
Leasing Activities Information



FINAL NOTICE OF SALE 205 Central Gulf of Mexico

This is a revised version as of September 6, 2007. Changes have been made in block counts shown at the end of this report based on recent corrections of prior errors regarding blocks available for bid in this sale.

Attached is the Final Notice of Sale 205 Package (FNOS 205 Package), Central Gulf of Mexico (GOM), scheduled to be held on October 3, 2007, in New Orleans, Louisiana.

This Package consists of:

- FNOS 205
- Lease Stipulations
- Information To Lessees
- List of Blocks Available for Leasing (revised on September 4 and 6, 2007)
- Unleased Split Blocks and Available Unleased Acreage of Blocks with Aliquots and Irregular Portions Under Lease or Deferred (revised on September 4 and 6, 2007)
- Bid Form and Envelope
- Telephone Numbers/Addresses of Bidders Form
- Example of Preferred Format - Geophysical Data and Information Statement
- 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.

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**Please Notice:**

Terms and conditions for FNOS 205 are generally the same as the March 2006 Central GOM Lease Sale 198 except for the following noteworthy matters:

**New Administrative Planning Area Boundary Lines**

Central Gulf of Mexico Planning Area boundaries have been reconfigured. These boundary changes were first announced in the Draft Proposed Oil and Gas Leasing Program for 2007-2012 (February 2006), which may be viewed at the following website: [www.mms.gov/5-year](http://www.mms.gov/5-year). The MMS published new official leasing maps and protraction diagrams with the newly-defined administrative planning area boundaries implemented in this sale.

**Extension of 5-Year Initial Lease Term**

A 5-year initial term for a lease issued from this sale may be extended to 8 years if a well targeting hydrocarbons below 25,000 feet true vertical depth subsea (TVD SS) is spudded within the first 5 years of the initial period. The 3-year extension may be granted in cases where the well is drilled to a target below 25,000 feet TVD SS and also in cases where the well does not reach a depth below 25,000 feet TVD SS due to mechanical or safety reasons. See paragraph (t) within the Information to Lessee's document.

**Escalating Rental Rates for Leases with an Approved Extension of the Initial 5-year Period:** Any lease granted a 3-year extension beyond the initial 5-year period will pay an escalating rental rate as identified in this FNOS 205 Package.

**Deepwater Royalty Rate Increase**

Royalty rates have been increased to 16 2/3 percent for blocks in all water depths.

### **Royalty Suspension Provisions**

Please note that the final Notice of Sale document now includes the detailed royalty suspension provisions for this sale. In previous sales, those detailed provisions were contained in a separate royalty suspension provisions document contained within the final Notice of Sale package. Please review this section of the FNOS for any changes from the prior Central GOM Lease Sale 198.

### **Deepwater Royalty Suspension Price Threshold Changes**

The oil and gas price thresholds have been changed to \$35.75/bbl for oil and \$4.47/mmbtu for natural gas, expressed in 2006 dollars. These thresholds are consistent with those set under the Deepwater Relief Act at \$28/bbl and \$3.50/mmbtu expressed in 1994 dollars. Please refer to the royalty suspension provisions in the sale notice for more specific information.

### **Geophysical Data and Information**

In the event your company supplies any type of data to the MMS, your company must be registered with the Central Contractor Registration at [www.ccr.gov](http://www.ccr.gov) in order to get reimbursed. Please refer to NTL No. 2003-G05 for further details.

### **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 64, 71, 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; Vermilion Area Blocks 51, 52, 70, and 88 through 95; and South Marsh Island North Addition Area Blocks 207 through 222, 226 through 232, and 241 through 248 and 260. Please refer to paragraph (p) of the Information to Lessees document included in the FNOS 205 Package.

### **Below Seabed Operations on a portion of Mississippi Canyon Block 650**

A newly developed stipulation regarding Mississippi Canyon Area, Block 650, has been adopted. Please refer to the Lease Stipulations document and paragraph (s) in the Information to Lessees document included in the FNOS 205 Package.

### **Concrete Anchors**

Bidders are advised of non-degradable concrete anchors left on the seafloor after geophysical surveys are conducted. Please refer to paragraph (x) in the Information to Lessees document included in the FNOS 205 package.

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Not Offered:

Block currently under appeal (although currently unleased, the following block is under appeal and bids will not be accepted):

Mississippi Canyon (Area NH16-10)
Block 943

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

Amery Terrace (Area NG 15-09)
Whole Blocks: 280, 281, 318 through 320, and 355 through 359
Portions of Blocks: 235 through 238, 273 through 279, and 309 through 317

Sigsbee Escarpment (Area NG 15-08)
Whole Blocks: 239, 284, 331 through 341
Portions of Blocks: 151, 195, 196, 240, 241, 285 through 298, 342 through 349

Whole blocks which are beyond the United States Exclusive Economic Zone in the area known as the Northern portion of the Eastern Gap:

Lund South (Area NG 16-07)
Blocks: 172, 173, 213 through 217, 253 through 261, 296 through 305, and 349

Henderson (Area NG 16-05)
Blocks: 467, 510, 511, 553 through 555, 595 through 599, 638 through 643, 681 through 688, 723 through 732, 766 through 776, 808 through 820, 851 through 863, 893 through 906, 935 through 949, and 977 through 993

Florida Plain (Area NG 16-08)
Blocks: 7 through 24, 49 through 67, 90 through 110, 133 through 154, 177 through 197, 221 through 240, 265 through 283, 309 through 327, and 363 through 370

Blocks that were previously included in the Eastern GOM planning area and are within 100 miles of the Florida coast:

Pensacola (Area NH 16-05)
Blocks: 751 through 754, 793 through 798, 837 through 842, 881 through 886, 925 through 930, 969 through 975

Destin Dome (Area NH 16-08)

Blocks: 1 through 7, 45 through 51, 89 through 96, 133 through 140, 177 through 184, 221 through 228, 265 through 273, 309 through 317, 353 through 361, 397 through 405, 441 through 450, 485 through 494, 529 through 538, 573 through 582, 617 through 627, 661 through 671, 705 through 715, 749 through 759, 793 through 804, 837 through 848, 881 through 892, 925 through 936, and 969 through 981

DeSoto Canyon (Area NH 16-11)

Whole Blocks: 1 through 16, 45 through 60, and 92 through 102
Portions of Blocks: 89 through 91, 103, 104, 135 through 147

Blocks outside the original Sale 181 area that were previously included in the Eastern GOM planning area and are beyond 100 miles of the Florida coast, which are under the 1998 Presidential moratorium until 2012:

DeSoto Canyon (Area NH 16-11)

Whole Blocks: 148, and 185 through 193
Portions of Blocks: 103, 104, and 141 through 147

Blocks east of the Military Mission Line (i.e. the north-south line at 86 degrees 41 minutes west longitude), and north of the Northern portion of the Eastern Gap, and west of the Central and Eastern Planning Area Boundary:

Henderson (Area NG 16-05)

Portions of Blocks: 246, 290, 334, 378, 422, and 466

Blocks that are south of the Sale 181 area, as approved in the Final Outer Continental Shelf Oil and Gas Leasing Program for 1997-2002, and north of the previously noted Northern portion of the Eastern Gap and west of the Military Mission Line:

Lloyd Ridge (Area NG 16-02)

Blocks: 529 through 550, 573 through 595, 617 through 639, 661 through 683, 705 through 727, 749 through 771, 793 through 816, 837 through 860, 881 through 904, 925 through 948, and 969 through 992

Henderson (Area NG 16-05)

Whole Blocks: 1 through 25, 45 through 69, 89 through 113, 133 through 157, 177 through 201, 221 through 245, 265 through 289, 309 through 333, 353 through 377, 397 through 421, 441 through 465, 485 through 509, 529 through 552, 573 through 594, 617 through 637, 661 through 680, 705 through 722, 749 through 765, 793 through 807, 837 through 850, 881 through 892, 925 through 934, and 969 through 976
Portions of Blocks: 246, 290, 334, 378, 422, and 466

Florida Plain (Area NG 16-08)

Blocks 1 through 6, 45 through 48, and 89

Whole blocks and portions of blocks deferred from this lease sale are shown on the map "Stipulations and Deferred Blocks, Lease Sale 205, Final."

Statistical Information (Lease Sale 205):

Approximate Size: 5,359 unleased blocks; 28.7 million acres

Initial Period:

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| 5 years for blocks in water depths less than 400 meters (with a possible extension to 8 years if drilling requirements are met): | 1,334 blocks |
| 8 years for blocks in water depths of 400 to less than 800 meters (pursuant to 30 CFR 256.37, commencement of an exploratory well is required within the first 5 years of the initial 8-year term to avoid lease cancellation): | 165 blocks |
| 10 years for blocks in water depths of 800 meters or deeper: | 3,860 blocks |

Minimum Bonus Bid Amount:

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|---|--------------|
| \$25.00 per acre or fraction thereof for water depths less than 400 meters: | 1,334 blocks |
| \$37.50 per acre or fraction thereof for water depths 400 meters or deeper: | 4,025 blocks |

Rental/Minimum Royalty Rates:

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| \$6.25 per acre or fraction thereof for water depths less than 200 meters (with a possible escalation to as much as \$25.00 per acre if the lease has an approved extension of the initial 5-year period): | 1,180 blocks |
| \$9.50 per acre or fraction thereof for water depths 200 meters or deeper (with a possible escalation to as much as \$38.00 per acre in the 200 to less than 400 meter water depth range if the lease has an approved extension of the initial 5-year period): | 4,179 blocks |

Royalty Rates:

16-2/3% royalty rate in all water depths: 5,359 blocks

Royalty Suspension Areas:

0 to less than 400 meters: 1,334 blocks

400 to less than 800 meters: 165 blocks

800 to less than 1600 meters: 456 blocks

1600 to 2000 meters: 296 blocks

Greater than 2000 meters: 3,108 blocks

For more information on the FNOS 205 Package, potential bidders are advised to contact Mr. Carrol Williams at (504) 736-2803, Ms. Nancy Kornrumpf at (504) 736-2726, or Ms. Ann Glazner at (504) 736-1759 of the MMS GOM OCS Region Sales and Support Unit.

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