

**DEPARTMENT OF THE INTERIOR
Minerals Management Service**

Outer Continental Shelf, Western Gulf of Mexico, Oil and Gas
Lease Sale 174

AGENCY: Minerals Management Service, Interior

ACTION: FINAL NOTICE OF SALE 174

On August 25, 1999, the Minerals Management Service (MMS) will open and publicly announce bids received for blocks offered in Sale 174, Western Gulf of Mexico, pursuant to the Outer Continental Shelf (OCS) Lands Act (43 U.S.C. 1331-1356, as amended) and the regulations issued thereunder (30 CFR Part 256). Bidders can obtain a "Final Notice of Sale 174 Package" containing this Notice of Sale and several supporting and essential documents referenced herein, from the MMS Gulf of Mexico Region's Public Information Unit, 1201 Elmwood Park Boulevard, New Orleans, Louisiana 70123-2394, (504) 736-2519 or (800) 200-GULF, or via the MMS Gulf of Mexico Region's Internet site at <http://www.gomr.mms.gov>. The MMS also maintains a 24-hour Fax-on-Demand Service at (202) 219-1703. The "Final Notice of Sale 174 Package" contains information essential to bidders, and bidders are charged with the knowledge of the documents contained in the package.

LOCATION AND TIME: Public bid reading will begin at 9 a.m., Wednesday, August 25, 1999, at the Hyatt Regency Conference Center (Cabildo Rooms), 500 Poydras Plaza, New Orleans, Louisiana. All times referred to in this document are local New Orleans time.

FILING OF BIDS: Bidders must submit sealed bids to the Regional Director (RD), MMS Gulf of Mexico Region, 1201 Elmwood Park Boulevard, New Orleans, Louisiana 70123-2394, during normal business hours (8 a.m. to 4 p.m.) prior to the Bid Submission Deadline at 10 a.m., Tuesday, August 24, 1999. If the bids are mailed, mark on the envelope containing all the sealed bids the following:

Attention: Mr. John Rodi
Contains Sealed Bids for Sale 174

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, August 24, 1999. 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.

AREAS OFFERED FOR LEASING: The MMS is offering for leasing all the blocks and partial blocks listed in the document "List of Blocks Available for Leasing, Sale 174" included in the Sale Notice Package. All of these blocks are shown on the following Leasing Maps and Official Protraction Diagrams (which may be purchased from the MMS Gulf of Mexico Regional Office Public Information Unit).

Outer Continental Shelf Leasing Maps--Texas, Nos. 1 through 8 (latest revisions are dated March 15, 1999). This is a set of 16 maps which sells for \$18.00.

Outer Continental Shelf 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. 09/09/98)
 NG 15-1 East Breaks (rev. 01/27/76)
 NG 15-2 Garden Banks (rev. 03/15/99)
 NG 15-4 Alaminos Canyon (rev. 04/27/89)
 NG 15-5 Keathley Canyon (rev. 09/09/98)
 NG 15-8 (No Name) (rev. 04/27/89)

Acreage of all blocks is shown on these Leasing Maps and Official Protraction Diagrams. The available Federal acreage of all whole and partial blocks in this sale is shown in the document "List of Blocks Available for Leasing, Sale 174" included in the Sale Notice Package. Some of these blocks may be partially leased, or transected by administrative lines such as the Federal/State jurisdictional line, or partially included in the Flower Garden Banks National Marine Sanctuary (in accordance with the President's June 1998 withdrawal directive, portions of blocks lying within National Marine Sanctuaries are no longer available for leasing). Information on the unleased portions of such blocks, including the exact acreage, is found in the document titled "Western Gulf of Mexico Lease Sale 174 - Unleased Split Blocks and Unleased Acreage of Blocks with Aliquots and Irregular Portions Under Lease," included in the Sale Notice Package.

AREAS NOT AVAILABLE FOR LEASING: The following blocks in the Western Gulf of Mexico Planning Area are not available for leasing:

blocks currently under lease; and

the following unleased blocks or partial blocks:

High Island Area Block 170, and Galveston Area, South Addition, Block A-125 (which are currently under appeal); and

High Island Area, East Addition, South Extension, Blocks A-375 and A-398 (at the Flower Garden Banks), and the portions of other blocks within the boundary of the Flower Garden Banks National Marine Sanctuary: portions of High Island Area, East Addition, South Extension, Block A-401; High Island Area, South Addition, Block A-513; and Garden Banks Area Block 135; and

Mustang Island Area Blocks 793, 799, and 816 (blocks located off Corpus Christi which have been identified by the Navy as needed for testing equipment and training mine warfare personnel; and

the following blocks which are beyond the United States Exclusive Economic Zone and have been temporarily deferred from leasing by the Department of the Interior due to ongoing negotiations with the Government of Mexico:

<u>Keathley Canyon (Area NG 15-05)</u>	<u>Area NG 15-08</u>
Blocks	Blocks
722 through 724	11 through 34
764 through 770	56 through 81
807 through 816	102 through 128
849 through 861	148 through 173
892 through 907	194 through 217
934 through 953	239 through 261
978 through 999	284 through 305
	336 through 349

LEASING TERMS AND CONDITIONS: Primary lease terms, minimum bids, annual rental rates, royalty rates, and royalty suspension areas are shown on the map "Lease Terms and Economic Conditions, Sale 174, Final" for leases resulting from this sale:

Primary lease terms: 5 years for blocks in water depths of less than 400 meters; 8 years for blocks in water depths of 400 to 799 meters; and 10 years for blocks in waters depths of 800 meters or deeper;

Minimum bids: \$25 per acre or fraction thereof for blocks in water depths of less than 800 meters and \$37.50 per acre or fraction thereof for blocks in water depths of 800 meters or deeper;

Annual rental rates: \$5 per acre or fraction thereof for blocks in water depths of less than 200 meters and \$7.50 per acre or fraction thereof for blocks in water depths of 200 meters or deeper, until initial production is obtained;

Royalty rates: 16 $\frac{2}{3}$ percent royalty rate for blocks in water depths of less than 400 meters and a 12 $\frac{1}{2}$ percent royalty rate for blocks

in waters depths of 400 meters or deeper, except during periods of royalty suspension;

Royalty Suspension Areas: Royalty suspension may apply for blocks in water depths of 200 meters or deeper; see the map for specific areas. See 30 CFR 203 for the final rule specifying royalty suspension terms.

The map titled "Stipulations and Deferred Blocks, Sale 174, Final" depicts the blocks where the Topographic Features, Military Areas, and Naval Mine Warfare Area stipulations apply. The texts of the lease stipulations are contained in the document "Lease Stipulations for Oil and Gas Lease Sale 174, Final" included in the Sale Notice Package. Also shown on this map are the deferred blocks noted above.

ROUNDING: The following procedure must be used to calculate minimum bid, rental, and minimum royalty on blocks with fractional acreage: Round up to the next whole acre and multiply by the applicable dollar amount to determine the correct minimum bid, rental, or minimum royalty.

NOTE: For the minimum bid only, if the calculation results in a decimal figure, round up to the next whole dollar amount (see next paragraph). The minimum bid calculation, including all rounding, is shown in the document "List of Blocks Available for Leasing, Sale 174" included in the Sale Notice Package.

METHOD OF BIDDING: For each block bid upon, a bidder must submit a separate signed bid in a sealed envelope labeled "Sealed Bid for Oil and Gas Lease Sale 174, not to be opened until 9 a.m., Wednesday, August 25, 1999." 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.

The MMS published a list of restricted joint bidders, which applies to this sale, in the Federal Register at 64 FR 14751, on March 26, 1999 (revised at 64 FR 19193 on April 19, 1999). 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. 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 must be included on each bid (see the document "Bid Form and Envelope" contained in the Sale Notice Package).

BID DEPOSIT: Bidders will have the option of submitting the 1/5th cash bonus by cashier's check, bank draft, or certified check with the bid, or by using electronic funds transfer (EFT) procedures. Detailed instructions for submitting the 1/5th bonus payment by EFT are contained in the document "Instructions for Making EFT 1/5th Bonus Payments" included in the Sale Notice Package. Any payments 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.

NOTE: Bidders submitting the 1/5th bonus payment by cashier's check, bank draft, or certified check with their bid(s) must make the check payable to the order of the United States 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).

WITHDRAWAL OF BLOCKS: The United States reserves the right to withdraw any block from this sale prior to issuance of a written acceptance of a bid for the block.

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 block will be awarded to any bidder, unless the bidder has complied with all requirements of this Notice, including the documents contained in the associated Sale Notice Package and applicable regulations; the bid is the highest valid bid; and the amount of the bid has been determined to be adequate by the authorized officer. 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, high bids will be evaluated in accordance with MMS bid adequacy procedures. A copy of the current procedures, "Modifications to the Bid Adequacy Procedures" (64 FR 37560), is available from the MMS Gulf of Mexico Regional Office Public Information Unit.

SUCCESSFUL BIDDERS: 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. 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 CFR, Part 12, Subpart D. A copy of the certification form is contained in the Sale Notice Package.

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.

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.

/s/ Walt Rosenbusch
Director, Minerals Management Service

Approved:

/s/ Sylvia V. Baca
Acting Assistant Secretary, Land and Minerals Management

July 12, 1999
Date