

MMS Issues Proposed Notice of Western Gulf Lease Sale 192

The Minerals Management Service announced in the *Federal Register* the availability of the proposed notice of sale 192, an offshore oil and gas lease sale in the western Gulf of Mexico, scheduled for August 18, 2004. The proposed sale 192 encompasses approximately 3,890 unleased blocks covering approximately 21.1 million acres in the western Gulf of Mexico outer continental shelf planning area offshore Texas and in deeper waters offshore Louisiana. The blocks are located five to 357 kilometers offshore in water depths ranging from eight to 3,100 meters. MMS estimates the proposed sale could result in the production of 136 to 262 million barrels of oil and 0.81 to 1.44 trillion cubic feet of natural gas.

Provisions proposed in this sale include the following:

- MMS would offer a royalty relief incentive for shallow-water deep-gas production from leases issued from lease sale 192. The requirements for royalty suspension volumes and conditions are taken from a new regulation issued by MMS, 30 CFR 203.40 (A) (3) effective March 1, 2004. (Please refer to 69 FR 3492 published on January 26, 2004.)
- MMS continues to study the issue of establishing appropriate price thresholds for deepwater production and will make a final decision for this sale in the final notice of sale (scheduled for July 2004).]
- MMS proposes to offer in this sale Mustang Island blocks 793, 799, and 816, which were deferred from recent western GOM sales, subject to a recently revised lease stipulation for operations in the naval mine warfare area. For these three blocks, the stipulation will require exploration, development, and production activities to be conducted from outside the lease.
- A minimum bonus bid amount that has been raised from \$25 per acre to \$37.50 per acre for deepwater tracts located in water depths of 400-799 meters.
- A revised protected species stipulation that is designed to minimize or avoid potential adverse impacts to federally protected species such as sea turtles, marine mammals, Gulf sturgeon, birds, etc.

In addition to the protected species and naval mine warfare area lease stipulations, this proposed notice also includes previously adopted lease stipulations relative to topographic features, military areas, and Law of the Sea Convention royalty payment.

Finally, this proposed notice contains a requirement that every bidder submit, by the bid submission deadline, a geophysical data and information statement identifying any processed or reprocessed pre- and post-stack depth migrated geophysical data and information in its possession or control and used in the evaluation for each block upon which they are participating as a bidder.

Statistical Information (Lease Sale 192)

Size

3,890 unleased blocks; 21.1 million acres

Initial Period

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| 5 years for blocks in water depths less than 400 meters: | 1,807 blocks |
| 8 years for blocks in water depths of 400 to 799 meters: | 374 blocks |
| 10 years for blocks in water depths of 800 meters or deeper: | 1,709 blocks |

Minimum Bonus Bid Amount

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|---|--------------|
| \$25.00 per acre or fraction thereof for water depths less than 400 meters: | 1,807 blocks |
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\$37.50 per acre or fraction thereof for water depths 400 meters or deeper: 2,083 blocks

Rental/Minimum Royalty Rates

\$5.00 per acre or fraction thereof for water depths less than 200 meters: 1,608 blocks
\$7.50 per acre or fraction thereof for water depths 200 meters or deeper: 2,282 blocks

Royalty Rates

16-2/3% royalty rate in water depths less than 400 meters: 1,807 blocks
12-1/2% royalty rate in water depths 400 meters or deeper: 2,083 blocks

Royalty Suspension Areas

0 to 199 meters: 1,608 blocks
400 to 799 meters: 374 blocks
800 to 1599 meters: 968 blocks
1600 meters and deeper: 741 blocks

The Proposed Notice of Sale will be posted on the MMS Website at <http://www.gomr.mms.gov>. In addition, copies of the document are available from the

MMS Gulf of Mexico Regional Office
Public Information Unit
1201 Elmwood Park Boulevard
New Orleans, Louisiana 70123
Telephone (504) 736-2591, toll free 1-800-200-GULF

The Minerals Management Service 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 American Indian lands. MMS disbursed more than \$8 billion in FY 2003 and more than \$135 billion since the agency was created in 1982. Nearly \$1 billion from those revenues go into the Land and Water Conservation Fund annually for the acquisition and development of state and Federal park and recreation lands.

Relevant Web Sites

[MMS Main Website](#)

[Gulf of Mexico Website](#)

[Notice of Availability of the Environmental Assessment of Proposed Western Planning Area Lease Sale 192](#)

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