
Leasing Activities Information



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

FINAL NOTICE OF SALE 194 Central Gulf of Mexico

Attached is the Final Notice of Sale 194 Package (FNOS 194 Package), Central Gulf of Mexico (GOM), scheduled to be held on March 16, 2005, in New Orleans, Louisiana.

This Package consists of:

- ◆ FNOS 194
- ◆ Lease Stipulations
- ◆ Royalty Suspension Provisions
- ◆ Information To Lessees
- ◆ List of Blocks Available for Leasing
- ◆ Unleased Split Blocks and Available Unleased Acreage of Blocks with Aliquots and Irregular Portions Under Lease or Deferred
- ◆ Example of Preferred Format - Geophysical Data and Information Statement
- ◆ Bid Form and Envelope
- ◆ Telephone Numbers/Addresses of Bidders Form
- ◆ Instructions for Making EFT Bonus Payments
- ◆ Lease Terms and Economic Conditions Map
- ◆ Stipulations and Deferred Blocks Map

All documents listed above are available from the MMS Gulf of Mexico Region Public Information Unit; telephone (800) 200-GULF or (504) 736-2519; or by written request to:

Minerals Management Service
Gulf of Mexico OCS Region
Public Information Unit (MS 5034)
1201 Elmwood Park Boulevard
New Orleans, Louisiana 70123-2394

All of these documents may also be found on the MMS Homepage Address on the Internet: www.mms.gov.

Please Notice:

Terms and conditions for FNOS 194 are generally the same as the March, 2004, Central GOM Lease Sale 190 except for the following noteworthy matters:

Below Seabed Operations on Mississippi Canyon Block 920

A new lease stipulation has been added regarding Mississippi Canyon Block 920, the site of the planned Independence Hub Project. This stipulation requires that all exploration, development, and production activities or operations be conducted from outside the block by the use of directional drilling or other techniques. This new stipulation is modeled after the previously used Below Seabed Operations Stipulation that applied to Mississippi Canyon Block 474 in Central GOM Sale 190 in association with Shell's NaKika Project. This new stipulation was not included in the Proposed Notice of Central GOM Sale 194 that was made public in early November 2004. Please refer to the Lease Stipulations document included in the FNOS 194 Package.

Deepwater Port Applications for Offshore Liquefied Natural Gas Facilities

A new lease stipulation applies to Vermilion Blocks 139 and 140. These two blocks, previously deferred in Central GOM Lease Sale 190 due to pending completion of MMS's ongoing consultation with the U.S. Coast Guard regarding appropriate measures to ensure avoidance of potential conflicts between Liquefied Natural Gas (LNG) port activities and OCS oil and gas activities, are being offered for lease subject to this new stipulation. Please refer to the Lease Stipulations document included in the FNOS 194 Package.

Furthermore, the U.S. Coast Guard and the Maritime Administration, to date, have received six applications for the licensing of deepwater ports involving proposed LNG facilities. These proposed facilities would receive LNG ships, re-gasify the LNG offshore, and transport the natural gas to onshore markets through new pipelines that interconnect with existing pipeline systems. Please refer to paragraph (m) of the Information To Lessees document included in the FNOS 194 Package.

Minimum Bonus Bid Amount

The minimum bonus bid amount has been raised from \$25 per acre or fraction thereof to \$37.50 per acre or fraction thereof for deepwater tracts located in water depths of 400 to less than 800 meters.

Debarment and Suspension (Nonprocurement)

Certifications Regarding Debarment, Suspension, and Other Responsibility Matters are no longer required to be filed with the MMS in order to qualify to bid at an OCS lease sale. However, compliance requirements for debarment and suspension (nonprocurement) will be prescribed in an addendum included in each lease resulting from this lease sale. Please refer to paragraph (o) of the Information To Lessees document included in the FNOS 194 Package.

Potential Sand Dredging Activities

It is likely that offshore dredging activities will occur in the near-term in some of the following blocks: Ship Shoal Area Blocks 87 through 89, 94 and 95; South Pelto Area Blocks 12 through 14, 18 and 19; West Delta Area Blocks 27 and 49; Eugene Island Area Blocks 10, 18 through 35, 37 through 69, and 71 through 93; and South Marsh Island North Addition Area Blocks 207 through 222, 226 through 232, and 241 through 246. Please refer to paragraph (p) of the Information To Lessees document included in the FNOS 194 Package for further details.

Bids Submitted by Mail

The FNOS 194 includes specific instructions regarding bids mailed to the GOM Region. This is needed to minimize the chance of bid receipt delay due to misrouting within the GOMR mail system.

MMS Publication: Potential Hydrocarbon Prospects for Sale 194

Minerals Management Service provides public access to a wide variety of geological, geophysical, and reservoir engineering data and information that may be useful for the identification and evaluation of potential hydrocarbon plays and prospects in the Gulf of Mexico. A publication, *Potential Hydrocarbon Prospects for Sale 194*, offers data and information specific to a number of potential prospects that exist on acreage available for bid in Sale 194. This publication is available by selecting the Potential Hydrocarbon Prospects for Sale 194 hotlink listed on MMS' Central Gulf of Mexico Lease Sale 194 Information webpage at www.gomr.mms.gov.

Not Offered:

Lund South (Area NG16-07): Blocks 172 and 173; 213 through 217; 252 through 261; 296 through 305; and 349

These blocks are beyond the United States Exclusive Economic Zone in the area known as the Northern portion of the Eastern Gap.

Amery Terrace (Area NG15-09): Whole Blocks: 280 and 281; 318 through 320; and 355 through 359. Partial Blocks: 235 through 238; 273 through 279; and 309 through 317

These whole and partial blocks are beyond the United States Exclusive Economic Zone and lie within the 1.4 nautical mile buffer zone north of the continental shelf boundary between the United States and Mexico.

Statistical Information (Lease Sale 194):

Size: 4,063 unleased blocks; 21.4 million acres

Initial Period:

5 years for blocks in water depths less than 400 meters:	1,196 blocks
8 years for blocks in water depths of 400 to less than 800 meters:	127 blocks
10 years for blocks in water depths of 800 meters or deeper:	2,740 blocks

Minimum Bonus Bid Amount:

\$25.00 per acre or fraction thereof for water depths less than 400 meters:	1,196 blocks
\$37.50 per acre or fraction thereof for water depths 400 meters or deeper:	2,867 blocks

Rental/Minimum Royalty Rates:

\$5.00 per acre or fraction thereof for water depths less than 200 meters:	1,107 blocks
\$7.50 per acre or fraction thereof for water depths 200 meters or deeper:	2,956 blocks

Royalty Rates:

16-2/3% royalty rate in water depths less than 400 meters:	1,196 blocks
12-1/2% royalty rate in water depths 400 meters or deeper:	2,867 blocks

Royalty Suspension Areas:

0 to less than 200 meters:	1,107 blocks
400 to less than 800 meters:	127 blocks
800 to less than 1600 meters:	195 blocks
1600 meters or deeper:	2,545 blocks

For more information on the FNOS 194 Package, potential bidders are advised to contact Ms. Jane Burrell Johnson at (504) 736-2811 or Ms. Nancy Kornrumpf at (504) 736-2726 of the MMS GOM OCS Region Sales and Support Unit.

-MMS-
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