

DEPARTMENT OF THE INTERIOR

Minerals Management Service

Outer Continental Shelf, Central Gulf of Mexico, Oil and Gas
Lease Sale 169

AGENCY: Minerals Management Service

ACTION: Final Notice of Sale

1. Authority. The Minerals Management Service (MMS) is issuing this Final Notice of Sale under the Outer Continental Shelf (OCS) Lands Act (43 U.S.C. 1331-1356, as amended) and the regulations issued thereunder (30 CFR Part 256).

A "Sale Notice Package," containing this Notice and several supporting and essential documents referenced in the Notice, is available from the MMS Gulf of Mexico Regional Office Public Information Unit (see paragraph 15 of this Notice).

2. Filing of Bids. Bidders must comply with the following requirements. Times specified hereafter are local New Orleans times unless otherwise indicated.

(a) Filing of Bids. Sealed bids must be received by the Regional Director (RD), Gulf of Mexico Region, MMS, 1201 Elmwood Park Boulevard, New Orleans, Louisiana 70123-2394, during normal business hours (8 a.m. to 4 p.m.) until the Bid Submission Deadline at 10 a.m., Tuesday, March 17, 1998. If the RD receives bids later than the time and date specified above, he will return the bids unopened to bidders. Bidders may not modify or withdraw their bids unless the RD receives a written modification or written withdrawal request prior to 10 a.m. Tuesday, March 17, 1998.

(b) Bid Opening Time. Bid Opening Time will be 9 a.m., Wednesday, March 18, 1998, at the Hyatt Regency Hotel, 500

Poydras Plaza, New Orleans, Louisiana. The MMS published a list of restricted joint bidders, which applies to this sale, in the Federal Register at 62 FR 52771, on October 9, 1997.

(c) Natural Disasters. In the event of widespread flooding or other natural disaster, the MMS Gulf of Mexico Regional Office may extend the bid submission deadline. Bidders may call (504) 736-0537 for information about the possible extension of the bid submission deadline due to such an event.

3. Method of Bidding.

(a) Submission of Bids. For each tract bid upon, a bidder must submit a separate signed bid in a sealed envelope labeled "Sealed Bid for Oil and Gas Lease Sale 169, not to be opened until 9 a.m., Wednesday, March 18, 1998." The total amount bid must be in a whole dollar amount; any cent amount above the whole dollar will be ignored by the MMS. Details of the information required on the bid(s) and the bid envelope(s) are specified in the document "Bid Form and Envelope" contained in the Sale Notice Package (see paragraph 15 of this Notice).

Bidders are advised that the MMS considers the signed bid to be a legally binding obligation on the part of the bidder(s) to comply with all applicable regulations, including paying the 1/5th bonus on all high bids. A statement to this effect will be included on each bid (see the document "Bid Form and Envelope" contained in the Sale Notice Package).

Bidders must execute all documents in conformance with signatory authorizations on file in the MMS Gulf of Mexico Regional Office. Partnerships also must 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. The MMS may require bidders to submit other documents in accordance with 30 CFR 256.46. The MMS warns bidders against violation of 18 U.S.C. 1860 prohibiting unlawful combination or intimidation of bidders.

(b) Submission of the 1/5th Bonus Payment. 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 the MMS Royalty Management (Mr. David Menard at (303) 231-3574) by the Bid Submission Deadline to inform the MMS of the bidder's 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. The EFT Coordinator refers to the bidder, i.e., the corporation, company, or partnership submitting the bid(s), or an individual citizen submitting bids on his or her own behalf (NOT an individual within a corporation/company/partnership) for an OCS Lease Sale. EFT Coordinators must submit the bids and ensure that the total of the 1/5th cash bonus for the high bids they submit is transferred to the 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.]

Securing EFT payments. Bidders electing to use EFT procedures to pay the 1/5th bonus payments, EXCEPT for bidders who are current Federal OCS leaseholders AND are exempt from supplemental bonding requirements, must secure the EFT payments (see "Instructions for Making EFT 1/5th Bonus Payments" included with the Sale Notice Package).

A bidder opting to use EFT for the 1/5th bonus payment who does not meet the above criteria must secure the EFT payment by one of the three following methods:

(a) The bidder opting to use EFT for the 1/5th bonus payment may amend a \$3 million areawide development bond by a Rider from the issuing surety to contain provisions that the bond may be used to cover pre-lease obligations. All other terms and conditions for the bond shall remain unchanged. The Rider must be notarized and must be in effect prior to submitting bids for OCS Lease Sale 169. If the \$3 million areawide development coverage is through a U.S. Treasury Note then a notarized letter from the bidder agreeing to the terms that the Treasury Note may be used to cover pre-lease obligations must be approved by the MMS prior to bid submission for Sale 169. That provision must remain in effect until the EFT deposit is made. Details of using an updated areawide development bond to secure the EFT payment of the 1/5th bonus are included in the "Instructions for Making EFT 1/5th Bonus Payments" document included with the Sale Notice Package.

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 2:00 p.m., Eastern Time, on March 19, 1998, the day after Bid Opening.

If the EFT payments are late or deficient in amount after 5:00 p.m., Eastern Time, on March 20, 1998, the MMS may call the bond/Treasury Note to cover the delinquent payment plus interest.

(b) The bidder opting to use EFT for the 1/5th bonus payment may submit in a separate sealed envelope accompanying the bids, a letter of credit (LOC) for at least 1/5th of the sum of all bids submitted by that bidder for Sale 169, including joint bids. A sample LOC is enclosed in the "Instructions for Making EFT 1/5th Bonus Payments" document included with the Sale Notice Package. The bidder must use that sample clean, stand-by, irrevocable LOC with no modifications.

The LOC must have a minimum coverage period of 120 days. The LOC must be from a bank that has a minimum Thomson BankWatch rating of: "C" for an LOC of less than \$1 million; "B/C" for an LOC between \$1 million to \$10 million; or "B" for an LOC over \$10 million.

The LOC shall be submitted in a separate sealed envelope. 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 LOC accompanying those bids will be returned or may be picked up at the Gulf of Mexico Regional Office. Details of using an LOC to secure the EFT payment of the 1/5th bonus are included in the "Instructions for Making EFT 1/5th Bonus Payments" included with the Sale Notice Package. The envelope containing this LOC document should be in the following format:

LETTER OF CREDIT 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 2:00 p.m., Eastern Time, on March 19, 1998, the day after Bid Opening.

If the EFT payments are late or deficient in amount after 5:00 p.m., Eastern Time, on March 20, 1998, the MMS will draw on the LOC for the total amount due, including interest.

(c) Alternatively, the bidder opting to use EFT for depositing the 1/5th bonus payment may submit, in a separate sealed envelope accompanying the bids, a single payment for 1/5th of the sum of all bids submitted by that bidder for Sale 169, including joint bids. The lump sum payment(s) in the sealed envelope(s) must be by cashier's check, bank draft, or certified check, payable to the order of the U.S. Department of the Interior--Minerals Management Service. 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 or may be picked up at the Gulf

of Mexico Regional Office. Details of using lump sum check(s) to secure the EFT payment of the 1/5th bonus are included in the "Instructions for Making EFT 1/5th Bonus Payments" included with the Sale Notice Package. 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 2:00 p.m., Eastern Time, on March 19, 1998, the day after Bid Opening.

If the EFT payments are late or deficient in amount after 5:00 p.m., Eastern Time, on March 20, 1998, the MMS will deposit lump sum payments accompanying the bids into the appropriate United States Treasury account. Should these payments (which secure both high bids and unsuccessful bids) require a refund to the bidders, the MMS will refund the difference without interest, through EFT as soon as practicable.

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

(a) Minimum Bid. Bidders must submit a cash bonus in the amount of \$25.00 or more per acre or fraction thereof with all bids submitted at this sale.

(b) Yearly Rental. All leases awarded on tracts in water depths of 200 meters and greater (i.e., tracts in any of the three royalty suspension areas), as depicted on the map "Lease Terms, Bidding Systems, and Royalty Suspension Areas, Sale 169," will require a yearly rental payment of \$7.50 per acre or fraction thereof until initial production is obtained. This map is included in the Sale Notice Package.

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 require 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 169" 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, the MMS has developed procedures providing for the suspension of royalty payments on production from eligible leases issued as a result of this sale.

A map titled "Lease Terms, Bidding Systems, and Royalty Suspension Areas, Sale 169" depicting blocks in which such suspensions may apply is included in the Sale Notice Package.

The final rule specifying royalty suspension terms for lease sales in the Central and Western Gulf was published in the Federal Register on January 16, 1998 (63 FR 2626). Additional information pertaining to royalty suspension matters may be found in the document "Information to Lessees," contained in the Sale Notice Package.

5. Equal Opportunity. Bidders must have on file in the MMS Gulf of Mexico Regional Office, prior to lease award, 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) (see the document "Information to Lessees for Sale 169" in the Sale Notice Package).

6. Bid Opening. Bid opening will begin at the bid opening time 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 payments made in accordance with paragraph 3(b) 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, including the documents contained in the associated Sale Notice Package (see paragraph 15 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 associated Sale Notice Package, 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 15 of this Notice). This document incorporates changes announced in a Federal Register Notice at 62 FR 37589, dated July 14, 1997.

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

(a) Lease Issuance. The MMS will require each person who has submitted a bid accepted by the authorized officer 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.

Additional information pertaining to this matter may be found in the document "Information to Lessees" contained in the Sale Notice Package.

(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, the MMS will require a

subsequent certification 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.

A copy of the certification form is contained in the Sale Notice Package.

11. Leasing Maps and Official Protraction Diagrams. The following Leasing Maps or Official Protraction Diagrams, which may be purchased from the MMS Gulf of Mexico Regional Office Public Information Unit (see the document "Information to Lessees" contained in the Sale Notice Package), depict the tracts offered for lease in this sale:

(a) Outer Continental Shelf (OCS) Leasing Maps--Louisiana Nos. 1 through 12. This is a set of 30 maps which sells for \$32.

(b) Outer Continental Shelf Official Protraction Diagrams. These diagrams sell for \$2.00 each.

NH 15-12	Ewing Bank (rev. 12/02/76).
NH 16-4	Mobile (rev. 02/23/93).
NH 16-7	Viosca Knoll (rev. 12/02/76).
NH 16-10	Mississippi Canyon (rev. 05/01/96).
NG 15-3	Green Canyon (rev. 12/02/76).
NG 15-6	Walker Ridge (rev. 12/02/76).
NG 15-9	(No Name) (rev. 04/27/89).
NG 16-1	Atwater Valley (rev. 11/10/83).
NG 16-4	Lund (rev. 08/22/86).
NG 16-7	(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 document:

"Central Gulf of Mexico Lease Sale 169 - Final. Unleased Split Blocks and Unleased Acreage of Blocks with Aliquots and Irregular Portions Under Lease."

The Sale Notice Package contains this document.

(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 Central Gulf of Mexico tracts currently under lease, titled "Central Gulf of Mexico Leased Lands List dated February 6, 1998" is included in the Sale Notice Package.

Although currently unleased, no bids will be accepted in this Sale on the following blocks which are currently under appeal: Main Pass Area, South and East Addition, Blocks 253 and 254, and Viosca Knoll Blocks 213 and 256.

Although currently unleased, no bids will be accepted in this Sale on the following blocks which are beyond the United States Exclusive Economic Zone (EEZ). The offering of these blocks, which were identified in the proposed Notice of Sale as the Northern portion of the Western and Eastern Gaps, has been temporarily deferred by the Department of the Interior in anticipation of the early commencement of negotiations with the Government of Mexico on the delimitation of the continental shelf in the Western Gap beyond the EEZ of both countries.

Area NG 15-9

Blocks

133 through 135

177 through 184

221 through 238

265 through 281

309 through 320

358

Area NG 16-7

Blocks

172, 173

213 through 217

252 through 261

296 through 305

349

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 169." Copies of the map are included in the Sale Notice Package. Copies of the lease form are available from the MMS Gulf of Mexico Regional Office Public Information Unit (see the document "Information to Lessees" contained in the Sale Notice Package).

(b) The map titled "Stipulations and Deferred Blocks, Sale 169" depicts the blocks to which the four lease stipulations (Topographic Features, Live Bottoms, Military Areas, and Blocks South of Baldwin County, Alabama) apply. The text of the lease stipulations is contained in the document "Lease Stipulations for Oil and Gas Lease Sale 169;" this map and document are contained in the Sale Notice Package. These stipulations will become a part of any leases on applicable blocks resulting from Sale 169. Three of the stipulations (Topographic Features, Live Bottoms, and Military Areas) are the same stipulations used in Sale 166, Central Gulf, held in March 1997. (See the Final Notice of Sale for Sale 166 in the Federal Register at 62 FR 4789, January 31, 1997.)

14. Information to Lessees. The Sale Notice Package contains a document titled "Information to Lessees." These Information to Lessees items provide information on various matters of interest to potential bidders.

15. Sale Notice Package. The Sale Notice Package, and individual documents contained therein, are available from 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.

The documents referenced below and contained in the Sale Notice Package contain information essential for bidders, and bidders are charged with the knowledge contained therein. Included in the Package are:

Cover sheet
Final Notice of Sale for Sale 169
Information to Lessees for Sale 169
Central Gulf of Mexico Leased Lands List dated February 6,
1998

Central Gulf of Mexico Lease Sale 169 - Final. Unleased
 Split Blocks and Unleased Acreage of Blocks with
 Aliquots and Irregular Portions Under Lease
 Lease Stipulations for Oil and Gas Lease Sale 169
 Debarment Certification Form
 Bid Form and Envelope
 Phone Numbers/Addresses of Bidders Form
 Instructions for Making EFT 1/5th Bonus Payments
 Lease Terms, Bidding Systems, and Royalty Suspension Areas,
 Sale 169 Map
 Stipulations and Deferred Blocks, Sale 169 Map

For additional information, contact the Regional Supervisor for Leasing and Environment, Minerals Management Service, 1201 Elmwood Park Boulevard, New Orleans, Louisiana 70123-2394, or by telephone at (504) 736-2759. In addition, certain documents may be viewed and downloaded from the MMS World Wide Web site at <http://www.mms.gov>. The MMS also maintains a 24-hour Fax-on-Demand Service at (202) 219-1703.

s/ Robert E. Brown
 Acting Director, Minerals Management Service

Approved:

s/ Bob Armstrong
 Assistant Secretary, Land and Minerals Management

February 6, 1998
 Date