

The NewsRoom

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MMS Issues Final Notice of Central Gulf Lease Sale 194

The Minerals Management Service announced today the availability of the Final Notice of Lease Sale 194, an offshore oil and gas lease sale in the Central Gulf of Mexico, scheduled for March 16, 2005.

The final lease sale encompasses 4,063 unleased blocks covering approximately 21.4 million acres in the Central GOM Outer Continental Shelf Planning Area offshore Louisiana, Mississippi, and Alabama.

The blocks are located from three to about 210 miles offshore in water depths of four to more than 3,400 meters. MMS estimates the lease sale could result in the production of from 276 to 654 million barrels of oil and from 1.59 to 3.30 trillion cubic feet of natural gas.

The final notice of sale, published today in the [Federal Register](#), introduces a recent change that was not included in the proposed notice of Lease Sale 194. This recent change is as follows:

- Mississippi Canyon Block 920 is being offered in this lease sale, subject to a new lease stipulation entitled "Below Seabed Operations on Mississippi Canyon Block 920." This stipulation requires that all activities on the seabed surface or within the water column that are part of exploration, development and production activities or operations for Mississippi Canyon Block 920 must take place from outside the lease by the use of directional drilling or other techniques

Recently revised provisions that were included in the proposed notice of sale and have been adopted for this final notice of sale include the following:

- Vermilion Blocks 139 and 140 are being offered in this lease sale, subject to a new lease stipulation entitled "Limitation on Use of Seabed and Water Column in the Vicinity of an Approved Offshore Liquefied Natural Gas Deepwater Port Receiving Terminal." Vermilion Blocks 139 and 140 were previously deferred in recent Central GOM Lease Sale 190 pending completion of MMS's ongoing consultation with the U.S. Coast Guard regarding appropriate measures to ensure avoidance of potential conflicts between LNG port activities and OCS oil and gas activities.
- The minimum bonus bid amount has been raised from \$25 per acre or fraction thereof to \$37.50 per acre or fraction thereof for deepwater tracts located in water depths of 400 to less than 800 meters.

Additionally, the U.S. Coast Guard and the Maritime Administration have received six applications for the licensing of deepwater ports involving proposed LNG facilities. These proposed facilities would receive LNG ships, re-gasify the LNG offshore and transport the natural gas to onshore markets through new pipelines that interconnect with existing pipelines.

This lease sale incorporates a continuation of previously adopted lease terms and conditions relative to recent Central GOM lease sales.

Statistical Information (Lease Sale 194)

Size: 4,063 unleased blocks; 21.4 million acres

Initial Period

- 5 years for blocks in water depths less than 400 meters: 1,196 blocks
- 8 years for blocks in water depths of 300 to less than 800 meters: 127 blocks
- 10 years for blocks in water depths of 800 meters or deeper: 2,740 blocks

Minimum Bonus Bid Amount

- \$25.00 per acre of fraction thereof for water depths less than 400 meters: 1,196 blocks
- \$37.50 per acre or fraction thereof for water depths 400 meters or deeper: 2,867 blocks

Rental/Minimum Royalty Rates

- \$5.00 per acre or fraction thereof for water depths less than 200 meters: 1,107 blocks
- \$7.50 per acre or fraction thereof for water depths 200 meters or deeper: 2,956 blocks

Royalty Rates

- 16 2/23 percent royalty rate in water depths less than 400 meters: 1,196 blocks
- 12 1/2 percent royalty rate in water depths 400 meters or deeper, 2,876 blocks

Royalty Suspension Areas

- 0 to less than 200 meters: 1,107 blocks
- 400 to less than 800 meters: 127 blocks
- 800 to less than 1,600 meters: 195 blocks
- 1,600 meters or deeper: 2,545 blocks

The Final Notice of Lease Sale 194 will be posted on the [MMS Gulf of Mexico website](#) at . 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) 736-2519, toll free 1-800-200-GULF.

The MMS, part of the U.S. Department of the Interior, oversees 1.76 billion acres of the Outer Continental Shelf, managing offshore energy and minerals while protecting the human, marine, and coastal environments through advanced science and technology research. The OCS provides 30 percent of oil and 23 percent of natural gas produced domestically, and sand used for coastal restoration. MMS collects, accounts for, and disburses mineral revenues from Federal and American Indian lands, with fiscal year 2004 disbursements of around \$8 billion and more than \$143 billion since 1982. The Land and Water Conservation Fund, which pays for acquisition of state and federal park and recreation land, gets nearly \$1 billion a year.

Relevant Web Sites:

[MMS Main Website](#)

[MMS Gulf of Mexico Region](#)

[MMS: Securing Ocean Energy & Economic Value for America](#)
U.S. Department of the Interior