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CONTACT: Barney Congdon
(504) 736-2595

Caryl Fagot
(504) 736-2590

Debra Winbush
(504) 736-2597

Central Gulf of Mexico Sale 182 Attracts \$ 363 Million in High Bids

The Minerals Management Service in New Orleans held a sale of offshore oil and natural gas leases in the Gulf of Mexico, attracting \$363,210, 467 in high bids from 77 companies.

Lease Sale 182 offered 4,446 tracts comprising of approximately 23.4 million acres offshore Alabama, Louisiana, and Mississippi; the MMS received 697 bids on 506 tracts. The total of all bids was \$442,441,036.

Bidding activity was very heavy in the shallow water with 288 tracts in less than 200 meters of water receiving 405 bids. This amounts to 57 percent of the sale.

MMS Director Johnnie Burton called the sale "a resounding success. This was more activity that we had been expecting. We are particularly pleased with the strong amount of bidding in the shallow water portion of the sale. Independent companies and majors both responded with bids in shallow water and were obviously encouraged by MMS' newest incentive of royalty relief for deep gas."

MMS first instituted a royalty incentive for deep gas in March 2001 but this was the first sale in the Central Gulf that contained the most recent revisions. Under the incentive, the first 20 Bcf of gas production from 15,000 feet or greater is royalty free.

The highest bid received on a block was \$17,466,000, submitted by Phillips Petroleum Co. for Green Canyon 199. Approximately 31 percent of the tracts receiving bids are in ultra-deep water (more than 800 meters). The deepest tract bid on was Atwater Valley Block 347 in 2,665 meters of water.

The high bid on a block will go through an evaluation process to ensure the public receives fair market value before a lease is awarded.

MMS is the federal agency in the U.S. Department of the Interior that manages the nation's oil, natural gas and other mineral resources on the outer continental shelf in federal offshore waters. The agency also collects, accounts for and disburses mineral revenues from federal and Indian leases. These revenues totaled nearly \$10 billion in 2001 and more than \$120 billion since the agency was created in 1982. Annually, nearly \$1 billion from those revenues go into the Land and Water Conservation Fund for the acquisition and development of state and federal park and recreation lands.

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MMS Internet website address: <http://www.mms.gov>