
Leasing Activities Information



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

FINAL NOTICE OF SALE 196 Western Gulf of Mexico

(This document contains revisions effective August 8, 2005.)

Attached is the Final Notice of Sale 196 Package (FNOS 196 Package), Western Gulf of Mexico (GOM), scheduled to be held on August 17, 2005, in New Orleans, Louisiana.

This Package consists of:

- ◆ FNOS 196
- ◆ 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
- ◆ 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 196 are generally the same as the August 2004 Western GOM Lease Sale 192 except for the following noteworthy matters:

Deepwater Royalty Suspension Provisions

Effective August 8, 2005, certain portions of the deepwater royalty suspension volume provisions that were contained in the Final Notice of Sale (FNOS) 196, published in the Federal Register on July 7, 2005, were superseded by provisions contained in paragraph (b) of Subtitle E, Section 345 of the Energy Policy Act of 2005, entitled "Royalty Relief for Deep Water Production." These new provisions are contained in a "Supplemental FNOS Package for Sale 196", which is publicly available from the MMS GOM Region Office of Public Information and via the MMS Internet website.

Deep Gas Provisions (Relief or Reduction in Royalty Rates)

Effective April 29, 2005, a final rule published in the *Federal Register* at 70 FR 22250 amends regulations to correct an unintended potential gap and administrative oversight in the original deep gas royalty rule by making leases located partly in water deeper than 200 meters and issued during lease sales held in 2001 and later years expressly eligible for royalty relief for drilling deep gas wells on leases not subject to deep water royalty relief.

Deepwater Port Application for Offshore Liquefied Natural Gas (LNG) Facility

The U.S. Coast Guard and the Maritime Administration have received one application for the licensing of a deepwater port involving a proposed LNG facility. Please refer to paragraph (l) of the Information to Lessees document included in the FNOS 196 Package for additional information.

Archaeological Resource Surveys and Reports

Effective July 1, 2005, NTL No. 2005-G07 supersedes NTL No. 2002-G01 dated March 15, 2002. This revised NTL provides guidance on MMS regulations regarding archaeological discoveries, clarifies when you must report discoveries to MMS, states that you are responsible for conducting discovery investigations and assessments, and reminds you of the penalties that could be assessed for non-compliance. It announces changes to deepwater survey requirements by increasing the number of archaeologically sensitive OCS blocks (a list of relevant blocks is attached to the revised NTL). It also makes numerous technical amendments and updates cited regulatory authorities.

Rental/Minimum Royalty Rates

The FNOS 196 contains an increase in base rental rates (as well as minimum royalty) to \$6.25 per acre or fraction thereof for blocks in water depths of less than 200 meters and \$9.50 per acre or fraction thereof for blocks in water depths of 200 meters or deeper.

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 (k) of the Information To Lessees document included in the FNOS 196 Package.

Not Offered:

Currently unleased whole blocks and portions of blocks which lie within the boundaries of the Flower Garden Banks National Marine Sanctuary at the East and West Flower Garden Banks and Stetson Bank (the following list includes all blocks affected by the Sanctuary boundaries):

High Island, East Addition, South Extension (Area TX7C)

Whole Blocks: A-375, A-398

Portions of Blocks: A-366, A-367, A-374, A-383, A-384, A-385, A-388, A-389, A-397, A-399, A-401

High Island, South Addition (Area TX7B)

Portions of Blocks: A-502, A-513

Garden Banks (Area NG15-02)

Portions of Blocks: 134, 135

Whole blocks and portions of blocks which lie within the 1.4 nautical mile buffer zone north of the continental shelf boundary between the United States and Mexico:

Keathley Canyon (Area NG15-05)

Portions of Blocks: 978 through 980

Sigsbee Escarpment (Area NG15-08)

Whole Blocks: 11, 57, 103, 148, 149, 194, 239, 284, 331 through 341

Portions of Blocks: 12 through 14, 58 through 60, 104 through 106, 150, 151, 195, 196, 240, 241, 285 through 298, 342 through 349

Whole blocks and portions of blocks deferred from this lease sale are shown on the map "Stipulations and Deferred Blocks, Lease Sale 196, Final."

Statistical Information (Lease Sale 196):

The statistics for the Final Notice of Sale 196 have been revised in accordance with deepwater royalty suspension volume provisions which became effective on August 8, 2005. The new statistics are contained within the "Supplemental Final Notice of Sale" package available from the GOM Region Office of Public Information and via the MMS Internet website.

For more information on the FNOS 196 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.

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