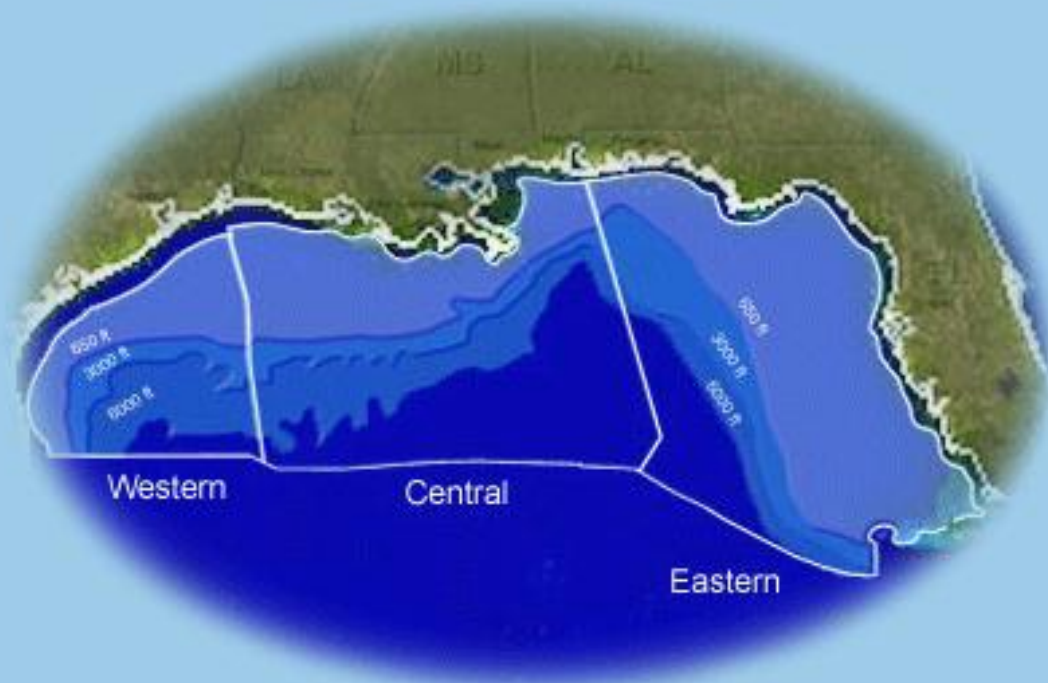


U.S. Department of the Interior



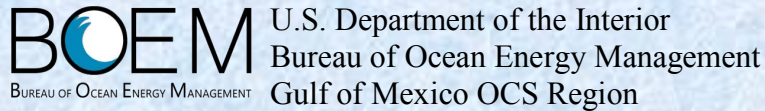
BUREAU OF OCEAN ENERGY MANAGEMENT

**Proposed Notice of Sale Package
Western Gulf of Mexico Planning Area (WPA)
Outer Continental Shelf (OCS)
Oil and Gas Lease Sale 246**



**Wednesday, August 19, 2015
Mercedes-Benz Superdome
St. Charles Club Room,
Second Floor (Loge Level)
New Orleans, Louisiana**

Leasing Activities Information



PROPOSED NOTICE OF SALE 246 Western Planning Area

Attached is the Proposed Notice of Sale Package (Proposed NOS Package) for the Western Gulf of Mexico Planning Area Oil and Gas Lease Sale 246 (WPA Sale 246), proposed to be held on Wednesday, August 19, 2015, at the Mercedes-Benz Superdome in New Orleans, Louisiana.

.....

This Package consists of:

- [Proposed NOS for WPA Sale 246](#)
- [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 of these documents can be found on the Lease Sale Information page on the BOEM Gulf of Mexico website at www.boem.gov/sale-246/. These documents are also available on Compact Disc (CD) from the BOEM Gulf of Mexico (GOM) Region Public Information Office. If you would like to request a CD containing these documents, please contact BOEM GOM at; (800) 200-GULF or (504) 736-2519; or by written request to the following:

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

Hard copies of the maps that are a part of this Proposed NOS Package will be provided upon written request to the address above.

The Final Notice of Sale 246 Package (Final NOS Package) is scheduled to be available in early July 2015. The Final NOS Package 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

Terms and conditions for WPA Sale 246 are generally the same as for WPA Sale 238, which was held in August 2014. The following noteworthy matters are **highlighted** for special attention:

Bid Adequacy Procedures

BOEM published a notification in the *Federal Register* on October 17, 2014, proposing the modification of one of its bid acceptance rules, the Number of Bids Rule, from its bid adequacy procedures. 79 Fed. Reg. 62461-62463, available at <http://www.gpo.gov/fdsys/pkg/FR-2014-10-17/pdf/2014-24727.pdf>. BOEM has not made a final decision on whether to modify the rule at this time. If modified bid adequacy procedures are finalized in time to be applicable for WPA Sale 246, bidders will be notified in the Final NOS. BOEM will publish revised procedures no later than the time the Final NOS is published for the first sale to which the procedures will be applied.

Updated Electronic Funds Transfer Instructions

Bidders are advised that the Electronic Funds Transfer instructions have been updated; bidders should further note important payment information on the new Office of Natural Resources Revenue Payment Information webpage at <http://onrr.gov/ReportPay/payments.htm>. Bidders should refer to the following website for more information: <http://www.boem.gov/sale-246>.

Ultra-deep Gas Royalty Relief Provision

Bidders are advised that only ultra-deep gas royalty relief will be provided for in this lease sale. Bidders should refer to section 344 of the Energy Policy Act of 2005 and to 30 CFR part 203 for more information.

Geophysical Data and Information Statements

This Proposed NOS Package includes information for bidders regarding the submission of Geophysical Data and Information Statements (GDIS). Every bidder that submits a bid on a block in WPA Sale 246, or participates 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 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. **Bidders may submit the GDIS Information Table on a CD or Digital Video Disc as an Excel Spreadsheet.**

Information To Lessees

Bidders are advised to refer to the WPA Sale 246 Information to Lessees (ITL) portion of this Proposed NOS Package for changes in the information clauses as of the last WPA sale.

Agreement between the United States of America and the United Mexican States Concerning Transboundary Hydrocarbon Reservoirs in the Gulf of Mexico

Bidders are advised that the following Boundary Area blocks will be offered in this sale, unless leased or deferred. For more information, bidders are advised to refer to the WPA Sale 246 Stipulations portion of the document, 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 will apply to blocks in the Boundary Area.

The following blocks comprise the Boundary Area, as defined in, and subject to, the terms of the Agreement:

Port Isabel 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 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 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 Blocks – 11, 12, 13, 14, 15, 57, 58, 59, 60, 61, 103, 104, 105, 106, 148, 149, 150, and 194

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

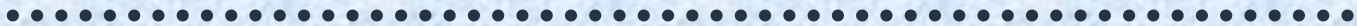
South Padre Island, East Addition Blocks – 1155, 1156, 1157, 1158, 1159, 1160, 1161, 1162, A 78, A 79, A 80, A 81, A 82, A 83, A 84, A 85, A 86, A 87, A 89, and A 90

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

Bidders and lessees are advised to refer to the WPA Sale 246 ITL, paragraph (j), portion of the Proposed NOS Package. This ITL clause reminds industry of the regulatory requirement to notify BOEM of any conviction that may result in a suspension or debarment, or both, prohibiting bidders from entering into a contract with the United States.

Updated Military Warning and Water Test Areas Notice to Lessees and Operators

Bidders are advised to refer to the latest Notice to Lessees and Operators (NTL), 2014-G04, “Military Warning and Water Test Areas,” dated June 1, 2014, which can be found at <http://www.boem.gov/BOEM-NTL-No-2014-G04>. This updated NTL replaces the previous NTL, 2009-G06, dated April 22, 2009.



Blocks Not Offered for Lease

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)

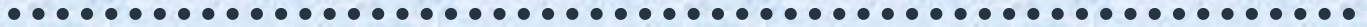
Portions of Blocks: A-502, A-513

Garden Banks (OPD NG15-02)

Portions of Blocks: 134, 135

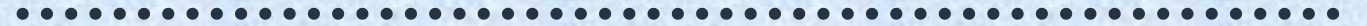
Statistical Information (WPA Sale 246):

Approximate Size: 4,067 unleased blocks; 21.8 million acres



For more information on the WPA Sale 246 Proposed NOS Package, potential bidders are advised to contact

Ms. Ann Glazner, Deputy Regional Supervisor,
BOEM Gulf of Mexico OCS Region Leasing and Plans Office, at
(504) 736-2607.



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 246
Proposed Notice of Sale**



SUMMARY:

On Wednesday, August 19, 2015, the Bureau of Ocean Energy Management (BOEM) proposes to open and publicly announce bids received for blocks offered in Western Planning Area (WPA) Sale 246, in accordance with the provisions of the Outer Continental Shelf 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 246 at
9:00 a.m. on
Wednesday, August 19, 2015,
at the
Mercedes-Benz Superdome,
1500 Sugarbowl Drive,
New Orleans, Louisiana 70112.

All times referred to in this document are Central Time Zone, 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 18, 2015, the day before the lease sale. For more information on bid submission, see Section VII, "Bidding Instructions," of this document.

ADDRESS:

Interested parties, upon request, may obtain a Proposed Notice of Sale (NOS) Package by contacting the BOEM Gulf of Mexico (GOM) 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-246/>

TABLE OF CONTENTS:

This Proposed NOS includes the following sections:

- I. [LEASE SALE AREA](#)
- II. [STATUTES AND REGULATIONS](#)
- III. [LEASE TERMS AND ECONOMIC CONDITIONS](#)
- IV. [LEASE STIPULATIONS](#)
- V. [INFORMATION TO LESSEES](#)
- VI. [MAPS](#)
- VII. [BIDDING INSTRUCTIONS](#)
- VIII. [BIDDING RULES AND RESTRICTIONS](#)
- IX. [FORMS](#)
- X. [THE LEASE SALE](#)
- XI. [DELAY OF SALE](#)
- XII. [UPCOMING MILESTONES](#)

[Appendix A – Repeal Language for Royalty Suspension Provisions for WPA Sale 246](#)

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 “Blocks Not Offered for Leasing” below.

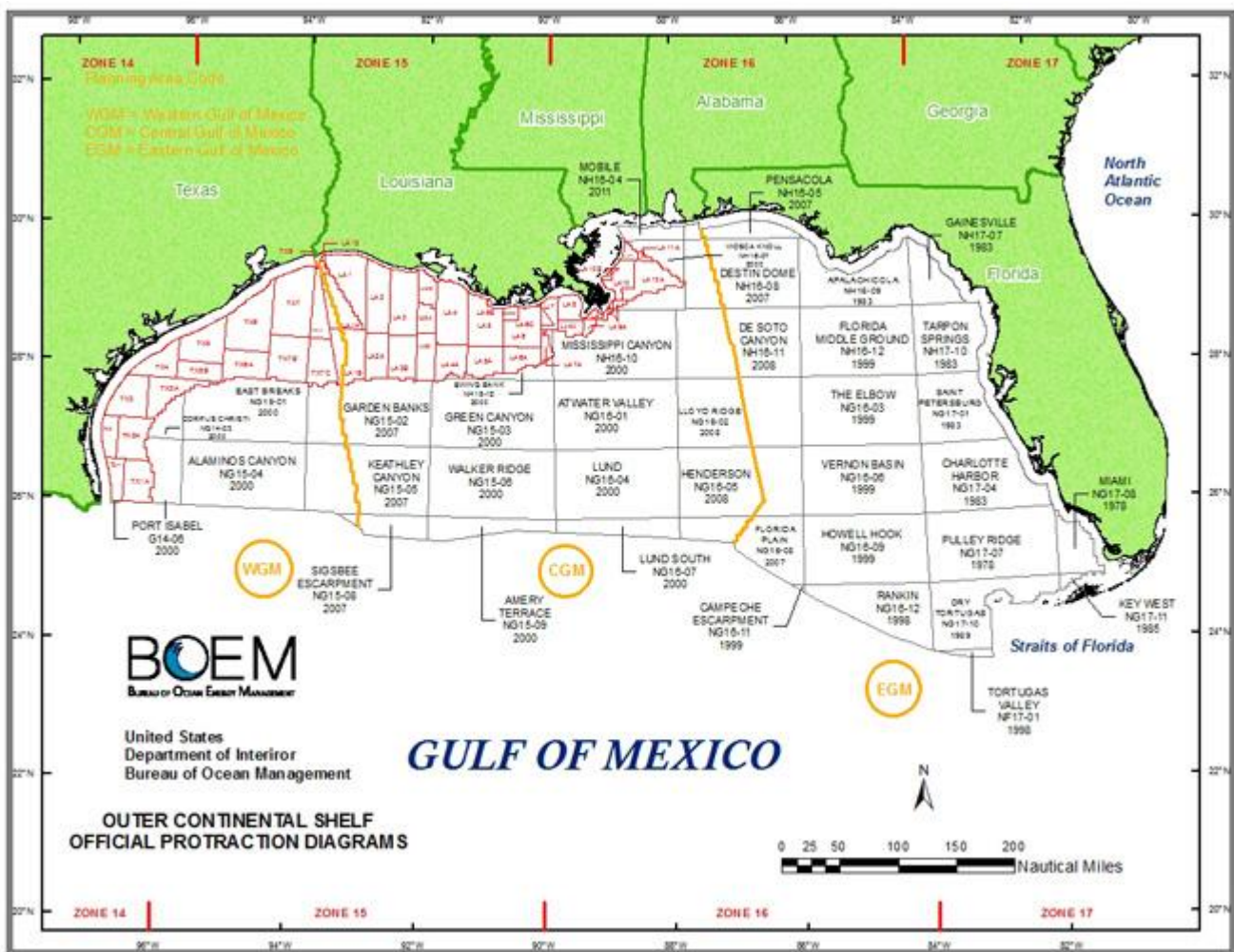
Blocks Not Offered for Leasing:

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

II. STATUTES AND REGULATIONS

Each lease is issued pursuant and 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 is subject to amendments to the applicable 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:

Water Depth in Meters	Initial Periods
0 to <400	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
400 to <800	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
800 to <1,600	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
1,600+	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) Gulf of Mexico 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 has earned the 10-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 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:

Rental Rates per Acre or Fraction Thereof		
Water Depth (Meters)	Years 1-5	Years 6, 7, & 8+
0 to <200	\$7.00	\$14.00, \$21.00 & \$28.00
200 to <400	\$11.00	\$22.00, \$33.00 & \$44.00
400 +	\$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

The issuance of leases with royalty suspension volumes (RSVs) or other forms of royalty relief is authorized under existing BOEM regulations at [30 CFR part 560](#). The specific details relating to eligibility and implementation of the various royalty relief programs, including those involving the use of RSVs, are codified in BSEE regulations at [30 CFR part 203](#). In this sale, the only royalty relief program being offered, which involves the provision of RSVs, relates to the drilling of ultra-deep wells in water depths of less than 400 meters, as described below.

Royalty Suspension Volumes on Gas Production from Ultra-deep Wells

Leases issued as a result of this sale may be eligible for RSV incentives on gas produced from ultra-deep wells pursuant to [30 CFR part 203](#). These regulations implement the requirements of the Energy Policy Act of 2005. Under this program, certain wells on leases in less than 400 meters water depth and completed to a drilling depth of 20,000 feet TVD SS or deeper may receive an RSV of 35 billion cubic feet on the production of natural gas. This RSV incentive is subject to applicable price thresholds set forth in the regulation at [30 CFR part 203](#).

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) [United Nations Convention on the Law of the Sea 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 the following 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) [Bureau of Safety and Environmental Enforcement \(BSEE\) Inspection and Enforcement of Certain Coast Guard Regulations](#)
- (8) [Potential Sand Dredging Activities in the WPA](#)
- (9) [Notice of Arrival on the Outer Continental Shelf](#)
- (10) [Bidder/Lessee Notice of Obligations Related to Criminal/Civil Charges and Offenses, Suspension, or Debarment](#)
- (11) [Protected Species](#)

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.

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 246, not to be opened until 9 a.m. Wednesday, August 19, 2015;"
- 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 246

Please Deliver to Mr. Chris Oos or Ms. Cindy Thibodeaux,

2nd Floor, Immediately

Please Note:

Bidders mailing bid(s) are advised to call Mr. Chris Oos at (504) 736-2862, or Ms. Cindy Thibodeaux at (504) 736-2809, 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 ever have 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:

- provide a third-party guarantee;
- amend an areawide development bond via bond rider;
- provide a letter of credit; or
- 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.”

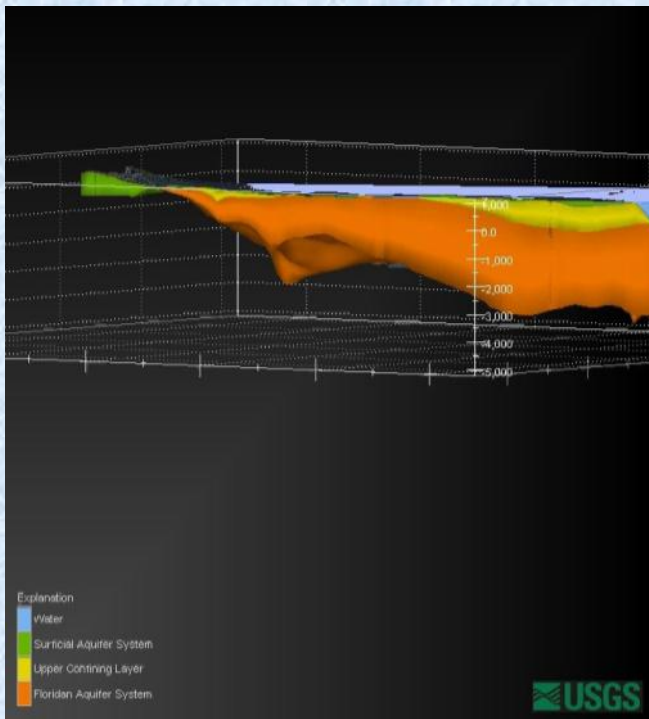
Affirmative Action

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 246, 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 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 after the sale date*. 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 availability of reimbursement of production costs will be determined consistent with 30 CFR 551.13. 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 Sale 246 webpage at <http://www.boem.gov/Sale-246/>.

The GDIS maps are live trace maps (in .pdf and ArcGIS shape files) that should be submitted for each *proprietary* 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 246 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 bidders 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 29, 2014, the most recent List of Restricted Joint Bidders at [79 FR 64404](#). 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” to be contained in the Final 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 withdrawal 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), and documentation must be on file with BOEM setting forth this authority to act on the business entity’s behalf for purposes of bidding and lease execution under OCSLA (e.g., business charter or articles, incumbency certificate, or power of attorney). The name and title of the authorized signatory must be typed under the signature block on the withdrawal request. The BOEM Gulf of Mexico RD, or the RD’s designee, will indicate any approval by signing and dating the withdrawal request.

Bid Rounding

The bonus bid amount must be stated in whole dollars. Minimum bonus bid calculations, including all rounding, for all blocks are shown in the document entitled “List of Blocks Available for Leasing,” which is included in the Final NOS Package. If the acreage of a block contains a decimal figure, then prior to calculating the minimum bonus bid, BOEM has rounded up to the next whole acre. The appropriate minimum rate per acre was then applied to the whole (rounded up) acreage. If this calculation resulted in a fractional dollar amount, the minimum bonus bid was 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-246/> 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 246, 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 Package and applicable regulations;
- (2) the bid submitted 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 U.S. 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/>.

Proposed Changes for Bid Adequacy Review Procedures

BOEM published a notification in the *Federal Register*, Volume 79, No. 201, October 17, 2014, 62461-62463, at <http://www.gpo.gov/fdsys/pkg/FR-2014-10-17/pdf/2014-24727.pdf>, proposing the elimination of one of its acceptance rules, the Number of Bids Rule, from its bid adequacy procedures. However, BOEM is still in the process of evaluating the proposed change to its acceptance rules. If the proposed change in the bid adequacy procedures is finalized and applicable to WPA Sale 246, bidders will be notified in the Final NOS, and BOEM will publish the revised procedures no later than the time the Final NOS is published. For the existing procedures, see "Modifications to the Bid Adequacy Procedures," *Federal Register*, Volume 64, No. 132, July 12, 1999, 37560-37562), at <http://www.boem.gov/Oil-and-Gas-Energy-Program/Leasing/Regional-Leasing/Gulf-of-Mexico-Region/Bid-Adequacy-Procedures.aspx>.

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.

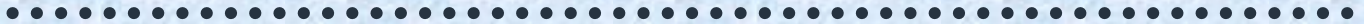
ONRR requests that only one transaction be used for payment of the four-fifths bonus bid amount and the first year's rental.

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>

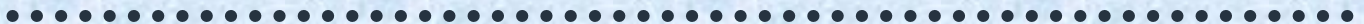
for information regarding any changes.



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 246. 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 246 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 246, 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-246/>



APPENDIX A

REPEAL LANGUAGE FOR ROYALTY SUSPENSION PROVISIONS FOR WPA SALE 246

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 246.

Should section 344 of the EPAAct of 2005 be repealed on or before July 02, 2015 – a date giving enough lead time for bidders and BOEM to prepare the Final NOS for WPA Sale 246 – 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 depth with ultra-deep wells would not earn RSVs.

Leasing Activities Information

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

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 246, August 2015, 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 –United Nations Convention on the Law of the Sea 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 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. The package 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/Topographic-Features-Stipulation-Map-Package/>.)

Stipulation No. 1 – Topographic Features

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

Bank Name	No Activity Zone (defined by isobaths in meters)
Shelf Edge Banks	
West Flower Garden Bank	100 ¹
East Flower Garden Bank	100 ¹
MacNeil Bank	82
29 Fathom Bank	64
Rankin Bank	85
Bright Bank ²	85
Stetson Bank	52
Appelbaum Bank	85
Low Relief Banks³	
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 ⁴	50
South Texas Banks⁵	
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 must be required rather than shunting.
5. Only paragraphs A and B apply.

The lessee and its operators, personnel, and subcontractors are responsible for implementing all applicable mitigation measures outlined in the most current Notices to Lessees and Operators at <http://www.boem.gov/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/Topographic-Features-Stipulation-Map-Package/>. In addition to the foregoing, the lessee, its operators, personnel, and subcontractors, as applicable, shall comply with the following:

- A. No activity, including the 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” must 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” must 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” must 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 must 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 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 246, August 2015, 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 table located in section C. Operational.

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 effected 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 an individual designated warning area, must enter into an agreement with the commander of the individual command headquarters listed in the following list, 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.

Warning and Water Test Area	Command Headquarters
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 Email: Ronald.McNeal@navy.mil
W-228	Chief, Naval Air Training Attention: Tom Bily CNATRA N386 ATC and Space Management Office Naval Air Station Corpus Christi, Texas 78419-5100 Telephone: (361) 961-0145 Email: thomas.bily@navy.mil
W-602	VQ-4 Operations Department 7791 Mercury Road Tinker AFB, Oklahoma 73145-8704 Telephone: (405) 739-5700/5702 Email: tara.buckley@navy.mil

(Stipulation No. 3 will 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 246, August 2015, Stipulations and Deferred Blocks” included in the Proposed Notice of Sale Package.)

Stipulation No. 3 – United Nations Convention on the Law of the Sea Royalty Payment

If the United States becomes a party to the 1982 United Nations Convention on the Law of the Sea (UNCLOS, or 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 as defined in UNCLOS, 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 UNCLOS:

- A. UNCLOS 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 will run for a period of 365 days, whether or not the lease produces continuously in commercial quantities. Subsequent production years will 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, UNCLOS-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, 1 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 will increase by 1 percent for each subsequent year until the twelfth year and will remain at 7 percent thereafter until lease termination.

- F. If the United States becomes a party to UNCLOS after the fifth year of production from the lease, and a lessee is required, as provided herein, to pay UNCLOS-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's accession to UNCLOS in the tenth year of lease production would result in an UNCLOS-related royalty payment of 5 percent of the value of the tenth year's lease production, saved, removed, or sold from the lease. The following year, a payment of 6 percent would be due and so forth, as stated above, up to a maximum of 7 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 will apply.
- I. The UNCLOS-related royalty payment(s) required under paragraphs E through G of this stipulation, if any, will not be paid monthly but will 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 UNCLOS-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 UNCLOS-related credit(s) associated with a lease that has been relinquished or terminated.

(Stipulation No. 4 will 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 246, August 2015, Stipulations and Deferred Blocks” included in the Proposed Notice of Sale 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

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, entered into force on July 18, 2014. 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. 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, 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.

Leasing Activities Information

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

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.

Table of Contents

- (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) [Bureau of Safety and Environmental Enforcement \(BSEE\) Inspection and Enforcement of Certain Coast Guard Regulations](#)
- (h) [Potential Sand Dredging Activities in the WPA](#)
- (i) [Notice of Arrival on the Outer Continental Shelf](#)
- (j) [Bidder/Lessee Notice of Obligations Related to Criminal/Civil Charges and Offenses, Suspension, or Debarment](#)
- (k) [Protected Species](#)

(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. Bidders also 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.

For additional USCG information, contact

Division Chief,
Waterways Management Division, Sector New Orleans,
200 Hendee Street,
New Orleans, Louisiana 70114,
or at (504) 365-2280.

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 USACE information, contact

Mr. Martin Mayer, Regulatory Section Chief,
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	http://www.outdooralabama.com/artificial-reefs
FL	Jon Dodrill	(850) 487-0554	http://myfwc.com/conservation/saltwater/artificial-reefs/ar-program/
LA	Mike McDonough	(225) 763-5418	http://www.wlf.louisiana.gov/fishing/artificial-reef-program
MS	James Sanders	(228) 523-4089	http://www.dmr.ms.gov/marine-fisheries/artificial-reef
TX	Dale Shively	(512) 389-4686	http://www.tpwd.state.tx.us/landwater/water/habitats/artificial_reef/

(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.

(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/Oil-and-Gas-Energy-Program/Resource-Evaluation/Gulf-OCS-Region-Activities/Indicated-Hydrocarbon-List.aspx>). 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 part 250, 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. 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 7400.8W, “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 other traffic is planned during the occupation and development of any lease, including boats, ships, or aircraft traffic that passes 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)

BOEM advises lessees to refer to the most current Notice to Lessees and Operators (NTL) on Military Warning and Water Test Areas. For more information, including a map of the Military Warning and Water Test Areas, see the most recent NTL, No. 2014-G04: “Military Warning and Water Test Areas,” 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/Regulations/Notices-To-Lessees/Notices-to-Lessees-and-Operators.aspx>.

(g) 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 the

Prevention Department,
USCG Sector New Orleans,
200 Hendee Street,
New Orleans, Louisiana 70114, or at (504) 365-2240.

(h) 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.

BOEM advises lessees to refer to the most current NTL for obligations regarding significant OCS sediment resources. The most recent NTL, No. 2009-G04: “Significant OCS Sediment Resources in the GOM,” may be found at <http://www.boem.gov/Regulations/Notices-To-Lessees/Notices-to-Lessees-and-Operators.aspx>. 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/Non-Energy-Minerals/Managing-Multiple-Uses-in-the-Gulf-of-Mexico.aspx>.

(i) 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:

U.S. Coast Guard
CVC-2 Port State Control Oversight
Telephone: (202) 372-1218

(j) 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 award 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.

(k) Protected Species. Bidders should be advised that BOEM is including in the Proposed NOS Package a lease stipulation to address activities that may have an impact on species afforded special protection under the law, including, but not limited to, the Endangered Species Act (ESA) and the Marine Mammal Protection Act (MMPA) (see Stipulation 4: Protected Species in the Proposed NOS Package). As noted in the Proposed NOS Package, this lease stipulation is proposed to apply to all lease blocks that may be made available in WPA Sale 246. The purpose of the stipulation is to ensure that the lessees acknowledge and agree that they will be required to implement measures designed to reduce or avoid potential impacts on these protected species during postlease activities. As new species are listed for protection and as new measures and mitigations are identified to protect such species in the future (e.g., through ongoing or future consultations under the ESA or authorizations issued under the MMPA), BOEM and BSEE may condition approvals of plans and permits on implementation of the most current measures and mitigations in place at the time. Potential bidders should be aware that BOEM and BSEE

are currently engaged in consultations under the ESA with the U.S. Fish and Wildlife Service and the National Marine Fisheries Service (NMFS), which are expected to result in the issuance of biological opinions and related terms and conditions for the protection of these species. BOEM and BSEE also are petitioning NMFS for rulemaking under the MMPA that may result in additional mitigations for protected marine mammals.

Gulf of Mexico Region Public Information Office

Bureau of Ocean Energy Management

1201 Elmwood Park Boulevard

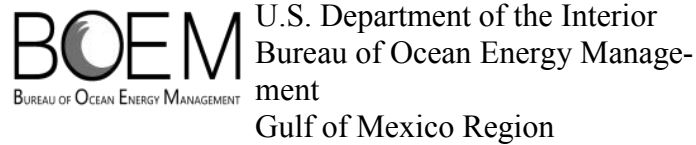
New Orleans, Louisiana 70123-2394

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

BOEM Gulf of Mexico Region website:

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

Leasing Activities Information



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

EXAMPLE OF PREFERRED FORMAT

GEOPHYSICAL DATA AND INFORMATION STATEMENT (GDIS)

1. If you have any questions concerning the GDIS, please contact Dee Smith at (504)-736-2706 or John Johnson at (504)-736-2455.
2. Complete the GDIS form by:
 - a. Providing contact information;
 - b. Checking Option A and/or Option B;
 - c. Identifying the Area/Block(s) for the Option chosen;
 - d. Having a company official sign the document; and
 - e. Submitting the document to the Bureau of Ocean Energy Management (BOEM).
3. 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.

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

_____ 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: _____

GDIS Data And Information Statement Definitions In Order Of Appearance:

Primary Company Contact should be :

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 individual may be contacted for information in regards to data used and any other pertinent information 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 individual may be contacted by BOEM if there is a problem with the submitted GDIS or requested data (e.g., incorrect machine code format, I/O error, etc.).

Alternate Company Contact may be contacted if the Primary Company Contact is not available. The Alternate Company Contact should meet the criteria listed in the definition of the Primary Company Contact.

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 individual with signatory authorization on file in the BOEM Gulf of Mexico Region Adjudication Section qualification records.

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

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-246/>

Sal e	Bidder Company Name	Block Area	Block Number	Owner of Original Data set (WGC, CGG, 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 (2D miles, 3D Blocks)	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 list date	Did you use AVO Data
229	Company Name	GC	400	Western	E-Octopus III	L07-012	No	Prop	3D PSDM	RTM	10	4	CGG/Veritas	2010	6/2012	No
229	Company Name	ST	170	IGC	Louisiana Shelf	N/A	No	Spec	Gravity	-	GOM	N/A	-	-	No	No
229	Company Name	WR	200	CGG	Phase I WAZ	L07-006	Yes	Spec	3D PSDM	KIRCH	5	2	-	-	No	No
229	Company Name	EI	100	Fairfield	Fairfield	N/A	No	Prop	3D PSDM	AVO (Near-Fair)	5	2	In-House from Spec Gatherers	2012	5/2013	Yes

GDIS Table Definitions

Sale means the current sale number.

Bidder Company is the name of your company.

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 the 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; 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.

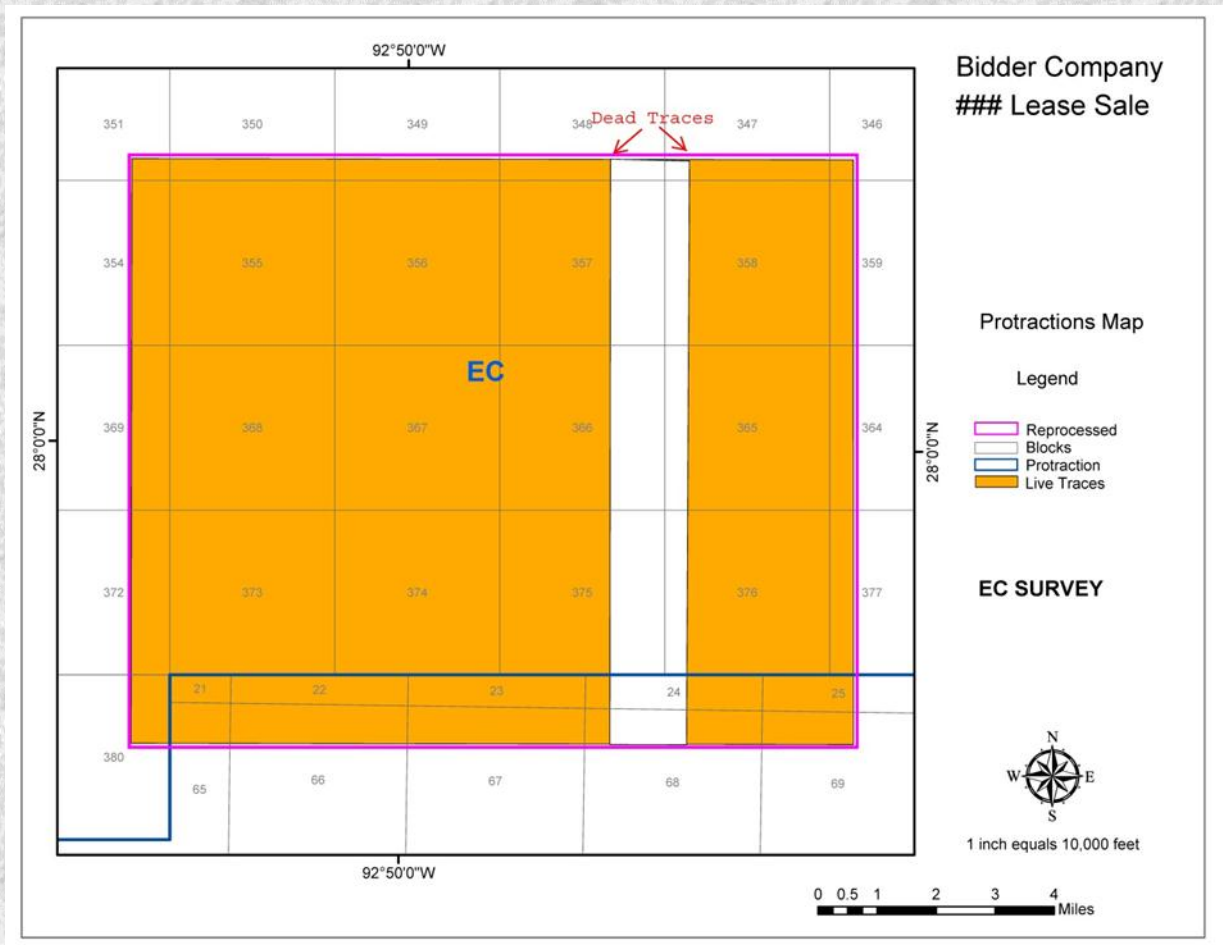
Date Reprocessing Completed (MO, YR) this means the month and year that the reprocessing was completed. If the month is not known list the year.

Data Sent to BOEM means BOEM has an identical copy 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 blocks bid upon. AVO is the seismic reflection amplitude as a function of incidence angle.

Submittal of Reprocessed Data Survey Map

Example Seismic Survey Live Trace Map:



1. The reprocessed seismic data survey map should be submitted in the two preferred formats listed below:
 - a. PDF format: The map should be of such a scale that the protraction areas, blocks and block numbers are visible
 - b. ArcGIS Shape File: The shape file should include protractions areas, blocks and block numbers. The datum should be NAD1927. The map should not be projected; use latitudes and longitudes.

Submittal of Reprocessed Seismic Data

1. When submitting seismic data to BOEM, the following deliverables and formats are expected for 3D seismic data:
 - a. Three-dimensional final processed and migrated seismic volume(s) recorded on USB External Hard Drive (formats: Linux ext2, ext3 or NTFS), LT05, LTO4, LTO3, LTO2, or DVD media in SEG-Y standard exchange format.
 - b. Digital bin-centered data of final locations associated with the survey(s) (first and last bin-centered points for each line) recorded on CD-ROM(s) and displayed in UK00A format (NAD 27 projection).
 - c. A digital copy of the processing sequences that were applied to the data, along with a digital basemap image of the seismic coverage on a CD or DVD.
 - d. Digital copies of SEG-Y byte positions for the three-dimensional digital data. Listings of the seismic lines on each data tape. Digital copies of workstations loading parameters for the data set, including survey azimuth, in-line spacing, trace or CDP spacing, sample rate, record length and the latitude, longitude (both in NAD 27 projection), line number, trace number for each corner position, (upper left, lower left, upper right, and lower right) recorded on CD-ROM.
 - e. The velocity model(s) used to generate the above depth-migrated data set(s) recorded on USB External Hard Drive (formats: Linux ext2, ext3 or NTFS), LT05, LTO4, LTO3, LTO2, or DVD media in SEG-Y standard exchange format.

2. As stated in the NOS:
 - a. The data should be submitted to BOEM at the following address:

Bureau of Ocean Energy Management
Resource Studies, GM 881A
1201 Elmwood Park Blvd.
New Orleans, LA 70123-2304
 - b. BOEM recommends that you mark the submission's external envelope as "Deliver Immediately to DASPU."
 - c. BOEM also recommends than the data be submitted in an internal envelope, or otherwise marked, with the following designation "Proprietary Geophysical Data Submitted Pursuant to Lease Sale <Sale Number> and used during <Bidder Name's> evaluation of Block <Block Number>."

Geophysical Envelope

Geophysical Data and Information Statement for Oil and Gas Lease Sale 246

Company Name

GOM Company Qualification Number #####

Proprietary Data

