/27/89)

NG 15-5 Keathley Canyon (rev. 04/27/89)

NG 15-8 (No Name) (rev. 04/27/89)

12. Description of the Areas Offered for Bids.

(a) Acreage Available for Leasing. Acreage of blocks is shown on Leasing Maps and Official Protraction Diagrams. Some of these blocks, however, may be partially leased, or transected by administrative lines such as the Federal/State jurisdictional line. Information on the unleased portions of such blocks, including the exact acreage, is included in the following document as a part of the Sale Notice Package and is currently available from the MMS Gulf of Mexico Regional Office Public Information Unit (see paragraph 14(a)):

The banks that cause this stipulation to be applied to blocks of the Western Gulf are:

<u>Bank Name</u>	No Activity Zone Defined by <u>Isobath (meters)</u>
<u>Shelf Edge Banks</u>	
West Flower Garden Bank	100 (defined by 1/4 1/4 1/4 system)
East Flower Garden Bank	100 (defined by 1/4 1/4 1/4 system)
MacNeil Bank	82
29 Fathom Bank	64
Rankin Bank	85
Geyer Bank	85
Elvers Bank	85
Bright Bank[1]	85
McGrail Bank[1]	85
Rezak Bank[1]	85
Sidner Bank[1]	85
Parker Bank[1]	85
Stetson Bank	52
Appelbaum Bank	85

Low Relief Banks[2]

Mysterious Bank	74,76,78,80,84
Coffee Lump	Various
Blackfish Ridge	70
Big Dunn Bar	65
Small Dunn Bar	65
32 Fathom Bank	52
Claypile Bank[3]	50

South Texas Banks[4]

Dream Bank	78,82
Southern Bank	80
Hospital Bank	70
North Hospital Bank	68
Aransas Bank	70
South Baker Bank	70
Baker Bank	70

[1] Central Gulf of Mexico bank with a portion of its "1-Mile Zone" and/or "3-Mile Zone" in the Western Gulf of Mexico.

Western Gulf of Mexico Lease Sale 168 - Final. Unleased Split Blocks and Unleased Acreage of Blocks with Aliquots and Irregular Portions Under Lease.

(b) Tracts not available for leasing. The areas offered for leasing include all those blocks shown on the OCS Leasing Maps and Official Protraction Diagrams listed in paragraph 11(a) and (b), except for those blocks or partial blocks already under lease and those blocks or partial blocks listed below. A list of Western Gulf of Mexico tracts currently under lease is included in the Sale Notice Package available from the MMS Gulf of Mexico Regional Office Public Information Unit (see paragraph 14(a)).

(1) Although currently unleased, no bids will be accepted on High Island Area, East Addition, South Extension, Blocks A-375 and A-398 (at the Flower Garden Banks).

(2) Although currently unleased, no bids will be accepted on the following blocks located off Corpus Christi which have been identified by the Navy as needed for testing equipment and training mine warfare personnel: Mustang Island Area Blocks 793, 799, and 816.

(3) Although currently unleased, no bids will be accepted on the following blocks which are currently under appeal: High Island Area Block 170, and Galveston Area, South Addition, Block A-125.

13. Lease Terms and Stipulations.

(a) Leases resulting from this sale will have initial terms as shown on the map "Lease Terms, Bidding Systems, and Royalty Suspension Areas, Sale 168." Copies of the map and lease form are available from the MMS Gulf of Mexico Regional Office Public Information Unit (see paragraph 14(a)).

(b) The applicability of the stipulations which follow is as shown on the map "Stipulations and Deferred Blocks, Sale 168" and as supplemented by references in this Notice.

Stipulation No. 1--Topographic Features.

(This stipulation will be included in leases located in the areas so indicated in the Biological Stipulation Map Package associated with this Notice which is available from the MMS Gulf of Mexico Regional Office Public Information Unit (see paragraph 14(a)).)

- [2] Low Relief Banks--Only paragraph (a) applies.
- [3] Claypile Bank--Paragraphs (a) and (b) apply. In paragraph (b), monitoring of the effluent to determine the effect on the biota of Claypile Bank shall be required rather than shunting.
- [4] South Texas Banks--Only paragraphs (a) and (b) apply.

(a) No activity including structures, drilling rigs, pipelines, or anchoring will be allowed within the listed isobath ("No Activity Zone" as shown in the aforementioned Biological Stipulation Map Package) of the banks as listed above.

(b) Operations within the area shown as "1,000-Meter Zone" in the aforementioned Biological Stipulation Map Package shall be restricted by shunting all drill cuttings and drilling fluids to the bottom through a downpipe that terminates an appropriate distance, but no more than 10 meters, from the bottom.

(c) Operations within the area shown as "1-Mile Zone" in the aforementioned Biological Stipulation Map Package shall be restricted by shunting all drill cuttings and drilling fluids to the bottom through a downpipe that terminates an appropriate distance, but no more than 10 meters, from the bottom. (Where there is a "1-Mile Zone" designated, the "1,000-Meter Zone" in paragraph (b) is not designated.) This restriction on operations also applies to areas surrounding the Flower Garden Banks National Marine Sanctuary, namely the "4-Mile Zone" surrounding the East Flower Garden Bank and the West Flower Garden Bank.

(d) Operations within the area shown as "3-Mile Zone" in the aforementioned Biological Stipulation Map Package shall be restricted by shunting all drill cuttings and drilling fluids from development operations to the bottom through a downpipe that terminates an appropriate distance, but no more than 10 meters, from the bottom.

Stipulation No. 2--Military Areas.

(This stipulation will be included in leases located within the Warning Areas as shown on the map described in paragraph 13(b).)

(a) Hold and Save Harmless

Whether compensation for such damage or injury might be due under a theory of strict or absolute liability or otherwise, the lessee assumes all risks of damage or injury to persons or property, which occur in, on, or above the OCS, to any persons or

to any property of any person or persons who are agents, employees, or invitees of the lessee, its agents, independent contractors, or subcontractors doing business with the lessee in connection with any activities being performed by the lessee in, on, or above the OCS, if such injury or damage to such person or property occurs by reason of the activities of any agency of the United States Government, its contractors or subcontractors, or any of its officers, agents or employees, being conducted as a part of, or in connection with, the programs and activities of the command headquarters listed at the end of this stipulation.

Notwithstanding any limitation of the lessee's liability in Section 14 of the lease, the lessee assumes this risk whether such injury or damage is caused in whole or in part by any act or omission, regardless of negligence or fault, of the United States, its contractors or subcontractors, or any of its officers, agents, or employees. The lessee further agrees to indemnify and save harmless the United States against all claims for loss, damage, or injury sustained by the lessee, or to indemnify and save harmless the United States against all claims for loss, damage, or injury sustained by the agents, employees, or invitees of the lessee, its agents, or any independent contractors or subcontractors doing business with the lessee in connection with the programs and activities of the aforementioned military installation, whether the same be caused in whole or in part by the negligence or fault of the United States, its contractors, or subcontractors, or any of its officers, agents, or employees and whether such claims might be sustained under a theory of strict or absolute liability or otherwise.

(b) Electromagnetic Emissions

The lessee agrees to control its own electromagnetic emissions and those of its agents, employees, invitees, independent contractors or subcontractors emanating from individual designated defense warning areas in accordance with requirements specified by the commander of the command headquarters listed in the following table to the degree necessary to prevent damage to, or unacceptable interference with, Department of Defense flight, testing, or operational activities, conducted within individual designated warning areas. Necessary monitoring control, and coordination with the lessee, its agents, employees, invitees, independent contractors or subcontractors, will be effected by the commander of the appropriate onshore military installation conducting operations in the particular warning area; provided, however, that control of such electromagnetic emissions shall in no instance prohibit all manner of electromagnetic communication during any period of

time between a lessee, its agents, employees, invitees, independent contractors or subcontractors and onshore facilities.

(c) Operational

The lessee, when operating or causing to be operated on its behalf, boat, ship, or aircraft traffic into the individual designated warning areas, shall enter into an agreement with the commander of the individual command headquarters listed in the following list, upon utilizing an individual designated warning area prior to commencing such traffic. Such an agreement will provide for positive control of boats, ships, and aircraft operating into the warning areas at all times.

W-228 - Chief, Naval Air Training, Naval Air Station,
Office No. 206, Corpus Christi, Texas 78419-5100,
Telephone: (512) 939-3862/3902

W-602 - Headquarters ACC/DOSR, Detachment 1,
Operations Headquarters, Air Combat Command,
Offutt AFB, Nebraska 68113-5550,
Telephone: (402) 294-2334

Stipulation No. 3--Operations in the Naval Mine Warfare Area.

(This stipulation will apply to Mustang Island Area East Addition Blocks 732, 733, and 734.)

(a) The placement, location, and planned periods of operation of surface structures on this lease during the exploration stage are subject to approval by the RD, MMS Gulf of Mexico Region, after the review of the operator's Exploration Plan (EP). Prior to approval of the EP, the RD will consult with the Commander, Mine Warfare Command, in order to determine the EP's compatibility with scheduled military operations. No permanent structures nor debris of any kind shall be allowed in the area covered by this lease during exploration operations.

(b) To the extent possible, sub-seafloor development operations for resources subsurface to this area should originate outside the area covered by this lease. Any above-seafloor development operations within the area covered by this lease must be compatible with scheduled military operations as determined by the Commander, Mine Warfare Command. The lessee will consult with and coordinate plans for above-seafloor development activities (including abandonment) with the Commander, Mine Warfare Command. The Development Operations Coordination Document (DOCD) must contain the locations of any permanent

structures, fixed platforms, pipelines, or anchors planned to be constructed or placed in the area covered by this lease as part of such development operations. The DOCD must also contain the written comments of the Commander, Mine Warfare Command on the proposed activities. Prior to the approval of the DOCD, the RD will consult with the Commander in order to determine the DOCD's compatibility with scheduled military operations.

For more information, consultation, and coordination, the lessee must contact:

Commander, Mine Warfare Command, 325 Fifth Street, S.E.,
Corpus Christi, Texas 78419-5032, Phone: (512) 939-4895

14. Information to Lessees

(a) Supplemental Documents. For copies of the various documents identified as available from the MMS Gulf of Mexico Regional Office, prospective bidders should contact the Public Information Unit, Minerals Management Service, 1201 Elmwood Park Boulevard, New Orleans, Louisiana 70123-2394, either in writing or by telephone at (504) 736-2519 or (800) 200-GULF. For additional information, contact the Regional Supervisor for Leasing and Environment at that address or by telephone at (504) 736-2759.

(b) Navigation Safety. Operations on some of the blocks offered for lease may be restricted by designation of fairways, precautionary zones, anchorages, safety zones, or traffic separation schemes established by the U.S. Coast Guard pursuant to the Ports and Waterways Safety Act (33 U.S.C. 1221 et seq.), as amended.

U.S. Army Corps of Engineers (COE) permits are required for construction of any artificial islands, installations, and other devices permanently or temporarily attached to the seabed located on the OCS in accordance with section 4(e) of the OCS Lands Act, as amended.

For additional information, prospective bidders should contact Lt. Commander Bill Daughdrill, Chief of Facility and Offshore Compliance Section, 8th Coast Guard District, Hale Boggs Federal Building, New Orleans, Louisiana 70130, (504) 589-6901. For COE information, prospective bidders should contact Mr. Dan Nannings, Chief Evaluation Section, Regulatory Branch, Post Office Box 1229, Galveston, Texas 77553, (409) 766-3938.

(c) Offshore Pipelines. Bidders are advised that the Department of the Interior and the Department of Transportation have entered into a Memorandum of Understanding (MOU), dated December 10, 1996, concerning the design, installation, operations, inspection, and maintenance of offshore pipelines. Bidders should consult both Departments for regulations applicable to offshore pipelines. This recently revised MOU is available from the MMS Gulf of Mexico Regional Office Public Information Unit (see paragraph 14(a) of this Notice).

(d) 8-Year Leases. Bidders are advised that any lease issued for a term of 8 years will be canceled shortly after the end of the fifth year, following notice pursuant to the OCS Lands Act, as amended, if within the initial 5-year period of the lease, the drilling of an exploratory well has not been initiated; or if initiated, the well has not been drilled in conformance with the approved exploration plan criteria; or if there is not a suspension of operations in effect. Furthermore, a rental payment for the sixth year will be due despite the cancellation. Bidders are referred to 30 CFR 256.37 and the MMS Gulf of Mexico Regional Office Letter to Lessees and Operators of February 13, 1995.

(e) Affirmative Action. Lessees are advised that they must adhere to the rules of the Department of Labor, Office of Federal Contract Compliance, at 41 CFR Chapter 60. Companies with questions regarding those rules should contact one of the various regional Department of Labor Offices of Federal Contract Compliance.

(f) Ordnance Disposal Areas. Bidders are cautioned as to the existence of two inactive ordnance disposal areas in the Corpus Christi and East Breaks areas, shown on the map described in paragraph 13(a). These areas were used to dispose of ordnance of unknown composition and quantity. These areas have not been used since about 1970. Water depths in the Corpus Christi area range from approximately 600 to 900 meters. Water depths in the East Breaks area range from approximately 300 to 700 meters. Bottom sediments in both areas are generally soft, consisting of silty clays. Exploration and development activities in these areas require precautions commensurate with the potential hazards.

(g) Archaeological Resources. Bidders are referred to the regulations at 30 CFR 250.26 (Archaeological Reports and Surveys). MMS Notice to Lessees (NTL) 91-02 (Outer Continental Shelf Archaeological Resources Requirements for the Gulf of Mexico OCS Region) published in the Federal Register on

December 20, 1991, (56 FR 66076) effective February 17, 1992, specifies remote sensing instrumentation survey methodology, linespacing, and archaeological report writing requirements for lessees and operators in the Gulf of Mexico Region.

Three additional documents are available from the MMS Gulf of Mexico Regional Office Public Information Unit (see paragraph 14(a)):

"List of Lease Blocks Within the High-Probability Area for Historic Period Shipwrecks on the OCS" dated May 22, 1995, (including an Errata Sheet II dated April 16, 1997). This list supersedes the list promulgated by the MMS Letter to Lessees (LTL) of November 30, 1990.

"List of Lease Blocks Within the High-Probability Area for Prehistoric Archaeological Resources on the OCS" dated May 22, 1995.

MMS Gulf of Mexico Regional Office Letter to Lessees and Operators of March 17, 1996, which contains a list of lease blocks within the High-Probability Areas for both Historic Period Shipwrecks and Prehistoric Archaeological Resources on the OCS that were formerly "grandfathered" but which may now require archaeological surveys.

(h) Proposed Artificial Reefs/Rigs-to-Reefs. Bidders are advised that there are OCS artificial reef planning and general permit areas, and reef sites for the Gulf of Mexico. These are located in water depths of less than 200 meters. While all artificial reef sites require a permit from the COE, the Artificial Reefs program is implemented through State sponsorship through the following State Coordinators:

Alabama Mr. Steve Heath, (334) 968-7576
Florida Mr. Jon Dodrill, (904) 922-4340
Louisiana Mr. Rick Kasprzak, (504) 765-2375
Mississippi Mr. Mike Buchanan, (601) 385-5860
Texas Ms. Jan Culbertson, (281) 474-1418

For more information, on artificial reef sites, prospective bidders should contact the above listed State Artificial Reef Coordinators for their areas of interest.

(i) Proposed Lightering Zones. Bidders are advised that the U.S. Coast Guard has designated certain areas of the Gulf of Mexico (60 FR 45006 of August 29, 1995), as lightering zones for the purpose of permitting single hull vessels to off-load oil

within the U.S. Exclusive Economic Zone. Such designation may have implications for oil and gas operations in the areas. Additional information may be obtained from Lieutenant Commander Stephen Kantz, Project Manager, Oil Pollution Act of 1990 (OPA) Staff, at (202) 267-6740.

(j) Statement Regarding Certain Geophysical Data. Pursuant to Sections 18 and 26 of the OCS Lands Act, as amended, and the regulations issued thereunder, MMS has a right of access to certain geophysical data and information obtained or developed as a result of operations on the OCS. MMS is sensitive to the concerns expressed by industry regarding the confidentiality of individual company work products and client lists and the potential burden of responding to a myriad of requests from MMS pertaining to the existence and availability of these types of reprocessed geophysical data. To resolve the concerns of both industry and MMS with respect to such cases, MMS has worked with industry to develop the requirements contained within paragraph 3(c) Method of Bidding above. MMS modified the previous procedure to require that bidders who are in possession of the requested data, now identify the specific data by line name or 3D phase. This has helped MMS in identifying time data that may have already been in our data base and at the same time has not imposed undue burden on industry by rerequesting the data. All requirements are being imposed on a trial basis to determine their effectiveness and are subject to further modification in future sales.

The details of this requirement are specified in the document "Trial Procedures for Access to Certain Geophysical Data in the Gulf of Mexico" (revised January 19, 1996) which is available upon request from the MMS Gulf of Mexico Region Public Information Unit (see paragraph 14(a)). In brief, these requirements include:

(1) In the period for ninety (90) days after the sale, bidders will allow MMS to inspect such data within seven (7) days of a written request from MMS, and upon further written request will transmit to MMS, within ten (10) working days, such data. After this ninety (90) day period, a response time of thirty (30) days following an MMS written request will be considered adequate.

(2) Successful bidders must retain such data for three (3) years after the sale, and unsuccessful bidders must retain such data for six (6) months after the sale, for possible acquisition by MMS.

For the six (6) month period after the sale, based on a review of the allowable cost of data reproduction to MMS for three-dimensional and two-dimensional data sets, the company providing the reprocessed data will be reimbursed at a rate of \$480 per block or part thereof for three-dimensional data and \$2 per line mile for two-dimensional data. Afterwards, reimbursement will be subject to the terms and conditions of 30 CFR 251.13(a).

All geophysical data and information obtained and reviewed by MMS pursuant to these procedures shall be held in the strictest confidence and treated as proprietary in accordance with the applicable terms of 30 CFR 251.14.

For additional information, contact the MMS Gulf of Mexico Regional Office of Resource Evaluation at (504) 736-2720.

(k) Information about Indicated Hydrocarbons. Bidders are advised that MMS makes available, about 3 months prior to a lease sale, a list of unleased tracts having well bores with indicated hydrocarbons. Basic information relating to production, well bores, and pay range for each tract is included in the list. The list is available from the MMS Gulf of Mexico Regional Office Public Information Unit (see paragraph 14(a)).

(l) Royalty Relief. The OCS Deep Water Royalty Relief Act authorizes the Secretary of the Interior to offer certain deepwater OCS tracts in the Central and Western Gulf of Mexico for lease with suspension of royalties for a volume, value, or period of production the Secretary determines. An interim rule was published in the Federal Register (61 FR 12022; March 25, 1996) that specifies the royalty suspension terms under which the Secretary will make tracts available for this sale. Bidders are advised to review that document for additional details on this matter. For further information, bidders may contact Mr. Walter Cruickshank of the MMS Offshore Minerals Analysis Division at (202) 208-3822.

A map titled "Lease Terms, Bidding Systems, and Royalty Suspension Areas, Sale 168" depicting blocks in which such suspensions may apply is currently available from the MMS Gulf of Mexico Regional Office Public Information Unit (see paragraph 14(a) of this Notice).

The publication "OCS Operations Field Names Master List" depicts currently established fields in the Gulf of Mexico. This document is updated monthly and reprinted quarterly. Copies may

be obtained from the MMS Gulf of Mexico Regional Office Public Information Unit (see paragraph 14(a) of this Notice).

(m) Lease Instrument. Bidders are advised that the lease instrument will include royalty relief provisions (paragraph 4(c)(3) of this Notice) and 8-year lease cancellation provisions (paragraph 14(d) of this Notice) where applicable. Leases will continue to be issued on Form MMS-2005 (March 1986) as amended.

(n) Electronic Funds Transfer. Bidders are advised that the 4/5ths and first year rental EFT instructions for lease payoff have been revised and updated by MMS Royalty Management. Companies may now use either the Fedwire Deposit System or the Automated Clearing House (overnight payments). See paragraphs 3(a)(2) and 10(a) of this Notice.

(o) Deepwater Operations Plans. Bidders are advised that MMS Notice to Lessees (NTL) 96-4N, which became effective on August 19, 1996, requires that a Deepwater Operations Plan be submitted for all deepwater development projects (water depths greater than 304.8 meters (1,000 feet)) and for all projects utilizing subsea production technology; projects using conventional fixed-leg projects are exempted from this requirement. Copies of the NTL may be obtained from the MMS Gulf of Mexico Regional Office Public Information Unit (see paragraph 14(a) of this Notice).

(p) Minimizing Oil and Gas Structures Near the Flower Garden Banks. Bidders are reminded of Notice to Lessees and Operators (NTL) 85-8, "Minimizing Oil and Gas Structures in the Gulf of Mexico," dated November 26, 1985. Section II of the NTL sets forth the MMS' policy with regard to the minimization of structures for drilling, development, and production on OCS leases. The policy requires that such structures including lease-term pipelines be placed in a manner that causes minimum interference with other significant uses of the OCS. Please be advised that the MMS will strictly adhere to this policy when reviewing Exploration Plans and Development Operations Coordination Documents which propose the use or installation of such structures within the "Four-Mile Zone" and adjacent areas surrounding the Flower Garden Banks National Marine Sanctuary.

(q) New Bonding Requirements. MMS promulgated revisions to the surety bond program on May 22, 1997 (62 FR 27948): "Surety Bonds for Outer Continental Shelf Leases." The revisions to the surety bond program provide for the following:

(1) Establishes December 8, 1997, as the deadline for every lessee to comply with the bond coverage requirements established in the rule published August 27, 1993 (58 FR 45255).

(2) Clarifies the MMS position that co-lessees and operating rights owners are jointly and severally liable for compliance with our regulations and the terms and conditions of their OCS oil and gas and sulphur lease for non-monetary obligations.

(3) Clarifies the MMS position that an assignor of an OCS lease remains responsible for compliance with the lease abandonment obligations associated with wells drilled or used while the assignor was lessee.

(4) Establishes regulatory frameworks for acceptance of lease-specific abandonment accounts and third-party guarantees.

(5) Sets a higher more realistic level of bond coverage to be required of the holder of a G&G exploration permit to drill a deep stratigraphic test well and authorizes a demand for a supplemental bond from the holder of a G&G permit or pipeline right-of-way.

This rule is the product of MMS efforts to write regulations in plain English and continues attempts to provide optimum flexibility for a lessee to meet lease bond requirements and ensure that lessees adequately fund their end-of-lease obligations.

Objectives for this rule are to: (1) ensure a lessee's financial capability to perform its lease obligations; (2) protect the environment from threat of harm that might result from a lessee's failure to timely carry out proper well abandonment and site clearance operations; (3) achieve a reasonable degree of protection from default by a lessee, permittee, or pipeline right-of-way holder at a minimum increase in costs for lease, permit, or pipeline operations; and (4) select a method for attaining those goals that equitably affect all parties.

(r) Proposed Rule: Oil Spill Financial Responsibility for Offshore Facilities. Bidders should note that MMS published in the Federal Register a proposed rule to implement a financial responsibility provision of the Oil Pollution Act of 1990 (OPA). The proposal, which appears at 62 FR 14052 on March 25, 1997, requires those responsible for offshore oil facilities to demonstrate that they can pay for cleanup and damages caused by

facility oil spills. The proposed rule applies to oil exploration, production, and pipeline facilities located along and seaward of the U.S. coastline. The proposal reflects recent changes to OPA that more precisely define the scope of the oil spill financial responsibility requirement in terms of geographic limitations, types of facilities affected, and the dollar amounts of responsibility that must be demonstrated.

Public comments on the proposed financial responsibility regulation were due June 23, 1997. A final regulation should be published by the end of the year.

(s) Final Rule: Response Plans for Facilities Located Seaward of the Coast Line. Bidders should note that MMS published in the Federal Register a final rule at 62 FR 13991 on March 25, 1997, to implement the facility response planning provision of Oil Pollution Act of 1990 (OPA). The rule, which supersedes an interim rule in effect since February 18, 1993, allows one plan to be used to cover multiple offshore facilities; thus allowing operators to reduce the cost of spill response compliance without sacrificing environmental protection. The final rule also permits the use of the National Response Team's Integrated Contingency Plan Guidance when preparing a plan for MMS review. This guidance allows facility owners to consolidate multiple plans required by various agencies into one functional response plan, thereby minimizing duplication.

s/ Cynthia Quarterman
Director, Minerals Management Service

Approved:

s/ Bob Armstrong
Assistant Secretary, Land and Minerals Management

July 18, 1997

Date

July 15, 1997

WESTERN GULF OF MEXICO LEASED LANDS

Descriptions of blocks listed represent all Federal acreage leased unless otherwise noted.

South Padre Island	A-46	852	A-113	634
	A-59	855	A-114	(Seaward of 8(g)
	A-69	858	A-118	Line)
1063	A-76	859	A-121	635
1064		867	A-122	636
1069	Mustang Island	868	A-124	638
1070		872	A-137	639
	737	873	A-138	650
North Padre Island	738	875	A-139	651
	739	879	A-149	652
	740	A-1	A-152	653
895	742	A-2	A-153	654
897	754	(E1/2NE1/4;		655
898	756	SE1/4NW1/4	Matagorda Island	656
905	757	NE1/4;		657
908	758	SW1/4NE1/4;		664
909	759	W1/2NW1/4;	487	665
914	762	NW1/4SE1/4	518	666
915	763	NW1/4;S1/2	519	667
916	764	SE1/4NW1/4;	520	668
927	765	S1/2)	526	669
929	780	A-5	527	670
936	782	A-6	529	671
948	783	A-7	555	672
969	784	A-10	556	673
976	785	A-11	564	674
977	786	A-12	566	678
978	787	A-13	567	679
987	788	A-14	568	680
989	789	A-16	569	681
999	791	A-19	586	682
1010	792	A-20	587	683
	800	A-21	588	685
North Padre Island, East Addition	803	A-22	589	686
	805	A-31	591	687
	806	A-32	599	688
	807		600	(Seaward of 8(g)
892	810	Mustang Island, East Addition	601	Line)
912	811		602	696
913	812		603	697
953	828	733	604	700
974	829	735	605	703
996	830	736	606	704
1014	833	760	607	705
A-6	837	A-52	617	706
A-8	838	A-54	618	708
A-10	842	A-58	619	709
A-12	843	A-64	620	710
A-23	844	A-65	622	711
A-26	846	A-85	623	714
A-28	847	A-86	624	A-4
A-42	848	A-95	631	A-5
A-43	849	A-110	632	A-7
A-44	850	A-111	633	
A-45	851	A-112		

Brazos	543	A-132	295	379
	544	A-133	(S1/2 NE1/4	380
342	545		NE1/4; NW1/4	382
364	552	Galveston	NE1/4; W1/2	384
365	571		SW1/4 NE1/4;	385
375	572	104	NE1/4 SW1/4	389
376	575	144	NE1/4; N1/2	390
377	576	151	SE1/4 NE1/4;	392
378	577	152	W1/2; W1/2	393
396	578	180	NW1/4 SE1/4;	394
399	579	181	S1/2 SE1/4)	395
412	580	189	296	419
413	581	(Swd. of 76	(NE1/4; NE1/4	420
414	585	Decree Line,	NE1/4 NW1/4;	421
415	611	except	S1/2 NE1/4	422
416	612	SE 1/4))	NW1/4; SE1/4	426
430	A-1	191	NW1/4; S1/2	427
431	A-3	(Seaward of 8(g)	SW1/4 NW1/4;	429
432	A-5	line)	N1/2 SW1/4;	460
434	A-6	192	NE1/4 SW1/4	461
435	A-7	209	SW1/4; N1/2	A-3
(Seaward of 8(g)	A-8	210	SE1/4 SW1/4;	A-10
Line)	A-9	211	N1/2 SE1/4;	A-18
436	A-10	212	N1/2 SW1/4	A-20
437	A-11	213	SE1/4; SE1/4	A-24
438	A-12	222	SE1/4)	A-34
439	A-15	223	297	A-35
450	A-16	224	298	A-50
451	A-17	225	299	A-57
452	A-19	226	300	A-96
(E1/2)	A-20	227	301	A-98
453	A-21	237	302	A-101
455	A-23	238	303	A-105
458	A-25	239	304	
466	A-29	240	305	Galveston,
467	A-30	241	313	South
468	A-33	242	314	Addition
471	A-37	(Seaward of	315	
473	A-38	8(g)line)	316	A-122
474	A-39	244	317	A-130
475	A-40	250	319	A-131
476	A-42	251	321	A-143
478		252	322	A-155
488	Brazos, South	254	323	A-157
490	Addition	255	326	A-159
491		258	327	A-188
492	A-47	267	331	A-192
494	A-48	268	332	A-194
498	A-51	269	333	A-213
500	A-52	270	334	A-218
501	A-53	271	343	A-248
504	A-65	272	346	
505	A-66	273	347	High Island
506	A-69	281	348	
510	A-70	282	350	19
514	A-76	283	351	21
515	A-77	285	352	22
516	A-101	286	353	35
517	A-102	287	355	36
531	A-103	288	356	37
532	A-104	289	357	47
536	A-105	291	359	51
538	A-106	294	360	52
540	A-111		361	53
541	A-127		362	66
542	A-131		363	68

69	196	A-129	A-525	85
71	197	A-130	A-526	118
72	198	A-133	A-527	119
86	199		A-528	120
87	200	High Island,	A-531	128
88	201	South Addition	A-532	129
90	202		A-533	130
92	204	A-415	A-534	166
95	205	A-416	A-536	167
98	206	A-417	A-537	168
105	207	A-418	A-539	A-175
106	208	A-419	A-540	A-177
107	228	A-422	A-541	A-178
108	229	A-425	A-544	A-181
109	230	A-434	A-545	A-183
110	231	A-438	A-546	A-185
111	236	A-440	A-547	A-193
116	262	A-441	A-548	A-194
117	263	A-442	A-549	A-195
131	A-1	A-443	A-550	A-201
134	A-2	A-446	A-551	A-217
135	A-3	A-447	A-552	A-218
136	A-4	A-448	A-553	A-219
(E1/2; E1/2	A-5	A-451	A-555	A-224
NE1/4 SW1/4;	A-6	A-462	A-556	A-227
S1/2 SE1/4	A-7	A-463	A-557	A-228
SW1/4)	A-8	A-465	A-558	A-231
138	A-9	A-466	A-559	A-243
(N1/2)	A-10	A-467	A-560	A-244
139	A-12	A-469	A-561	A-245
140	A-13	A-470	A-562	A-246
141	A-14	A-471	(N1/2;SE1/4)	A-250
142	A-17	A-472	A-563	A-253
143	A-18	A-474	A-564	A-255
154	A-19	A-475	A-566	A-256
155	A-20	A-477	A-567	A-257
(W1/2)	A-21	A-480	A-568	A-258
158	A-22	A-481	A-570	A-259
159	A-23	A-486	A-571	
160	A-24	A-489	A-572	High Island,
161	A-25	A-490	A-573	East Addition,
(NW1/4 NE1/4	A-28	A-491	A-574	South Extension
NW1/4; S1/2	A-36	A-492	A-575	
NE1/4 NW1/4;	A-37	A-493	A-576	A-260
W1/2 NW1/4;	A-38	A-494	A-577	A-261
SE1/4 NW1/4;	A-39	A-495	A-578	A-262
NE1/4 NE1/4	A-41	A-496	A-582	A-263
SW1/4; W1/2	A-42	A-497	A-583	A-264
NE1/4 SW1/4;	A-44	A-498	A-586	A-266
NW1/4 SW1/4;	A-45	A-499	A-587	A-269
NW1/4 SW1/4	A-46	A-500	A-589	A-270
SW1/4)	A-52	A-502	A-590	A-271
162	A-53	A-506	A-591	A-272
163	A-60	A-509	A-595	A-273
164	A-62	A-510	A-596	A-274
165	A-64	A-511		A-275
169	A-68	A-513	High Island,	A-276
171	A-73	A-515	East	A-280
175	A-77	A-517	Addition	A-281
176	A-78	A-518		A-282
177	A-83	A-519	38	A-283
178	A-87	A-520	39	A-284
179	A-88	A-521	45	A-285
193	A-100	A-522	74	A-286
194	A-125	A-523	75	A-288
195	A-127	A-524	76	A-290

A-291	A-377	294	785	123
A-292	A-378	295	823	124
A-293	A-379	296	833	125
A-294	A-380	300	901	126
A-296	A-382	301	902	127
A-298	A-383	305	904	128
A-299	A-384	330	909	129
A-300	A-385	331	943	134
A-302	A-386	335	944	135
A-303	A-387	346	945	136
A-304	A-389	347	946	139
A-307	A-391	366	947	140
A-308	A-393	369	948	141
A-309	A-394	390	949	142
A-310	A-396	420	953	144
A-312	A-397	421	954	145
A-313	A-399	428	987	147
A-314	A-402	436	988	150
A-315		437	989	152
A-317	Sabine Pass	464	990	156
A-320		472	991	157
A-323	17	473	992	158
A-325	18	474	994	159
A-326	40	475	1002	160
A-327		481	1003	161
A-329	East Breaks	506	1004	162
A-330		507		163
A-331	109	513	Garden Banks	167
A-332	110	514		168
A-334	112	518	21	170
A-335	114	520	22	171
A-339	117	525	25	172
A-340	122	558	26	173
A-341	127	563	28	177
A-342	128	565	29	178
A-343	154	566	34	179
A-344	156	569	61	180
A-345	157	602	62	182
A-346	158	604	63	184
A-347	159	605	64	186
A-348	160	608	65	189
A-349	161	609	66	191
A-350	164	642	70	192
A-351	165	643	71	193
A-352	168	644	72	194
A-353	171	645	73	195
A-354	172	646	74	196
A-355	191	647	75	199
A-356	192	648	76	200
A-357	197	649	78	201
A-358	201	653	80	202
A-359	205	654	82	203
A-360	208	688	83	204
A-361	209	689	84	205
A-362	212	690	85	206
A-363	213	691	102	207
A-364	215	692	104	208
A-365	217	723	105	209
A-366	235	724	107	212
A-367	236	732	108	213
A-368	250	739	115	214
A-369	251	740	117	215
A-370	252	741	118	216
A-371	256	768	119	217
A-372	257	783	121	221
A-376	258	784	122	223

224	335	444	578	727
225	336	447	580	728
233	337	448	581	731
235	338	450	582	732
236	341	451	584	733
237	342	452	585	734
238	344	460	586	735
239	345	463	587	738
240	346	464	588	739
242	347	465	594	740
244	348	467	595	741
245	357	470	598	742
246	358	471	599	743
247	360	472	600	744
248	361	473	601	749
249	362	474	602	754
250	363	475	603	755
251	364	476	605	766
253	367	477	606	767
254	368	478	607	768
255	369	479	608	769
256	370	480	609	771
257	371	481	610	772
258	372	485	611	774
259	373	486	612	775
260	377	493	613	776
265	378	494	623	782
266	379	498	624	783
267	381	499	625	784
268	385	500	628	785
269	386	501	629	786
270	387	502	630	793
272	388	504	639	797
275	389	505	640	798
278	390	506	644	799
280	391	508	645	803
281	392	509	646	804
282	399	513	647	806
283	400	515	648	807
284	402	516	649	810
290	403	517	653	811
291	404	518	654	812
292	405	519	656	813
293	406	520	667	814
294	407	523	668	815
296	408	525	669	816
297	409	529	673	817
298	410	534	674	819
299	411	536	681	820
302	412	537	683	821
303	413	538	684	823
310	415	549	687	826
311	416	550	688	833
312	417	555	689	842
313	418	556	690	843
314	419	557	691	848
315	420	558	692	849
317	423	559	693	850
319	425	560	694	851
320	426	561	697	855
322	427	562	698	856
324	428	563	699	857
325	429	566	716	858
327	430	567	717	861
333	431	568	722	862
334	432	569	723	863

865	393	122	648	113
866	436	123	683	114
871	437	126	684	122
872	438	133	687	124
873	483	134	688	133
874	519	135	690	134
875	520	155	691	147
877	524	156	692	158
885	526	157	705	159
886	527	163	711	168
901	563	164	712	177
902	564	166	727	178
903	569	167	728	179
905	570	177	730	201
906	571	199	734	202
907	572	200	735	212
909	610	210	736	213
910	611	211	758	221
918	612	212	759	224
919	613	217	766	246
920	653	221	767	256
921	654	222	774	257
926	655	243	778	266
929	656	244	779	267
930	657	251	780	268
935	696	261	781	300
936	697	295	809	301
937	698	299	810	302
938	699	300	811	324
939	700	305	813	326
940	701	342	814	327
945	702	343	818	334
947	703	344	819	335
950	704	359	827	346
951	740	360	853	347
952	741	381	854	370
953	743	398	856	371
954	748	404	857	376
963		441	858	377
964	Alaminos	442	862	379
970	Canyon	485	863	380
974		487	899	387
975	20	489	900	388
979	21	490	901	412
993	22	491	903	413
994	23	529	904	420
995	24	530	907	421
996	25	533	908	422
	26	534	942	431
Port Isabel	33	555	943	434
	35	556	947	452
130	36	557	951	453
131	37	558	954	456
166	40	585		465
167	65	586	Keathley	474
170	66	599	Canyon	475
171	67	600		476
173	77	601	6	477
174	78	602	7	478
175	80	630	21	494
214	81	631	22	495
215	82	643	56	497
216	89	644	59	508
217	111	645	78	509
218	114	646	79	511
219	121	647	100	512

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Leasing Activities Information



U.S. Department of the Interior
Minerals Management Service
Gulf of Mexico OCS Region

WESTERN GULF OF MEXICO FINAL NOTICE OF SALE 168 AUGUST 27, 1997

UNLEASED SPLIT BLOCKS

AND

UNLEASED ACREAGES OF BLOCKS

WITH ALIQUOTS AND IRREGULAR

PORTIONS UNDER LEASE

For Oil and Gas Leases in the Gulf of Mexico

-MMS-

INSTRUCTIONS TO BIDDERS

This package identifies the unleased Federal acreage along the offshore Texas/Federal boundary and unleased acreages of blocks with portions under lease. If a block is bid upon, all unleased acreage within that block must be bid upon.

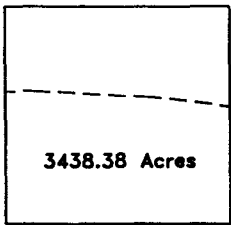
Lists of available split blocks and blocks with portions under lease appear on pages 2 of 8 and 7 of 8.

Individual block diagrams are arranged northerly to southerly and are in numerical sequence.

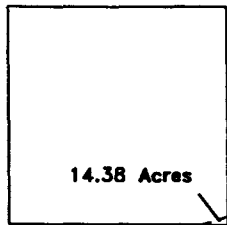
Split and irregular blocks leased as a result of the sale will be legally described by using X and Y coordinates. Any specific questions pertaining to the unleased split blocks or those with portions under lease should be referred to Mr. Wallace Williams (504) 736-2772.

**UNLEASED SPLIT BLOCK BOUNDARY
BY MAP AREA AND BLOCK NUMBER SEQUENCE**

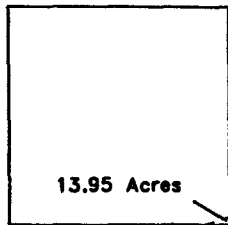
High Island	Matagorda Island	North Padre Island
20	557	883
23	558	899
31	565	904
32	592	919
33	625	924
54	626	939
55	658	944
63	663	959
64	689	964
65	690	965
96	695	980
97	718	985
	719	1001
Galveston		1006
103	Mustang Island	1007
145	724	1022
150	744	
182	745	South Padre Island
188	750	1027
189	751	1043
190	770	1044
214	775	1049
220	776	1085
221	793	1090
245	798	1105
274	799	1110
275	816	1126
280	821	1131
311	822	1146
312	864	1151
	880	1166
Brazos		
335		Port Isabel
341		945
366		989
367		
374		
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449		
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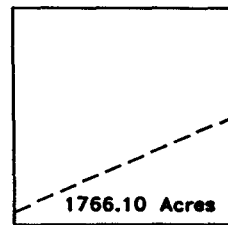
High Island Block 20



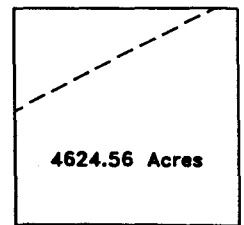
High Island Block 23



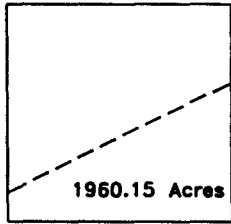
High Island Block 31



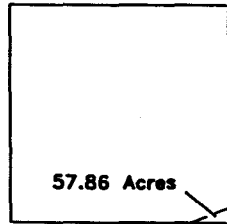
High Island Block 32



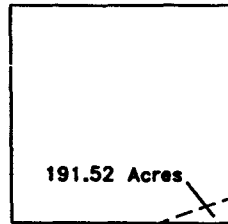
High Island Block 33



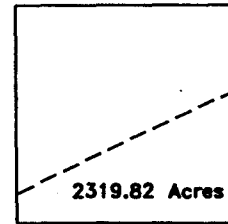
High Island Block 54



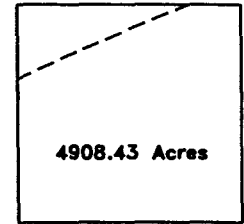
High Island Block 55



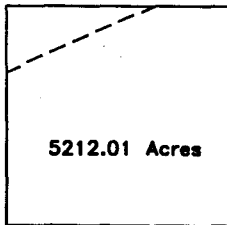
High Island Block 63



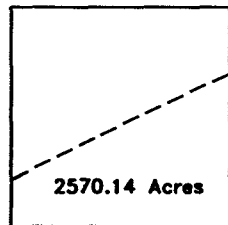
High Island Block 64



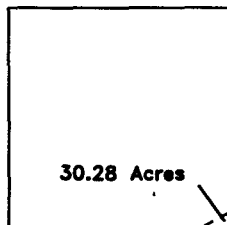
High Island Block 65



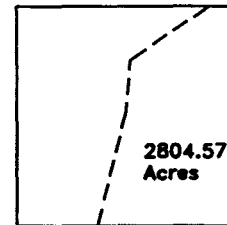
High Island Block 96



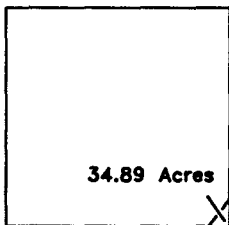
High Island Block 97



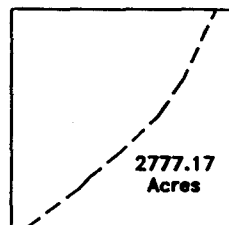
Galveston Block 103



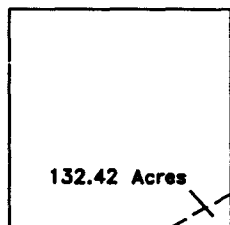
Galveston Block 145



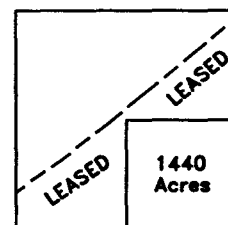
Galveston Block 150



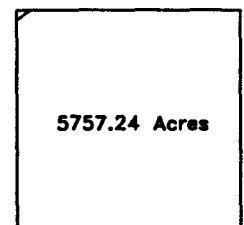
Galveston Block 182



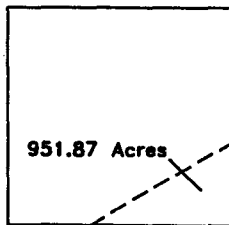
Galveston Block 188



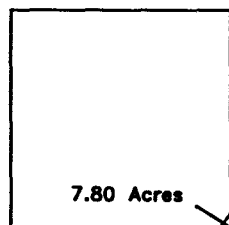
Galveston Block 189



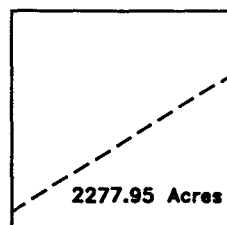
Galveston Block 190



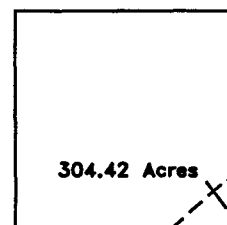
Galveston Block 214



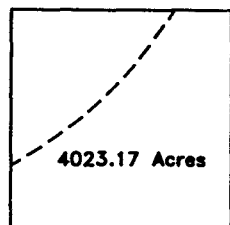
Galveston Block 220



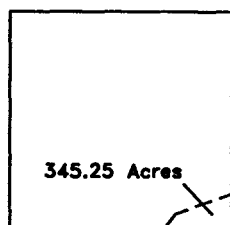
Galveston Block 221



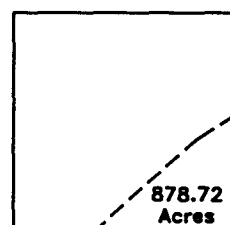
Galveston Block 245



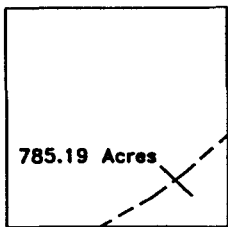
Galveston Block 274



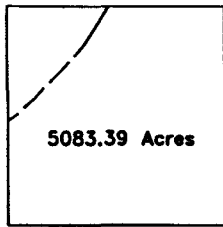
Galveston Block 275



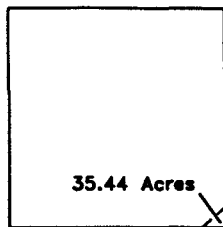
Galveston Block 280



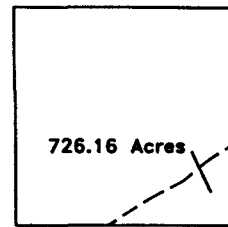
Galveston Block 311



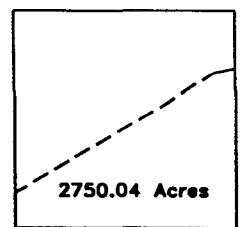
Galveston Block 312



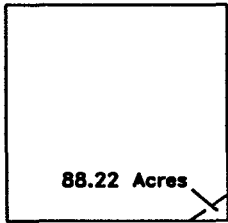
Brazos Block 335



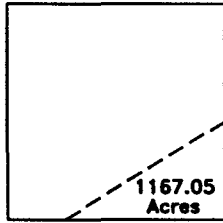
Brazos Block 341



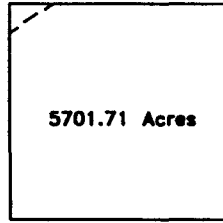
Brazos Block 366



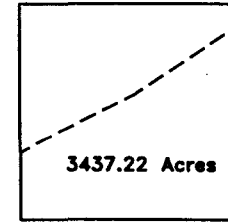
Brazos Block 367



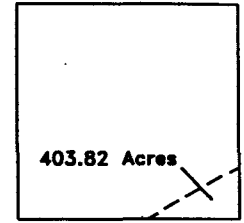
Brazos Block 374



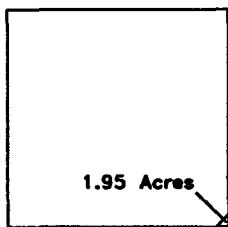
Brazos Block 400



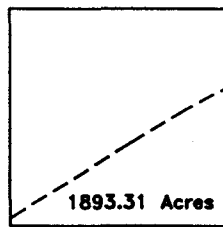
Brazos Block 401



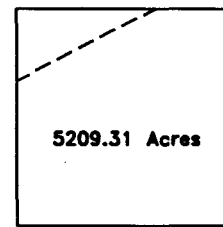
Brazos Block 402



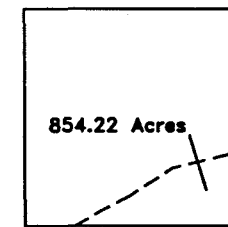
Brazos Block 409



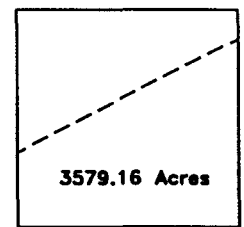
Brazos Block 410



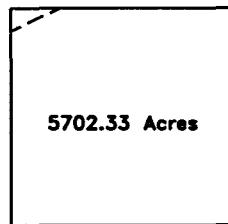
Brazos Block 411



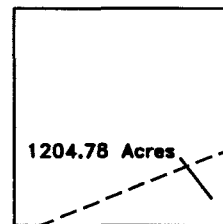
Brazos Block 448



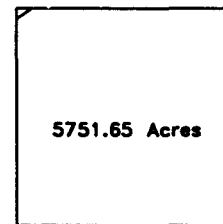
Brazos Block 449



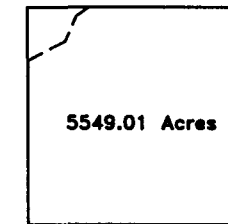
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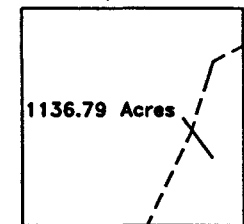
Brazos Block 479



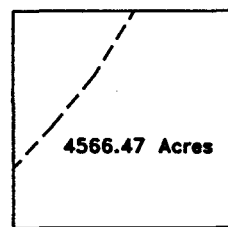
Brazos Block 489



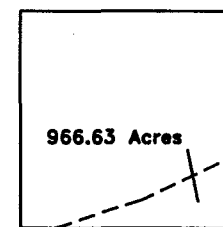
Matagorda Island Block 557



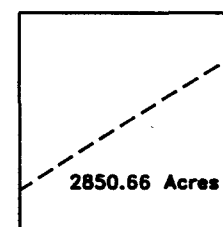
Matagorda Island Block 558



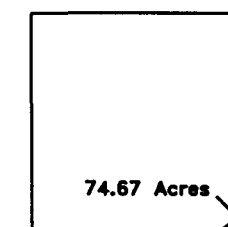
Matagorda Island Block 565



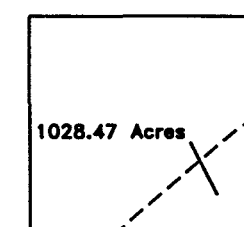
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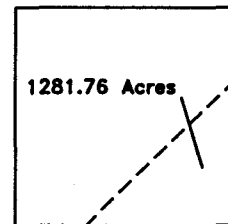
Matagorda Island Block 625



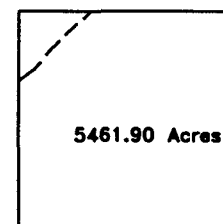
Matagorda Island Block 626



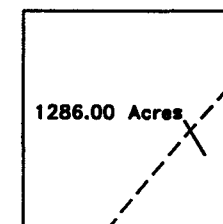
Matagorda Island Block 658



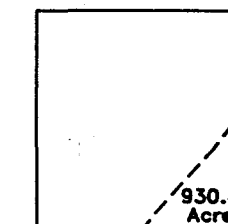
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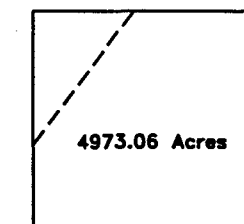
Matagorda Island Block 689



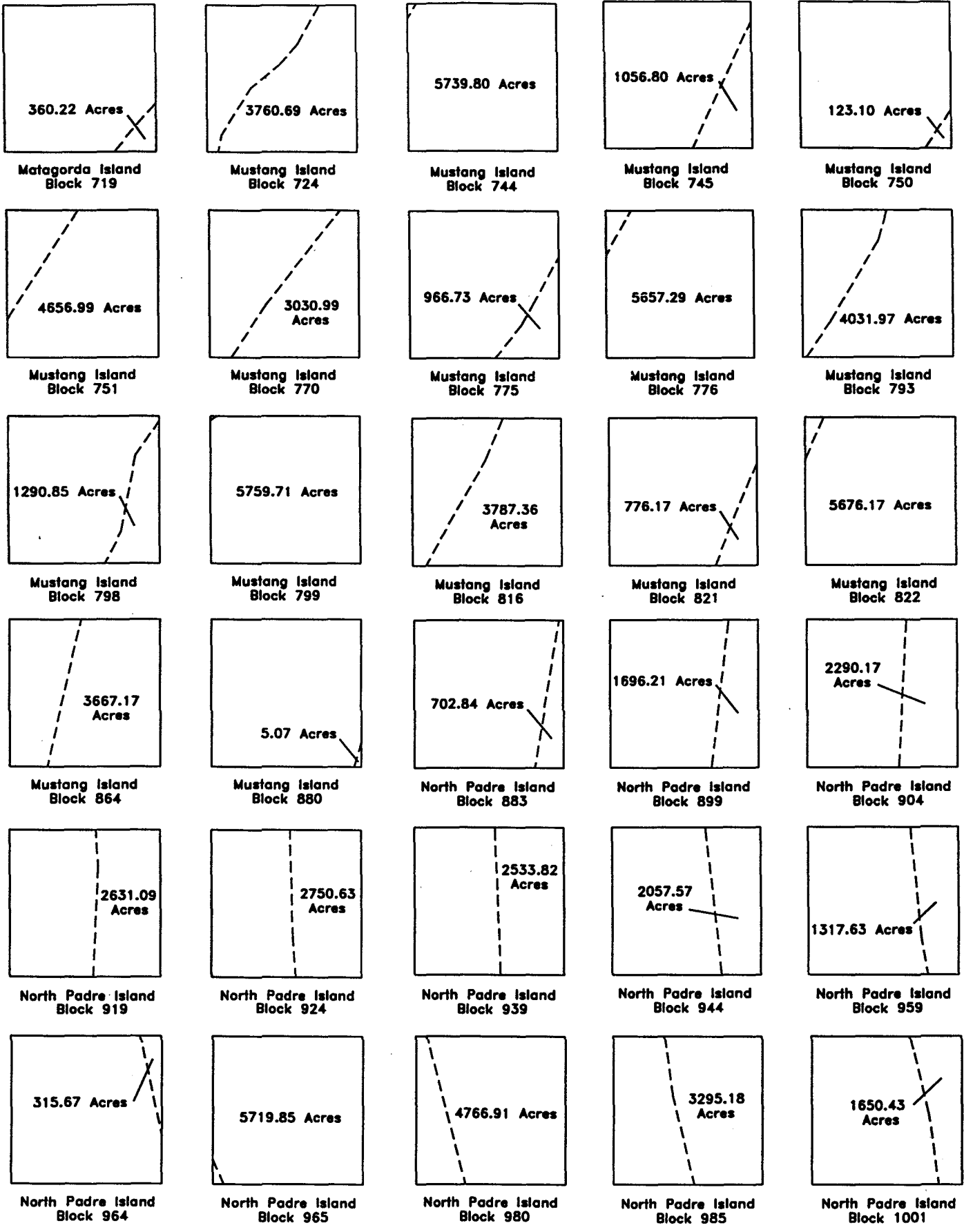
Matagorda Island Block 690

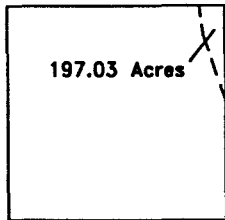


Matagorda Island Block 695

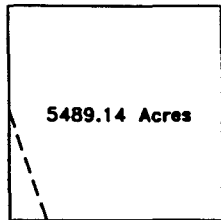


Matagorda Island Block 718

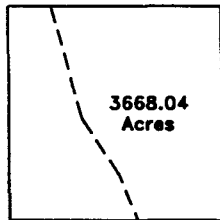




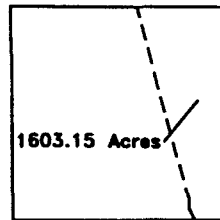
North Padre Island Block 1006



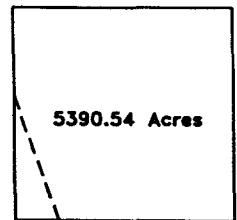
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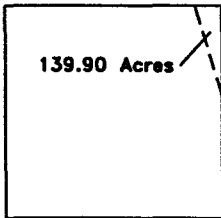
North Padre Island Block 1022



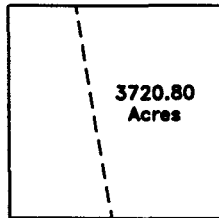
South Padre Island Block 1027



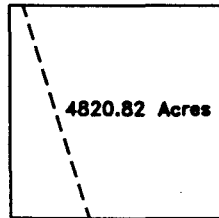
South Padre Island Block 1043



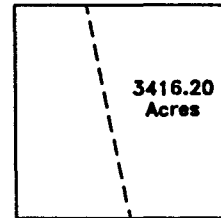
South Padre Island Block 1044



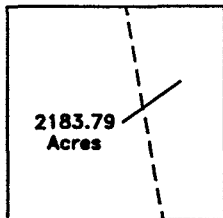
South Padre Island Block 1049



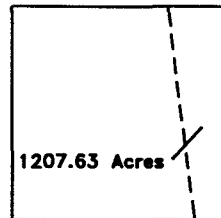
South Padre Island Block 1085



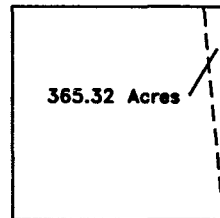
South Padre Island Block 1090



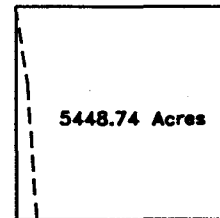
South Padre Island Block 1105



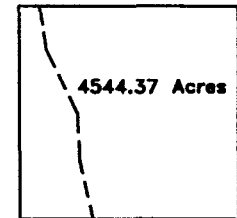
South Padre Island Block 1110



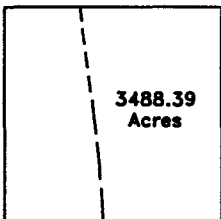
South Padre Island Block 1126



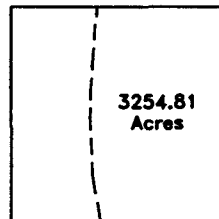
South Padre Island Block 1131



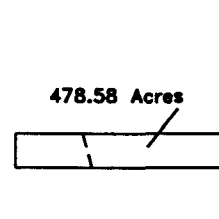
South Padre Island Block 1146



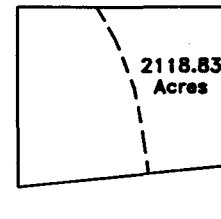
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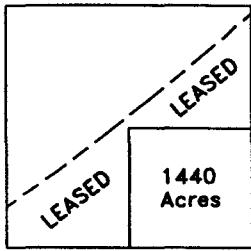
South Padre Island Block 1166



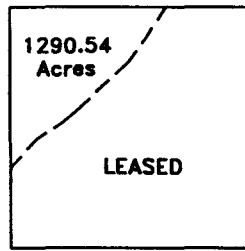
Port Isabel Block 945



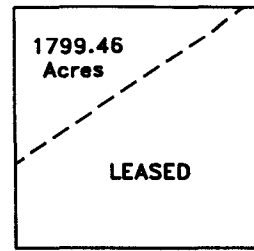
Port Isabel Block 989



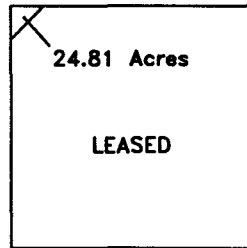
Galveston Block 189



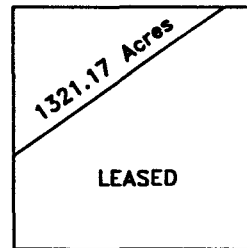
Galveston Block 191



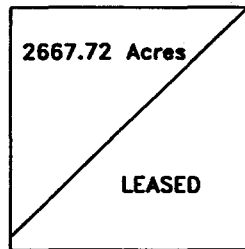
Galveston Block 242



Brazos Block 435



Matagorda Island Block 634



Matagorda Island Block 688

**U.S. Department of the Interior
Minerals Management Service
Gulf of Mexico OCS Region**

Certifications Regarding Debarment, Suspension, and
Other Responsibility Matters

Persons signing this form should refer to the regulations referenced below for complete instructions:

Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion - Lower Tier Covered Transactions - (See Appendix B of Subpart D of 43 CFR Part 12.)

60 FR 9786 (February 22, 1995) allows the use of "...any forms or formats, including electronic equivalents..." in making these required certifications, "...as long as the certification or statement contains the applicable language required by the regulation."

Signature on this form provides for compliance with certification requirements under 43 CFR Parts 12 and 18. The certifications shall be treated as a material representation of fact upon which reliance will be placed when the Department of the Interior determines to award the covered transaction, grant, cooperative agreement, or loan.

Certification Regarding Debarment, Suspension, and Other Responsibility Matters - Primary Covered Transactions - **The prospective primary participant further agrees by submitting this proposal that it will include the clause titled, "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion - Lower Tier Covered Transaction," provided by the department or agency entering into this covered transaction, without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.** See below for language to be used; use this form for certification and sign; or use Department of the Interior Form 1954 (DI-1954). (See Appendix A of Subpart D of 43 CFR Part 12.)

PART A: Certification Regarding Debarment, Suspension, and Other Responsibility Matters - Primary Covered Transactions
(applicable to all MMS transactions requiring certification under the regulations cited above, including lease issuance)

CHECK ___ IF THIS CERTIFICATION IS FOR A PRIMARY COVERED TRANSACTION AND IS APPLICABLE.

- (1) The prospective primary participant certifies to the best of its knowledge and belief, that it and its principals:
 - (a) Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency;
 - (b) Have not within a three-year period preceding this proposal been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
 - (c) Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State or local) with commission of any of the offenses enumerated in paragraph (1)(b) of this certification; and
 - (d) Have not within a three-year period preceding this application/proposal had one or more public transactions (Federal, State or local) terminated for cause or default.
- (2) Where the prospective primary participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

PART B: Certification Regarding Debarment, Suspension, Ineligibility, and Voluntary Exclusion - Lower Tier Covered Transactions
(not applicable to MMS lease issuance; applies to other MMS transactions requiring certification under the regulations cited above, as directed)

CHECK ___ IF THIS CERTIFICATION IS FOR A LOWER TIER COVERED TRANSACTION AND IS APPLICABLE.

- (1) The prospective lower tier participant certifies, by submission of this proposal, that neither it nor its principals is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any Federal department or agency.
- (2) Where the prospective lower tier participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

As the authorized certifying official, I hereby certify that the above specified certifications are true.

SIGNATURE OF AUTHORIZED CERTIFYING OFFICIAL _____

TYPED NAME AND TITLE OF CERTIFYING OFFICIAL _____

TYPED COMPANY NAME AND GOM COMPANY NUMBER _____

DATE: _____

Leasing Activities Information



PREFERRED BID FORM AND ENVELOPE

Bidders are strongly requested to use the attached preferred formats for the bid form and envelope. A blank bid form is provided which may be copied and filled in.

Additional information:

1. Company name as on file with MMS, Gulf of Mexico (GOM) Company Number, company address, area name and number, and block number must appear on all bids. Company address is where official correspondence will be sent.
2. Staple check to the bid form (unless using EFT procedures; see paragraph 3(a)(2) of the Notice).
3. Use large boldface type-style, such as Times Roman Bold - 12 pt.
4. Total Amount Bid must be in whole dollar figure.
5. Amount Per Acre is not required. MMS will calculate the per acre amount for all official reports based on official protraction diagram or leasing map acreage.
6. Amount of Cash Bonus Submitted with Bid (unless using EFT procedures; see paragraph 3(a)(2) of the Notice) must not be less than 20% of Total Amount Bid.
7. Proportional interest of joint bids must not exceed 5 decimal places; total must always equal 100%. There is no limit to the number of joint bidders that may participate.
8. Type Signer's name under signature; each joint bidder must sign.

PREFERRED BID FORM

Regional Director
Minerals Management Service, USDI
Gulf of Mexico OCS Region
1201 Elmwood Park Boulevard
New Orleans, Louisiana 70123-2394

Oil and Gas Lease Sale _____
Date of Sale: _____
Company Submitting Bid: _____
GOM Company Number: _____

Oil and Gas Lease Bid

The following bid is submitted for an oil and gas lease on the area and block of the Outer Continental Shelf specified below:

Area Name	Area Number	Block	Total Amount Bid	Amount of Cash Bonus Submitted with Bid
_____	_____	_____	\$ _____	\$ _____

GOM Company No.	Percent Interest	Company Name(s) and Signature(s)
_____	_____	_____ _____ _____
		By: _____ _____ _____
_____	_____	_____ _____ _____
		By: _____ _____ _____
_____	_____	_____ _____ _____
		By: _____ _____ _____

TOTAL: 100.00

SAMPLE OF PREFERRED BID FORM

Regional Director
 Minerals Management Service, USDI
 Gulf of Mexico OCS Region
 1201 Elmwood Park Boulevard
 New Orleans, Louisiana 70123-2394

Oil and Gas Lease Sale _____
 Date of Sale: _____
 Company Submitting Bid: _____
 GOM Company Number: _____

Oil and Gas Lease Bid

The following bid is submitted for an oil and gas lease on the area and block of the Outer Continental Shelf specified below:

Area Name	Area Number	Block	Total Amount Bid	Amount of Cash Bonus Submitted with Bid
West Cameron West Addition	LA1A	404	\$6,157,623	\$1,231,524.60

GOM Company No.	Percent Interest	Company Name(s) and Signature(s)
20999	33.33	Explorer LTD Box 1234567 Dime Box, Texas 12345 By: _____ I. W. In Vice President
21115	33.33	O&G Trans Box 54321 North Zulch, Texas 12345 By: _____ M. E. Too, II Attorney-in-Fact
20137	33.34	Ideas Galor 5 Swamp Boulevard New Orleans, Louisiana 12345 By: _____ I. Al So President

TOTAL: 100.00

SAMPLE:

Preferred Bid Envelope



1. Use standard size envelopes not to exceed 4-1/2" x 10-1/2" when submitting bids.
2. Use large boldface type, such as Times Roman Bold - 12 pt.

United States Department of the Interior

Minerals Management Service
Gulf of Mexico OCS Region
Adjudication Unit (MS 5421)
1201 Elmwood Park Boulevard
New Orleans, Louisiana 70123-2394

The following information is provided relative to bids submitted for OCS Lease Sale Number _____ by

Company Name: _____

Signature: _____

Title: _____

Area Code - Phone Number: _____

GOM Company Number: _____

Date: _____

I. Payments and Refunds.

All payoff payments to and refunds from the Minerals Management Service will be made via Electronic Funds Transfer (EFT). The individual authorized to act as your company's EFT coordinator is:

(Name)

(Company)

(Area Code - Phone Number)

(Area Code - FAX Number)

II. Deliver to: (FED EX requires Street Address and Zip Code)

(Company)

(Street)

(City) (State) (Zip)

(Attention)

(Area Code - Phone Number)

III. Notification of Bid Acceptance will only be made by FAX Message.

FAX Number: _____

IV. Return of Unsuccessful Checks.

The bid deposit check or checks for unsuccessful bids will be returned to only one company within a bidding combine. Indicate preferred method of delivery:

Pick up - at the sale site.

(Individual Authorized to Pick Up Checks)

(Company)

(Area Code - Phone Number)

Mail to: (FED EX requires Street Address and Zip Code)

(Company)

(Street)

(City) (State) (Zip)

(Attention)

(Area Code - Phone Number)

V. Return of Deposit for Rejected Bids.

All refunds for rejected bids will be returned to only one company within a bidding combine. All refunds will be via EFT.

(Name of Receiving Financial Organization)

(City and State of Receiving Financial Organization)

(Nine-digit American Bankers Association Routing Number)

(Recipient Account Number at Receiving Financial Organization)

(Recipient Name in which Account is Maintained)

****RETURN AT TIME OF BID SUBMISSION - DO NOT ENCLOSE IN ENVELOPE****

Leasing Activities Information

MMS U.S. Department of the Interior
Minerals Management Service
Gulf of Mexico OCS Region

INSTRUCTIONS FOR MAKING EFT 1/5 BONUS PAYMENTS

The Final Notice of Sale for Sale 168 offers the use of these procedures in making payment of the 1/5 bonus.

- (A) Bidders who choose the option of securing their high bids through an electronic funds transfer (EFT) of the 1/5 bonus payment must contact MMS Royalty Management (Mr. David Menard at (303) 231-3574) by the Bid Submission Deadline to inform MMS of their intent to use EFT, to clarify EFT procedures to be used, and to designate an EFT coordinator. Joint bidders must designate one bidder as EFT coordinator. EFT coordinators must submit the bids and ensure that the total of the 1/5 cash bonus for the high bids they submit is transferred to MMS via EFT.

Additionally, each company serving as an EFT coordinator must submit in a **separate** sealed envelope accompanying the bids, a payment for 1/5th of the **sum** of **all** bids submitted by that bidder for an OCS lease Sale, including joint bids. Multiple checks are acceptable by bidding combine. The lump sum payment(s) in the sealed envelope must be in cash, or by cashier's check, bank draft, or certified check, payable to the order of the U.S. Department of the Interior--Minerals Management Service. These lump sum payments will be used to secure the EFT payments.

EFT payment of the 1/5 bonus shall be made by either the Fedwire Deposit System (same day payments) or the Automated Clearing House (overnight payments). At the lease sale, the Gulf of Mexico OCS Regional Office will advise bidders who submit high bids of the amount required for EFT payment shortly after the conclusion of bid reading. After notification, the EFT coordinators should instruct their banks to send via EFT the sum of the 1/5th bonus for all high bids to the appropriate United States Treasury account. Attachments 1, Fedwire Deposit System, and 2, Automated Clearing House, provide the specific instructions and message formats for the payments.

The EFT payment for 1/5th of the sum of the high bids on blocks must be received in the appropriate United States Treasury account no later than noon, Eastern time, on the day after Bid Opening. Once the EFT payment in an amount sufficient to cover that bidder's high bids is credited to the appropriate United States Treasury account, the lump sum payment accompanying those bids will be returned to the company serving as EFT coordinator by Federal Express.

If the EFT payments are late or deficient in amount, the lump sum payments accompanying the bids will be deposited into the appropriate United States

Treasury account. Should these payments (which secure high bids and unsuccessful bids) require a refund to the bidders, those refunds, without interest, will be accomplished through EFT as soon as practicable. No interest payments will be made for unsuccessful bid(s) returned in this manner.

One EFT payment can be made to secure the high bids on several blocks.

- (B) On the Phone Numbers/Addresses of Bidders Form submitted with the bids to the MMS OCS Regional Office, the EFT coordinator will provide the following:

The name and telephone and fax numbers (including the area code) of both its EFT contact and an alternate contact (using the name line provided in Section I of the Form). The MMS will contact that person to resolve an EFT problems.

- (C) The EFT coordinator will assure that its bank makes payment on time. The EFT coordinator is also held responsible for accurate EFT payments. This responsibility extends to any bank payment message coding error which prevents the payment from reaching the appropriate MMS account. The EFT coordinator will immediately contact the MMS Royalty Management Program at (303) 231-3574 or (303) 231-3669 if the bank is unable to complete the EFT due to mechanical or any EFT systems failure. Should any such third party errors arise, the lump sum payments accompanying the bids will be deposited into the appropriate United States Treasury account.
- (D) A company using EFT which is unsuccessful on all of the bids submitted may pick up their check at the sale, as is currently done.

Example:

Gulf of Mexico (GOM) Company Number 20999, Explorer LTD, notifies MMS of it's intent to use EFT for payment of the 1/5 bonus bid for high bids that Company 2099 submits.

Explorer LTD submits 4 bids for an OCS Sale to MMS before the bid submission deadline. Each of the 4 bids is for \$1,000,000. Of these 4 bids, Explorer LTD is the sole (single) bidder for 3 of these bids, for 1 of these bids Explorer LTD bids jointly with GOM company Number 30999, Explorer Unlimited, Inc.. Instead of having a single check (for \$200,000) with each sealed bid, Explorer LTD submits one sealed envelope containing a check (or checks totaling) \$800,000, the amount required to secure all bids. The outside of that envelope contains the following information:

LUMP SUM CHECK SECURING EFT PAYMENTS
Submitted by: Explorer LTD.
GOM Company No.: 20999

The sealed bids and the sealed envelope containing the lump-sum payment securing the bids are not opened until Bid Opening Time.

Scenario 1:

Once all bids are opened it is determined that of the 4 bids submitted by Explorer LTD, 2 are the high bids: the 1 bid that was a joint bid with GOM Company Number 30999 and the bid where Explorer LTD bid alone. At the sale site,

Explorer LTD will be notified by MMS to EFT \$400,000 to secure its high bids. The check(s) submitted with the bids is retained by MMS until the EFT deposit is made in the appropriate United States Treasury account. Please note that MMS will notify the EFT coordinator of the amount due even if there are more companies participating in some (or all) of their bids. It is the EFT coordinator's responsibility to see that the deposit is made via EFT.

Scenario 2:

Once all bids are opened it is determined that all 4 of Explorer LTD's bids are the high bids. At the sale site, Explorer LTD will be notified by MMS to EFT \$800,000 to secure its high bids. The check(s) submitted with the bids is retained by MMS until the EFT deposit is made in the appropriate United States Treasury account. Please note that MMS will notify the EFT coordinator of the amount due even if there are more companies participating in some (or all) of their bids. It is the EFT coordinator's responsibility to see that the deposit is made via EFT. Because all bids submitted by Explorer LTD were the high bids for those blocks bid on, in lieu of making an EFT transaction, Explorer LTD may opt for MMS to deposit the check(s) submitted with the bids; if this is done, Explorer LTD must notify MMS Royalty Management not to expect an EFT payment and to deposit the lump sum payment(s).

Scenario 3:

Once all bids are opened it is determined that none of Explorer LTD's bids were the high bids of the 4 bids submitted by Explorer LTD. At the sale site, Explorer LTD will be notified by MMS that an EFT deposit is not necessary and the check(s) submitted with the bids will be returned.

PLEASE NOTE: All bids submitted by any bidder must be secured either by the EFT method for the 1/5 bonus payment or with individual payments with each bid. Should the bidding partner of Explorer LTD choose not to use EFT payments of the 1/5 bonus(es) to secure high bid(s), Explorer LTD and that bidding partner may still bid together. However, it is required that the bidding partner submit bids on blocks where EFT is not used.

Fedwire Deposit System

FUNDS TRANSFER MESSAGE FORMAT

(1)	(2)	
021030004		
(3)	(4)	(5)
(6)		
(7)	(8)	(9)
TREAS NYC/CTR/BNF=/AC-14170001	RFB=DOLMMS	
(10)		
OBI =		

Field	Content
-------	---------

- | | |
|---|--|
| 1 | <u>RECEIVER-DFI#</u> - Treasury's ABA (American Bankers Association) number for deposit messages is 021030004. This number remains constant and is required for all your funds transfer messages sent to the U.S. Treasury for Minerals Management Service. |
| 2 | <u>TYPE-SUBTYPE-CD</u> - The type and subtype code will be provided by the sending bank. |
| 3 | <u>SENDER-DFI#</u> - This 9-digit number will be provided by the sending bank. |
| 4 | <u>SENDER-REF#</u> - The 16-character reference number is inserted by the sending bank at its option. |
| 5 | <u>AMOUNT</u> - The transfer amount must be punctuated with commas and decimal point; use of the "\$" is optional. This item will be provided by the payor. |
| 6 | <u>SENDER-DFI-NAME</u> - This information is automatically inserted by the Federal Reserve Bank. |

FIELDS 7, 8, AND 9 ARE CRITICALLY IMPORTANT. THESE ITEMS MUST APPEAR ON THE FUNDS TRANSFER DEPOSIT MESSAGE IN THE PRECISE MANNER AS STATED TO ALLOW FOR THE AUTOMATED PROCESSING AND CLASSIFICATION OF THE FUNDS TRANSFER MESSAGE TO THE AGENCY LOCATION CODE (ALC) OF THE MINERALS MANAGEMENT SERVICE.

- | | |
|---|---|
| 7 | <u>RECEIVER-DFI-NAME</u> - Treasury's name for deposit messages is "TREAS NYC/". |
| 8 | <u>PRODUCT CODE</u> - A product code of "CTR" for customer transfer must be used in the RECEIVER - TEXT field. A slash, "/", must be entered after the product code. |

Field Content

9 **AGENCY LOCATION CODE AND AGENCY NAME** - The ALC refers to the eight-digit numeric symbols used to identify MMS. The MMS's unique code, "14170001", must be specified in the funds transfer message for the funds to be correctly credited to MMS. The ALC identification sequence includes the beneficiary code field tag, "BNF=", and identifier code, "/AC-", followed by the appropriate ALC number. After the ALC, the agency name is needed. This is done by using "RFB=" followed by the abbreviations "DOI, MMS". These abbreviations will facilitate the research process should problems arise. Fields 7, 8, and 9 should be in the following format:

TREAS NYC/CTR/BNF=/AC-14170001 RFB=DOI,MMS;

10 **PAYMENT INFORMATION** - The detailed information in this field must include:

OBI=

Lease sale number, for example SALE 101

Company name and OCS Qualification Number for the bidder who makes the payment

Lease Serial Number and applicable amount(s), for example G-15800 150,000; Y-3900 100,000

NOTE: If a bidder sends a single amount for several leases, the amount applicable to each lease must be identified in a letter or fax sent to MMS prior to the payment date. In the event that the 4/5 bonus and first year rental amount for a single lease are sent from different banks, each payment must identify the type of payment and the lease serial number.

Field 10 is limited to 220 characters. If field limit is exceeded, multiple wire transfers will be necessary. Samples of funds transfer messages are included on the following pages.

Fedwire Deposit System
(For Illustration Purposes Only)

SAMPLE MESSAGE FORMAT 1

Example of Fedwire Payment information for Bogus Oil&Gas payment of \$1,235,000.60 for OCS Sale 101. The OCS Qualification Number assigned to Bogus Oil&Gas is 1999. Bogus Oil&Gas is sending MMS \$105,000.00 for lease number G-15700 and \$1,130,000.60 for lease number G-16509. The amount sent for each lease represents the total 4/5's bonus and first year rent for the leases.

(1) 021030004	(2)	
(3)	(4)	(5)
(6)		\$1,235,000.60
(7) (8) (9) TREAS NYC/CTR/BNF = /AC-14170001 RFB = DOI,MMS		
(10) OBI = Sale 101;#1999 BOGUS OIL&GAS;G-15700 105,000.00;		
G-16509 \$1,130,000.60;		

SAMPLE MESSAGE FORMAT 2

Example of FEDWIRE Payment Information for A.K.A. INC. payment of \$5,011,000. The OCS Qualification Number assigned to A.K.A. INC. is YK999. A.K.A. INC. sent MMS a fax on May 23, 1996, listing 15 leases and the associated total 4/5's bonus and first year rent for each lease.

(1) 021030004	(2)	
(3)	(4)	(5)
(6)		\$5,011,000.00
(7) (8) (9) TREAS NYC/CTR/BNF = /AC-14170001 RFB = DOI,MMS		
(10) OBI = SALE 101;#YK999 A.K.A. INC; 15 LEASES SEE LETTER		
FAX OF 5/23/96		

Automated Clearing House

FUNDS TRANSFER MESSAGE FORMAT

The following form is designed as an aid for the OCS lease sale bidders in providing complete and accurate data to their banks for the payment of the 4/5's bonus and first year rental amounts. The following record format is for an ACH CCD+ (Cash Concentration and Disbursement plus Addendum).

Payment Record Format

Data Element Name	Contents	Size	Position
Record Type Code	'6'	1	01-01
Transaction Code	'22'	2	02-03
Receiving ABA	'05103670'	8	04-11
Check Digit	'6'	1	12-12
Account Number	'312011'	17	13-29
Payment Amount	\$\$\$\$\$\$\$\$c¢	10	30-39
Identification Number	(Optional)	15	40-54
Receiver Name	'MMS OCS Lease Sale'	22	55-76
Discretionary	* (not required)	2	77-78
Addenda Indicator	'1' (addenda present)	1	79-79
Trace Number	Assigned by your bank	15	80-94

Addenda Record Format

Data Element Name	Contents	Size	Position
Record Type Code	'7'	1	01-01
Addenda Type Code	'05'	2	02-03
Payment Related	REF*SM*-1*\REF*2U*--2-\RMT*LC*--3---*---4---..\RMT*LC*--3---*---4---.-\ (See below for details of items indicated by the large numbers)	80	04-83
Sequence Number	Addenda number starting at 0001	4	84-87
Addenda Trace Number	Same as last seven number of detail trace number	7	88-94

1- OCS Lease Sale Number, example '101'

2- Company OCS Qualification Number, examples '1999' or 'YK999'

3- Lease Serial Number (omit dashes), example 'G15700' or 'Y899'

4- 4/5's and First Year Rent Amount for lease identified in item 3(omit commas), example '105000.00' or '5310000.60'

The following is an example of the "Payment Related" addenda record field for Bogus Oil&Gas payment of leases OCSG-15700 and OCSG-16509 for OCS lease sale number 101. The total 4/5's and first year rent for lease OCSG-15700 is \$105,000.00 and for lease OCSG-16509 is \$1,130,000.60. The OCS Qualification Number assigned to Bogus Oil&Gas is #1999. The Payment Amount (see Payment Record format) of the ACH transfer is \$1,235,000.60.

REF*SM*101\REF*2U*1999\RMT*LC*15700*105000.00\RMT*LC*16509*1130000.60\

The asterisks (*) and the back slashes (\) are required items.