

U.S. Department of the Interior



BUREAU OF OCEAN ENERGY MANAGEMENT

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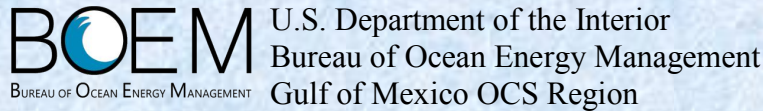
**Proposed Notice of Sale Package  
Western Gulf of Mexico Planning Area (WPA)  
Outer Continental Shelf (OCS)  
Oil and Gas Lease Sale 238**



**Wednesday, August 20, 2014  
Mercedes-Benz Superdome  
St. Charles Club Room,  
Second Floor (Loge Level)  
New Orleans, Louisiana**



# Leasing Activities Information



## PROPOSED NOTICE OF SALE 238 Western Planning Area

Attached is the Proposed Notice of Sale (NOS) Package (Package) for the Western Gulf of Mexico Planning Area Oil and Gas Lease Sale 238 (WPA Sale 238), proposed to be held on Wednesday, August 20, 2014, in New Orleans, Louisiana.

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This Package consists of:

- [Proposed NOS for WPA Sale 238](#)
- [Lease Stipulations](#)
- [Information to Lessees](#)
- [Example of Preferred Format](#) - Geophysical Data and Information Statement and [Sample Envelope](#)
- [Lease Terms and Economic Conditions Map](#)
- [Stipulations and Deferred Blocks Map](#)

All documents listed above are available on Compact Disc (CD) from the BOEM Gulf of Mexico (GOM) Region Public Information Office; telephone (800) 200-GULF or (504) 736-2519; or by written request to:

Bureau of Ocean Energy Management  
Gulf of Mexico OCS Region  
Public Information Office (GM 217G)  
1201 Elmwood Park Boulevard  
New Orleans, Louisiana 70123-2394

All of these documents also may be found on the Lease Sale Information page on the BOEM Gulf of Mexico website at: <http://www.boem.gov/sale-238/>.

The Final NOS Package for WPA Sale 238 is expected to be available in mid-July 2014. It will contain final versions of the documents listed above, as well as the following:

- List of Blocks Available for Leasing
- Unleased Split Blocks and Available Unleased Acreage of Blocks with Aliquots and Irregular Portions Under Lease or Deferred
- Bid Form and Envelope
- Telephone Numbers/Addresses of Bidders Form

## **Please Note:**

Terms and conditions for WPA Sale 238 are generally the same as for WPA Sale 233. The following noteworthy matters are highlighted for your attention:

### **Updated Electronic Funds Transfer (EFT) Instructions**

Bidders are advised that the EFT instructions have been updated. Please note important payment information on the new Office of Natural Resources Revenue Payment Information webpage at <http://onrr.gov/ReportPay/payments.htm>.

Please refer to the following website for more information: <http://www.boem.gov/sale-238/>.

### **Geophysical Data and Information Statements**

This Package includes information for bidders regarding the submission of Geophysical Data and Information Statements (GDIS). Every bidder submitting a bid on a block in WPA Sale 238, or participating as a joint bidder in such a bid, must submit at the time of bid submission, a GDIS in a separate and sealed envelope, identifying any proprietary data, reprocessed speculative data, and/or any Controlled Source Electromagnetic, Gravity or Magnetic data, or other information used as part of the decision to bid or participate in a bid on the block. **Please note: You may submit the GDIS Information Table digitally on a CD or Digital Video Disc (DVD) as an Excel spreadsheet.**

### **Information to Lessees**

Bidders are advised to refer to the WPA Sale 238 Information to Lessees (ITL) portion of this Package for several changes in the information clauses since the last sale in this planning area.

### **Blocks that lie within the former Western Gap and within 1.4 nautical miles north of the Continental Shelf Boundary (1.4-nautical mile buffer) between the United States and Mexico**

After extensive negotiations, the United States and Mexico exchanged instruments of ratification in January 2001, and a Continental Shelf Boundary treaty entered into force in the Western Gap area of the GOM. The treaty states that, at the earliest, exploration or development within 1.4 nautical miles of the Continental Shelf Boundary would occur after January 2011. On June 23, 2010, the United States and Mexico mutually agreed to extend this period for an additional three years. The treaty provision was to remain in effect until January 17, 2014, but, by exchange of diplomatic notes on January 17, 2014, the United States and Mexico have extended the prohibition on exploration and development in the 1.4-nautical mile buffer until July 17, 2014, or until the day the Agreement between the United States of America and the United Mexican States Concerning Transboundary Hydrocarbon Reservoirs in the Gulf of Mexico (Agreement) enters into force, whichever is sooner. Although the Agreement (described below), negotiated between and signed by the United States and Mexico on February 20, 2012, has received Congressional approval and the President's signature, it has not entered into force. Once it enters into force, the Agreement will supersede and automatically terminate the prohibition on exploration or development in the 1.4-nautical mile buffer imposed by the continuing treaty provision. Should the buffer area be offered for lease in WPA Sale 238, it will be announced in the Final NOS.

### **U.S.-Mexico Maritime and Continental Shelf Boundary Area**

Bidders are advised that the transboundary agreement between the United Mexican States and the United States of America (referred to as the Agreement) was approved by Congress as part of the Bipartisan Budget Act of 2013, which the President signed on December 26, 2013. The Agreement will enter into

force 60 days after the exchange of diplomatic notes between the United States and Mexico. Therefore, BOEM has decided that bids submitted on the following blocks in the Boundary Area (as defined in the Agreement) are offered in this sale unless leased or deferred. Bids submitted on available blocks in the Boundary Area will be opened on the date scheduled for the sale. For more information, bidders are advised to refer to Stipulation No. 5, “Agreement between the United States of America and the United Mexican States Concerning Transboundary Hydrocarbon Reservoirs in the Gulf of Mexico,” within the Stipulations section of this Package.

Boundary Area:

Port Isabel (NG14-06) Blocks – 914, 915, 916, 917, 918, 919, 920, 921, 922, 923, 924, 945, 946, 947, 948, 958, 959, 960, 961, 962, 963, 964, 965, 966, 967, 968, 989, 990, 991, and 992

Alaminos Canyon (NG15-04) Blocks – 881, 882, 883, 884, 885, 886, 887, 888, 889, 890, 891, 892, 893, 894, 895, 896, 897, 898, 899\*, 900\*, 901\*, 902, 903\*, 904\*, 925, 926, 927, 928, 929, 930, 931, 932, 933, 934, 935, 936, 937, 938, 939, 940, 941, 942\*, 943\*, 944\*, 945\*, 946, 947\*, 948, 949, 950, 951, 952, 953, 954, 955, 956, 957, 958, 959, 960, 961, 962, 963, 964, 965, 992, 993, 994, 995, 996, 997, 998, 999, 1000, 1001, 1002, 1003, 1004, 1005, 1006, 1007, 1008, and 1009

Keathley Canyon (NG15-05) Blocks – 925, 926, 927, 928, 929, 930, 931, 932, 933, 934, 935, 969, 970, 971, 972, 973, 974, 975, 976, 977, 978, 979, 980, and 981

Sigsbee Escarpment (NG15-08) Blocks – 11, 12, 13, 14, 15, 57, 58, 59, 60, 61, 103, 104, 105, 106, 148, 149, 150, and 194

South Padre Island (TX1) Blocks – 1154, 1163, 1164, 1165, and 1166

South Padre Island, East Addition (TX1A) Blocks – 1155, 1156, 1157, 1158, 1159, 1160, 1161, 1162, A 78, A 79, A 80, A 81, A 82, A 83, A 84, A 85, A 86, A 87, A 89, and A 90

\*Leased Blocks



**Stipulation No. 5 - Agreement between the United States of America and the United Mexican States Concerning Transboundary Hydrocarbon Reservoirs in the Gulf of Mexico**

This stipulation notifies bidders that the terms stated in the agreement between Mexico and the United States may apply to some blocks offered in this sale. For more information, bidders are advised to refer to the Stipulations section of this Package.

**Notice of Arrival on the Outer Continental Shelf**

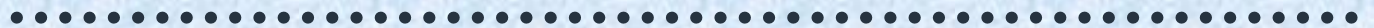
Bidders are advised to refer to paragraph (j) of the ITL section of this Package. Since publication of the Final Rule on the Notice of Arrival on the Outer Continental Shelf (76 FR 2254, Jan. 13, 2011), the Coast Guard and Maritime Transportation Act of 2012 (Pub. L. No. 112-213) was signed into law by the President of the United States on December 20, 2012, and mandates that “the regulations required under section 109(a) of the Security and Accountability For Every Port Act of 2006 (33 U.S.C. 1223 note [Pub. L. 109-347, §109]) dealing with notice of arrival requirements for foreign vessels on the Outer Continental Shelf shall not apply to a vessel documented under section 12105 of title 46, United States Code, unless the vessel arrives from a foreign port or place” (Pub. L. No. 112-213, §704).

**Bidder/Lessee Notice of Obligations Related to Criminal/Civil Charges and Offenses, Suspension, or Debarment**

Bidders and/or Lessees are advised to refer to paragraph (k) of the ITL section of this Package. This ITL clause reminds industry of the regulatory requirement to notify BOEM of any conviction that may result in a suspension and/or debarment prohibiting them from entering into a contract with the United States.

**New Format for the Proposed NOS Package**

Bidders are advised that the format for the Proposed NOS Package was revised starting with Sale 233 in 2013. This Package will be available on the BOEM website at <http://www.boem.gov/sale-238>. It also is available in a CD format, upon request. Hard copies of the maps that are a portion of this Package also will be provided upon request. Requests for maps and/or CDs must be provided to the GOM Region Public Information Office at the address and phone information provided previously in this document.



**Blocks Not Offered for Leasing**

The following whole and partial blocks are not offered for lease in this sale:

Whole and partial blocks that lie within the boundaries of the Flower Garden Banks National Marine Sanctuary (Sanctuary) in the East and West Flower Garden Banks and Stetson Bank. The following list identifies all blocks affected by the Sanctuary boundaries:

High Island, East Addition, South Extension (Leasing Map TX7C)

Whole Block: A-398

Portions of Blocks: A-366, A-367, A-374, A-375, A-383, A-384\*, A-385\*, A-388, A-389, A-397\*, A-399, A-401

High Island, South Addition (Leasing Map TX7B)

Portions of Blocks: A-502, A-513

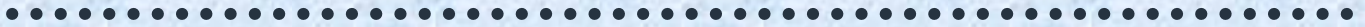
Garden Banks (OPD NG15-02)

Portions of Blocks: 134, 135

\*Leased

**Statistical Information (WPA Sale 238):**

**Approximate Size:** 3,992 unleased blocks; 21.4 million acres



For more information on the Proposed NOS Package for WPA Sale 238,  
potential bidders are advised to contact

Mr. Carrol Williams at (504) 736-2803,  
Ms. Cindy Thibodeaux at (504) 736-2809, or  
Ms. Kasey Couture at (504) 736-2909,

of the BOEM Gulf of Mexico OCS Region Leasing and Financial Responsibility Section.



**Gulf of Mexico Region Public Information Office**  
**Bureau of Ocean Energy Management**  
**1201 Elmwood Park Boulevard**  
**New Orleans, Louisiana 70123-2394**  
**Telephone: (504) 736-2519 or (800) 200-GULF [4853]**  
BOEM website: <http://www.boem.gov>







**DEPARTMENT OF THE INTERIOR**

**Bureau of Ocean Energy Management (BOEM)**

**Western Gulf of Mexico Planning Area (WPA)**

**Outer Continental Shelf (OCS) Oil and Gas**

**Lease Sale 238**

**Proposed Notice of Sale**



**SUMMARY:**

On Wednesday, August 20, 2014, BOEM proposes to open and publicly announce bids received for blocks offered in WPA Sale 238 in accordance with the provisions of the OCS Lands Act (OCSLA, 43 U.S.C. 1331-1356, as amended) and the implementing regulations issued pursuant thereto (30 CFR parts 550 and 556).



**DATES:**

BOEM proposes to hold WPA Sale 238 at  
9:00 a.m. on  
Wednesday, August 20, 2014,  
at the  
Mercedes-Benz Superdome,  
1500 Sugarbowl Drive,  
New Orleans, Louisiana 70112.

All times referred to in this document are local New Orleans time, unless otherwise specified.

**BID SUBMISSION DEADLINE:**

BOEM must receive all sealed bids between 8:00 a.m. and 4:00 p.m. on normal working days, or from 8:00 a.m. to the Bid Submission Deadline of 10:00 a.m. on Tuesday, August 19, 2014, the day before the lease sale. For more information on bid submission, see Section VII, "Bidding Instructions," of this document.

**ADDRESS:**

Interested parties may obtain a Proposed Notice of Sale (NOS) Package by contacting the BOEM Gulf of Mexico Region at:

Gulf of Mexico Region Public Information Office  
Bureau of Ocean Energy Management  
1201 Elmwood Park Boulevard  
New Orleans, Louisiana 70123-2394  
(504) 736-2519 or (800) 200-GULF

Or by visiting the BOEM website:

<http://www.boem.gov/Sale-238/>

**TABLE OF CONTENTS:**

This Proposed NOS includes the following sections:

- I. LEASE SALE AREA
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- III. LEASE TERMS AND ECONOMIC CONDITIONS
- IV. LEASE STIPULATIONS
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- VI. MAPS
- VII. BIDDING INSTRUCTIONS
- VIII. BIDDING RULES AND RESTRICTIONS
- IX. FORMS
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- XI. DELAY OF SALE
- XII. UPCOMING MILESTONES

Appendix A – Repeal Language for Royalty Suspension Provisions for WPA Sale 238

## I. LEASE SALE AREA

### **Blocks Offered for Leasing:**

BOEM proposes to offer for bid in this lease sale all of the available unleased acreage in the WPA, except those listed in the Areas Not Offered for Leasing.

### **Blocks Not Offered for Leasing:**

The following whole and partial blocks are not offered for lease in this sale:

<b>Whole and partial blocks that lie within the boundaries of the Flower Garden Banks National Marine Sanctuary (Sanctuary) in the East and West Flower Garden Banks and Stetson Bank. The following list identifies all blocks affected by the Sanctuary boundaries:</b>	
<b>High Island, East Addition, South Extension (Leasing Map TX7C)</b>	Whole Block: A-398
	Portions of Blocks: A-366, A-367, A-374, A-375, A-383, A-384*, A-385*, A-388, A-389, A-397*, A-399, A-401
<b>High Island, South Addition (Leasing Map TX7B)</b>	Portions of Blocks: A-502, A-513
<b>Garden Banks (OPD NG15-02)</b>	Portions of Blocks: 134, 135

\*Leased

**Please Note:**

**Blocks that lie within the former Western Gap and within 1.4 nautical miles north of the Continental Shelf Boundary (1.4-nautical mile buffer) between the United States and Mexico**

After extensive negotiations, the United States and Mexico exchanged instruments of ratification in January 2001, and a Continental Shelf Boundary treaty entered into force in the Western Gap area of the GOM. The treaty states that, at the earliest, exploration or development within 1.4 nautical miles of the Continental Shelf Boundary would occur after January 2011. On June 23, 2010, the United States and Mexico mutually agreed to extend this period for an additional three years. The treaty provision was to remain in effect until January 17, 2014, but, by exchange of diplomatic notes on January 17, 2014, the United States and Mexico have extended the prohibition on exploration and development in the 1.4-nautical mile buffer until July 17, 2014, or until the day the Agreement between the United States of America and the United Mexican States Concerning Transboundary Hydrocarbon Reservoirs in the Gulf of Mexico (Agreement) enters into force, whichever is sooner. Although the Agreement (described below), negotiated between and signed by the United States and Mexico on February 20, 2012, has received Congressional approval and the President's signature, it has not entered into force. Once it enters into force, the Agreement will supersede and automatically terminate the prohibition on exploration or development in the 1.4-nautical mile buffer imposed by the continuing treaty provision. Should the buffer area be offered for lease in WPA Sale 238, it will be announced in the Final NOS.

## Bids on Blocks near the U.S.-Mexico Maritime and Continental Shelf Boundary

The following definitions apply to this section:

“Agreement” refers to the transboundary agreement between the United States of America and the United Mexican States that addresses identification and unitization of transboundary hydrocarbon reservoirs, allocation of production, inspections, safety, and environmental protection. A copy of the Agreement can be found at

<http://www.boem.gov/Boundaries-Mexico/>.

“Boundary Area” means an area comprised of any and all blocks in the WPA that are wholly or partially located within 3 statute miles of the Maritime and Continental Shelf Boundary with Mexico, as that Maritime Boundary is delimited in the November 23, 1970, Treaty to Resolve Pending Boundary Differences and Maintain the Rio Grande and Colorado River as the International Boundary; the May 4, 1978, Treaty on Maritime Boundaries between the United Mexican States and the United States of America; and the June 9, 2000, Treaty on the Continental Shelf between the Government of the United Mexican States and the Government of the United States of America.

The Agreement was signed on February 20, 2012. The United States Congress approved the Agreement as part of the Bipartisan Budget Act of 2013, which the President signed on December 26, 2013. The Agreement will enter into force 60 days after the exchange of diplomatic notes between the United States and Mexico. Therefore, BOEM has decided that bids submitted on available blocks in the Boundary Area may be opened on the date scheduled for proposed WPA Sale 238, but this decision will be announced in the Final NOS. Bidders should refer to Stipulation No. 5 in the Stipulations section of the Proposed NOS Package, which will be applicable to leases issued for blocks in the Boundary Area.

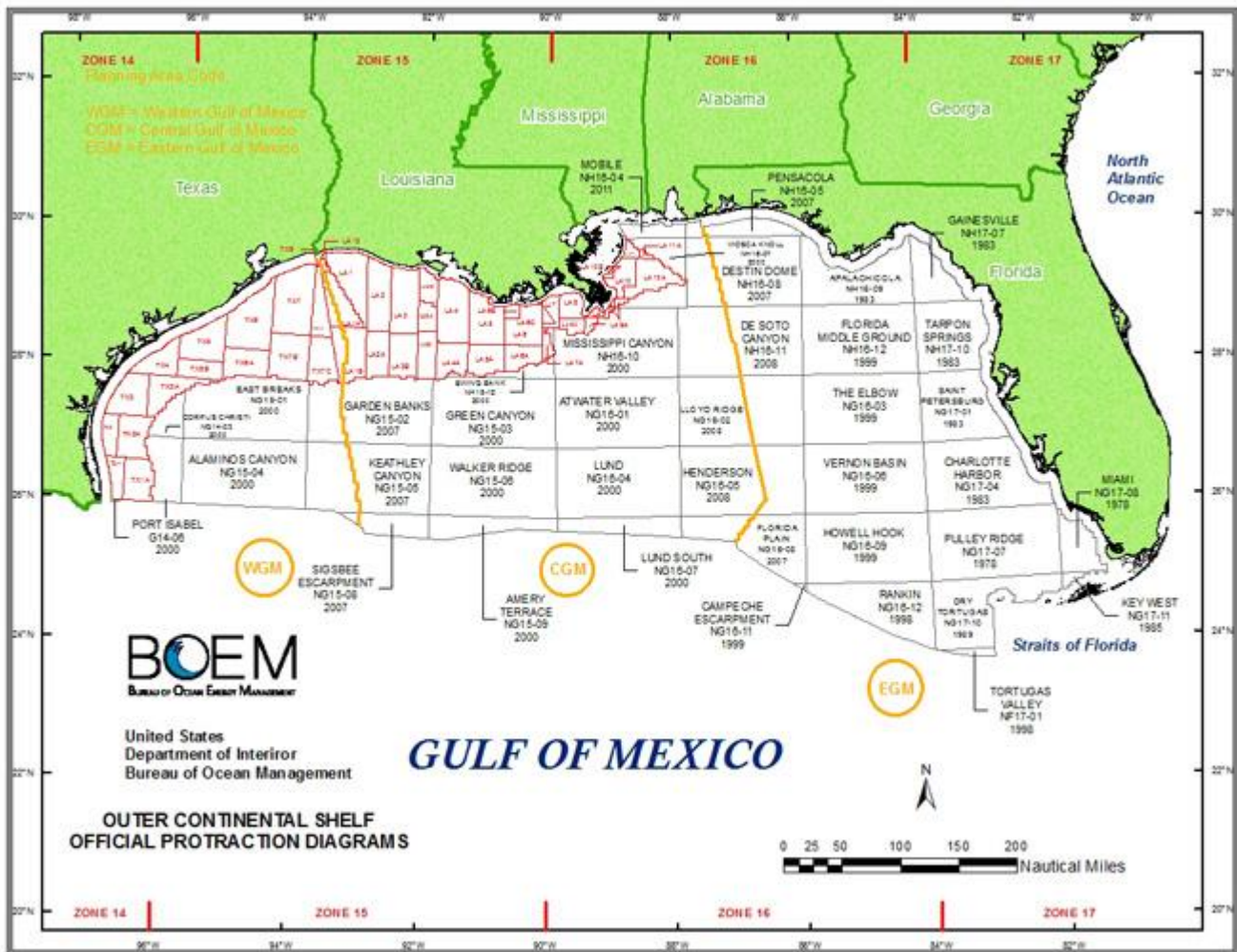
The following whole and partial blocks comprise the entire Boundary Area (not all of which may be available under WPA Sale 238). The list of available blocks for the sale, including those in the Boundary Area, will be included in the Final NOS Package.

<p><b>Port Isabel (NG14-06) Blocks</b></p>	<p>914, 915, 916, 917, 918, 919, 920, 921, 922, 923, 924, 945, 946, 947, 948, 958, 959, 960, 961, 962, 963, 964, 965, 966, 967, 968, 989, 990, 991, and 992</p>
<p><b>Alaminos Canyon (NG15-04) Blocks</b></p>	<p>881, 882, 883, 884, 885, 886, 887, 888, 889, 890, 891, 892, 893, 894, 895, 896, 897, 898, 899*, 900*, 901*, 902, 903*, 904*, 925, 926, 927, 928, 929, 930, 931, 932, 933, 934, 935, 936, 937, 938, 939, 940, 941, 942*, 943*, 944*, 945*, 946, 947*, 948, 949, 950, 951, 952, 953, 954, 955, 956, 957, 958, 959, 960, 961, 962, 963, 964, 965, 992, 993, 994, 995, 996, 997, 998, 999, 1000, 1001, 1002, 1003, 1004, 1005, 1006, 1007, 1008, and 1009</p>
<p><b>Keathley Canyon (NG15-05) Blocks</b></p>	<p>925, 926, 927, 928, 929, 930, 931, 932, 933, 934, 935, 969, 970, 971, 972, 973, 974, 975, 976, 977, 978, 979, 980, and 981</p>
<p><b>Sigsbee Escarpment (NG15-08) Blocks</b></p>	<p>11, 12, 13, 14, 15, 57, 58, 59, 60, 61, 103, 104, 105, 106, 148, 149, 150, and 194</p>
<p><b>South Padre Island (TX1) Blocks</b></p>	<p>1154, 1163, 1164, 1165, and 1166</p>
<p><b>South Padre Island, East Addition (TX1A) Blocks</b></p>	<p>1155, 1156, 1157, 1158, 1159, 1160, 1161, 1162, A 78, A 79, A 80, A 81, A 82, A 83, A 84, A 85, A 86, A 87, A 89, and A 90</p>

\*Leased

## II. STATUTES AND REGULATIONS

Each lease is issued pursuant to OCSLA, and is subject to OCSLA, implementing regulations promulgated pursuant thereto, and other applicable statutes and regulations in existence upon the effective date of the lease, as well as those applicable statutes enacted and regulations promulgated thereafter, except to the extent that the after-enacted statutes and regulations explicitly conflict with an express provision of the lease. Each lease also is subject to amendments to statutes and regulations, including, but not limited to, OCSLA, that do not explicitly conflict with an express provision of the lease. The lessee expressly bears the risk that such new or amended statutes and regulations (i.e., those that do not explicitly conflict with an express provision of the lease) may increase or decrease the lessee's obligations under the lease.





### III. LEASE TERMS AND ECONOMIC CONDITIONS

#### Lease Terms

##### OCS Lease Form

BOEM will use Form BOEM-2005 (October 2011) to convey leases resulting from this sale. This lease form may be viewed on the BOEM website at:

<http://www.boem.gov/BOEM-2005/>

The lease form will be amended to conform with the specific terms, conditions, and stipulations applicable to the individual lease. The terms, conditions, and stipulations applicable to this sale are set forth below.

#### **Initial Periods**

Initial periods are summarized in the following table:

<b>Water Depth in Meters</b>	<b>Initial Periods</b>
<b>0 to &lt;400</b>	Standard initial period is 5 years; the lessee may earn an additional 3 years (i.e., for an 8-year extended initial period), if a well is spudded targeting hydrocarbons below 25,000 feet True Vertical Depth Subsea (TVD SS) during the first 5 years of the lease
<b>400 to &lt;800</b>	Standard initial period is 5 years; the lessee will earn an additional 3 years (i.e., for an 8-year extended initial period), if a well is spudded during the first 5 years of the lease
<b>800 to &lt;1,600</b>	Standard initial period is 7 years; the lessee will earn an additional 3 years (i.e., for a 10-year extended initial period), if a well is spudded during the first 7 years of the lease
<b>1,600+</b>	10 years

(1) The standard initial period for a lease in water depths less than 400 meters issued as a result of this sale is 5 years. If the lessee spuds a well targeting hydrocarbons below 25,000 feet TVD SS within the first 5 years of the lease, then the lessee may earn an additional 3 years, resulting in an 8-year extended initial period. The lessee will earn the 8-year extended initial period when the well is drilled to a target below 25,000 feet TVD SS, or the lessee may earn the 8-year extended initial period in cases where the well targets, but does not reach, a depth below 25,000 feet TVD SS due to mechanical or safety reasons, where sufficient evidence is provided.

In order to earn the 8-year extended initial period, the lessee is required to submit to the Bureau of Safety and Environmental Enforcement (BSEE) GOM Regional Supervisor for Production and Development, within 30 days after completion of the drilling operation, a letter providing the well number, spud date, information demonstrating a target below 25,000 feet TVD SS and whether that target was reached, and if applicable, any safety, mechanical, or other problems encountered that prevented the well from reaching a depth below 25,000 feet TVD SS. The BSEE Gulf of Mexico Regional Supervisor for Production and Development must concur in writing that the conditions have been met for the lessee to earn the 8-year extended initial period. The BSEE Gulf of Mexico Regional Supervisor for Production and Development will provide a written response within 30 days of receipt of the lessee's letter.

A lessee that has earned the 8-year extended initial period by spudding a well with a hydrocarbon target below 25,000 feet TVD SS during the first 5 years of the lease, confirmed by BSEE, will not be granted a suspension for that same period under the regulations at 30 CFR 250.175 because the lease is not at risk of expiring.

(2) The standard initial period for a lease in water depths ranging from 400 to less than 800 meters issued as a result of this sale is 5 years. The lessee will earn an additional 3 years, resulting in an 8-year extended initial period, if the lessee spuds a well within the first 5 years of the lease.

In order to earn the 8-year extended initial period, the lessee is required to submit to the appropriate BSEE District Manager, within 30 days after spudding a well, a letter providing the well number and spud date, and requesting concurrence that the lessee has earned the 8-year extended initial period. The BSEE District Manager will review the request and make a written determination within 30 days of receipt of the request. The BSEE District Manager must concur in writing that the conditions have been met by the lessee to earn the 8-year extended initial period.

(3) The standard initial period for a lease in water depths ranging from 800 to less than 1,600 meters issued as a result of this sale will be 7 years. The lessee will earn an additional 3 years, resulting in a 10-year extended initial period, if the lessee spuds a well within the first 7 years of the lease.

In order to earn the 10-year extended initial period, the lessee is required to submit to the appropriate BSEE District Manager, within 30 days after spudding a well, a letter providing the well number and spud date, and requesting concurrence that the lessee earned the 10-year extended initial period. The BSEE District Manager will review the request and make a determination. A written response will be sent to the lessee documenting the BSEE District Manager's decision within 30 days of receipt of the request. The BSEE District Manager must concur in writing that the conditions have been met by the lessee to earn the 10-year extended initial period.

(4) The standard initial period for a lease in water depths 1,600 meters or greater issued as a result of this sale will be 10 years.

## Economic Conditions

### Minimum Bonus Bid Amounts

- \$25.00 per acre or fraction thereof for blocks in water depths less than 400 meters
- \$100.00 per acre or fraction thereof for blocks in water depths 400 meters or deeper

BOEM will not accept a bonus bid unless it provides for a cash bonus in the amount equal to, or exceeding, the specified minimum bid of \$25.00 per acre or fraction thereof for blocks in water depths less than 400 meters, and \$100.00 per acre or fraction thereof for blocks in water depths 400 meters or deeper.

### Rental Rates

Annual rental rates are summarized in the following table:

<b>Rental Rates per Acre or Fraction Thereof</b>		
<b>Water Depth in Meters</b>	<b>Years 1-5</b>	<b>Years 6, 7, &amp; 8+</b>
<b>0 to &lt;200</b>	\$7.00	\$14.00, \$21.00 & \$28.00
<b>200 to &lt;400</b>	\$11.00	\$22.00, \$33.00 & \$44.00
<b>400 +</b>	\$11.00	\$16.00

## **Escalating Rental Rates for Leases with an 8-Year Extended Initial Period in Water Depths of Less than 400 Meters**

Any lessee with a lease in less than 400 meters water depth who earns an 8-year extended initial period will pay an escalating rental rate as shown above. The rental rates after the fifth year for blocks in less than 400 meters water depth will become fixed and no longer escalate if another well is spudded targeting hydrocarbons below 25,000 feet TVD SS after the fifth year of the lease, and BSEE concurs that such a well has been spudded. In this case, the rental rate will become fixed at the rental rate in effect during the lease year in which the additional well was spudded.

### **Royalty Rate**

- 18.75 percent

### **Minimum Royalty Rate**

- \$7.00 per acre or fraction thereof per year for blocks in water depths less than 200 meters
- \$11.00 per acre or fraction thereof per year for blocks in water depths 200 meters or deeper

### **Royalty Suspension Provisions**

Leases with royalty suspension volumes (RSVs) are authorized under existing BOEM regulations at [30 CFR part 560](#). Royalty relief or reduction is implemented by BSEE through regulations at [30 CFR part 203](#).

### **Ultra-Deep Gas Royalty Suspensions**

A lease issued as a result of this sale may be eligible for RSV incentives for ultra-deep wells pursuant to 30 CFR part 203, implementing requirements of the Energy Policy Act of 2005.

Certain wells on leases in less than 400 meters water depth completed to a drilling depth of 20,000 feet TVD SS or deeper may receive an RSV of 35 billion cubic feet of natural gas.

This RSV incentive is subject to applicable price thresholds set forth in that regulation.

## IV. LEASE STIPULATIONS

One or more of the following stipulations may be applied to leases issued as a result of this sale. The detailed text of these stipulations is contained in the “Lease Stipulations” section of the Proposed NOS Package.

- (1) Topographic Features
- (2) Military Areas
- (3) Law of the Sea Convention Royalty Payment
- (4) Protected Species
- (5) Agreement between the United States of America and the United Mexican States Concerning Transboundary Hydrocarbon Reservoirs in the Gulf of Mexico



## **V. INFORMATION TO LESSEES**

The Information to Lessees (ITL) clauses provide detailed information on certain issues pertaining to this oil and gas lease sale. The detailed text of these ITL clauses is contained in the “Information to Lessees” section of the Proposed NOS Package:

- (1) Navigation Safety
- (2) Ordnance Disposal Areas in the WPA
- (3) Existing and Proposed Artificial Reefs/Rigs to Reefs
- (4) Lightering Zones
- (5) Indicated Hydrocarbons List
- (6) Military Areas in the WPA
- (7) Safety Zones for Certain Production Facilities
- (8) Bureau of Safety and Environmental Enforcement (BSEE) Inspection and Enforcement of Certain Coast Guard Regulations
- (9) Potential Sand Dredging Activities in the WPA
- (10) Notice of Arrival on the Outer Continental Shelf
- (11) Bidder/Lessee Notice of Obligations Related to Criminal/Civil Charges and Offenses, Suspension, or Debarment

# VI. MAPS

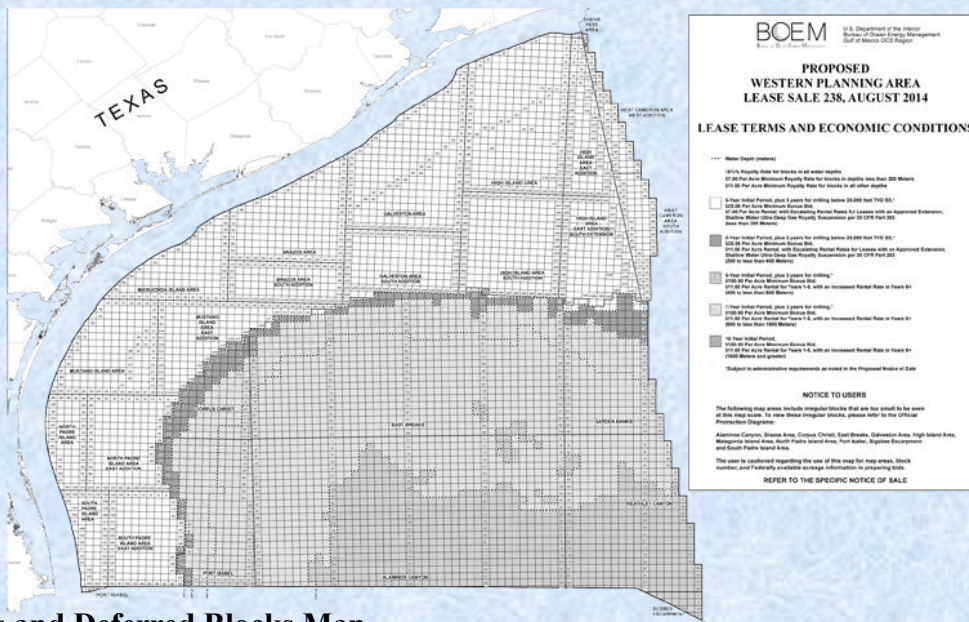
The maps pertaining to this lease sale may be found on the BOEM website at

<http://www.boem.gov/Sale-238>.

The following maps also are included in the Proposed NOS Package.

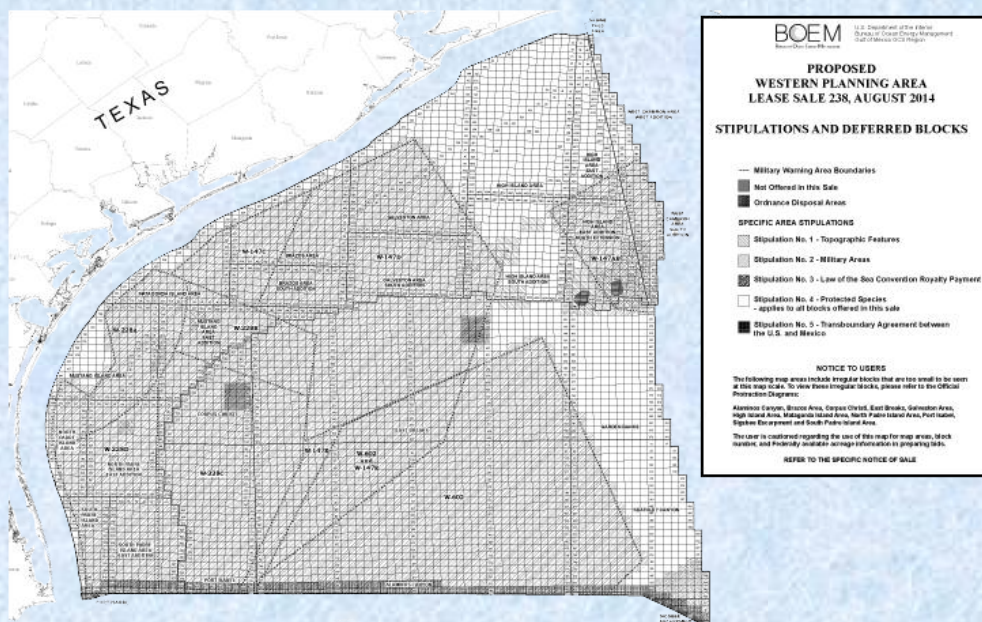
## Lease Terms and Economic Conditions Map

The lease terms and economic conditions and the blocks to which these terms and conditions apply are shown on the map “Proposed, Western Planning Area, Lease Sale 238, August 2014, Lease Terms and Economic Conditions” included in the Proposed NOS Package.



## Stipulations and Deferred Blocks Map

The blocks to which one or more lease stipulations may apply are shown on the map “Proposed, Western Planning Area, Lease Sale 238, August 2014, Stipulations and Deferred Blocks Map,” included in the Proposed NOS Package.



## **VII. BIDDING INSTRUCTIONS**

Instructions on how to submit a bid, secure payment of the advance bonus bid deposit (if applicable), and what information must be included with the bid are as follows:

### **Bid Form**

For each block bid upon, a separate sealed bid shall be submitted in a sealed envelope (as described below) and must include the following:

- total amount of the bid in whole dollars only;
- sale number;
- sale date;
- each bidder's exact name;
- each bidder's proportionate interest, stated as a percentage, using a maximum of five decimal places (e.g., 33.33333 percent);
- typed name and title, and signature of each bidder's authorized officer;
- each bidder's qualification number;
- map name and number or Official Protraction Diagram (OPD) name and number;
- block number; and
- statement acknowledging that the bidder(s) understand that this bid legally binds the bidder(s) to comply with all applicable regulations including payment of one-fifth of the bonus bid amount on all apparent high bids.

The information required on the bid(s) will be specified in the document "Bid Form" to be contained in the Final NOS Package. A blank bid form will be provided therein for convenience and may be copied and completed with the necessary information described above.

### **Bid Envelope**

Each bid must be submitted in a separate sealed envelope labeled as follows:

- "Sealed Bid for Oil and Gas Lease Sale 238, not to be opened until 9 a.m. Wednesday, August 20, 2014;"
- map name and number or OPD name and number;
- block number for block bid upon; and
- the exact name and qualification number of the submitting bidder only.

The Final NOS Package will include a sample bid envelope for reference.



### **Mailed Bids**

If bids are mailed, please address the envelope containing the sealed bid envelope(s) as follows:

Attention: Leasing and Financial Responsibility Section

BOEM Gulf of Mexico Region

1201 Elmwood Park Boulevard

New Orleans, Louisiana 70123-2394

**Contains Sealed Bids for WPA Oil and Gas Lease Sale 238**

**Please Deliver to Ms. Cindy Thibodeaux or Ms. Kasey Couture,**

**2<sup>nd</sup> Floor, Immediately**

### **Please Note:**

Bidders mailing bid(s) are advised to call Ms. Cindy Thibodeaux at (504) 736-2809, or Ms. Kasey Couture at (504) 736-2909, immediately after putting their bid(s) in the mail. If BOEM receives bids later than the Bid Submission Deadline, the BOEM Regional Director (RD) will return those bids unopened to bidders. Please see “Section XI. Delay of Sale” regarding BOEM’s discretion to extend the Bid Submission Deadline in the case of an unexpected event (e.g., flooding or travel restrictions) and how bidders can obtain more information on such extensions.



## **Advance Bonus Bid Deposit**

Bidders that are not currently an OCS oil and gas lease record title holder or designated operator or those that have ever defaulted on a one-fifth bonus bid deposit, by Electronic Funds Transfer (EFT) or otherwise, must guarantee (secure) the payment of the one-fifth bonus bid deposit prior to bid submission using one of the following four methods:

- (1) provide a third-party guarantee.
- (2) amend an area wide development bond via bond rider.
- (3) provide a letter of credit; or
- (4) provide a lump sum payment in advance via EFT.

For more information on EFT procedures, see Section X of this document entitled “The Lease Sale.”



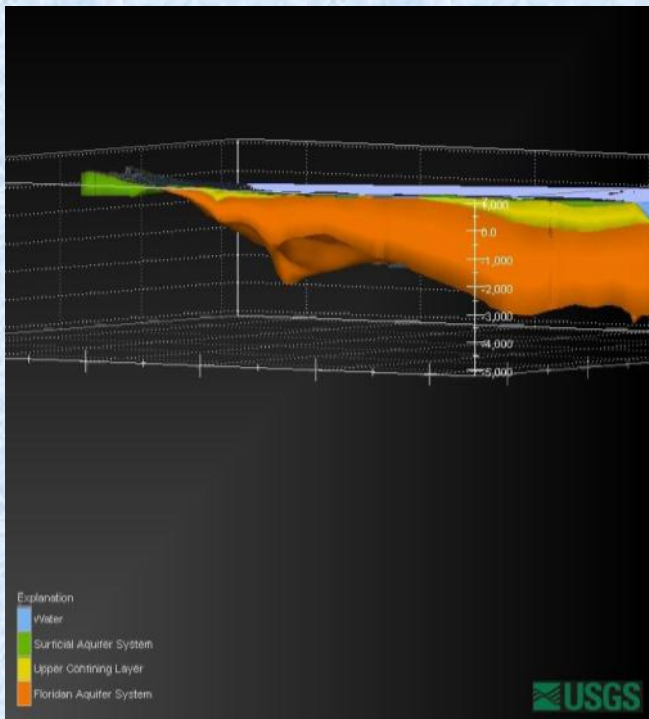
## **Affirmative Action**

Prior to bidding, each bidder should file Equal Opportunity Affirmative Action Representation Form BOEM-2032 (October 2011) and Equal Opportunity Compliance Report Certification Form BOEM-2033 (October 2011) with the BOEM Gulf of Mexico Region Adjudication Section. This certification is required by 41 CFR part 60 and Executive Order No. 11246, issued September 24, 1965, as amended by Executive Order No. 11375, issued October 13, 1967. Both forms must be on file for the bidder(s) in the GOM Region Adjudication Section prior to the execution of any lease contract.

## Geophysical Data and Information Statement (GDIS)

The GDIS is composed of three parts:

- 1) the “Statement” page includes the company representatives’ information and lists of blocks bid on that used proprietary data and those blocks bid on that did not use proprietary data;
- 2) the “Table” listing the required data about each proprietary survey used (see below); and
- 3) the “Maps” being the live trace maps for each survey that are identified in the GDIS statement and table.



Every bidder submitting a bid on a block in WPA Sale 238, or participating as a joint bidder in such a bid, must submit at the time of bid submission all three parts of the GDIS. A bidder must submit the GDIS even if a joint bidder or bidders on a specific block also have submitted a GDIS. Any speculative data that has been reprocessed externally or “in-house” is considered proprietary due to the proprietary processing and is no longer considered to be speculative.

The GDIS must be submitted in a separate and sealed envelope, and identify all proprietary data; reprocessed speculative data, and/or any Controlled Source Electromagnetic surveys, Amplitude Versus Offset, Gravity, or Magnetic data; or other information used as part of the decision to bid or participate in a bid on the block. The bidder and joint bidder must also include a live trace map (e.g.,

.pdf and ArcGIS shape file) for each survey that they identify in the GDIS illustrating the actual areal extent of the proprietary geophysical data in the survey (see the “Example of Preferred Format” in the Final NOS Package for additional information).

The GDIS statement must include the name, phone number, and full address of a contact person and an alternate who are both knowledgeable about the information and data listed and who are available for 30 days postsale. The GDIS statement also must include entries for all blocks bid upon that did not use proprietary or reprocessed pre- or post-stack geophysical data and information as part of the decision to bid or to participate as a joint bidder in the bid. The GDIS statement must be submitted even if no proprietary geophysical data and information were used in bid preparation for the block.

The GDIS table should have columns that clearly state the sale number; the bidder company’s name; the block area and block number bid on; the owner of the original data set (i.e., who initially acquired the data); the industry’s original name of the survey (e.g., E Octopus); the BOEM permit number for the survey; whether the data set is a fast track version; whether the data is speculative or proprietary; the data

type (e.g., 2-D, 3-D, or 4-D; pre-stack or post-stack; and time or depth); migration algorithm (e.g., Kirchhoff Migration, Wave Equation Migration, Reverse Migration, Reverse Time Migration) of the data and areal extent of bidder survey (i.e., number of line miles for 2-D or number of blocks for 3-D). Provide the computer storage size, to the nearest gigabyte, of each seismic data and velocity volume used to evaluate the lease block in question. This will be used in estimating the reproduction costs for each data set, if applicable. The next column should state who reprocessed the data (e.g., external company name or “in-house”) and when the date of final reprocessing was completed (month and year). If the data was sent to BOEM for bidding in a previous lease sale, list the date the data was processed (month and year) and indicate if AVO data was used in the evaluation. BOEM reserves the right to query about alternate data sets, to quality check, and to compare the listed and alternative data sets to determine which data set most closely meets the needs of the fair market value determination process. An example of the preferred format of the table may be found in the Final NOS Package, and a blank digital version of the preferred table may be accessed on the WPA 238 sale page at <http://www.boem.gov/Sale-238/>.

The GDIS maps are live trace maps (in .pdf and ArcGIS shape files) that should be submitted for each survey that is identified in the GDIS table. They should illustrate the actual areal extent of the proprietary geophysical data in the survey (see the “Example of Preferred Format” in the Final NOS Package for additional information).

Pursuant to 30 CFR 551.12 and 30 CFR 556.32, as a condition of the sale, the BOEM Gulf of Mexico RD requests that all bidders and joint bidders submit the proprietary data identified on their GDIS within 30 days after the lease sale (unless they are notified after the lease sale that BOEM has withdrawn the request). This request only pertains to proprietary data that is not commercially available. Commercially available data is not required to be submitted to BOEM, and reimbursement will not be provided if such data is submitted by a bidder. The BOEM Gulf of Mexico RD will notify bidders and joint bidders of any withdrawal of the request, for all or some of the proprietary data identified on the GDIS, within 15 days of the lease sale. Pursuant to 30 CFR part 551 and as a condition of this sale, all bidders required to submit data must ensure that the data is received by BOEM no later than the 30th day following the lease sale, or the next business day if the submission deadline falls on a weekend or Federal holiday. The data must be submitted to BOEM at the following address:

Bureau of Ocean Energy Management  
Resource Studies, MS 881A  
1201 Elmwood Park Blvd.  
New Orleans, LA 70123-2304

BOEM recommends that bidders mark the submission’s external envelope as “Deliver Immediately to DASPU.” BOEM also recommends that the data be submitted in an internal envelope, or otherwise marked, with the following designation: “Proprietary Geophysical Data Submitted Pursuant to Lease Sale 238 and used during <Bidder Name’s> evaluation of Block <Block Number>.”

In the event a person supplies any type of data to BOEM, that person must meet the following requirements to qualify for reimbursement:

- (1) Persons must be registered with the System for Award Management (SAM), formerly known as the Central Contractor Registration (CCR). CCR usernames will not work in SAM. A new SAM User Account is needed to register or update an entity's records. The website for registering is <https://www.sam.gov>.
- (2) Persons must be enrolled in the Department of Treasury's Internet Payment Platform (IPP) for electronic invoicing. The person must enroll in the IPP at <https://www.ipp.gov/>. Access then will be granted to use the IPP for submitting requests for payment. When a request for payment is submitted, it must include the assigned Purchase Order Number on the request.
- (3) Persons must have a current On-line Representations and Certifications Application at <https://www.sam.gov>.

**Please Note:**

The GDIS Information Table must be submitted digitally, preferably as an Excel spreadsheet, on a CD or DVD along with the seismic data map(s). If you have any questions, please contact

Ms. Dee Smith at (504) 736-2706, or Mr. John Johnson at (504) 736-2455.

Bidders should refer to Section X of this document, "The Lease Sale: Acceptance, Rejection, or Return of Bids," regarding a bidder's failure to comply with the requirements of the Final NOS, including any failure to submit information as required in the Final NOS or Final NOS Package.

**Telephone Numbers/Addresses of Bidders**

BOEM requests that bidders provide this information in the suggested format prior to or at the time of bid submission. The suggested format will be included in the Final NOS Package. The form must not be enclosed inside the sealed bid envelope.

**Additional Documentation**

BOEM may require bidders to submit other documents in accordance with 30 CFR 556.46.

## **VIII. BIDDING RULES AND RESTRICTIONS**

### **Restricted Joint Bidders**

BOEM published in the *Federal Register* on October 28, 2013, the most recent List of Restricted Joint Bidders at 78 FR 64243. Potential bidders are advised to refer to the *Federal Register*, prior to bidding, for the most current List of Restricted Joint Bidders in place at the time of the lease sale. Please refer to joint bidding provisions at 30 CFR 556.41 for additional restrictions.

### **Authorized Signatures**

All signatories executing documents on behalf of bidder(s) must execute the same in conformance with the BOEM qualification records.

Bidders are advised that BOEM considers the signed bid to be a legally binding obligation on the part of the bidder(s) to comply with all applicable regulations, including payment of one-fifth of the bonus bid on all high bids. A statement to this effect must be included on each bid form (see the document "Bid Form" contained in this Proposed NOS Package).

### **Unlawful Combination or Intimidation**

BOEM warns bidders against violation of 18 U.S.C. 1860, prohibiting unlawful combination or intimidation of bidders.

### **Bid Withdrawal**

Bids may be withdrawn only by written request delivered to BOEM prior to the Bid Submission Deadline. The withdrawal request must be on company letterhead and must contain the bidder's name, its BOEM qualification number, the map name/number, and the block number(s) of the bid(s) to be withdrawn. The request must be executed in conformance with the BOEM qualification records. Signatories must be authorized to bind their respective legal business entities (e.g., a corporation, partnership, or LLC); they also must have an incumbency certificate and/or specific power of attorney setting forth express authority to act on the business entity's behalf for purposes of bidding and lease execution under OCSLA. The name and title of the signatory must be typed under the signature block on the withdrawal letter. Upon approval of the BOEM Gulf of Mexico RD, or the RD's designee, of such requests, the RD or RD's designee will indicate approval by signing and dating the withdrawal request.

### **Bid Rounding**

Minimum bonus bid calculations, including all rounding, for all blocks will be shown in the document "List of Blocks Available for Leasing" included in the Final NOS Package. The bonus bid amount must be stated in whole dollars. If the acreage of a block contains a decimal figure, then prior to calculating the minimum bonus bid, BOEM will round up to the next whole acre. The appropriate minimum rate per acre will then be applied to the whole (rounded up) acreage. If this calculation results in a fractional dollar amount, the minimum bonus bid will be rounded up to the next whole dollar amount. The bonus bid amount must be greater than or equal to the minimum bonus bid in whole dollars.

## **IX. FORMS**

The Final NOS Package will include instructions, samples, and/or the preferred format for the following items. BOEM strongly encourages bidders to use these formats; should bidders use another format, they are responsible for including all the information specified for each item in the Final NOS Package.

- (1) Bid Form
- (2) Sample Completed Bid
- (3) Sample Bid Envelope
- (4) Sample Bid Mailing Envelope
- (5) Telephone Numbers/Addresses of Bidders Form
- (6) GDIS Form
- (7) GDIS Envelope Form

## **X. THE LEASE SALE**

### **Bid Opening and Reading**

Sealed bids received in response to the Final NOS will be opened at the place, date, and hour specified in the Final NOS. The opening of the bids is for the sole purpose of publicly announcing and recording the bids received; no bids will be accepted or rejected at that time.

### **Bonus Bid Deposit for Apparent High Bids**

Each bidder submitting an apparent high bid must submit a bonus bid deposit to the U.S. Department of the Interior's Office of Natural Resources Revenue (ONRR) equal to one-fifth of the bonus bid amount for each such bid. A copy of the notification of the high bidder's one-fifth bonus liability may be obtained at the EFT Area outside the Bid Reading Room on the day of the bid opening, or it may be obtained on the BOEM website at <http://www.boem.gov/Sale-238/> under the heading "Notification of EFT 1/5 Bonus Liability." All payments must be deposited electronically into an interest-bearing account in the U.S. Treasury by 11:00 a.m. Eastern Time the day following the bid reading (no exceptions). Account information is provided in the "Instructions for Making Electronic Funds Transfer Bonus Payments" found on the BOEM website identified above.

BOEM requires bidders to use EFT procedures for payment of one-fifth bonus bid deposits for WPA Sale 238, following the detailed instructions contained on the ONRR Payment Information webpage at <http://www.onrr.gov/FM/PayInfo.htm>. Acceptance of a deposit does not constitute and shall not be construed as acceptance of any bid on behalf of the United States.

### **Withdrawal of Blocks**

The United States reserves the right to withdraw any block from this lease 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. No bid will be accepted, and no lease for any block will be awarded to any bidder, unless: (1) the bidder has complied with all requirements of the Final NOS, including those set forth in the documents contained in the Final NOS Package and applicable regulations; (2) the bid is the highest valid bid; and (3) the amount of the bid has been determined to be adequate by the authorized officer. Any bid submitted that does not conform to the requirements of the Final NOS and Final NOS Package, OCSLA, or other applicable statute or regulation may be rejected and returned to the bidder. The U.S. Department of Justice and the Federal Trade Commission will review the results of the lease sale for antitrust issues prior to the acceptance of bids and issuance of leases. To ensure that the Government receives a fair return for the conveyance of leases from this sale, high bids will be evaluated in accordance with BOEM's bid adequacy procedures. A copy of current procedures, "Modifications to the Bid Adequacy Procedures," published at 64 FR 37560 on July 12, 1999, can be obtained from the BOEM Gulf of Mexico Region Public Information Office, or via the BOEM Gulf of Mexico Region website at <http://www.boem.gov/Bid-Adequacy-Procedures/>.

### **Lease Award**

BOEM requires each bidder awarded a lease to: (1) execute all copies of the lease (Form BOEM-2005 (October 2011), as amended); (2) pay by EFT the balance of the bonus bid amount and the first year's rental for each lease issued in accordance with the requirements of 30 CFR 218.155 and 556.47(f); and (3) satisfy the bonding requirements of 30 CFR part 556, subpart I, as amended. ONRR requests that only one transaction be used for payment of the four-fifths bonus bid amount and the first year's rental.

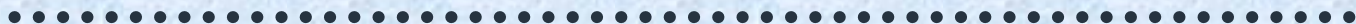


## **XI. DELAY OF SALE**

The BOEM Gulf of Mexico RD has the discretion to change any date, time, and/or location specified in the Final NOS Package in case of an event that the BOEM Gulf of Mexico RD deems may interfere with the carrying out of a fair and orderly lease sale process. Such events could include, but are not limited to, natural disasters (e.g., earthquakes, hurricanes, and floods), wars, riots, acts of terrorism, fires, strikes, civil disorder, or other events of a similar nature. In case of such events, bidders should call (504) 736-0557, or access the BOEM website at

<http://www.boem.gov>

for information regarding any changes.



## **XII. UPCOMING MILESTONES**

After the Governors of the affected States (Texas and Louisiana) have had an opportunity to comment on the size, timing, and location of the proposed lease sale, as required by section 19 of OCSLA (43 U.S.C. 1345), the Assistant Secretary for Land and Minerals Management will make a decision on whether and how to proceed with WPA Sale 238. The Department of the Interior reserves the right to revise the areas offered for bidding and associated terms and conditions described in this Proposed NOS. If the Assistant Secretary for Land and Minerals Management decides to proceed with the lease sale, a Final NOS for WPA Sale 238 will be published in the *Federal Register* at least 30 days prior to the date of the public bid reading. The Final NOS Package for WPA Sale 238, containing all lease sale terms and conditions and detailed instructions to bidders, also will be available at that time from the BOEM Gulf of Mexico Region Public Information Office, and on the BOEM website at

<http://www.boem.gov/Sale-238/>



## **APPENDIX A**

### **REPEAL LANGUAGE FOR ROYALTY SUSPENSION PROVISIONS FOR WPA SALE 238**

Potential bidders are advised about possible changes in royalty relief for this sale. Congress could adopt and the President could sign a bill that repeals the Energy Policy Act of 2005 (EPAAct of 2005), Pub. L. No. 109-58, section 344, before BOEM issues the Final NOS for WPA Sale 238.

Should section 344 of the EPAAct of 2005 be repealed on or before June 30, 2014 – a date giving enough lead time for bidders and BOEM to prepare the Final NOS for WPA Sale 238 – BOEM intends to offer leases for sale with no ultra-deep gas RSVs in their lease terms. If section 344 is repealed, leases located in 0 to 400 meters of water with ultra-deep wells would not earn RSVs.



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# *Leasing Activities Information*

**BOEM** U.S. Department of the Interior  
Bureau of Ocean Energy Management  
Gulf of Mexico Region  
BUREAU OF OCEAN ENERGY MANAGEMENT

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# LEASE STIPULATIONS



One or more of five lease stipulations may be applied to leases resulting from this lease sale on blocks shown on the map “Proposed, Western Planning Area, Lease Sale 238, August 2014, Stipulations and Deferred Blocks” included in the Proposed NOS Package. In addition, the “List of Blocks Available for Leasing” contained in the Final NOS Package will identify the lease stipulations applicable to each block listed. These lease stipulations are as follows:

[Stipulation No. 1 –Topographic Features](#)

[Stipulation No. 2 –Military Areas](#)

[Stipulation No. 3 –Law of the Sea Convention Royalty Payment](#)

[Stipulation No. 4 –Protected Species](#)

[Stipulation No. 5 – Agreement between the United States of America and the United Mexican States Concerning Transboundary Hydrocarbon Reservoirs in the Gulf of Mexico](#)

(Stipulation No. 1, together with the appropriate Topographic Features Stipulation Map, will, if selected, be included only in leases issued as a result of this lease sale on blocks within the areas so indicated in the Western and Central Gulf of Mexico Topographic Features Stipulation Map Package, which is available from the Bureau of Ocean Energy Management (BOEM) Gulf of Mexico (GOM) Region Public Information Office and on the BOEM website at [http://www.boem.gov/uploadedFiles/topo\\_features\\_package.pdf](http://www.boem.gov/uploadedFiles/topo_features_package.pdf). As referenced in paragraphs A, B, C, and D of this stipulation, a Topographic Features Stipulation Map will be attached to each lease instrument subject to this stipulation.)

**Stipulation No. 1 – Topographic Features**

The stipulation provides for protection of the following banks in the Western Planning Area (WPA):

<b>Bank Name</b>	<b>No Activity Zone (defined by isobaths in meters)</b>
<b>Shelf Edge Banks</b>	
West Flower Garden Bank	100 <sup>1</sup>
East Flower Garden Bank	100 <sup>1</sup>
MacNeil Bank	82
29 Fathom Bank	64
Rankin Bank	85
Bright Bank <sup>2</sup>	85
Stetson Bank	52
Appelbaum Bank	85
<b>Low Relief Banks<sup>3</sup></b>	
Mysterious Bank	74, 76, 78, 80, 84
Coffee Lump	Various
Blackfish Ridge	70
Big Dunn Bar	65
Small Dunn Bar	65
32 Fathom Bank	52
Claypile Bank <sup>4</sup>	50
<b>South Texas Banks<sup>5</sup></b>	
Dream Bank	78, 82
Southern Bank	80
Hospital Bank	70
North Hospital Bank	68
Aransas Bank	70
South Baker Bank	70
Baker Bank	70

Notes:

1. Defined by 1/4 x 1/4 x 1/4 system
2. Central Planning Area bank in the GOM with a portion of its “1-Mile Zone” and/or “3-Mile Zone” in the WPA.
3. Only paragraph A applies.
4. Paragraphs A and B apply. In paragraph B, monitoring of the effluent to determine the effect on the biota of Claypile Bank shall be required rather than shunting.
5. Only paragraphs A and B apply.

The lessee and its operators, personnel, and subcontractors are responsible for carrying out the specific mitigation measures outlined in the most current Notices to Lessees and Operators, which provide guidance on how to follow the requirements of this stipulation. See the attached “Topographic Features Stipulation Map” and the figures in the “Western and Central Gulf of Mexico Topographic Features Stipulation Map Package” on BOEM’s website at [http://www.boem.gov/uploadedFiles/topo\\_features\\_package.pdf](http://www.boem.gov/uploadedFiles/topo_features_package.pdf).

- A. No activity, including placement of structures, drilling rigs, pipelines, or anchoring, will be allowed within the listed isobath (“No Activity Zone”) of the banks listed above.
- B. Operations within the area shown as the “1,000-Meter Zone” on the attached “Topographic Features Stipulation Map” shall be restricted by shunting all drill cuttings and drilling fluids to the bottom through a structurally sound downpipe that terminates at an appropriate distance, but no more than 10 meters, from the bottom.
- C. Operations within the area shown as the “1-Mile Zone” on the attached “Topographic Features Stipulation Map” shall be restricted by shunting all drill cuttings and drilling fluids to the bottom through a structurally sound downpipe that terminates at an appropriate distance, but no more than 10 meters, from the bottom. Where a “1-Mile Zone” is designated, the “1,000-Meter Zone” in paragraph B is not designated. This restriction on operations also applies to areas surrounding the Flower Garden Banks, namely the “4-Mile Zone” surrounding the East Flower Garden Bank and the West Flower Garden Bank.
- D. Operations within the area shown as “3-Mile Zone” on the attached “Topographic Features Stipulation Map” shall be restricted by shunting all drill cuttings and drilling fluids from development operations to the bottom through a structurally sound downpipe that terminates at an appropriate distance, but no more than 10 meters, from the bottom. If more than two exploration wells are to be drilled from the same surface location within the “3-Mile Zone,” all drill cuttings and drilling fluids shall be restricted by shunting to the bottom through a downpipe that terminates at an appropriate distance, but no more than 10 meters, from the bottom.

(Stipulation No. 2 will, if selected, be included in leases issued as a result of this lease sale, located within the Warning Areas as shown on the map “Proposed, Western Planning Area, Lease Sale 238, August 2014, Stipulations and Deferred Blocks” included in the Proposed Notice of Sale Package.)

## **Stipulation No. 2 – Military Areas**

### **A. Hold and Save Harmless**

Whether compensation for such damage or injury might be due under a theory of strict or absolute liability or otherwise, the lessee assumes all risks of damage or injury to persons or property that occur in, on, or above the Outer Continental Shelf (OCS), and to any persons or to any property of any person or persons who are agents, employees, or invitees of the lessee, its agents, independent contractors, or subcontractors doing business with the lessee in connection with any activities being performed by the lessee in, on, or above the OCS, if such injury or damage to such person or property occurs by reason of the activities of any agency of the United States (U.S.) Government, its contractors or subcontractors, or any of its officers, agents, or employees, being conducted as a part of, or in connection with, the programs and activities of the command headquarters listed in the following table.

Notwithstanding any limitation of the lessee’s liability in Section 14 of the lease, the lessee assumes this risk whether such injury or damage is caused in whole or in part by any act or omission, regardless of negligence or fault, of the U.S. Government, its contractors or subcontractors, or any of its officers, agents, or employees. The lessee further agrees to indemnify and save harmless the U.S. Government against all claims for loss, damage, or injury sustained by the lessee, or to indemnify and save harmless the U.S. Government against all claims for loss, damage, or injury sustained by the agents, employees, or invitees of the lessee, its agents, or any independent contractors or subcontractors doing business with the lessee in connection with the programs and activities of the aforementioned military installation, whether the same be caused in whole or in part by the negligence or fault of the U.S. Government, its contractors, or subcontractors, or any of its officers, agents, or employees and whether such claims might be sustained under a theory of strict or absolute liability or otherwise.

### **B. Electromagnetic Emissions**

The lessee agrees to control its own electromagnetic emissions and those of its agents, employees, invitees, independent contractors, or subcontractors emanating from individual designated defense warning areas in accordance with requirements specified by the commander of the command headquarters listed in the following table to the degree necessary to prevent damage to, or unacceptable interference with, Department of Defense flight, testing, or operational activities conducted within individual designated warning areas. Necessary monitoring control and coordination with the lessee, its agents, employees, invitees, independent contractors, or subcontractors will be affected by the commander of the appropriate onshore military installation conducting operations in the particular warning area provided, however, that control of such electromagnetic emissions shall in no instance prohibit all manner of electromagnetic communication during any period of time between a lessee, its agents, employees, invitees, independent contractors, or subcontractors, and onshore facilities.



### C. Operational

The lessee, when operating, or causing to be operated on its behalf, a boat, ship, or aircraft traffic in the individual designated warning areas, shall enter into an agreement with the commander of the individual command headquarters listed in the following list, upon utilizing an individual designated warning area prior to commencing such traffic. Such an agreement will provide for positive control of boats, ships, and aircraft operating in the warning areas at all times.

<b>Warning and Water Test Area</b>	<b>Command Headquarters</b>
W-59	Naval Air Station JRB 159 Fighter Wing 400 Russell Avenue, Box 27 Building 285 (Operations) New Orleans, Louisiana 70143-0027 Telephone: (504) 391-8695/8696
W-147	147 OSS/OSA Air Field Management 14657 Sneider Street Houston, Texas 77034-5586 Telephone: (281) 929-2710/2803
W-228	Chief, Naval Air Training Attention: Tom Bily Code N386 (ATC and Space Management) Naval Air Station Corpus Christi, Texas 78419-5100 Telephone: (361) 961-0145/3393
W-602	VQ-4 Operations Department 7791 Mercury Road Tinker AFB, Oklahoma 73145-8704 Telephone: (405) 739-5700/5702

(Stipulation No. 3 will, if selected, be included only in leases issued as a result of this lease sale beyond the United States (U.S.) Exclusive Economic Zone (EEZ) in the area formerly known as the Western Gap, as shown on the map “Proposed, Western Planning Area, Lease Sale 238, August 2014, Stipulations and Deferred Blocks” included in the Proposed Notice of Sale Package.)

### **Stipulation No. 3 – Law of the Sea Convention Royalty Payment**

If the United States becomes a party to the 1982 Law of the Sea Convention (Convention) prior to or during the life of a lease issued by the United States on a block or portion of a block located beyond its EEZ and subject to such conditions that the Senate may impose through its constitutional role of advice and consent, then the following royalty payment lease provisions will apply to the lease so issued, consistent with Article 82 of the Convention:

- A. The Convention requires payments annually by coastal states party to the Convention with respect to all production at a site after the first five years of production at that site. Any such payments will be made by the U.S. Government and not the lessee.
- B. For the purpose of this stipulation regarding payments by the lessee to the United States, each lease constitutes a separate site, whether or not a lease is committed to a unit.
- C. For the purpose of this stipulation, the first production year begins on the first day of commercial production (excluding test production). Once a production year begins, it shall run for a period of 365 days, whether or not the lease produces continuously in commercial quantities. Subsequent production years shall begin on the anniversary date of first production.
- D. If total lease production during the first five years following first production exceeds the total royalty suspension volume(s) provided in the lease terms, or through application and approval of relief from royalties, the provisions of this stipulation will not apply. If, after the first five years of production, but prior to termination of this lease, production exceeds the total royalty suspension volume(s) provided in the lease terms, or through application and approval of relief from royalties, the provisions of this stipulation no longer will apply effective the day after the suspension volumes have been produced.
- E. If, in any production year after the first five years of lease production, due to lease royalty suspension provisions or through application and approval of relief from royalties, no lease production royalty is due or payable by the lessee to the United States, then the lessee will be required to pay, as stipulated in paragraph I below, Convention-related royalty in the following amount so that the required Convention payments may be made by the U.S. Government as provided under the Convention:
  - 1) In the sixth year of production, one percent of the value of the sixth year’s lease production saved, removed, or sold from the leased area;
  - 2) After the sixth year of production, the Convention-related royalty payment rate shall increase by one percent for each subsequent year until the twelfth year and shall remain at seven percent thereafter until lease termination.

- F. If the United States becomes a party to the Convention after the fifth year of production from the lease, and a lessee is required, as provided herein, to pay Convention-related royalty, the amount of the royalty due will be based on the above payment schedule as determined from first production. For example, the U.S. Government accession to the Convention in the tenth year of lease production would result in a Convention-related royalty payment of five percent of the value of the tenth year's lease production, saved, removed, or sold from the lease. The following year, a payment of six percent would be due and so forth, as stated above, up to a maximum of seven percent per year.
- G. If, in any production year after the first five years of lease production, due to lease royalty suspension provisions or through application and approval of relief from royalties, lease production royalty is paid, but is less than the payment provided for by the Convention, then the lessee will be required to pay to the U.S. Government the Convention-related royalty in the amount of the shortfall.
- H. In determining the value of production from the lease if a payment of Convention-related royalty is to be made, the provisions of the lease and applicable regulations shall apply.
- I. The Convention-related royalty payment(s) required under paragraphs E through G of this stipulation, if any, shall not be paid monthly but shall be due and payable to the Office of Natural Resources Revenue on or before 30 days after expiration of the relevant production lease year.
- J. The lessee will receive royalty credit in the amount of the Convention-related royalty payment required under paragraphs E through G of this stipulation, which will apply to royalties due under the lease for which the Convention-related royalty accrued in subsequent periods as non-Convention related royalty payments become due.
- K. Any lease production for which the lessee pays no royalty other than a Convention-related requirement, due to lease royalty suspension provisions or through application and approval of relief from royalties, will count against the lease's applicable royalty suspension or relief volume.
- L. The lessee will not be allowed to apply or recoup any unused Convention-related credit(s) associated with a lease that has been relinquished or terminated.

(Stipulation No. 4 will, if selected, be included in all leases issued as a result of this lease sale.)

#### **Stipulation No. 4 – Protected Species**

A. The Endangered Species Act (16 U.S.C. 1531-1544) and the Marine Mammal Protection Act (MMPA) (16 U.S.C. 1361-1423h) are designed to protect threatened and endangered species and marine mammals and apply to activities on the Outer Continental Shelf (OCS). The OCS Lands Act (43 U.S.C. 1331-1356a) provides that the OCS should be made available for expeditious and orderly development subject to environmental safeguards, in a manner which is consistent with the maintenance of competition and other national needs (see 43 U.S.C. 1332). The Bureau of Ocean Energy Management (BOEM) and the Bureau of Safety and Environmental Enforcement (BSEE) comply with these laws on the OCS.

B. The lessee and its operators must:

- 1) Collect and remove flotsam resulting from activities related to exploration, development, and production of this lease;
- 2) Post signs in prominent places on all vessels and platforms used as a result of activities related to exploration, development, and production of this lease detailing the reasons (legal and ecological) why release of debris must be eliminated;
- 3) Observe for marine mammals and sea turtles while on vessels, reduce vessel speed to 10 knots or less when assemblages of cetaceans are observed, and maintain a distance of 90 meters or greater from whales, and a distance of 45 meters or greater from small cetaceans and sea turtles;
- 4) Employ mitigation measures prescribed by BOEM/BSEE or the National Marine Fisheries Service (NMFS) for all seismic surveys, including the use of an “exclusion zone” based upon the appropriate water depth, ramp-up and shutdown procedures, visual monitoring, and reporting;
- 5) Identify important habitats, including designated critical habitat, used by listed species (e.g., sea turtle nesting beaches, piping plover critical habitat), in oil spill contingency planning and require the strategic placement of spill cleanup equipment to be used only by personnel trained in less-intrusive cleanup techniques on beaches and bay shores; and
- 6) Immediately report all sightings and locations of injured or dead protected species (e.g., marine mammals and sea turtles) to the appropriate stranding network. If oil and gas industry activity is responsible for the injured or dead animal (e.g., because of a vessel strike), the responsible parties should remain available to assist the stranding network. If the injury or death was caused by a collision with the lessee’s vessel, the lessee must notify BOEM within 24 hours of the strike.

C. BOEM and BSEE issue Notices to Lessees and Operators (NTLs), which more fully describe measures implemented in support of the above-mentioned implementing statutes and regulations, as well as measures identified by the U.S. Fish and Wildlife Service and NMFS arising from, among others, conservation recommendations, rulemakings pursuant to the MMPA, or consultation. The lessee and its operators, personnel, and subcontractors, while undertaking activities authorized under this lease, must implement and comply with the specific mitigation measures outlined in NTL No. 2012-JOINT-G01 (Vessel Strike Avoidance and Injured/Dead Protected Species Reporting), NTL No. 2012-JOINT-G02 (Implementation of Seismic Survey Mitigation Measures and Protected Species Observer Program), and NTL No. 2012-BSEE-G01 (Marine Trash and Debris Awareness and Elimination). At the lessee's option, the lessee, its operators, personnel, and contractors may comply with the most current measures to protect species in place at the time an activity is undertaken under this lease, including, but not limited to, new or updated versions of the NTLs identified in this paragraph. The lessee and its operators, personnel, and subcontractors will be required to comply with the mitigation measures, identified in the above referenced NTLs, and additional measures in the conditions of approvals for their plans or permits.

(Stipulation No. 5 will be included in leases issued as a result of this lease sale that are wholly or partially located within 3 statute miles of the Maritime and Continental Shelf Boundary with Mexico, defined as the “Boundary Area” and as shown on the map “Proposed, Western Planning Area, Lease Sale 238, August 2014, Stipulation and Deferred Blocks Map” included in the Proposed NOS Package. The term “Boundary Area” means an area comprised of any and all blocks in the Western and Central Planning Areas that are wholly or partially located within 3 statute miles of the Maritime and Continental Shelf Boundary with Mexico, as the Maritime Boundary is delimited in the Treaty to Resolve Pending Boundary Differences and Maintain the Rio Grande and Colorado River as the International Boundary, signed November 24, 1970; the Treaty on Maritime Boundaries between the United Mexican States and the United States of America, signed on May 4, 1978; and, as the continental shelf in the Western Gulf of Mexico beyond 200 nautical miles is delimited in the Treaty between the Government of the United Mexican States and the Government of the United States of America, signed on June 9, 2000.)

**Stipulation No. 5 – Agreement between the United States of America and the United Mexican States Concerning Transboundary Hydrocarbon Reservoirs in the Gulf of Mexico**

When the Agreement between the United States of America and the United Mexican States Concerning Transboundary Hydrocarbon Reservoirs in the Gulf of Mexico (Agreement) signed on February 20, 2012, enters into force, all activities carried out under this lease must comply with the Agreement and any law, regulation, or condition of approval of a unitization agreement, plan, or permit adopted by the United States to implement the Agreement before or after issuance of this lease. Once the Agreement enters into force, the lessee is subject to, and must comply with, all terms of the Agreement, including, but not limited to, the following requirements:

- A. When the United States is obligated under the Agreement to provide information that may be considered confidential, commercial, or proprietary to a third-party or the Government of the United Mexican States, if the lessee holds such information, the lessee is required to provide it to the lessor as provided for in the Agreement;
- B. When the United States is obligated under the Agreement to prohibit commencement of production on a lease, the Bureau of Safety and Environmental Enforcement (BSEE) will direct a Suspension of Production with which the lessee must comply;
- C. When the United States is obligated under the Agreement to seek development of a transboundary reservoir under a unitization agreement, the lessee is required to cooperate and explore the feasibility of such development with a licensee of the United Mexican States;
- D. When there is a proven transboundary reservoir, as defined by the Agreement, and the relevant parties, including the lessee, fail to conclude a unitization agreement, the lessee’s rights to produce the hydrocarbon resources will be limited by the terms of the Agreement;
- E. If the lessee seeks to jointly explore or develop a transboundary reservoir with a licensee of the United Mexican States, the lessee is required to submit to BSEE information and documents that comply with and contain terms consistent with the Agreement, including, but not limited to, a proposed unitization agreement that designates the unit operator for the transboundary unit and provides for the allocation of production and any redetermination of the allocation of production; and

F. The lessee is required to comply with and abide by determinations issued as a result of the Agreement's dispute resolution process on, among other things, the existence of a transboundary reservoir, and the allocation and/or reallocation of production.

The lessee and its operators, personnel, and subcontractors are required to comply with these and any other additional measures necessary to implement the provisions of the Agreement once it enters into force, including, but not limited to, conditions of approvals for their plans and permits for activities related to any transboundary reservoir or geologic structure subject to the Agreement.

A copy of the Agreement is attached to this lease. The lessee accepts the risk that any provision of the Agreement or any U.S. law, regulation, or condition of approval of a unitization agreement, plan or permit implementing the Agreement may increase or decrease the lessee's obligations and rights under the lease. The summary of provisions of the Agreement set forth above is provided for the lessee's reference. To the extent this summary differs or conflicts with the express language of the Agreement or implementing regulations, the provisions of the Agreement and regulations are incorporated by reference in their entirety and will control and be enforceable as binding provisions of this lease.





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# *Leasing Activities Information*

**BOEM** U.S. Department of the Interior  
Bureau of Ocean Energy Management  
Gulf of Mexico Region  
BUREAU OF OCEAN ENERGY MANAGEMENT

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## **INFORMATION TO LESSEES**



**This document contains Information to Lessees (ITL) clauses designed to inform potential bidders of select applicable Federal requirements and other information that may be of benefit to bidders participating in this sale.**

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- (a) [Navigation Safety](#)
- (b) [Ordnance Disposal Areas in the WPA](#)
- (c) [Existing and Proposed Artificial Reefs/Rigs-to-Reefs](#)
- (d) [Lightering Zones](#)
- (e) [Indicated Hydrocarbons List](#)
- (f) [Military Areas in the WPA](#)
- (g) [Safety Zones for Certain Production Facilities](#)
- (h) [Bureau of Safety and Environmental Enforcement \(BSEE\)  
Inspection and Enforcement of Certain Coast Guard Regulations](#)
- (i) [Potential Sand Dredging Activities in the WPA](#)
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Charges and Offenses, Suspension, or Debarment](#)

(a) Navigation Safety. Bidders are advised that operations on certain blocks may be restricted by the designation of fairways, precautionary zones, anchorages, safety zones, or traffic separation schemes established by the U.S. Coast Guard (USCG) pursuant to the Ports and Waterways Safety Act (33 U.S.C. 1221-1236), as amended, and the Deepwater Port Act (33 U.S.C. 1501-1524). Bidders are advised to review the USCG regulations at 33 CFR part 150, including 33 CFR 150.940, "Safety zones for specific deepwater ports," and the Louisiana Offshore Oil Port Safety Zones.

U.S. Army Corps of Engineers (USACE) permits are required for construction of any artificial islands, installations, and other devices permanently or temporarily attached to the seabed located on the Outer Continental Shelf (OCS) in accordance with section 4(e) of the OCS Lands Act, as amended.

For additional USCG information, contact

Lieutenant Commander Brandon Sullivan,  
Waterways Management Division, Sector New Orleans,  
200 Hendee Street,  
New Orleans, Louisiana 70114,  
or at (504) 365-2281.

For additional USACE information, contact

Mr. Pete Serio, CEMVN-OD-S,  
P.O. Box 60267,  
New Orleans, Louisiana 70160-0267,  
or at (504) 862-2255.

(b) Ordnance Disposal Areas in the WPA. Bidders are advised that two inactive ordnance disposal areas are located in the Corpus Christi and East Breaks areas, as shown on the map "Stipulations and Deferred Blocks" included in the Proposed NOS Package. These areas were used to dispose of ordnance of unknown composition and quantity. These areas have not been used for ordnance disposal since about 1970. Water depths in the Corpus Christi area range from approximately 600 to 900 meters. Water depths in the East Breaks area range from approximately 300 to 700 meters. Bottom sediments in both areas are generally soft, consisting of silty clays. Exploration and development activities in these areas require precautions commensurate with the potential hazards.

(c) Existing and Proposed Artificial Reefs/Rigs-to-Reefs. Bidders are advised that there are OCS artificial reef planning and general permit areas for the Gulf of Mexico Region (GOMR) in which reef sites are or may be established for use by applicable State Rigs-to-Reefs programs. Rigs-to-Reefs proposals for reefing oil and gas structures must be accepted by the appropriate State and approved by the Bureau of Safety and Environmental Enforcement (BSEE) GOMR. The State Artificial Reef program developing a reef site must also obtain a permit from the USACE. Each State's Artificial Reefs/Rigs-to-Reefs program is managed under that State's Artificial Reef Plan. For more information, see the contact information in the table below.

State	Coordinator	Phone	URL
AL	Craig Newton	(251) 861-2882	<a href="http://www.outdooralabama.com/fishing/saltwater/fisheries/artificial-reefs/">http://www.outdooralabama.com/fishing/saltwater/fisheries/artificial-reefs/</a>
FL	Jon Dodrill	(850) 922-4340	<a href="http://myfwc.com/conservation/saltwater/artificial-reefs/ar-program/">http://myfwc.com/conservation/saltwater/artificial-reefs/ar-program/</a>
LA	Mike McDonough	(225) 763-5418	<a href="http://www.wlf.louisiana.gov/fishing/artificial-reef-program">http://www.wlf.louisiana.gov/fishing/artificial-reef-program</a>
MS	Erik Broussard	(228) 523-4032	<a href="http://www.dmr.ms.gov/joomla16/index.php/marine-fisheries/artificial-reef">http://www.dmr.ms.gov/joomla16/index.php/marine-fisheries/artificial-reef</a>
TX	Dale Shively	(512) 389-4686	<a href="http://www.tpwd.state.tx.us/landwater/water/habitats/artificial_reef/">http://www.tpwd.state.tx.us/landwater/water/habitats/artificial_reef/</a>

(d) Lightering Zones. Bidders are advised that the USCG has designated certain areas of the OCS as lightering zones for the purpose of permitting single hull vessels to offload oil within the U.S. Exclusive Economic Zone. Such designation may have implications for oil and gas operations in the areas. See 33 CFR 156.300-156.330 for the regulations concerning lightering zones. For more information, contact the USCG District 8 Waterways Management Division at (504) 671-2107, or via e-mail to Shelley.R.Miller@uscg.mil.

(e) Indicated Hydrocarbons List. Bidders are advised that BOEM makes available approximately three months prior to a lease sale, a list of unleased blocks in the Central, Western, and Eastern Planning Areas that have wellbores with indicated hydrocarbons. Information relating to production, wellbores, and pay range for each block is included (see the BOEM website at <http://www.boem.gov/Indicated-Hydrocarbon-List/>). Bidders should be aware that prior lessees on these lease blocks may have continuing rights and obligations with respect to the wells and infrastructure developed under the prior lessee's lease, for at least a year after termination of the prior lessee's lease (see 30 CFR subpart Q). Lessees seeking the right to use preexisting platforms, pipelines, wells, or other infrastructure on a lease block must first obtain BSEE approval and, in the event the request is made within the time BSEE authorizes for the completion of decommissioning, the express consent of the prior lessee also will be required. Bidders should also refer to 30 CFR 250.1702 for the circumstances under which lessees accrue decommissioning liabilities, including, but not limited to, when reentering wells that previously were plugged.

(f) Military Areas in the WPA. Bidders are advised that Stipulation No. 2, Military Areas, found within the document "Lease Stipulations" included in the Proposed NOS Package, will apply to leases in any new Military Warning and Water Test Areas that may be established by the Federal Aviation Administration (FAA) and any blocks that previously were subject to the stipulation. Military Warning and Water Test Areas are established in the FAA Air Traffic Document JO 7400.8V "Title 14- Aeronautics and Space - Chapter 1 Federal Aviation Administration - Subchapter Airspace - Part 73 - Special Use Airspace Regulatory and Nonregulatory." This document may be downloaded from the FAA website at <http://www.faa.gov/documentLibrary/media/Order/SUA.pdf>.

The lessee is responsible for establishing and maintaining contact and coordinating with the military commander(s) in any Military Warning and Water Test Area in which operations, radio communications, or flights are planned during the occupation and development of any leases, including flights that pass through a Military Warning and Water Test Area, to a leased block that is not in a Military Warning and Water Test Area.

BOEM recommends lessees establish and maintain contact and coordinate with the appropriate military commander(s), whether or not their lease is subject to a Military Areas Stipulation.

For more information, contact:

Federal Aviation Administration - Airspace Office  
Houston Air Route Traffic Control Center (ARTCC)  
Attention: Mike McGee  
16600 John F. Kennedy Boulevard  
Houston, Texas 77032  
Telephone: (281) 230-5563 (mission support for daily schedules)  
Telephone: (281) 230-5520 (operations support for procedural updates and information)

For more information, including a map of the Military Warning and Water Test Areas, see Notice to Lessees and Operators (NTL) No. 2009-G06, available from the BOEM Gulf of Mexico Region Public Information Office at the address at the end of this document, or see BOEM's website at <http://www.boem.gov/Notices-to-Lessees-and-Operators/>.

(g) Safety Zones for Certain Production Facilities. Bidders are advised to review the USCG regulations at 33 CFR part 147 – Safety Zones. These regulations establish a 500-meter (1,640 foot) safety zone around several oil and gas production facilities on the OCS, measured from each point on its outer edge or from its construction site, so as not to interfere with the use of recognized sea lanes essential to navigation. These regulations prevent all vessels from entering or remaining in the safety zones except as follows: (1) an attending vessel, (2) a vessel under 100 feet in length overall not engaged in towing, or (3) a vessel authorized by the Eighth Coast Guard District Commander. These facilities and their locations are specifically identified in 33 CFR part 147.

(h) BSEE Inspection and Enforcement of Certain Coast Guard Regulations. Bidders are advised to review the USCG regulations at 33 CFR part 140, subpart B – Inspections. These regulations authorize BSEE to perform inspections on fixed OCS facilities engaged in OCS activities and to enforce USCG regulations applicable to those facilities in accordance with 33 CFR parts 140-147. For more information, contact USCG Sector New Orleans, 200 Hendee Street, New Orleans, Louisiana 70114.

(i) Potential Sand Dredging Activities in the WPA. Bidders are advised that offshore dredging activities performed in order to obtain OCS sand for beach nourishment and coastal restoration projects will occur in some of the blocks listed below:

#### **WPA Blocks**

Sabine Pass Area – 10, 16, 40, 44

High Island Area – 47, 48, 71, 72, 73, 74, 75, 76, 88, 89, 114, 199, 200, 202

High Island East Addition – 38, 39, 45, 46

West Cameron West Addition – 157, 160, 161

A BOEM-Texas Cooperative Sand Program identified offshore sand deposits at Heald Bank and Sabine Bank sand bodies for possible use in coastal restoration projects along the Texas coast. Although no specific beach nourishment or coastal restoration projects using OCS sand resources have been identified, future projects in this area may occur.

On August 2, 2012, BOEM issued a noncompetitive negotiated lease to Coastal Protection and Restoration Authority of Louisiana to mine sand from the Sabine Bank sand body in West Cameron Area, Blocks 114 and 117, in order to construct the Cameron Parish Shoreline Restoration Project. Construction began in August 2013 and will continue through March 2014.

BOEM advises lessees to refer to NTL No. 2009-G04, “Significant OCS Sediment Resources in the GOM,” for obligations regarding significant OCS sediment resources. NTL No. 2009-G04 may be found at <http://www.boem.gov/Notices-to-Lessees-and-Operators/>. NTL No. 2009-G04 states that “[i]f it is determined that significant OCS sediment resources may be impacted by a proposed activity, the BOEM GOMR may require you to undertake measures deemed economically, environmentally, and technically feasible to protect the resources to the maximum extent practicable. Measures may include modification of operations and monitoring of pipeline locations after installation.”

For more information or to obtain a map of the potentially affected blocks, contact the BOEM Gulf of Mexico Regional Supervisor, Office of Environment, at (504) 736-2759. Information also is available on BOEM’s website at <http://www.boem.gov/Managing-Multiple-Uses-in-the-Gulf-of-Mexico/>, or in NTL No. 2009-G04, “Significant OCS Sediment Resources in the GOM,” which may be found at <http://www.boem.gov/Notices-to-Lessees-and-Operators/>.

(j) Notice of Arrival on the Outer Continental Shelf. Bidders are advised that the USCG has published a Final Rule on the “Notice of Arrival on the Outer Continental Shelf” (76 FR 2254, January 13, 2011). This Final Rule, effective February 14, 2011, and codified at 33 CFR 146.405, implements provisions of the Security and Accountability for Every Port Act of 2006 and requires owners or operators of U.S. and foreign flag floating facilities, Mobile Offshore Drilling Units, and vessels to submit notice of arrival information to the National Vessel Movement Center (<http://www.nvmc.uscg.gov/NVMC/default.aspx>) prior to engaging in OCS activities (33 CFR part 146). Since publication of the Final Rule, the Coast Guard and Maritime Transportation Act of 2012 (Pub. L. No. 112-213) was signed into law by the President of the United States on December 20, 2012, and mandates that “the regulations required under section 109(a) of the Security and Accountability For Every Port Act of 2006 (33 U.S.C. 1223 note [Pub. L. 109-347, §109]) dealing with notice of arrival requirements for foreign vessels on the Outer Continental Shelf shall not apply to a vessel documented under section 12105 of title 46, United States Code, unless the vessel arrives from a foreign port or place” (Pub. L. No. 112-213, §704).

For more information, contact:

LCDR Mike Lendvay  
CVC-2 Port State Control Oversight  
Telephone: (202) 372-1218  
[Michael.D.Lendvay@uscg.mil](mailto:Michael.D.Lendvay@uscg.mil)

(k) Bidder/Lessee Notice of Obligations Related to Criminal/Civil Charges and Offenses, Suspension, or Debarment.

A. *Information a Bidder/Lessee Must Provide to BOEM Related to Criminal/Civil Charges and Offenses, Suspension, or Debarment:* Under 2 CFR 180.335, before bidders submit a bid, they must notify BOEM in writing if they know that they:

- Are presently excluded or disqualified;
- Have been convicted within the preceding three years of any of the offenses listed in 2 CFR 180.800(a), or have had a civil judgment rendered against them for one of those offenses within that time period;
- Are presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State, or local) with commission of any of the offenses listed in 2 CFR 180.800(a); or
- Have had one or more public transactions (Federal, State, or local) terminated within the preceding three years for cause or default.

Under 2 CFR 180.350, after bidders obtain a lease, they must notify BOEM in writing if they learn that:

- They failed to disclose information earlier, as required by 2 CFR 180.335; or
- Due to changed circumstances, they or any of the principals for the transaction now meet any of the criteria in 2 CFR 180.335.

B. *Effect of a Conviction on a Bidder/Lessee Under the Clean Air Act or the Clean Water Act:* Under 2 CFR 1532.1110, if bidders are convicted of any offense described in 2 CFR 1532.1105, they automatically are disqualified from eligibility to receive any lease by award or assignment (i.e., [a] covered transaction under subparts A through I of 2 CFR part 180, or prohibited awards under 48 CFR part 9, subpart 9.4), if they:

- Will perform any part of the transaction or award at the facility giving rise to their conviction (called the violating facility); and
- They own, lease, or supervise the violating facility.

**NOTE:** A conviction of an offense described in 2 CFR 1532.1105 automatically disqualifying bidders from eligibility as described in 2 CFR 1532.1110 set forth in “B” above triggers the notice requirements in 2 CFR 180.335 and 180.350 set forth in “A” above.



**Gulf of Mexico Region Public Information Office**

**Bureau of Ocean Energy Management**

**1201 Elmwood Park Boulevard**

**New Orleans, Louisiana 70123-2394**

**Telephone: (504) 736-2519 or (800) 200-GULF**

**BOEM Gulf of Mexico Region website:**

<http://www.boem.gov/>



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# ***Leasing Activities Information***

**BOEM** U.S. Department of the Interior  
Bureau of Ocean Energy Manage-  
ment  
BUREAU OF OCEAN ENERGY MANAGEMENT  
Gulf of Mexico Region

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## **GEOPHYSICAL DATA AND INFORMATION STATEMENT (GDIS) EXAMPLE OF PREFERRED FORMAT**



## EXAMPLE OF PREFERRED FORMAT

### GEOPHYSICAL DATA AND INFORMATION STATEMENT (GDIS)

Complete the GDIS form by: 1) Providing contact information; 2) Checking Option A and/or Option B; 3) Identifying the Area/Block(s) for the Option chosen; 4) Having a company official sign the document; and 5) Submitting the document to the Bureau of Ocean Energy Management (BOEM).

For all blocks listed, identify each survey (Proprietary and Reprocessed Speculative) that was used to evaluate the Sale block(s) in the attached example spreadsheet and provide the requested metadata.

<b>Primary Company Contact</b>	<b>Alternate Company Contact</b>
<b>Name:</b>	<b>Name:</b>
<b>Title:</b>	<b>Title:</b>
<b>Company Name:</b>	<b>Company Name:</b>
<b>Street Address:</b>	<b>Street Address:</b>
<b>City:</b> <b>State:</b>	<b>City:</b> <b>State:</b>
<b>Zip Code:</b>	<b>Zip Code:</b>
<b>Phone Number:</b>	<b>Phone Number:</b>
<b>Email:</b>	<b>Email:</b>

\_\_\_\_ A. (Company Name and BOEM Qualification Number) used proprietary data, reprocessed speculative data and/or any CSEM, Gravity or Magnetic data to evaluate the following block(s) bid upon in OCS Lease Sale Number \_\_\_\_\_

AREA/BLOCK: \_\_\_\_\_

\_\_\_\_ B. (Company Name and BOEM Qualification Number \_\_\_\_ ) used speculative data to evaluate the following block(s) bid upon in OCS Lease Sale Number.

AREA/BLOCK: \_\_\_\_\_

#### **Signature of Company Official**

Signature: \_\_\_\_\_

Name (Print): \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

#### **Company Address**

Company Name: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_

State/Zip: \_\_\_\_\_

**Definitions In Order Of Appearance:**

**Primary Company Contact and Alternate Contact** should be someone: 1) *knowledgeable about the data sets* identified as used in evaluating the block(s); 2) in a position to provide additional *information* about the data upon BOEM request; 3) able to expedite the delivery of the information/data; and 4) available up to 30 days after the sale date. This the individual can be contacted for information in regards to data used and any other pertinent questions relating to the evaluation of the Sale block(s) in question. This includes seismic, CSEM (Controlled Source Electro Magnetic Data), gravity & magnetic, AVO data, etc. This is also the person whom BOEM would contact if there is a problem with the submitted GDIS or requested data (e.g., incorrect machine code format, I/O error, etc.).

**Alternate Contact** would be company representative that would be available should the Primary Contact not be available to answer questions listed above.

**Area** means the OCS Protraction Area of the block bid upon in the sale.

**Block** means the OCS block bid upon in the sale.

**Company Official** means an official in accordance with signatory authorization on file in BOEM Gulf of Mexico Region Adjudication Unit.

**Company Address** means the official mailing street address, city, state, and zip code of the “Company Official” above or the address where the BOEM data requisition should be sent.

## **GDIS Table Definitions**

**Block Area** means the OCS Protraction Area of the block bid upon in the sale.

**Block Number** means the OCS block bid upon in the sale.

**Owner of Original Data** means the company that acquired and processed the original data set. Indicate if the original data is proprietary to your company or if it is a speculative survey purchased from the company who originally acquired and processed the data.

**Original Industry Survey Name** means the name of original survey.

**Permit Number** means the OCS permit number assigned by BOEM when the original survey was first acquired. *This number can be obtained from the data owner.*

**Data Fast Track** means the vendor sent your company a copy of the data before the processing is completed so that you can use the data for the sale.

**Proprietary Data Type** is any data that was solely acquired by an E&P Company or Speculative Data that has become proprietary through reprocessing. Any Speculative data such as 2-D or 3-D, pre-stack or post-stack, time or depth, amplitude with offset (AVO), inversion, CSEM, gravity and magnetic data that has been modified or changed from its original processing would be considered proprietary due to the proprietary processing.

**Speculative Data Type** is data that is available for purchase from a vendor for anyone; the original data “right out of the box”.

**Data Type used for sale** means the data description: 2-D or 3-D, pre-stack or post-stack, time or depth, amplitude with offset (AVO), inversion, CSEM (Controlled Source Electro Magnetic Data), gravity, etc that was used for the sale.

**Migration Algorithm Used for sale** means the type of migration (e.g., Kirchhoff, beam, wave equation, reverse time migration, etc) used for the sale.

**Live Survey Coverage** means the number of line miles of 2D or the number of blocks of 3D data that comprise the data set identified.

**Dataset Size in Giga Bytes** refers to the SEG-Y file size in Gigabytes for 32 bit data.

**If Data was reprocessed, by whom (Reprocessing Company)** means the party who reprocessed the data set identified under Data Type. *If the data was reprocessed internally, please answer “In-House”.* *If the data was reprocessed by an outside vendor, please name the company that reprocessed the data.* Additionally, **Reprocessing** is the alteration of the original seismic data to suppress noise, enhance signal and migrate seismic events to the appropriate location in space.

Other types of data may also be reprocessed including gravity, magnetics, CSEM (Controlled Source Electro Magnetic Data), etc., to improve the data quality. **Reprocessed Data** refers to the final version of the reprocessed data used in evaluation for OCS block(s) bid upon.

**Date Processing Completed** (MO, YR) this means the month and year that the processing was completed. If the data has been reprocessed the date should be that for reprocessing the data. If the month is not known list the year.

**Data Sent to BOEM** means BOEM has an identical copies of data used in the geophysical evaluation of the current lease block. Please indicate the date of transfer to BOEM and the associated sale number. Data may also have been sent to BOEM for a WCD or for the express purpose of re-evaluating reserves calculations.

**Did you use AVO data means** did you use Amplitude Versus Offset stacks during the evaluation of the bid blocks. AVO is the seismic reflection amplitude as a function of incidence angle.

If you have any questions, please contact  
Dee Smith at (504)-736-2706 or John Johnson at (504)-736-2455.



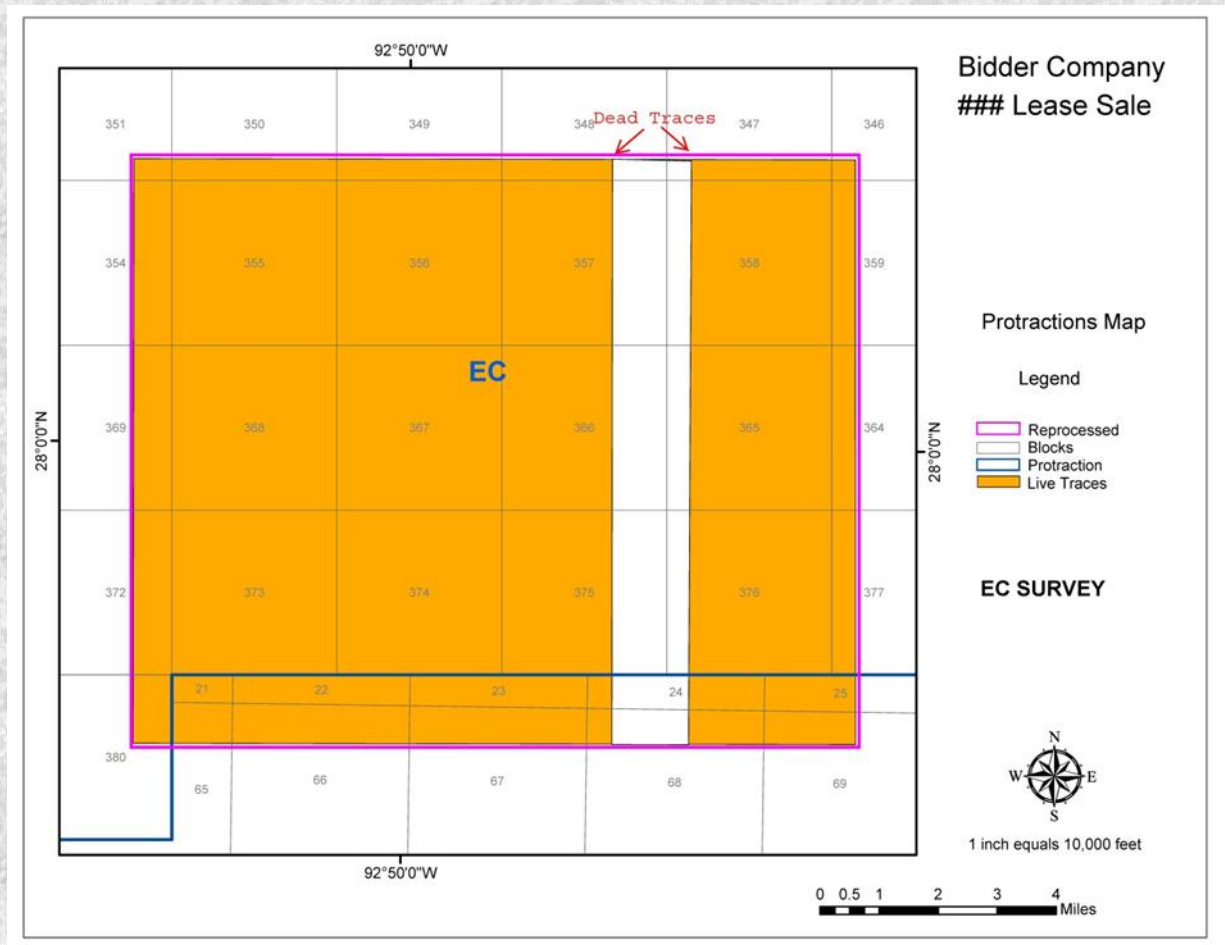
**Example of GDIS Table (Spreadsheet)**

1. The spreadsheet should be filled out with as much information as you know about each survey being listed. If any information is not known, place a dash in that space.
2. The following table must be submitted digitally, preferably as an Excel worksheet on a CD or DVD. While formatting is generally not critical, ALL columns shown below must be included and in the same order.

**NOTE:** A blank example GDIS Table in Excel format is available at the following link: <http://www.boem.gov/sale-238/>

Blocks Bid On		Block Area	Block Number	Owner of Original Data set (WGC, CCG, etc.)	Original Industry Names (Crystal Wats)	BOEM Permit	Is Data a Fast Track	Is data Proprietary or Speculative	Data type used for sale (2D/3D PSDM, CSEM, Gravity)	Migration Algorithm	Live Survey Coverage	Data Size in Giga Bytes	If Data was reprocessed, by whom	Date Final Reprocessing Completed (Mo., Yr.)	If data was sent to BOEM previous to current sale	Did you use AVO Data
AC	115	Western	E-Octopus 8	T09-009	Yes	Spec	3D PSDM	RTM	287 blks	80 GB	None	In-progress	N/A	No		
EB	590	PGS	Crystal Ph. 3	T09-018	No	Spec	3D PSDM	RTM	110 blks	40 GB	N/A	Nov. 2011	N/A	Yes		
EB	734	CGG	EB1	T99-011	No	Prep	3D PSDM	KIRCH	100 blks	32.6 GB	In-house	Jun. 2011	N/A	Yes		
KC	244	CGG	GB Waz Ph. 1	T07-021 & L08-083	No	Prep	3D PSDM	VTI RTM	25 blks	13.5 GB	CGG	Nov. 2010	WCD	No		

## Live Trace Map Example



1. All bidders must submit a Live Trace map of each proprietary survey along with the Geophysical Data Information Statement (GDIS) that is submitted prior to a Lease Sale. (This includes all original proprietary surveys and any reprocessed surveys. By definition any reprocessed speculative seismic survey becomes proprietary do to the proprietary processing).
2. A Live trace map shows where seismic data actually exists within a seismic survey and, as such, illustrates the exact extent of the seismic data. (Seismic Statistics Applications that will generate a seismic attribute showing whether a trace is alive or dead come standard on software packages such as GeoFrame, Landmark and Petrel).
3. If only a portion of a survey was reprocessed, the map should be clearly marked indicating which section of the survey was reprocessed.
4. Each map should have the survey boundaries with the live traces delineated. Each map should also have labeled blocks and protraction areas and be scaled accordingly. These maps should be submitted digitally as an Adobe PDF file and ArcGIS shape file compatible with ArcGIS 10 along with the Excel GDIS table. These files should be submitted on the appropriate digital media (CD or DVD).

**Samples: Geophysical Envelope – Preferred Format**

Geophysical Data and Information Statement for Oil and Gas Lease Sale 233

*Ideas Galor Company*

GOM Company Qualification Number 50137

Proprietary Data

Geophysical Data and Information Statement for Oil and Gas Lease Sale 233

*Ideas Galor Company*

GOM Company Qualification Number 50137

Proprietary Data

**U. S. – MEXICO MARITIME BOUNDARY BLOCK**

